

CITY OF PINE CITY, MINNESOTA

FINANCIAL STATEMENTS

December 31, 2021

Prepared By:

Administration Department

**Scott Hildebrand,
City Administrator**

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CITY OF PINE CITY, MINNESOTA
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I. INTRODUCTORY SECTION

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CITY OF PINE CITY, MINNESOTA

ORGANIZATION

December 31, 2021

	<u>Term Expires</u>
Mayor: Carl Pederson	January 1, 2023
Council Members: Gina Pettie	January 1, 2023
Kyle Palmer	January 1, 2025
Steve Ovick	January 1, 2025
Mary Kay Sloan	January 1, 2023
City Administrator: Scott Hildebrand	Appointed

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II. FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Pine City, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Pine City, Minnesota, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City of Pine City, Minnesota's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Pine City, Minnesota, as of December 31, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Pine City, Minnesota and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Report on Summarized Comparative Information

We have previously audited the City of Pine City, Minnesota's 2020 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information in our report dated June 28, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Pine City, Minnesota's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Governmental Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Pine City, Minnesota's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Pine City, Minnesota's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedule and the schedules of OPEB and pension information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Pine City, Minnesota's basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 22, 2022 on our consideration of the City of Pine City, Minnesota's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Pine City, Minnesota's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Pine City, Minnesota's internal control over financial reporting and compliance.

Redpath and Company, Ltd.

REDPATH AND COMPANY, LTD.
St. Paul, Minnesota

August 22, 2022

BASIC FINANCIAL STATEMENTS

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STATEMENT OF NET POSITION
 December 31, 2021 (March 31, 2022 for the Housing and Redevelopment Authority)
 With Comparative Totals for December 31, 2020

	Primary Government				Component Unit Housing and Redevelopment Authority
	Governmental Activities	Business-Type Activities	Total		
			2021	2020	
Assets:					
Cash and investments	\$4,616,207	\$6,418,701	\$11,034,908	\$10,858,293	\$170,175
Receivables:					
Accrued interest	1,570	2,423	3,993	4,027	29
Accounts - net	306,851	170,687	477,538	261,052	6,336
Due from other governments	-	-	-	108,110	16,592
Property taxes	65,155	-	65,155	70,842	-
Special assessments	884,626	311,343	1,195,969	1,143,561	-
Loans	151,446	-	151,446	110,711	-
Internal balances	(43,379)	43,379	-	-	-
Prepaid items	23,157	71,154	94,311	2,461	4,136
Inventories - at cost	-	315,659	315,659	339,200	-
Land held for resale	30,372	-	30,372	30,372	-
Net pension asset	425,963	-	425,963	397,405	-
Capital assets (net of accumulated depreciation):					
Nondepreciable	889,681	138,278	1,027,959	2,738,759	14,281
Depreciable	14,500,950	15,840,643	30,341,593	28,591,860	404,061
Total assets	<u>21,852,599</u>	<u>23,312,267</u>	<u>45,164,866</u>	<u>44,656,653</u>	<u>615,610</u>
Deferred outflows of resources:					
Related to pensions	473,894	-	473,894	124,693	-
Related to other post-employment benefits	15,777	-	15,777	18,968	-
Total deferred outflows of resources	<u>489,671</u>	<u>-</u>	<u>489,671</u>	<u>143,661</u>	<u>0</u>
Liabilities:					
Accounts payable	546,114	107,060	653,174	186,931	13,681
Due to other governments	11,952	13,942	25,894	86,120	5,828
Salaries payable	48,987	17,715	66,702	38,718	-
Contracts payable	-	-	-	256,046	-
Deposits payable	45,606	-	45,606	14,539	9,838
Accrued interest payable	45,030	124,300	169,330	169,842	-
Unearned revenue	171,901	-	171,901	-	-
Compensated absences payable:					
Due within one year	16,909	15,880	32,789	47,545	-
Due in more than one year	24,196	37,118	61,314	69,008	-
Long-term debt:					
Due within one year	585,000	696,000	1,281,000	1,051,000	-
Due in more than one year	5,838,158	6,620,052	12,458,210	13,792,108	-
Other post-employment benefits liability:					
Due within one year	11,993	-	11,993	15,724	-
Due in more than one year	86,389	-	86,389	94,172	-
Net pension liability:					
Due in more than one year	572,240	-	572,240	761,423	-
Total liabilities	<u>8,004,475</u>	<u>7,632,067</u>	<u>15,636,542</u>	<u>16,583,176</u>	<u>29,347</u>
Deferred inflows of resources related to pensions	619,314	-	619,314	145,836	-
Net position:					
Net investment in capital assets	9,134,119	8,662,869	17,796,988	16,661,077	418,342
Restricted for:					
Debt service	1,795,508	-	1,795,508	1,510,891	-
Fire Relief Association pension plan	361,822	-	361,822	328,744	-
Tax increment	27,808	-	27,808	40,128	-
Park improvements	14,622	-	14,622	14,622	-
Unrestricted	2,384,602	7,017,331	9,401,933	9,515,840	167,921
Total net position	<u>\$13,718,481</u>	<u>\$15,680,200</u>	<u>\$29,398,681</u>	<u>\$28,071,302</u>	<u>\$586,263</u>

The accompanying notes are an integral part of these financial statements.

CITY OF PINE CITY, MINNESOTA

STATEMENT OF ACTIVITIES

For The Year Ended December 31, 2021 (March 31, 2022 for the Housing and Redevelopment Authority)

With Comparative Totals For The Year Ended December 31, 2020

Functions/Programs	Program Revenues		
	Expenses	Charges For Services	Operating Grants and Contributions
Governmental activities:			
General government	\$784,141	\$32,654	\$1,419
Public safety	1,011,023	597,014	93,465
Public works	943,968	28,450	-
Culture and recreation	321,197	8,870	-
Economic development	438,824	2,978	251,088
Interest on long-term debt	134,292	-	-
Total governmental activities	<u>3,633,445</u>	<u>669,966</u>	<u>345,972</u>
Business-type activities:			
Liquor	2,057,074	2,281,390	-
Water	755,000	1,351,482	-
Sewer	649,490	852,849	-
Total business-type activities	<u>3,461,564</u>	<u>4,485,721</u>	<u>0</u>
Total primary government	<u>\$7,095,009</u>	<u>\$5,155,687</u>	<u>\$345,972</u>
Component unit:			
Housing and Redevelopment Authority	<u>\$239,287</u>	<u>\$161,786</u>	<u>\$59,562</u>

General revenues:
 General property taxes
 Tax increment collections
 Grants and contributions not restricted to specific programs
 Unrestricted investment earnings
 Gain on sale of capital asset
 Miscellaneous
 Transfers
 Total general revenues and transfers

Change in net position

Net position - January 1

Net position - December 31

The accompanying notes are an integral part of these financial statements.

Program Revenues	Net (Expense) Revenue and Changes in Net Position			Total		Component Unit Housing and Redevelopment Authority
	Primary Government			2021	2020	
	Capital Grants and Contributions	Governmental Activities	Business-Type Activities			
\$ -	(\$750,068)	\$ -	(\$750,068)	\$728,944	\$ -	
-	(320,544)	-	(320,544)	(375,053)	-	
370,996	(544,522)	-	(544,522)	(249,296)	-	
-	(312,327)	-	(312,327)	(157,266)	-	
-	(184,758)	-	(184,758)	(91,929)	-	
-	(134,292)	-	(134,292)	(215,637)	-	
370,996	(2,246,511)	0	(2,246,511)	(360,237)	0	
-	-	224,316	224,316	356,250	-	
9,148	-	605,630	605,630	648,952	-	
8,239	-	211,598	211,598	318,166	-	
17,387	0	1,041,544	1,041,544	1,323,368	0	
<u>\$388,383</u>	<u>(2,246,511)</u>	<u>1,041,544</u>	<u>(1,204,967)</u>	<u>963,131</u>	<u>-</u>	
<u>\$15,214</u>					<u>(2,725)</u>	
	1,656,947	-	1,656,947	1,594,382	-	
	44,437	-	44,437	58,976	-	
	770,710	-	770,710	692,427	-	
	6,280	8,507	14,787	100,819	-	
	-	-	-	59,905	-	
	45,465	-	45,465	56,640	18	
	180,000	(180,000)	-	-	-	
	2,703,839	(171,493)	2,532,346	2,563,149	18	
	457,328	870,051	1,327,379	3,526,280	(2,707)	
	13,261,153	14,810,149	28,071,302	24,545,022	588,970	
	<u>\$13,718,481</u>	<u>\$15,680,200</u>	<u>\$29,398,681</u>	<u>\$28,071,302</u>	<u>\$586,263</u>	

The accompanying notes are an integral part of these financial statements.

CITY OF PINE CITY, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2021
With Comparative Totals For December 31, 2020

	<u>General Fund</u>
Assets	
Cash and investments	\$2,245,870
Accrued interest receivable	993
Accounts receivable - net	306,851
Due from other governments	-
Property taxes receivable:	
Delinquent	40,714
Due from county	22,310
Due from other funds	-
Prepaid items	22,925
Special assessments receivable	-
Land held for resale	30,372
Loans receivable	-
	<u> </u>
Total assets	<u><u>\$2,670,035</u></u>
Liabilities, Deferred Inflows of Resources, and Fund Balance	
Liabilities:	
Accounts payable	\$244,890
Due to other governments	11,952
Salaries payable	48,987
Contracts payable	-
Deposits payable	45,606
Due to other funds	-
Unearned revenue	171,901
Total liabilities	<u>523,336</u>
Deferred inflows of resources:	
Unavailable revenue	<u>130,529</u>
Fund balance (deficit):	
Nonspendable	22,925
Restricted	-
Committed	-
Assigned	-
Unassigned	1,993,245
Total fund balance (deficit)	<u>2,016,170</u>
Total liabilities, deferred inflows of resources, and fund balance	<u><u>\$2,670,035</u></u>

Fund balance reported above

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.

Net pension asset and deferred outflows / inflows of resources related to the Pine City Fire Department Relief Association pension plan are not financial resources, and therefore, are not reported in the funds.

Other long-term assets are not available to pay for current-period expenditures, and therefore, are reported as unavailable revenue in the funds

Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the funds.

An internal service fund is used by management to charge the costs of pension and OPEB benefits to individual funds. The assets and liabilities are included in the governmental activities on the statement of net position.

Net position of governmental activities

The accompanying notes are an integral part of these financial statements.

401 Capital Improvement Fund	411 2020 Street Projects	Other Governmental Funds	Total Governmental Funds	
			2021	2020
\$404,957	\$ -	\$1,965,380	\$4,616,207	\$5,125,950
577	-	-	1,570	4,027
-	-	-	306,851	70,223
-	-	-	-	108,110
-	-	-	40,714	41,018
-	-	2,131	24,441	29,824
581,095	-	12,767	593,862	72,021
-	-	232	23,157	2,461
36,077	-	848,549	884,626	790,724
-	-	-	30,372	30,372
-	-	151,446	151,446	110,711
<u>\$1,022,706</u>	<u>\$0</u>	<u>\$2,980,505</u>	<u>\$6,673,246</u>	<u>\$6,385,441</u>
\$184,100	\$ -	\$117,124	\$546,114	\$91,843
-	-	-	11,952	64,251
-	-	-	48,987	26,126
-	-	-	-	256,046
-	-	-	45,606	14,539
-	581,095	12,767	593,862	72,021
-	-	-	171,901	-
<u>184,100</u>	<u>581,095</u>	<u>129,891</u>	<u>1,418,422</u>	<u>524,826</u>
36,072	-	847,131	1,013,732	861,154
-	-	232	23,157	2,461
-	-	1,202,483	1,202,483	1,047,233
200,000	-	795,513	995,513	907,842
602,534	-	9,677	612,211	1,247,121
-	(581,095)	(4,422)	1,407,728	1,794,804
<u>802,534</u>	<u>(581,095)</u>	<u>2,003,483</u>	<u>4,241,092</u>	<u>4,999,461</u>
<u>\$1,022,706</u>	<u>\$0</u>	<u>\$2,980,505</u>	<u>\$6,673,246</u>	<u>\$6,385,441</u>
			\$4,241,092	\$4,999,461
			15,390,631	14,904,383
			361,822	328,744
			1,013,732	861,154
			(6,509,293)	(7,017,105)
			(779,503)	(815,484)
			<u>\$13,718,481</u>	<u>\$13,261,153</u>

The accompanying notes are an integral part of these financial statements.

CITY OF PINE CITY, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2021
With Comparative Totals For The Year Ended December 31, 2020

	<u>General Fund</u>
Revenues:	
General property taxes	\$924,120
Tax increment collections	-
Special assessments	-
Licenses, fees and permits	213,472
Intergovernmental	853,875
Charges for services	289,623
Fines and forfeits	14,859
Investment income (loss)	(3,733)
Miscellaneous	55,766
Total revenues	<u>2,347,982</u>
Expenditures:	
Current:	
General government	744,146
Public safety	908,063
Public works	443,975
Culture and recreation	296,825
Economic development	-
Capital outlay:	
General government	-
Public safety	-
Public works	-
Culture and recreation	5,132
Economic development	-
Debt service:	
Principal	-
Interest and fiscal charges	-
Total expenditures	<u>2,398,141</u>
Revenues over (under) expenditures	<u>(50,159)</u>
Other financing sources (uses):	
Proceeds from sale of fixed asset	-
Transfers in	135,000
Transfers out	(81,528)
Issuance of debt	-
Bond premium	-
Total other financing sources (uses)	<u>53,472</u>
Net change in fund balance	3,313
Fund balance - January 1	<u>2,012,857</u>
Fund balance - December 31	<u><u>\$2,016,170</u></u>

The accompanying notes are an integral part of these financial statements.

401 Capital Improvement Fund	411 2020 Street Projects	Other Governmental Funds	Total Governmental Funds	
			2021	2020
\$160,000	\$ -	\$573,131	\$1,657,251	\$1,591,803
-	-	44,437	44,437	58,976
8,712	-	268,845	277,557	175,856
-	-	-	213,472	197,562
-	-	198,111	1,051,986	1,053,548
71,679	-	20,889	382,191	340,463
-	-	-	14,859	13,669
1,964	-	8,049	6,280	48,752
-	-	52,977	108,743	153,466
<u>242,355</u>	<u>0</u>	<u>1,166,439</u>	<u>3,756,776</u>	<u>3,634,095</u>
14,179	-	-	758,325	599,027
-	-	-	908,063	887,281
156,495	-	14,440	614,910	450,394
-	-	-	296,825	283,378
53,155	-	355,807	408,962	194,562
122,852	-	-	122,852	28,013
290,401	-	-	290,401	17,301
295,308	368,014	-	663,322	2,267,269
-	-	-	5,132	133,143
-	-	-	-	220,490
-	-	471,000	471,000	411,000
-	-	155,353	155,353	194,367
<u>932,390</u>	<u>368,014</u>	<u>996,600</u>	<u>4,695,145</u>	<u>5,686,225</u>
<u>(690,035)</u>	<u>(368,014)</u>	<u>169,839</u>	<u>(938,369)</u>	<u>(2,052,130)</u>
-	-	-	-	59,905
55,000	-	185,329	375,329	784,396
-	-	(113,801)	(195,329)	(434,396)
-	-	-	-	1,700,000
-	-	-	-	69,557
<u>55,000</u>	<u>0</u>	<u>71,528</u>	<u>180,000</u>	<u>2,179,462</u>
(635,035)	(368,014)	241,367	(758,369)	127,332
<u>1,437,569</u>	<u>(213,081)</u>	<u>1,762,116</u>	<u>4,999,461</u>	<u>4,872,129</u>
<u>\$802,534</u>	<u>(\$581,095)</u>	<u>\$2,003,483</u>	<u>\$4,241,092</u>	<u>\$4,999,461</u>

The accompanying notes are an integral part of these financial statements.

CITY OF PINE CITY, MINNESOTA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2021
With Comparative Totals For The Year Ended December 31, 2020

Statement 5

	<u>2021</u>	<u>2020</u>
Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:		
Total net change in fund balance - governmental funds (Statement 4)	(\$758,369)	\$127,332
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense:		
Capital outlay	1,081,707	2,666,216
Capital outlay not capitalized	(5,132)	(21,208)
Capital contributions received	-	1,266,900
Capital contributions of infrastructure to business-type activities	-	(1,171,156)
Depreciation expense	(589,085)	(505,935)
Loss on disposal of capital assets	(1,242)	-
Certain revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
Change in delinquent taxes	(304)	2,579
Change in delinquent and deferred special assessments	93,439	264,310
Change in unavailable fire contract revenue	59,443	-
Change in land held for resale	-	(25,000)
The issuance of long-term debt (e.g. bonds) provides current financial resources for governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The amounts of these differences are:		
Principal payments on long-term debt	471,000	411,000
Issuance of long-term debt, including bond premium	-	(1,769,557)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. Expenses reported in the statement of activities include the effects of the changes in these expense accruals as follows:		
Change in accrued interest payable	9,828	(29,678)
Change in compensated absences payable	15,751	(14,391)
Amortization of bond premiums	11,233	8,408
Governmental funds report pension contributions as expenditures, however, pension expense is reported in the statement of activities. This is the amount by which the Pine City Fire Department Relief Association's pension expense differs from pension contributions:		
Pension contributions	25,050	
Pension (expense)	<u>8,028</u>	91,119
An internal service fund is used by management to charge pension and OPEB costs to individual funds. This amount is the portion of net revenue (expense) attributable to governmental activities.	<u>35,981</u>	<u>28,750</u>
Change in net position of governmental activities (Statement 2)	<u>\$457,328</u>	<u>\$1,329,689</u>

The accompanying notes are an integral part of these financial statements.

CITY OF PINE CITY, MINNESOTA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2021
With Comparative Totals For Enterprise Funds For December 31, 2020

Statement o

	Business-Type Activities Enterprise Funds				Governmental	
	Liquor Fund	Water Utility Fund	Sewer Utility Fund	Totals		Internal Service Fund - 2021
				2021	2020	
Assets:						
Current assets:						
Cash and cash equivalents	\$465,408	\$3,059,132	\$2,894,161	\$6,418,701	\$5,732,343	\$ -
Accrued interest receivable	-	1,207	1,216	2,423	-	-
Accounts receivable - net	-	104,365	66,322	170,687	190,829	-
Prepaid items	2,193	34,736	34,225	71,154	-	-
Inventories - at cost	315,659	-	-	315,659	339,200	-
Total current assets	783,260	3,199,440	2,995,924	6,978,624	6,262,372	0
Noncurrent assets:						
Special assessments receivable	-	168,779	142,564	311,343	352,837	-
Capital assets:						
Nondepreciable	33,000	20,000	85,278	138,278	138,278	-
Depreciable	467,791	12,039,396	9,755,132	22,262,319	22,269,819	-
Total capital assets	500,791	12,059,396	9,840,410	22,400,597	22,408,097	0
Less: accumulated depreciation	(311,673)	(3,150,366)	(2,959,637)	(6,421,676)	(5,981,861)	-
Net capital assets	189,118	8,909,030	6,880,773	15,978,921	16,426,236	0
Total assets	972,378	12,277,249	10,019,261	23,268,888	23,041,445	0
Deferred outflows of resources:						
Related to pensions	-	-	-	-	-	448,844
Related to other post-employment benefits	-	-	-	-	-	15,777
Total deferred outflows of resources	0	0	0	0	0	464,621
Liabilities:						
Current liabilities:						
Accounts payable	63,944	18,423	24,693	107,060	95,088	-
Due to other governments	17,947	(4,005)	-	13,942	21,869	-
Salaries payable	9,288	4,427	4,000	17,715	12,592	-
Accrued interest payable	-	85,998	38,302	124,300	114,984	-
Compensated absences payable - current portion	5,520	5,180	5,180	15,880	21,124	-
Long-term debt - current portion	-	557,960	138,040	696,000	580,000	-
Other post-employment benefits - current portion	-	-	-	-	-	11,993
Total current liabilities	96,699	667,983	210,215	974,897	845,657	11,993
Long-term liabilities:						
Compensated absences payable - noncurrent portion	12,902	12,108	12,108	37,118	38,573	-
Long-term debt - noncurrent portion	-	4,734,670	1,885,382	6,620,052	7,357,717	-
Other post-employment benefits	-	-	-	-	-	86,389
Net pension liability	-	-	-	-	-	572,240
Total noncurrent liabilities	12,902	4,746,778	1,897,490	6,657,170	7,396,290	658,629
Total liabilities	109,601	5,414,761	2,107,705	7,632,067	8,241,947	670,622
Deferred inflows of resources related to pensions	-	-	-	-	-	530,123
Net position:						
Net investments in capital assets	189,118	3,616,400	4,857,351	8,662,869	8,488,519	-
Unrestricted	673,659	3,246,088	3,054,205	6,973,952	6,310,979	(736,124)
Total net position	\$862,777	\$6,862,488	\$7,911,556	\$15,636,821	\$14,799,498	(\$736,124)
Net position reported above				\$15,636,821		
Adjustment to report the cumulative internal balance for the net effect of activity between the internal service fund and the enterprise funds over time.				43,379		
Net position of business-type activities (Statement 1)				\$15,680,200		

The accompanying notes are an integral part of these financial statements.