# CITY OF PINE CITY
# PINE CITY, MINNESOTA

## MANAGEMENT REPORT

## FOR THE YEAR ENDED
## DECEMBER 31, 2024

Burkhardt & Burkhardt, Ltd.
Certified Public Accountants
Mankato, Minnesota

CITY OF PINE CITY
PINE CITY, MINNESOTA

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December 31, 2024


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

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 (the City), for the year ended December 31, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated December 18, 2024. Professional standards also require that we communicate to you the following information related to our audit.

**Our Responsibility under Auditing Standards Generally Accepted in the United States of America and *Government Auditing Standards***

As stated in our engagement letter, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

Also, our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement. We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

**Significant Audit Findings**

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. The provisions of Governmental Accounting Standards Board No. 100, *Accounting Changes and Error Corrections,* and Governmental Accounting Standards Board No. 101, *Compensated Absences,* were adopted in 2024. The application of existing policies was not changed during the year. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most significant estimate affecting the financial statements were the following:

- Management's estimate of depreciation is based on estimated useful lives of the assets. Depreciation is calculated using the straight-line method.

- Allocations of gross wages and payroll benefits are approved by the Council within the City's budget and are derived from each employee's estimated time to be spent servicing the respective functions of the City.

- The valuation of inventory for resale is measured at the lower cost or net realizable value. The cost of inventory is determined using the First-in, First-out (FIFO) convention.

- Management's estimate of its pension liability is based on several factors including, but not limited to, anticipated investment return rate, retirement age for active employees, life expectancy, salary increases, and form of annuity payment upon retirement. The allocation of the pension liability is based on the City's proportionate share of employer contributions to the pension plans.

- Management's estimate of the fair value measurement of investments is determined by the market approach based primarily on comparable or similar assets in active and secondary markets.

- Management reviews employee leave balances as of the financial statement date, applying appropriate compensation rates and adjusting for expected forfeitures. The estimate differentiates between non-vesting and vesting leave balances, as required by GASB 101, ensuring that only the portion expected to be used or paid is recognized as a liability. Historical usage trends, policy changes, and collective bargaining agreements are considered when estimating the probability of leave usage. Management periodically reassesses leave policies and updates estimates accordingly to reflect changes in employment patterns or regulatory requirements.

We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear.

**Difficulties Encountered in Performing the Audit**

We encountered no significant difficulties in dealing with management in performing and completing our audit.

**Corrected and Uncorrected Misstatements**

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Our audit procedures identified seventeen misstatements. Management has corrected all such misstatements, in addition, ten of the misstatements corrected by management were material, either individually or in the aggregate, to the affected opinion unit's financial statements taken as a whole. The material audit entries were related to the following situations:

- Too many to list, please see the adjustments at the end of this report.

We also assisted in preparing several year-end accounting entries. These were necessary to adjust the City's records at year end to the correct ending balances. The City should establish more detailed processes and procedures to reduce the total number of entries in each category. The City will receive better and timelier information if the preparation of year-end entries is completed internally. The adjustments we proposed, and management posted to the City's general ledger accounts can be found beginning on page 13.

**Disagreements with Management**

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

**Management Representations**

We have requested certain representations from management that are included in the management representation letter dated July 8, 2025.

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

**Management Consultations with Other Independent Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

**Other Matters**

We applied certain limited procedures to the required supplementary information (RSI) (the Schedules of Employer's Shares of the Net Pension Liability – PERA, the Schedules of Employer's PERA contributions, Schedule of Changes in the Total OPEB Liability and Related Ratios, Schedule of Changes in Net Pension Liability and Related Ratios – VFRA, and Schedule of Contributions and Net Pension Liability as a Percent of Payroll – VFRA), which is information that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplementary information (individual fund financial statements and schedules), which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

**Other Audit Findings or Issues**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition of our retention.

**Restriction on Use**

This communication is intended solely for the information and use of the Council, management and the Minnesota Office of the State Auditor and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Burkhardt & Burkhardt, Ltd.

Burkhardt & Burkhardt, Ltd.
Mankato, Minnesota
July 8, 2025

CITY OF PINE CITY
PINE CITY, MINNESOTA

SCHEDULE OF FINDINGS ON INTERNAL CONTROLS OVER FINANCIAL REPORTING
AND COMPLIANCE AND OTHER MATTERS
December 31, 2024

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did identify deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented or detected and corrected on a timely basis. As described below, we consider the following deficiency in internal control to be a material weakness as item 2024-001.

MATERIAL WEAKNESS

*Finding 2024-001. Material Audit Adjustments*

Condition: The audit firm proposed, and the City approved corrections of certain misstatements.

Criteria The City should have controls in place to prevent and detect a material misstatement in the financial statements in a timely manner. Management is responsible for the accuracy and completeness of all financial records and related information. Their responsibility includes adjusting the financial statements to correct material misstatements.

Cause: The City has not established controls to ensure that all accounts are adjusted to their appropriate year-end balances in accordance with GAAP.

Effect: The design of internal control over completeness and accuracy of financial records could adversely affect the City's ability to detect misstatements in amounts that would be material in relation to the financial statements in a timely period by employees in the normal course of performing their assigned functions.

Recommendation: The City should continue to evaluate its internal controls processes to determine if additional internal control procedures should be implemented to ensure that accounts are adjusted to their appropriate year end balances in accordance with GAAP.

*Corrective Action Plan (CAP)*

Disagreement with Audit Finding: None

Actions Planned in Response to Finding: The City will continue to review and approve adjusting journal entries as proposed by the auditor, as well as taking responsibility for the audited financial statements.

Official Responsible for Ensuring CAP: Nicole Tricker, Finance Manager

Planned Completion Date for CAP: December 31, 2025

Plan to Monitor Completion of CAP: City Council

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the City's compliance with those requirements. The results of our tests disclosed one instance of noncompliance or other matters that are required to be reported in accordance with *Government Auditing Standards* or the *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65.

*Finding 2024-002. Improper Acceptance of Donations*

MSA 465.03, requires every acceptance of a grant or devise of real or personal property on terms prescribed by the donor be made by resolution of the city council adopted by a two-thirds majority of its members and expressing such terms in full.

During 2024, the City received donations that were not accepted by resolution adopted by a two-thirds majority of the city council with expressed terms in full.

*Corrective Action Plan (CAP)*

Explanation of Disagreement with Audit Finding: None

Actions Planned in Response to Finding: The City will develop a policy to ensure all donations received will be accepted by resolution following the terms of MSA 465.03.

Official Responsible for Ensuring CAP: Nicole Tricker, Finance Manager

Planned Completion Date for CAP: December 31, 2025

Plan to Monitor Completion of CAP: City Council

CITY OF PINE CITY
PINE CITY, MINNESOTA

GENERAL RECOMMENDATIONS
December 31, 2024

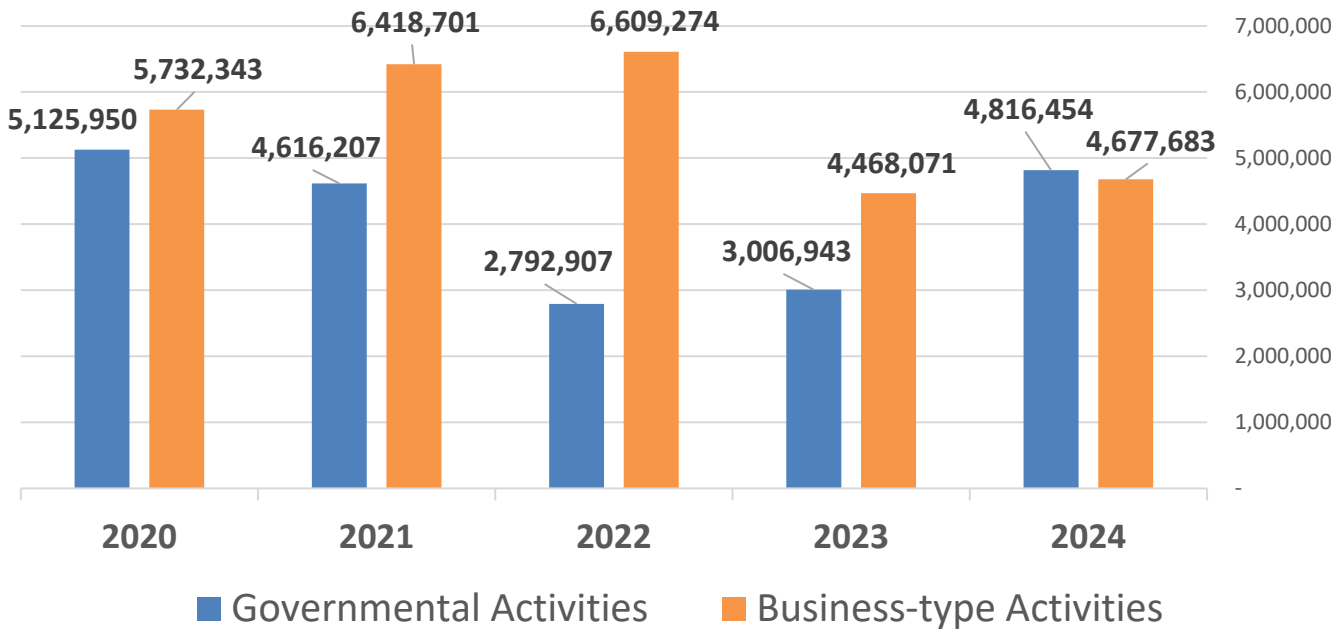
Throughout the course of the audit, we spoke to management regarding certain items that we see as an opportunity to improve. None of these were considered significant within the scope of the audit. The items discussed requiring action have been resolved or are in the process of resolution. We would like to acknowledge the assistance and courtesies extended to us by the personnel of the City of Pine City.

Our recommendations are summarized below.

| Number | Audit area | Recommendation |
|---|---|---|
| 2024-001 | Fund balance | The city's unassigned fund balance has remained below the levels recommended by the Office of the State Auditor for over two years. To rectify this, immediate action is recommended to raise the unassigned fund balance to at least 50% of the budgeted expenditures. Possible strategies to achieve this include reassigning balances from unrestricted resources, conducting interfund transfers, increasing the operating levy, or implementing cuts to the general fund budget. Each option should be carefully evaluated for its potential impact on city services and financial stability. This adjustment is crucial for ensuring sufficient liquidity, maintaining good fiscal health, and improving the city's ability to manage unexpected financial challenges. |
| 2024-002 | Debt | We recommend the early repayment of the 2013B General Obligation Improvement Bonds (Fund 310) to reduce interest costs and strengthen the City's financial position. The City currently holds approximately $384,000 in restricted cash for this debt, while the outstanding principal balance is only $314,000 at an interest rate of 3.5%. By retiring this debt early, the City could realize interest savings of approximately $90,000. Taking advantage of this opportunity would reduce future debt service obligations and improve overall fiscal flexibility. |
| 2024-003 | Summer Recreation Programming | The City is currently making payments to an outside organization for summer recreation operations conducted on City-owned fields, including covering costs for maintenance, concessions, and staffing. However, as these activities take place on City property and benefit the outside organization, these payments should be treated as a reimbursement to the City—not an expense. We recommend the City reevaluate this arrangement to ensure it is recovering appropriate costs through a formal agreement or lease and that invoices reflect revenue to the City. This change will help ensure proper accounting treatment, promote equitable use of City resources, and maintain fiscal responsibility. |
| 2024-004 | Internal Controls | During our review of 40 days of liquor store activity, we noted that only about half of the bank deposit receipts included initials or signatures, making it unclear who completed the deposit on those days. While the deposit slips were properly signed or initialed to indicate who prepared the deposit, the lack of documentation on the corresponding bank receipts weakens accountability. To improve transparency and maintain proper separation of duties, we recommend that all deposit receipts be signed or initialed by the individual who physically makes the deposit. This practice will enhance internal controls and provide a clear audit trail for daily cash handling procedures. |
| 2024-005 | Expenditures | During the year, the City acted as a pass-through for donations from a lawful gambling organization to the local Chamber of Commerce. We recommend discontinuing this practice, as it may raise concerns about the appropriate use of City funds and the appearance of financial oversight. To ensure transparency and proper accountability, all donations from external organizations should be made directly to the intended recipient without involving the City as an intermediary. This approach will help maintain clear financial boundaries and reduce the risk of misinterpretation or misuse of public resources. |

A couple of the most common and comparable metrics used to evaluate the financial health of a government is their cash balance and days of reserves. Days of reserves is best defined as the number of days a government can operate with their year-end cash balance under average annual conditions. Below are graphs and tables showing the City's cash and investment balances and days of reserves for the past five years:

## CASH AND INVESTMENT BALANCES




**Days of Reserves**

| | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|
| Governmental | 334 | 301 | 182 | 196 | 314 |
| Business-type | 1,054 | 1,180 | 1,215 | 821 | 860 |

In the current year, the City's cash and investment balances for governmental activities increased by approximately $1,809,000, primarily due to the issuance of bonds for a current-year project undertaken by the City. As illustrated in the graph above, cash and investment levels remained steady from 2022 to 2023, attributed to the City's budget performance exceeding project expenditures. Given the recent increase in cash and investments, governmental activities have a reserve equivalent of approximately 10 months at the end of the year.

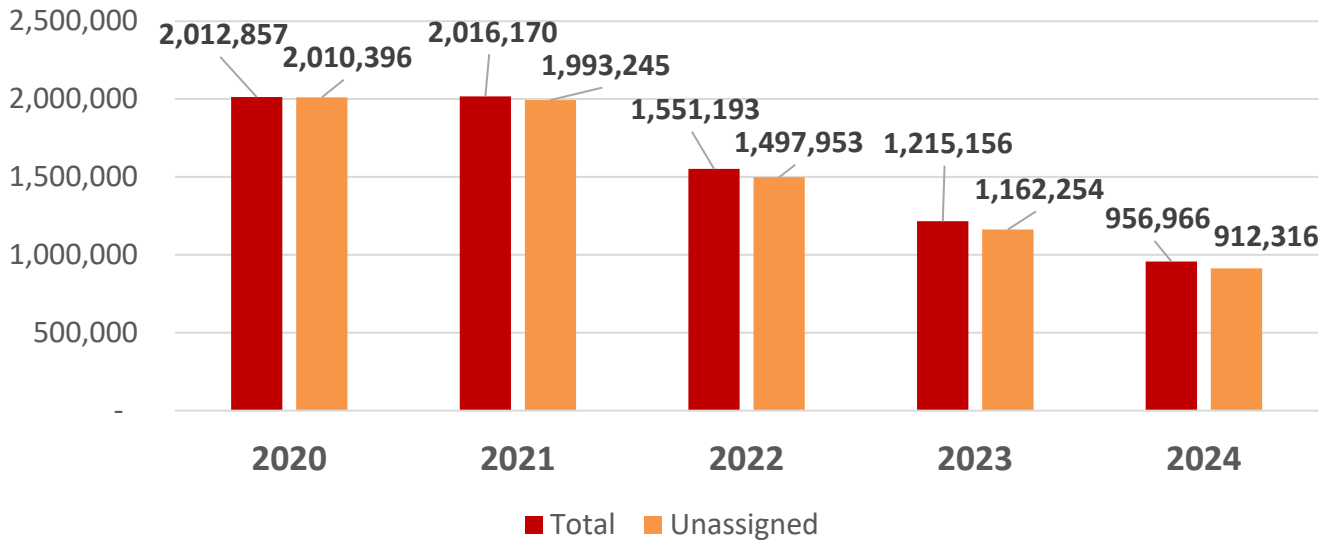
For business-type activities, cash and investment balances have shown a consistent annual increase from 2020 to 2022. In 2023, cash and investments decreased due to interfund loans to governmental activities. However, cash increased by $209,000 this year, primarily due to the issuance of bonds for a current-year project. The reserves for business-type activities reached their peak in 2022, equating to approximately 44 months.

FINANCIAL POSITION AND RESULTS OF OPERATIONS
December 31, 2024

A determination of the financial health of any government begins with an analysis of its General fund, or more specifically, the components of the General fund balance. The General fund's unassigned fund balance is a vital component of this analysis, as it represents the portion of fund balance management, and the City Council has discretionary spending authority over. It is important for the City to maintain an adequate amount of unassigned fund balance to ensure resources are available to meet any unexpected disbursements during the year, as well as provide funding for city services between property tax and state aid collections.

As the City completed the fiscal year, its General fund reported a combined fund balance of $956,966. This was down from $1,215,156 at the end of the prior year, a decrease of approximately $258,000. The unassigned fund balance constitutes $912,316 of the total combined fund balance. The remainder of the fund balance is either not in a spendable form or is reserved and is not available for new spending as it has already been restricted, committed, or assigned for other purposes.

## COMPONENTS OF FUND BALANCE – GENERAL FUND




| | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|
| Fund balance percentage | 89% | 83% | 49% | 40% | 33% |
| OSA recommended fund balance | $ 1,132,000 | $ 1,199,000 | $ 1,540,000 | $ 1,469,000 | $ 1,371,000 |
| Auditor recommended fund balance | $ 1,697,000 | $ 1,799,000 | $ 2,310,000 | $ 2,204,000 | $ 2,056,000 |
| Excess/(deficiency) | $ 313,000 | $ 194,000 | $ (812,000) | $ (1,042,000) | $ (1,144,000) |

At the end of the current year, the City's unassigned fund balance stood at 33% of current year expenditures, a decrease from 40% in 2023. The Office of the State Auditor (OSA) recommends maintaining an unassigned fund balance between 40% and 50% of current year expenditures, as outlined in their Statement of Position. However, our firm advises a minimum threshold of 75%, based on an analysis of recent debt rating reports from national rating agencies. Although the City has met the OSA's recommendation, it falls short of our firm's guidance by $1,144,000.

Budgetary results of the General fund are an important observation over management's ability to execute a financial plan to provide basic public services typically performed by the General fund. It is important for management to use all available information when constructing the annual budget, including 3-5 years of historical data and outside data sources when formulating its line-item budget. Creating or updating long-term capital and financial plans should also be considered during this process.

The results of the General fund's budget for the most recent year-end are summarized below.

# BUDGET AND ACTUAL - GENERAL FUND

| | Budget | Actual | Variance with Budget |
|---|---|---|---|
| **Revenues** | $ 2,704,208 | $ 3,015,473 | **$ 311,265** |
| **Expenditures** | | | |
| Current | 2,694,208 | 2,680,121 | **(14,087)** |
| Capital outlay | 40,000 | 61,624 | **21,624** |
| Total expenditures | 2,734,208 | 2,741,745 | **7,537** |
| Revenues over (under) expenditures | (30,000) | 273,728 | 303,728 |
| **Other financing sources (uses):** | | | |
| Transfers | 30,000 | (532,118) | **(562,118)** |
| Sale of capital assets | - | 200 | **200** |
| **Change in fund balance** | **$ -** | **$ (258,190)** | **$ (258,190)** |

At the end of the current fiscal year, the General Fund's overall change in fund balance was $(258,190), falling short of budget projections by the same amount. The City realized revenues exceeding the budget by approximately $311,000, primarily driven by licenses and permits. However, expenditures exceeded appropriations by approximately $7,500, mainly due to higher disbursements related to capital outlay. These excess disbursements were covered through additional revenues.

The business-type activities, or *enterprise funds*, provide critical services to residents of the City. These activities are described as business-type activities due to the presumption that they will operate in a profitable manner. Profit and loss, although important and worthy of evaluation, are not the sole criteria to evaluate the performance and health of enterprise funds. Profit and loss can be impacted by conditions beyond the control of the government (Net Pension Liabilities) as well as accounting adjustments required by general accepted accounting principles. Therefore, we hold the view that positive cash flow from operations is the main assessment to determine the health of the enterprise funds. Positive cash flow from operations is essential to enterprise funds for two primary reasons; 1) it provides cash for capital expenditures, and 2) it provides cash to service the enterprise fund's debt. When setting user fees, management must consider the enterprise fund's cash needs related to capital replacement and debt service to ensure adequate cash flows.

The table below summarizes the cash flows from operations and other sources (uses) of cash during the year.

# CASH FLOWS – ENTERPRISE FUNDS

| | Water | Sewer | Liquor |
|---|---|---|---|
| Cash provided from operating activities | **$ 987,490** | **$ 419,822** | **$ 95,631** |
| Interfund activity | (290,852) | (290,852) | (60,000) |
| Capital asset activity | (439,958) | (631,220) | - |
| Special assessment collections | 18,542 | 17,910 | - |
| Debt service payments | (614,837) | (117,113) | - |
| Debt proceeds | 523,400 | 496,600 | - |
| Investment activity | 49,672 | 39,380 | 5,998 |
| Increase (decrease) in cash | $ 233,457 | **$ (65,473)** | $ 41,629 |
| Cash balance - 12/31/2024 | $ 2,723,374 | $ 1,545,182 | $ 409,127 |

| Historical increases (decreases) in cash | Water | Sewer | Liquor |
|---|---|---|---|
| 2023 | **$ (602,375)** | **$ (1,369,841)** | **$ (169,987)** |
| 2022 | 33,160 | 86,336 | 71,078 |
| 2021 | 337,100 | 290,292 | 58,966 |
| 2020 | 694,400 | 284,334 | **(4,382)** |
| **Five year average** | $ 139,148 | **$ (154,870)** | **$ (539)** |

At the close of the current fiscal year, all enterprise funds reported positive cash flows from operations. The Liquor Fund was able to transfer funds to the General and Capital Improvement Funds during the year. The Water fund, based on historical trends in cash balances, appears to have a user rate structure adequate to meet its capital and debt service obligations. Conversely, the Sewer fund has seen cash decreases the last two years relating to capital assets purchases. However, it is recommended that user rates for all enterprise funds be periodically evaluated to ensure they remain sufficient to support ongoing operations.

FUTURE ACCOUNTING STANDARD CHANGES
December 31, 2024

**GASB Statement No. 102, Conduit Debt Obligations**

In November 2024, the Governmental Accounting Standards Board issued GASB Statement No. 102, Conduit Debt Obligations. The objective of this Statement is to improve the clarity, consistency, and comparability of reporting for conduit debt obligations, which are debt instruments issued by a governmental entity on behalf of a third party. These obligations typically involve a government acting as a facilitator, with the third party bearing the ultimate responsibility for repayment.

This Statement refines the definition of conduit debt obligations and establishes a single approach for reporting. It requires governments to assess whether they are obligated in any way for repayment and clarifies when and how additional commitments or guarantees should be disclosed. The guidance provided is intended to ensure that financial statement users understand the nature and implications of conduit debt transactions.

*Key provisions include:*

1. Recognition and Measurement
   A government should not recognize a liability for conduit debt obligations unless it has made additional commitments (e.g., guarantees) to support debt service, and it is more likely than not that the government will have to honor those commitments. The liability recognized should reflect the best estimate of future outflows.

2. Disclosures
   Governments are required to disclose:

   - The aggregate amount of all outstanding conduit debt obligations.
   - A description of each type of conduit debt obligation, including the roles and responsibilities of the issuer and third party.
   - The nature and terms of additional commitments, if applicable, and the likelihood they will result in future outflows.

3. Voluntary Commitments
   If a government makes voluntary payments on conduit debt, those payments should be reported as an expense in the period they occur and disclosed in the notes to the financial statements.

*How will this Statement improve accounting and financial reporting?*

This Statement enhances the transparency and comparability of information about conduit debt obligations by:

- Providing a consistent definition of conduit debt obligations.
- Establishing uniform guidance for determining and reporting additional commitments.
- Requiring disclosures that offer financial statement users greater insight into a government's potential financial exposure and the nature of its conduit debt obligations.

By refining recognition and disclosure practices, this Statement ensures that governments provide relevant and reliable information, reducing the risk of misinterpretation and enhancing decision-making by stakeholders.

*Effective date and transition*

The requirements of this Statement are effective for fiscal years beginning after December 15, 2025, and all reporting periods thereafter. Early application is encouraged.

**GASB Statement No. 103, Financial Reporting Model Improvements**

In April 2024, the Governmental Accounting Standards Board (GASB) issued Statement No. 103, Financial Reporting Model Improvements. This Statement aims to enhance the effectiveness of the financial reporting model for state and local governments by refining key components to better meet the information needs of financial statement users.

*Key Provisions:*

1. Management's Discussion and Analysis (MD&A):
    - The Statement emphasizes that MD&A should provide an objective and easily readable analysis of the government's financial activities, focusing on explaining the reasons behind changes in financial position and results of operations, rather than merely presenting the amounts of those changes.

2. Unusual or Infrequent Items:
    - Transactions or events that are unusual in nature or infrequent in occurrence should be presented separately as the last flow(s) of resources before the net change in resource flows in the government-wide, governmental fund, and proprietary fund statements of resource flows. This separate presentation aids in understanding their impact on the government's financial position.

3. Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Net Position:
    - The Statement clarifies the distinction between operating and nonoperating revenues and expenses. It introduces the concept of noncapital subsidies, which are resources received or provided that do not involve the exchange of goods or services and are intended to keep fees and charges lower than they would be otherwise. A new subtotal, "Operating income (loss) and noncapital subsidies," is required to provide a clearer picture of financial performance.

4. Major Component Unit Information:
    - Each major component unit should be presented separately in the reporting entity's statements of net position and activities, unless doing so would reduce the readability of the statements. In such cases, combining statements of major component units should be included in the basic financial statements following the fund financial statements.

5. Budgetary Comparison Information:
    - Budgetary comparison schedules are required to be presented as required supplementary information (RSI) for the general fund and each major special revenue fund that has a legally adopted annual budget. The option to present this information as a basic financial statement has been eliminated. Explanations of significant variations between original and final budget amounts and final budget amounts and actual results are required in the notes to the RSI.

6. Financial Trends Information in the Statistical Section:
    - Governments engaged only in business-type activities or only in business-type and fiduciary activities are required to present revenues by major source in the statistical section, distinguishing between operating, noncapital subsidy, and other nonoperating revenues and expenses.

*How Will This Statement Improve Accounting and Financial Reporting?*

GASB Statement No. 103 enhances the clarity, consistency, and usefulness of financial reports by:

- Providing more detailed and explanatory MD&A, aiding users in understanding the reasons behind financial changes.
- Ensuring separate presentation of unusual or infrequent items, allowing for better assessment of their impact.
- Clarifying the distinction between operating and nonoperating activities, particularly through the introduction of noncapital subsidies, leading to more accurate assessments of financial performance.
- Improving the presentation of major component units and budgetary comparison information, enhancing transparency and comparability.

*Effective Date and Transition*

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged. Governments should apply the provisions retroactively, restating prior periods if practical.

CITY OF PINE CITY
PINE CITY, MINNESOTA

SIGNIGICANT ADJUSTMENTS TO THE ACCOUNTING RECORDS
December 31, 2024

| Account | Description | Debit | Credit |
|---|---|---|---|
| **AA01** | | | |
| Reclassify bond principal payments to liability accounts | | | |
| 601-47000-50601 | BOND PRINCIPAL | 0.00 | 522,880.00 |
| 601-23101 | BONDS PAYABLE ST | 522,880.00 | 0.00 |
| 602-47000-50601 | BOND PRINCIPAL | 0.00 | 85,120.00 |
| 602-23101 | BONDS PAYABLE ST | 85,120.00 | 0.00 |
| **Total** | | **608,000.00** | **608,000.00** |
| **AA02** | | | |
| Record sales tax payable based on the return statements.dau | | | |
| 609-20801 | SALES TAX PAYABLE | 0.00 | 22,526.00 |
| 609-47812 | BEER SALES | 22,526.00 | 0.00 |
| 601-20801 | SALES TAX PAYABLE | 0.00 | 175.00 |
| 601-47100 | WATER SALES | 175.00 | 0.00 |
| **Total** | | **22,701.00** | **22,701.00** |
| **AA03** | | | |
| Record Interest receivable for EDA certificates of deposit.dau | | | |
| 201-10450 | Interest Receivable | 5,322.80 | 0.00 |
| 201-46210 | CASH AND INVESTMENT INTEREST EARNINGS | 0.00 | 5,322.80 |
| **Total** | | **5,322.80** | **5,322.80** |
| **AA04** | **REVERSE** | | |
| Record second Mccoy Construction payment for loader to accounts payable.dau | | | |
| 401-43100-50540 | MACHINERY AND EQUIPMENT | 79,450.00 | 0.00 |
| 401-20200 | ACCOUNTS PAYABLE | 0.00 | 79,450.00 |
| **Total** | | **79,450.00** | **79,450.00** |
| **AA05** | | | |
| Reclassify 2024 street project costs to new project fund. LJR | | | |
| 413-43000-50303 | ENGINEERING SERVICES | 0.00 | 200,230.74 |
| 413-43000-50530 | IMPROVEMENTS OTHER THAN BLDGS. | 0.00 | 2,282,300.33 |
| 413-43000-50621 | BOND ISSUANCE COSTS | 0.00 | 73,034.25 |
| 413-43000-50630 | DISCOUNTS ON BONDS SOLD | 0.00 | 32,391.64 |
| 413-10100 | CASH | 2,472,151.04 | 0.00 |
| 414-10100 | CASH | 0.00 | 2,472,151.04 |
| 414-43000-50303 | ENGINEERING SERVICES | 200,230.74 | 0.00 |
| 414-43000-50530 | IMPROVEMENTS OTHER THAN BLDGS. | 2,282,300.33 | 0.00 |
| 414-43000-50621 | BOND ISSUANCE COSTS | 73,034.25 | 0.00 |
| 414-43000-50621 | BOND ISSUANCE COSTS | 32,391.64 | 0.00 |
| 414-20600 | CONTRACTS PAYABLE | 0.00 | 115,805.92 |
| 413-20600 | CONTRACTS PAYABLE | 115,805.92 | 0.00 |
| **Total** | | **5,175,913.92** | **5,175,913.92** |
| **AA06** | | | |
| Reverse invoices recorded in 2024 that were entered by AA43 from last year's audit.pfb | | | |
| 100-11500 | ACCOUNTS RECEIVABLE | 0.00 | 21,900.00 |
| 100-44202 | SPECIAL FIRE PROTECTION SRV (FIRE CALLS) | 15,899.37 | 0.00 |
| 100-22200 | DEFERRED REVENUE | 6,000.63 | 0.00 |
| **Total** | | **21,900.00** | **21,900.00** |

CITY OF PINE CITY
PINE CITY, MINNESOTA

SIGNIGICANT ADJUSTMENTS TO THE ACCOUNTING RECORDS
December 31, 2024

| | | | |
|---|---|---|---|
| **AA07** | | | |
| Reverse transactions coded to incorrect transfer accounts. LJR | | | |
| 602-16200 | FIXED ASSETS - BUILDINGS & EQU | 0.00 | 49,675.50 |
| 602-16300 | FIXED ASSETS - IMPROV NOT BLDG | 0.00 | 585,374.86 |
| 602-48000 | CAPITAL ASSET CONTRIB. GOV | 635,050.36 | 0.00 |
| 601-16200 | FIXED ASSETS - BUILDINGS & EQU | 0.00 | 36,780.50 |
| 601-48000 | CAPITAL ASSET CONTRIB. GOV | 36,780.50 | 0.00 |
| **Total** | | **671,830.86** | **671,830.86** |
| **AA08** | | | |
| Reverse December 2023 utility billing posting recorded to January 2024.pfb | | | |
| 601-11510 | ACCOUNTS RECEIVABLE - UB | 0.00 | 97,620.74 |
| 601-47100 | WATER SALES | 97,620.74 | 0.00 |
| 602-11510 | ACCOUNTS RECEIVABLE - UB | 0.00 | 59,284.37 |
| 602-47200 | SEWER CHARGES | 59,284.37 | 0.00 |
| **Total** | | **156,905.11** | **156,905.11** |
| **AA09** | **REVERSE** | | |
| Record December utility billing posted to January 2025.pfb | | | |
| 601-11510 | ACCOUNTS RECEIVABLE - UB | 127,411.85 | 0.00 |
| 601-47100 | WATER SALES | 0.00 | 127,411.85 |
| 602-11510 | ACCOUNTS RECEIVABLE - UB | 78,423.20 | 0.00 |
| 602-47200 | SEWER CHARGES | 0.00 | 78,423.20 |
| **Total** | | **205,835.05** | **205,835.05** |
| **AA10** | | | |
| Reclassify ARPA entry between project funds to transfer accounts. LJR | | | |
| 413-43000-50530 | IMPROVEMENTS OTHER THAN BLDGS. | 25,201.21 | 0.00 |
| 413-49200 | Transfers In | 0.00 | 25,201.21 |
| 500-43000-50530 | IMPROVEMENTS OTHER THAN BLDGS. | 0.00 | 25,201.21 |
| 500-43000-50720 | Transfers Out | 25,201.21 | 0.00 |
| **Total** | | **50,402.42** | **50,402.42** |
| **AA11** | | | |
| Reclassify costs from repairs and maintenance to capital outlay. LJR | | | |
| 100-42200-50417 | UNIFORMS | 0.00 | 17,259.80 |
| 100-42200-50540 | MACHINERY AND EQUIPMENT | 17,259.80 | 0.00 |
| 100-43100-50540 | MACHINERY AND EQUIPMENT | 0.00 | 10,851.50 |
| 100-10100 | CASH | 10,851.50 | 0.00 |
| 601-10100 | CASH | 0.00 | 5,425.75 |
| 601-16200 | FIXED ASSETS - BUILDINGS & EQU | 5,425.75 | 0.00 |
| 602-10100 | CASH | 0.00 | 5,425.75 |
| 602-16200 | FIXED ASSETS - BUILDINGS & EQU | 5,425.75 | 0.00 |
| 500-45124-50400 | REPAIRS AND MAINTENANCE | 0.00 | 95,049.13 |
| 500-45124-50520 | Buildings | 95,049.13 | 0.00 |
| **Total** | | **134,011.93** | **134,011.93** |
| **AA12** | | | |
| Adjust water and sewer depreciation, LJR | | | |
| 602-49450-50420 | DEPRECIATION | 17,272.84 | 0.00 |
| 602-16210 | ACCUM DEPRECIATION | 0.00 | 17,272.84 |
| 601-49400-50420 | DEPRECIATION | 11,973.22 | 0.00 |
| 601-16210 | ACCUM DEPRECIATION | 0.00 | 11,973.22 |
| **Total** | | **29,246.06** | **29,246.06** |

SIGNIGICANT ADJUSTMENTS TO THE ACCOUNTING RECORDS
December 31, 2024

**AA13**
Record water fund disposals to proper accounts. LJR

| | | | |
|---|---|---|---|
| 601-49101 | SALE OF FIXED ASSETS | 0.00 | 34,169.32 |
| 601-16210 | ACCUM DEPRECIATION | 34,169.32 | 0.00 |
| **Total** | | **34,169.32** | **34,169.32** |

**AA14**
Reclassify bond proceeds and premium to project fund.pfb

| | | | |
|---|---|---|---|
| 413-49310 | BOND PROCEEDS | 3,003,135.83 | 0.00 |
| 413-49320 | PREMIUMS ON BONDS SOLD | 197,111.35 | 0.00 |
| 413-10100 | CASH | 0.00 | 3,200,247.18 |
| 414-10100 | CASH | 3,200,247.18 | 0.00 |
| 414-49310 | BOND PROCEEDS | 0.00 | 3,003,135.83 |
| 414-49320 | PREMIUMS ON BONDS SOLD | 0.00 | 197,111.35 |
| **Total** | | **6,400,494.36** | **6,400,494.36** |

**AA15**
Reclassify bond proceeds, premium, and issuance costs to the water and sewer funds per the bond document.pfb

| | | | |
|---|---|---|---|
| 414-49310 | BOND PROCEEDS | 1,020,000.00 | 0.00 |
| 414-49320 | PREMIUMS ON BONDS SOLD | 67,707.50 | 0.00 |
| 414-43000-50621 | BOND ISSUANCE COSTS | 0.00 | 34,644.05 |
| 414-10100 | CASH | 0.00 | 1,053,063.45 |
| 601-10100 | CASH | 540,312.96 | 0.00 |
| 601-23100 | BONDS PAYABLE | 0.00 | 523,400.00 |
| 601-23200 | BOND PREMIUM | 0.00 | 34,773.71 |
| 601-49400-50621 | Bond Issuance Costs | 17,860.75 | 0.00 |
| 602-10100 | CASH | 512,750.49 | 0.00 |
| 602-23100 | BONDS PAYABLE | 0.00 | 496,600.00 |
| 602-23200 | BOND PREMIUM | 0.00 | 32,933.79 |
| 602-49450-50621 | Bond Issuance Costs | 16,783.30 | 0.00 |
| **Total** | | **2,175,415.00** | **2,175,415.00** |

**AA16**
Reclassify enterprise assets to the water and sewer funds for project substantially completed.pfb

| | | | |
|---|---|---|---|
| 414-43000-50303 | ENGINEERING SERVICES | 0.00 | 85,520.22 |
| 414-43000-50530 | IMPROVEMENTS OTHER THAN BLDGS. | 0.00 | 974,789.55 |
| 414-10100 | CASH | 1,060,309.77 | 0.00 |
| 601-10100 | CASH | 0.00 | 434,524.02 |
| 601-16300 | FIXED ASSETS - IMPROV NOT BLDG | 434,524.02 | 0.00 |
| 602-10100 | CASH | 0.00 | 625,785.75 |
| 602-16300 | FIXED ASSETS - IMPROV NOT BLDG | 625,785.75 | 0.00 |
| **Total** | | **2,120,619.54** | **2,120,619.54** |

**AA17**
Adjust water connection payable for overpayments.pfb

| | | | |
|---|---|---|---|
| 601-20803 | WATER CONNECTION FEE PAYABLE | 0.00 | 6,843.53 |
| 601-49400-50210 | OPERATING SUPPLIES | 6,843.53 | 0.00 |
| **Total** | | **6,843.53** | **6,843.53** |

**AA18**
Reclassify small city assistance to proper source code.pfb

| | | | |
|---|---|---|---|
| 100-43400 | GRANTS AND AIDS FROM LOCAL GOVT UNITS | 43,728.00 | 0.00 |
| 100-43403 | Small Cities Assistance | 0.00 | 43,728.00 |
| **Total** | | **43,728.00** | **43,728.00** |

CITY OF PINE CITY
PINE CITY, MINNESOTA

SIGNIGICANT ADJUSTMENTS TO THE ACCOUNTING RECORDS
December 31, 2024

| | | | |
|---|---|---|---|
| **AA19** | | | |
| Reclassify state revenue out of expenditure accounts.pfb | | | |
| 100-45124-50430 | MISCELLANEOUS EXPENSE | 6,058.00 | 0.00 |
| 100-45124-50311 | TRAINING/CONFERENCES AND SEMINARS | 1,569.00 | 0.00 |
| 100-45124-50106 | WAGES - PER DIEM | 9,005.00 | 0.00 |
| 100-42200-50311 | TRAINING/CONFERENCES AND SEMINARS | 5,280.00 | 0.00 |
| 100-43600 | STATE GRANTS AND AIDS | 0.00 | 21,912.00 |
| **Total** | | **21,912.00** | **21,912.00** |
| **AA20** | | | |
| Reclassify expenditures based on variance report findings.pfb | | | |
| 100-42200-50430 | MISCELLANEOUS EXPENSE | 0.00 | 34,899.49 |
| 100-42200-50540 | MACHINERY AND EQUIPMENT | 34,899.49 | 0.00 |
| **Total** | | **34,899.49** | **34,899.49** |
| **AA21** | | | |
| Reclassify interest expense to the correct debt service fund.pfb | | | |
| 312-47000-50611 | BOND INTEREST | 0.00 | 5,317.50 |
| 312-10100 | CASH | 5,317.50 | 0.00 |
| 311-10100 | CASH | 0.00 | 5,317.50 |
| 311-47000-50611 | BOND INTEREST | 5,317.50 | 0.00 |
| **Total** | | **10,635.00** | **10,635.00** |
| **AA22** | **REVERSE** | | |
| Reclassify arbitrage reporting accounts payable to all th debt service funds.pfb | | | |
| 316-20200 | ACCOUNTS PAYABLE | 2,571.42 | 0.00 |
| 316-47000-50300 | PROFESSIONAL SERVICES | 0.00 | 2,571.42 |
| 305-20200 | ACCOUNTS PAYABLE | 0.00 | 428.57 |
| 305-47000-50300 | PROFESSIONAL SERVICES | 428.57 | 0.00 |
| 310-20200 | ACCOUNTS PAYABLE | 0.00 | 428.57 |
| 310-47000-50300 | Professional Services | 428.57 | 0.00 |
| 311-20200 | ACCOUNTS PAYABLE | 0.00 | 428.57 |
| 311-47000-50300 | Professional Services | 428.57 | 0.00 |
| 312-20200 | ACCOUNTS PAYABLE | 0.00 | 428.57 |
| 312-47000-50300 | Professional Services | 428.57 | 0.00 |
| 314-20200 | ACCOUNTS PAYABLE | 0.00 | 428.57 |
| 314-47000-50300 | PROFESSIONAL SERVICES | 428.57 | 0.00 |
| 317-20200 | ACCOUNTS PAYABLE | 0.00 | 428.57 |
| 317-47000-50300 | Professional Services | 428.57 | 0.00 |
| **Total** | | **5,142.84** | **5,142.84** |
| **NC01** | | | |
| Close prior year profit to a consistent fund balance account | | | |
| 425-25300 | FUND BALANCE UNASSIGNED | 14,622.56 | 0.00 |
| 425-35300 | Fund Balance Unassigned | 0.00 | 14,622.56 |
| 609-25300 | FUND BALANCE UNASSIGNED | 0.00 | 170,251.59 |
| 609-35300 | FUND BALANCE UNASSIGNED | 170,251.59 | 0.00 |
| **Total** | | **184,874.15** | **184,874.15** |
| **NC02** | | | |
| Adjust fund balance | | | |
| 601-35400 | Net Investment in Capital Assets | 4,610,371.45 | 0.00 |
| 601-35300 | FUND BALANCE UNASSIGNED | 0.00 | 4,610,371.45 |
| 602-35400 | Net Investment in Capital Assets | 5,679,985.80 | 0.00 |
| 602-35300 | FUND BALANCE UNASSIGNED | 0.00 | 5,679,985.80 |
| 609-35400 | Net Investment in Capital Assets | 162,564.71 | 0.00 |
| 609-35300 | FUND BALANCE UNASSIGNED | 0.00 | 162,564.71 |
| 100-35500 | FUND BALANCE NONSPENDABLE | 52,902.25 | 0.00 |

| | | | |
|---|---|---|---|
| 100-35300 | FUND BALANCE UNASSIGNED | 0.00 | 52,902.25 |
| 201-35500 | FUND BALANCE NONSPENDABLE | 228.71 | 0.00 |
| 201-35300 | FUND BALANCE UNASSIGNED | 0.00 | 228.71 |
| 213-35500 | FUND BALANCE NONSPENDABLE | 228.71 | 0.00 |
| 213-35300 | FUND BALANCE UNASSIGNED | 0.00 | 228.71 |
| **Total** | | **10,506,281.63** | **10,506,281.63** |

**NC03**

Adjust utility billing accounts receivable.pfb

| | | | |
|---|---|---|---|
| 601-11510 | ACCOUNTS RECEIVABLE - UB | 0.00 | 22,031.08 |
| 601-47100 | WATER SALES | 22,031.08 | 0.00 |
| 602-11510 | ACCOUNTS RECEIVABLE - UB | 0.00 | 13,191.42 |
| 602-47200 | SEWER CHARGES | 13,191.42 | 0.00 |
| **Total** | | **35,222.50** | **35,222.50** |

**NC04**

Record client proposed entry for bulk water accounts receivable and the applicable allowance.pfb

| | | | |
|---|---|---|---|
| 601-11500 | ACCOUNTS RECEIVABLE | 820.37 | 0.00 |
| 601-11510 | ACCOUNTS RECEIVABLE - UB | 0.00 | 820.37 |
| 601-49400-50438 | Bad Debt Expense | 984.68 | 0.00 |
| 601-11515 | Allowance for Uncollectible | 0.00 | 984.68 |
| 601-11500 | ACCOUNTS RECEIVABLE | 0.00 | 284.82 |
| 601-47155 | WATER METER CHARGE | 284.82 | 0.00 |
| **Total** | | **2,089.87** | **2,089.87** |

**NC05**

Adjust lease receivable and deferred inflows of resources for current year payments received.pfb

| | | | |
|---|---|---|---|
| 601-11600 | LEASE RECEIVABLE | 0.00 | 18,351.98 |
| 601-22300 | DEFERRED INFLOWS OF RESOURCES-LEASES | 19,745.68 | 0.00 |
| 601-46220 | RENTS & ROYALTIES (RENT & LEASE PAYMENT) | 0.00 | 1,393.70 |
| **Total** | | **19,745.68** | **19,745.68** |

**NC06**

Adjust OPEB liability for current year activity.pfb

| | | | |
|---|---|---|---|
| 700-23800 | OPEB LIABILITY | 0.00 | 26,513.00 |
| 700-15600 | DEFERRED OUTFLOW - OPEB | 0.00 | 6,711.65 |
| 700-22333 | DIR - OPEB | 3,278.65 | 0.00 |
| 700-41000-50130 | CHANGE IN OPEB EXPENSE | 29,946.00 | 0.00 |
| **Total** | | **33,224.65** | **33,224.65** |

**NC07**

Adjust GERP net pension liability.pfb

| | | | |
|---|---|---|---|
| 700-11111 | DEFERRED OUTFLOWS OF RESOURCES | 0.00 | 607,368.00 |
| 700-22222 | DEFERRED INFLOWS OF RESOURCES | 0.00 | 387,053.48 |
| 700-23333 | NET PENSION LIABILITY | 597,887.00 | 0.00 |
| 700-44444-50101 | WAGES - FULL TIME | 396,534.48 | 0.00 |
| **Total** | | **994,421.48** | **994,421.48** |

**NC08**

Record sick leave payable for GASB 101 implementation.pfb

| | | | |
|---|---|---|---|
| 601-22590 | Sick Leave Payable - Current | 0.00 | 8,962.28 |
| 601-23190 | Sick Leave Payable - Noncurrent | 0.00 | 4,508.92 |
| 601-49999 | Prior Period Adjustment | 13,471.20 | 0.00 |
| 602-22590 | Sick Leave Payable - Current | 0.00 | 8,962.28 |
| 602-23190 | Sick Leave Payable - Noncurrent | 0.00 | 4,508.92 |
| 602-49999 | Prior Period Adjustment | 13,471.20 | 0.00 |
| 609-22590 | Sick Leave Payable - Current | 0.00 | 20,290.25 |

| | | | |
|---|---|---|---|
| 609-23190 | Sick Leave Payable - Noncurrent | 0.00 | 10,208.01 |
| 609-49999 | Prior Period Adjustment | 30,498.26 | 0.00 |
| **Total** | | **57,440.66** | **57,440.66** |

**NC09**
Adjust sick leave payable to current year amounts.pfb

| | | | |
|---|---|---|---|
| 601-22590 | Sick Leave Payable - Current | 0.00 | 5,805.26 |
| 601-23190 | Sick Leave Payable - Noncurrent | 2,916.83 | 0.00 |
| 601-49400-50101 | WAGES - FULL TIME | 2,888.43 | 0.00 |
| 602-22590 | Sick Leave Payable - Current | 0.00 | 5,805.26 |
| 602-23190 | Sick Leave Payable - Noncurrent | 2,916.83 | 0.00 |
| 602-49450-50101 | WAGES - FULL TIME | 2,888.43 | 0.00 |
| 609-22590 | Sick Leave Payable - Current | 0.00 | 21,976.74 |
| 609-23190 | Sick Leave Payable - Noncurrent | 5,651.22 | 0.00 |
| 609-49750-50101 | WAGES - FULL TIME | 16,325.52 | 0.00 |
| **Total** | | **33,587.26** | **33,587.26** |

**NC10**
Adjust accrued interest payable in Water and Sewer funds.pfb

| | | | |
|---|---|---|---|
| 601-21500 | INTEREST PAYABLE | 6,754.47 | 0.00 |
| 601-47000-50611 | BOND INTEREST | 0.00 | 6,754.47 |
| 602-21500 | INTEREST PAYABLE | 1,377.95 | 0.00 |
| 602-47000-50611 | BOND INTEREST | 0.00 | 1,377.95 |
| **Total** | | **8,132.42** | **8,132.42** |

**NC11**
Record current year amortization on bond premiums.pfb

| | | | |
|---|---|---|---|
| 601-23200 | BOND PREMIUM | 35,292.00 | 0.00 |
| 601-47000-50611 | BOND INTEREST | 0.00 | 35,292.00 |
| 602-23200 | BOND PREMIUM | 3,449.00 | 0.00 |
| 602-47000-50611 | BOND INTEREST | 0.00 | 3,449.00 |
| **Total** | | **38,741.00** | **38,741.00** |

**NC12**

Record transfers as proposed by client.pfb

| | | | |
|---|---|---|---|
| 100-10100 | CASH | 0.00 | 502,117.45 |
| 100-49990-50720 | TRANSFER OUT | 502,117.45 | 0.00 |
| 413-10100 | CASH | 502,117.45 | 0.00 |
| 413-49200 | Transfers In | 0.00 | 502,117.45 |
| **Total** | | **1,004,234.90** | **1,004,234.90** |

**NC13**

Record allowance on governmental accounts receivable as proposed by client.pfb

| | | | |
|---|---|---|---|
| 100-11515 | ALLOWANCE-UNCOLLECTIBLE ACCT | 0.00 | 24,179.50 |
| 100-42200-50438 | BAD DEBT | 24,179.50 | 0.00 |
| **Total** | | **24,179.50** | **24,179.50** |

**NC14**
Record interfund advance as proposed by client.pfb

| | | | |
|---|---|---|---|
| 601-13300 | Advance to Other Funds | 1,290,851.57 | 0.00 |
| 601-10100 | CASH | 0.00 | 1,290,851.57 |
| 602-13300 | Advance to Other Funds | 1,290,851.56 | 0.00 |
| 602-10100 | CASH | 0.00 | 1,290,851.56 |
| 413-20900 | Advance from Other Funds | 0.00 | 2,000,000.00 |
| 413-10100 | CASH | 2,000,000.00 | 0.00 |
| 411-10100 | CASH | 581,703.13 | 0.00 |

| | | | |
|---|---|---|---|
| 411-20900 | Advance from Other Funds | 0.00 | 581,703.13 |
| **Total** | | **5,163,406.26** | **5,163,406.26** |
| | | | |
| **NC15** | | | |
| Adjust delinquent taxes | | | |
| 100-10700 | TAXES REC - DELINQUENT | 0.00 | 3,943.29 |
| 100-22200 | DEFERRED REVENUE | 3,943.29 | 0.00 |
| **Total** | | **3,943.29** | **3,943.29** |
| | | | |
| **NC16** | | | |
| Adjust special assessment receivables for the January settlement | | | |
| 100-41900 | PENALTIES | 124.37 | 0.00 |
| 100-13200 | DUE FROM OTHER GOVERNMENTS | 0.00 | 124.37 |
| 601-13200 | DUE FROM OTHER GOVERNMENTS | 23.63 | 0.00 |
| 601-46100 | SPECIAL ASSMTS | 0.00 | 23.63 |
| 602-13200 | DUE FROM OTHER GOVERNMENTS | 0.00 | 62.20 |
| 602-46100 | SPECIAL ASSMTS | 62.20 | 0.00 |
| 316-13200 | DUE FROM OTHER GOVERNMENTS | 162.94 | 0.00 |
| 316-46100 | SPECIAL ASSMTS | 0.00 | 162.94 |
| **Total** | | **373.14** | **373.14** |
| | | | |
| **NC17** | | | |
| Adjust special assessment receivables | | | |
| 305-12100 | SPEC ASSESS - CURRENT | 29.35 | 0.00 |
| 305-12200 | SPEC ASSESS - DELINQUENT | 0.00 | 175.42 |
| 305-12300 | SPEC ASSESS - DEFERRED | 0.00 | 1,516.15 |
| 305-22200 | DEFERRED REVENUE | 1,622.22 | 0.00 |
| 310-12100 | SPEC ASSESS - CURRENT | 0.00 | 442.86 |
| 310-12300 | SPEC ASSESS - DEFERRED | 0.00 | 16,427.94 |
| 310-22200 | DEFERRED REVENUE | 16,910.80 | 0.00 |
| 311-12100 | SPEC ASSESS - CURRENT | 300.02 | 0.00 |
| 311-12200 | SPEC ASSESS - DELINQUENT | 0.00 | 1,198.36 |
| 311-12300 | SPEC ASSESS - DEFERRED | 0.00 | 5,754.73 |
| 311-22200 | DEFERRED REVENUE | 6,653.07 | 0.00 |
| 314-12100 | SPEC ASSESS - CURRENT | 249.17 | 0.00 |
| 314-12300 | SPEC ASSESS - DEFERRED | 0.00 | 6,112.07 |
| 314-22200 | DEFERRED REVENUE | 5,862.90 | 0.00 |
| 316-12100 | SPEC ASSESS - CURRENT | 0.00 | 483.05 |
| 316-12200 | SPEC ASSESS - DELINQUENT | 218.85 | 0.00 |
| 316-12300 | SPEC ASSESS - DEFERRED | 0.00 | 29,096.67 |
| 316-22200 | DEFERRED REVENUE | 29,360.87 | 0.00 |
| 317-12100 | SPEC ASSESS - CURRENT | 226.38 | 0.00 |
| 317-12300 | SPEC ASSESS - DEFERRED | 0.00 | 11,601.22 |
| 317-22200 | DEFERRED REVENUE | 11,374.84 | 0.00 |
| 401-12100 | SPEC ASSESS - CURRENT | 0.00 | 226.85 |
| 401-12200 | SPEC ASSESS - DELINQUENT | 0.00 | 205.00 |
| 401-12300 | SPEC ASSESS - DEFERRED | 0.00 | 5,637.33 |
| 401-22200 | DEFERRED REVENUE | 6,069.18 | 0.00 |
| 601-12100 | SPEC ASSESS - CURRENT | 1,843.99 | 0.00 |
| 601-12200 | SPEC ASSESS - DELINQUENT | 0.00 | 470.92 |
| 601-12300 | SPEC ASSESS - DEFERRED | 0.00 | 12,828.60 |
| 601-46100 | SPECIAL ASSMTS | 13,088.47 | 0.00 |
| 602-12100 | SPEC ASSESS - CURRENT | 856.82 | 0.00 |
| 602-12200 | SPEC ASSESS - DELINQUENT | 0.00 | 515.28 |
| 602-12300 | SPEC ASSESS - DEFERRED | 0.00 | 10,261.24 |
| 602-46100 | SPECIAL ASSMTS | 10,589.10 | 0.00 |
| 100-12100 | SPEC ASSESS - CURRENT | 6,547.50 | 0.00 |
| 100-12300 | SPEC ASSESS - DEFERRED | 27,234.27 | 0.00 |
| 100-22200 | DEFERRED REVENUE | 0.00 | 33,781.77 |
| 310-12200 | SPEC ASSESS - DELINQUENT | 173.44 | 0.00 |
| 310-22200 | DEFERRED REVENUE | 0.00 | 173.44 |
| 601-47100 | WATER SALES | 0.00 | 1,632.94 |
| 602-47200 | SEWER CHARGES | 0.00 | 669.40 |

| | | | |
|---|---|---|---|
| 305-22200 | DEFERRED REVENUE | 40.00 | 0.00 |
| 310-22200 | DEFERRED REVENUE | 0.00 | 40.00 |
| **Total** | | **139,251.24** | **139,251.24** |

**NC18**

Correct recording of special assessment receipt

| | | | |
|---|---|---|---|
| 407-10100 | CASH | 0.00 | 573.38 |
| 407-46101 | SPECIAL ASSMTS - PREPAY/PAYOFF | 573.38 | 0.00 |
| 401-10100 | CASH | 573.38 | 0.00 |
| 401-46100 | SPECIAL ASSMTS | 0.00 | 573.38 |
| **Total** | | **1,146.76** | **1,146.76** |

**NC19**

Allocate current and noncurrent compensated absences.pfb

| | | | |
|---|---|---|---|
| 601-23601 | Compensated Absenses - Noncurrent Portion | 0.00 | 2,253.77 |
| 601-23600 | COMPENSATED ABSENCES PAYABLE | 2,253.77 | 0.00 |
| 602-23601 | Compensated Absences - Noncurrent Portion | 0.00 | 2,253.77 |
| 602-23600 | COMPENSATED ABSENCES PAYABLE | 2,253.77 | 0.00 |
| 609-23601 | Compensated Absences - Noncurrent Portion | 0.00 | 5,065.64 |
| 609-23600 | COMPENSATED ABSENCES PAYABLE | 5,065.64 | 0.00 |
| 902-23601 | Compensated Absences - Noncurrent Portion | 0.00 | 5,504.48 |
| 902-23600 | Compensated Absences | 5,504.48 | 0.00 |
| **Total** | | **15,077.66** | **15,077.66** |

| | | |
|---|---|---|
| **GRAND TOTAL** | **36,280,752.28** | **36,280,752.28** |