



*Lighting the path forward*

# City of Maple Plain

## 2021 Financial Statement Audit



# Audit Results

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## Auditor's Opinion



Unmodified Opinion

## Minnesota Legal Compliance



No instances of noncompliance noted.

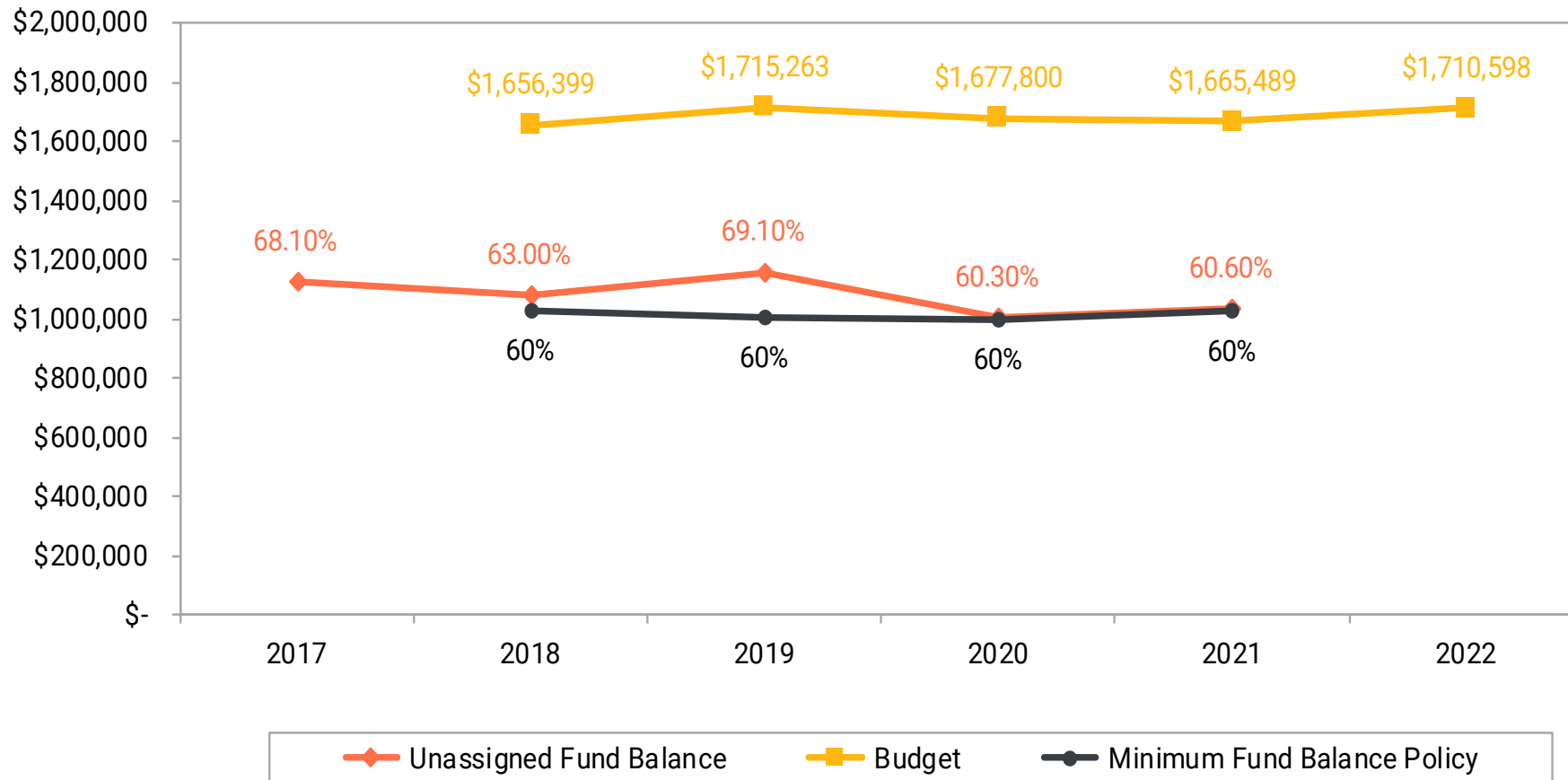
# Audit Results

## 2021 Audit Findings

- Preparation of Financial Statements
  - Internal Control Finding
- Limited Segregation of Duties
  - Internal Control Finding



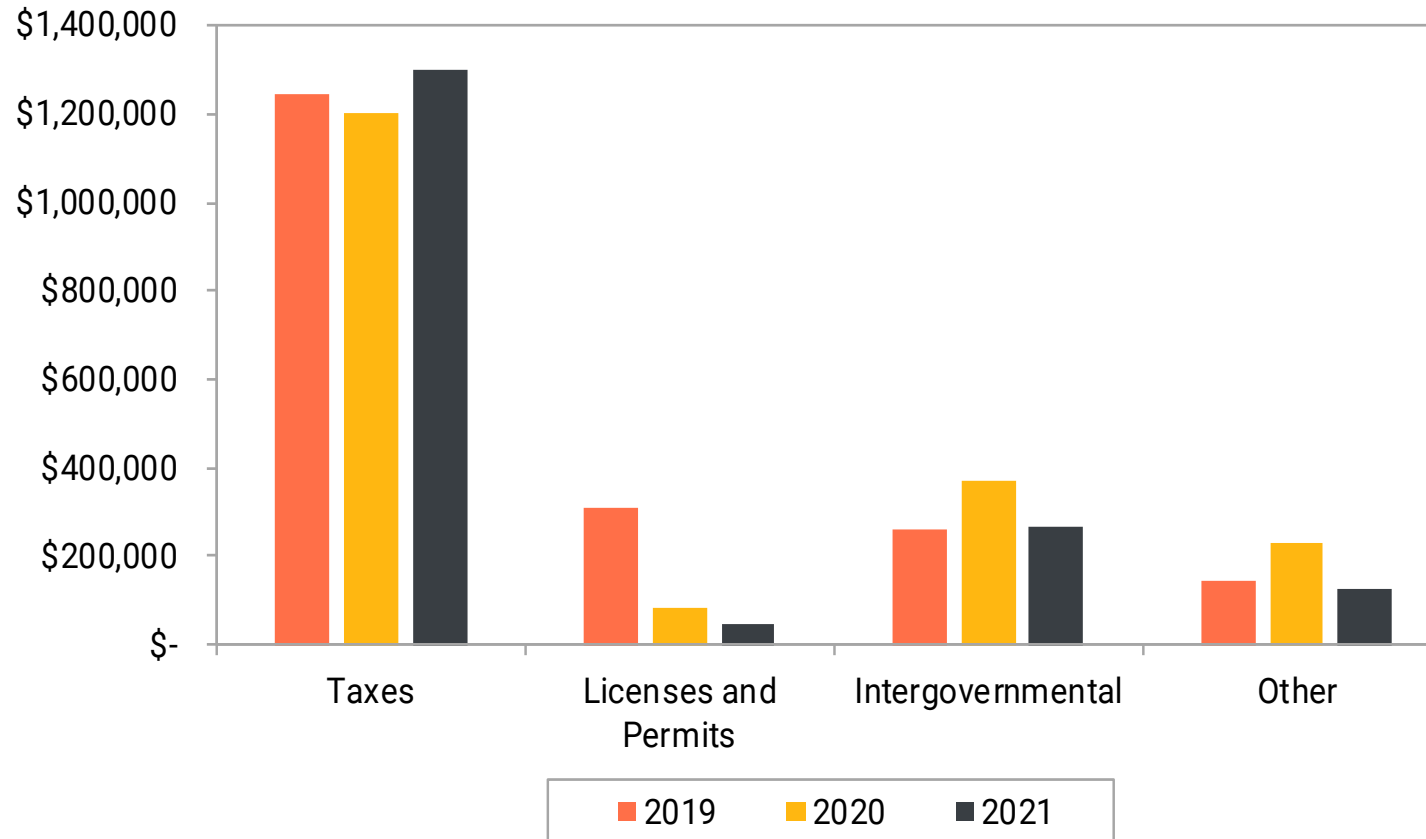
# General Fund Fund Balances



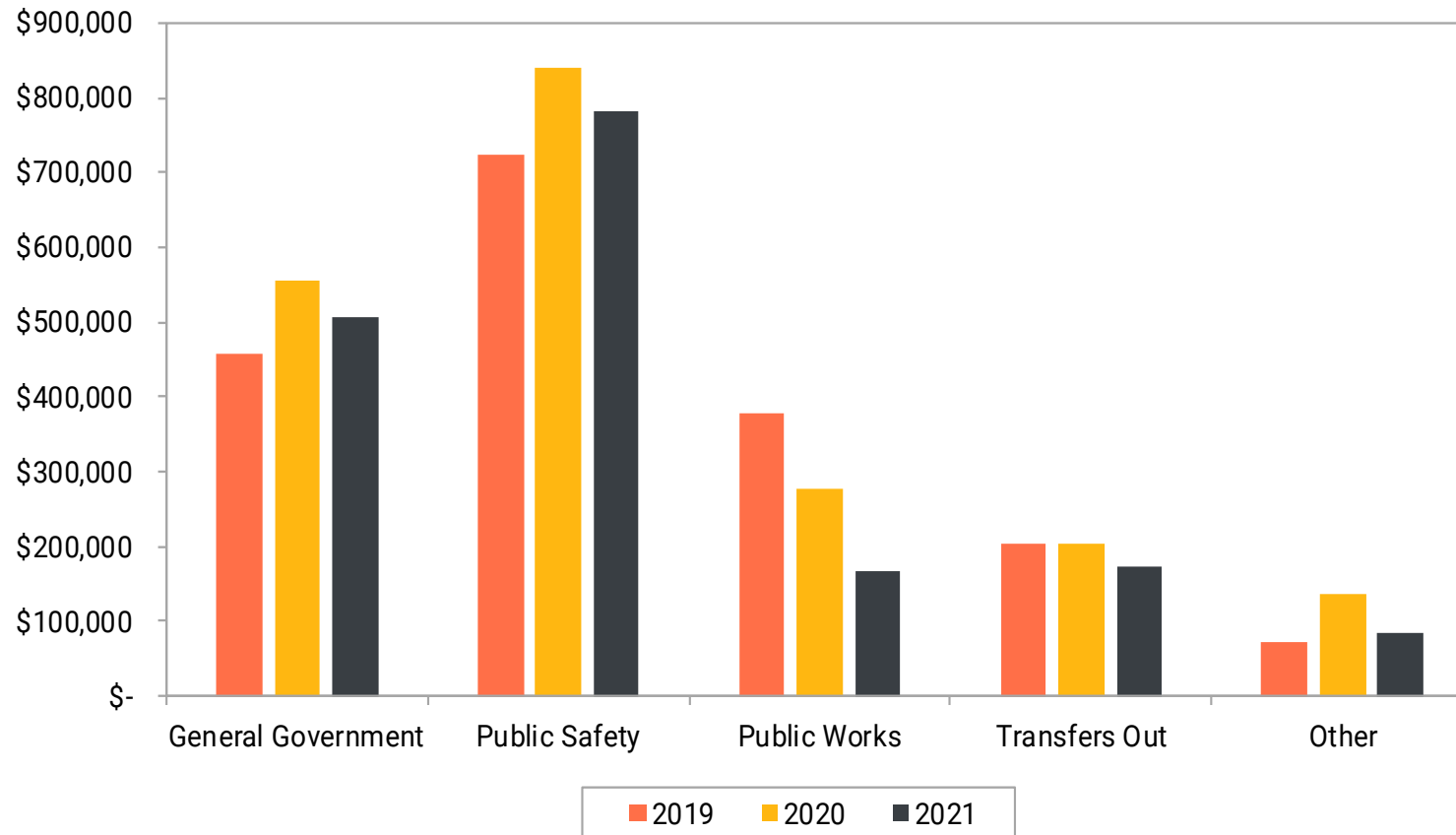
# General Fund Budget to Actual

	Final Budget Amounts	Actual Amounts	Variance with Final Budget
Revenues	\$ 1,665,489	\$ 1,737,998	\$ 72,509
Expenditures	1,461,274	1,539,295	(78,021)
Excess (Deficiency) of Revenues Over (Under) Expenditures	204,215	198,703	(5,512)
Other Financing Sources (Uses) Transfers out	(204,215)	(173,615)	30,600
Net Change in Fund Balances	-	25,088	25,088
Fund Balances, January 1	1,096,696	1,096,696	-
Fund Balances, December 31	<u>\$ 1,096,696</u>	<u>\$ 1,121,784</u>	<u>\$ 25,088</u>

# General Fund Revenues by Type

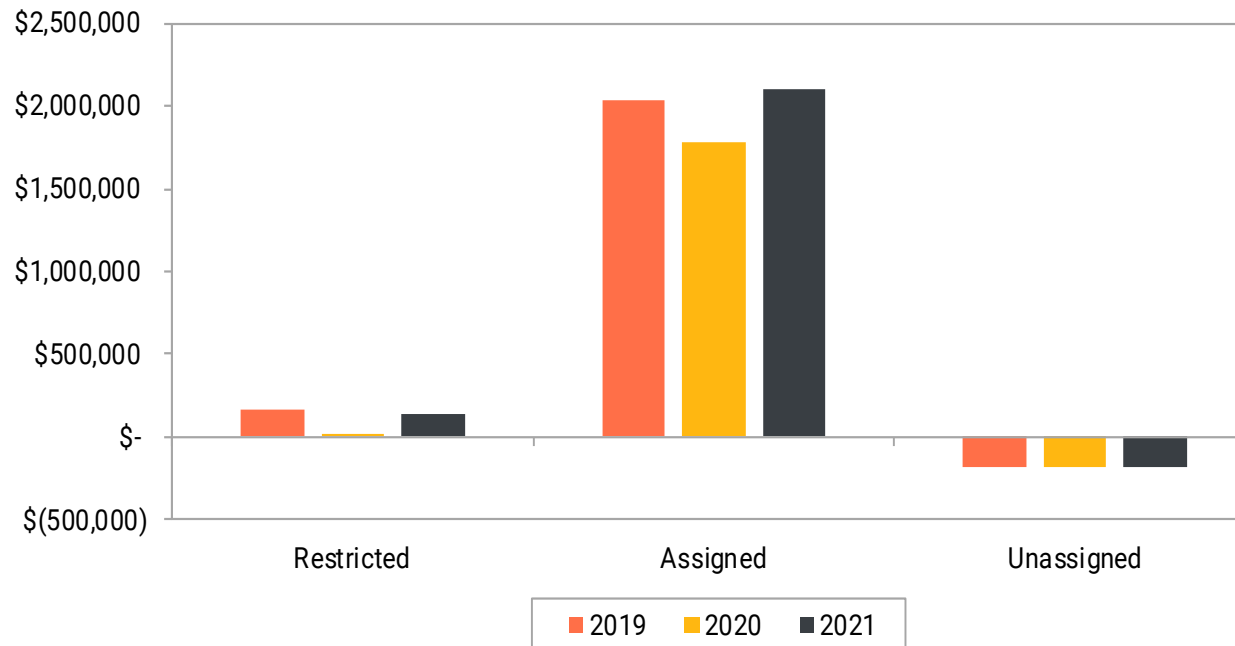


# General Fund Expenditures by Type



Fund	Fund Balances December 31,		Increase (Decrease)
	2021	2020	
Major			
Capital Project	\$ 2,125,544	\$ 1,378,762	\$ 746,782
2021 Street	120,689	-	120,689
Nonmajor			
Downtown Development <sup>(1)</sup>	(179,729)	(179,240)	(489)
Street Improvement	-	11,576	(11,576)
Equipment Capital	-	408,826	(408,826)
Total	<u>\$ 2,066,504</u>	<u>\$ 1,619,924</u>	<u>\$ 446,580</u>

(1) The Downtown Development fund has had a negative cash balance for several years. We recommend the City establish a plan during 2022 to fund the deficit.

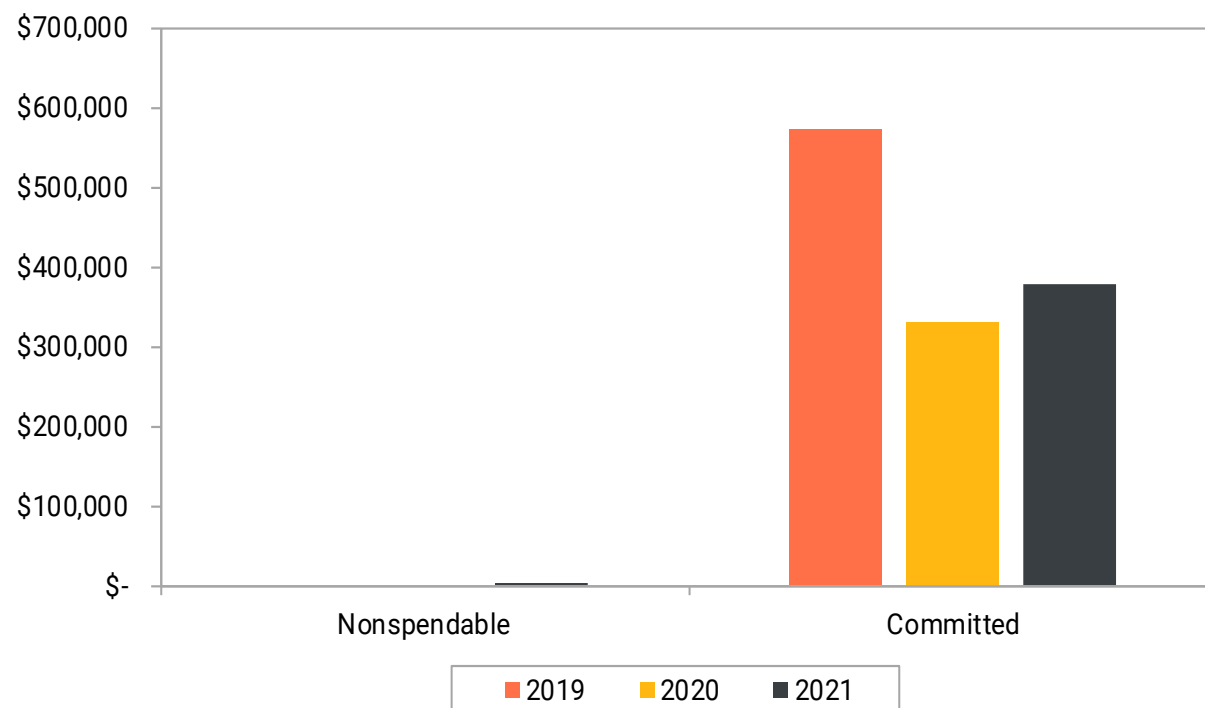


# Capital Projects Fund Balances

*Capital Project Fund*  
*2021 Street Fund*  
*Street Improvement*  
*Downtown Development*  
*Equipment Capital*



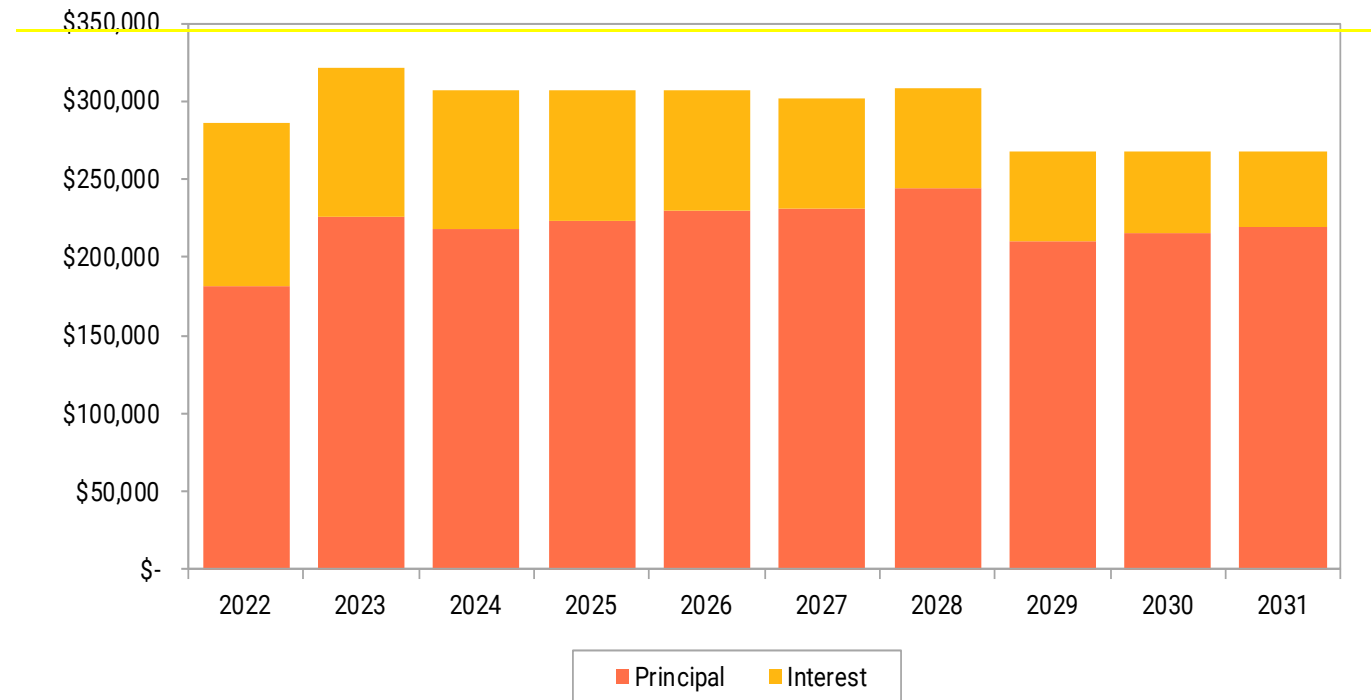
Fund	Fund Balances December 31,		Increase (Decrease)
	2021	2020	
Major			
Fire Partnership	\$ 292,694	\$ 211,750	\$ 80,944
Nonmajor			
Economic Development	89,924	119,435	(29,511)
Total	<u>\$ 382,618</u>	<u>\$ 331,185</u>	<u>\$ 51,433</u>



# Special Revenue Fund Balances

*Fire Partnership  
EDA*

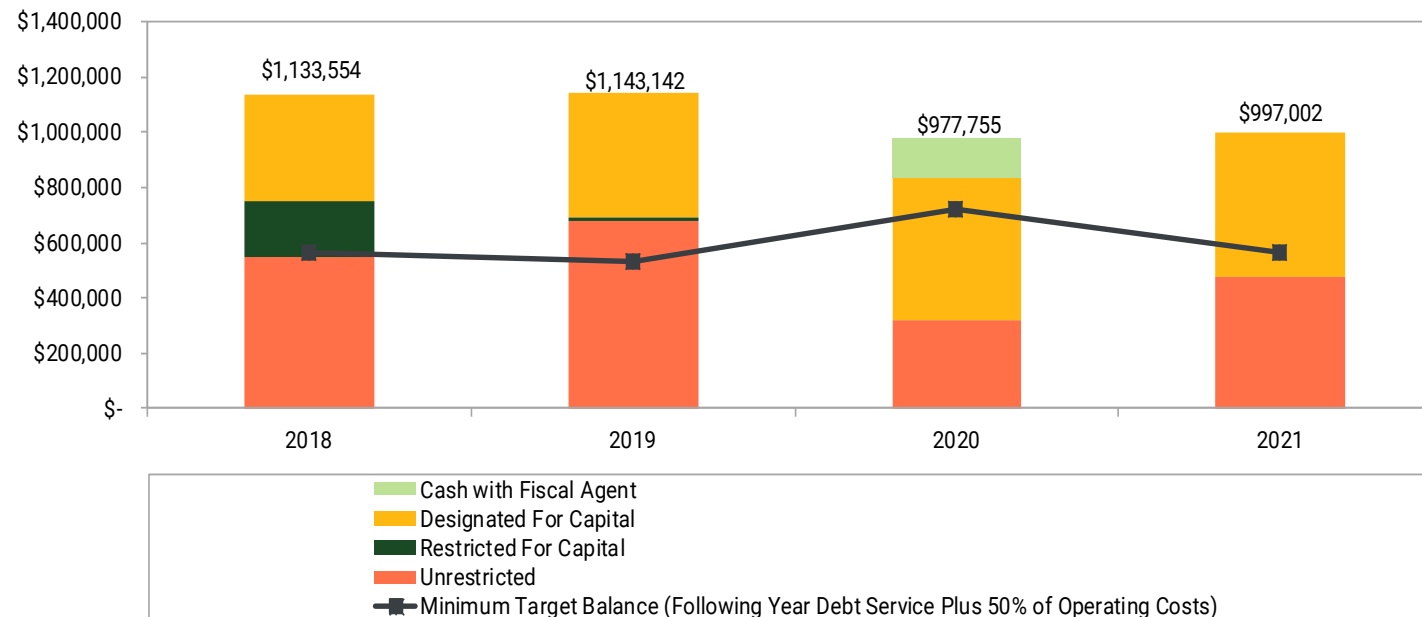
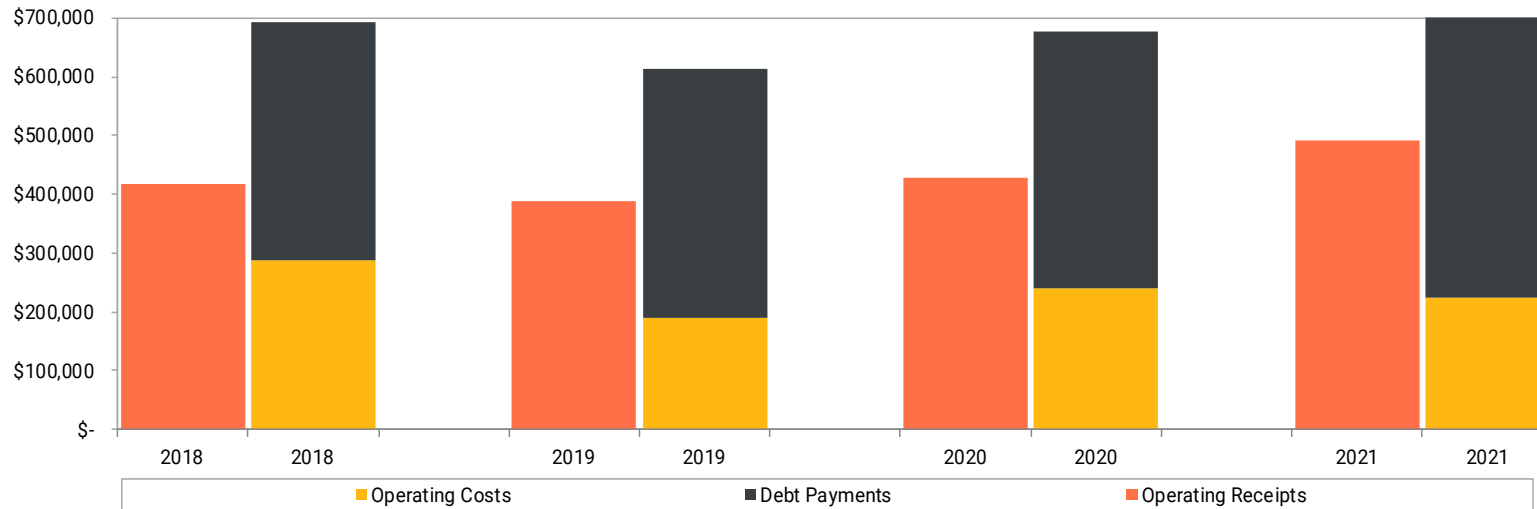
Debt Description	Maturity Date	December 31, 2021		
		Total Cash	Total Assets	Remaining Bonds
Major				
2021B G.O Refunding Bonds (2012A)	2/1/28	\$ 78,576	\$ 91,221	\$ 160,000
2021B G.O Refunding Bonds (2013A)	2/1/28	40,510	40,510	80,000
2014A G.O. Bonds	2/1/35	264,431	380,490	1,125,000
2016A G.O. Bonds	2/1/37	62,752	175,221	590,000
2018A G.O. Bonds	2/1/39	132,594	308,981	935,000
2021A GO Bonds	2/1/42	108,226	304,756	970,000
Total		<u>\$ 687,089</u>	<u>\$ 1,301,179</u>	<u>\$ 3,860,000</u>
Total Remaining Interest Payments				<u>\$ 912,901</u>



# Debt Service Funds

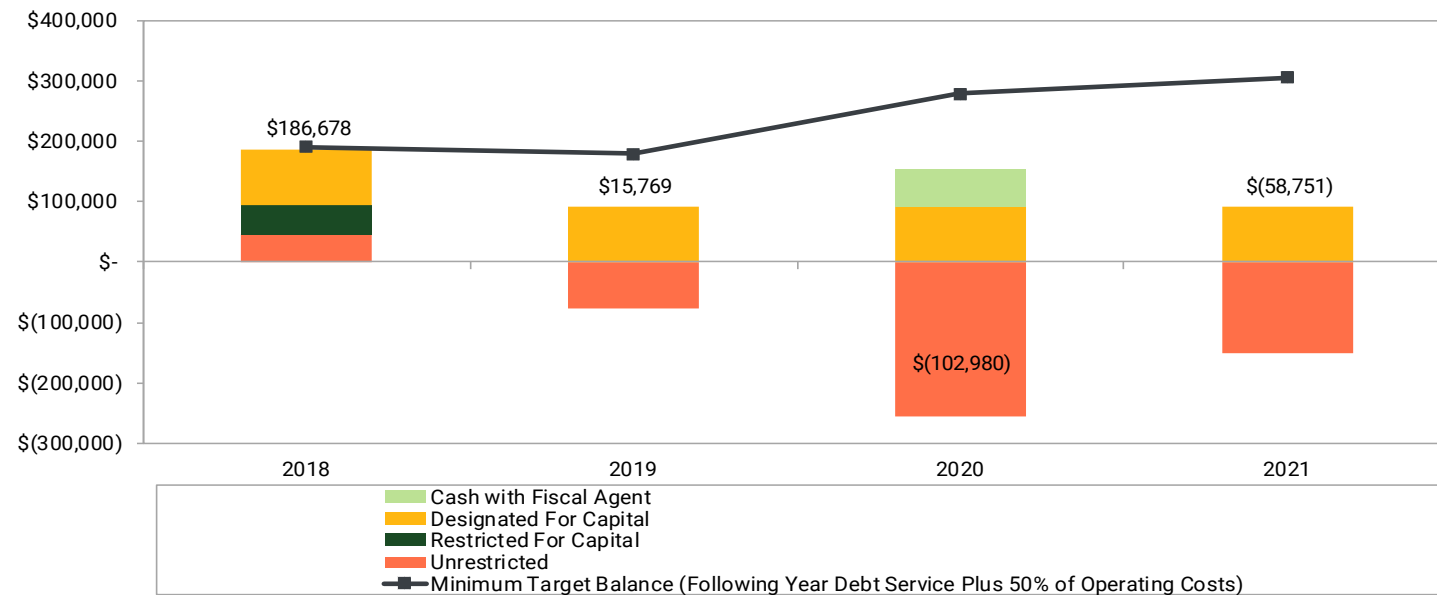
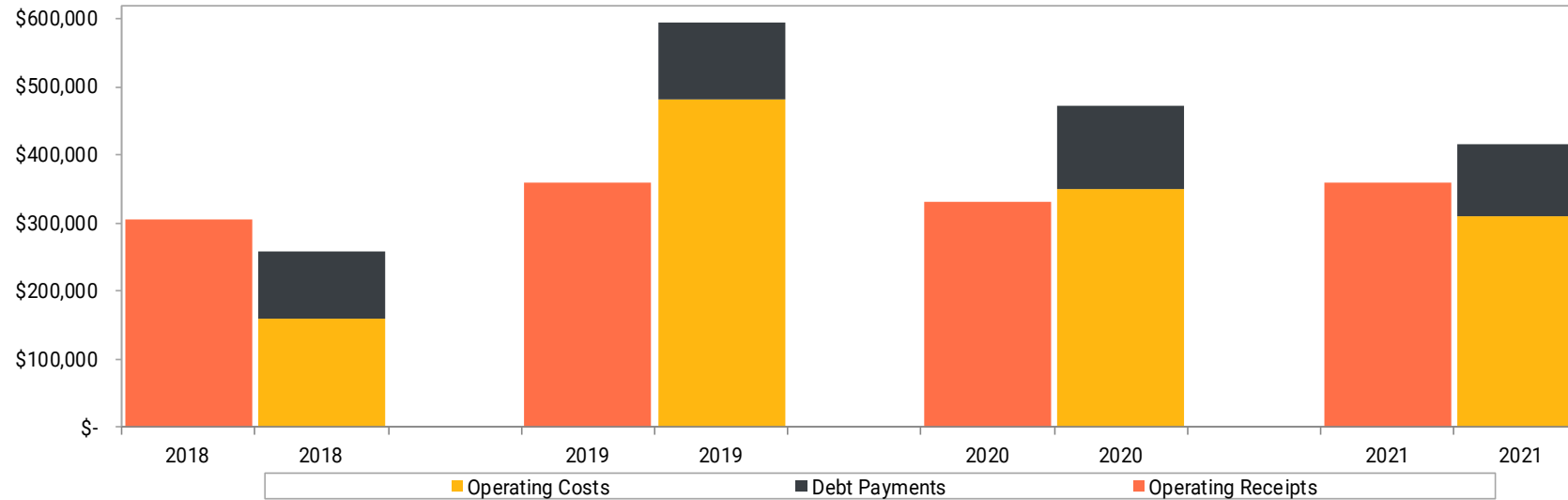
# Water Fund

## Cash Flows from Operations and Cash Balances



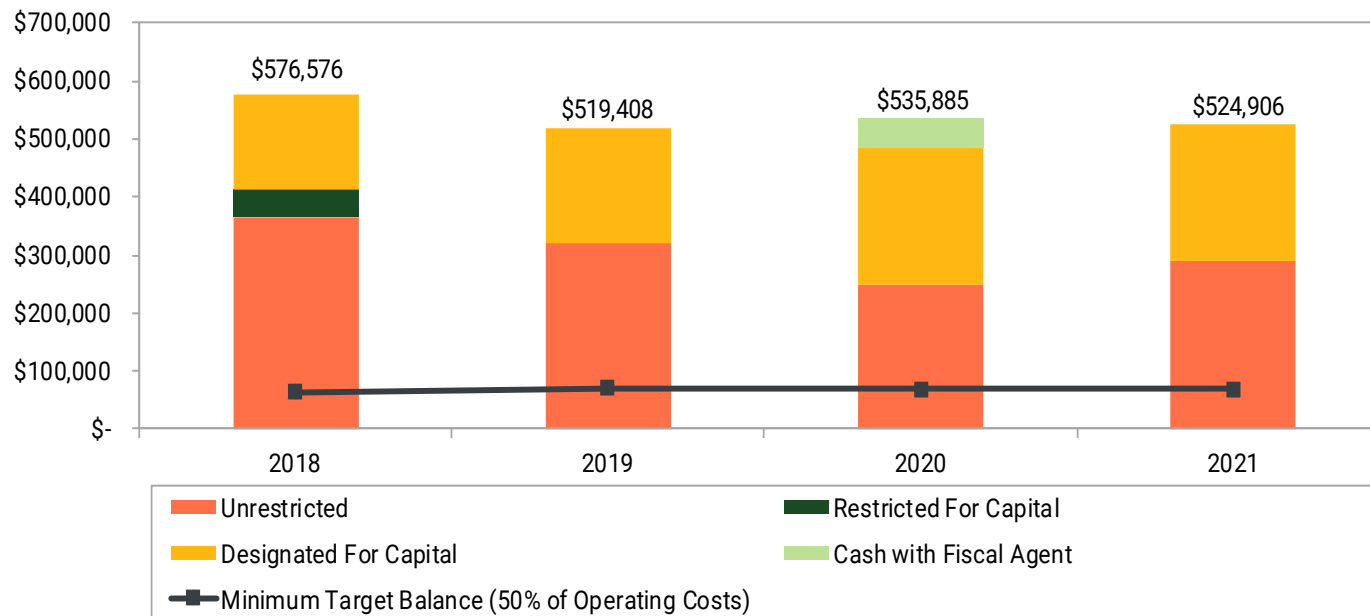
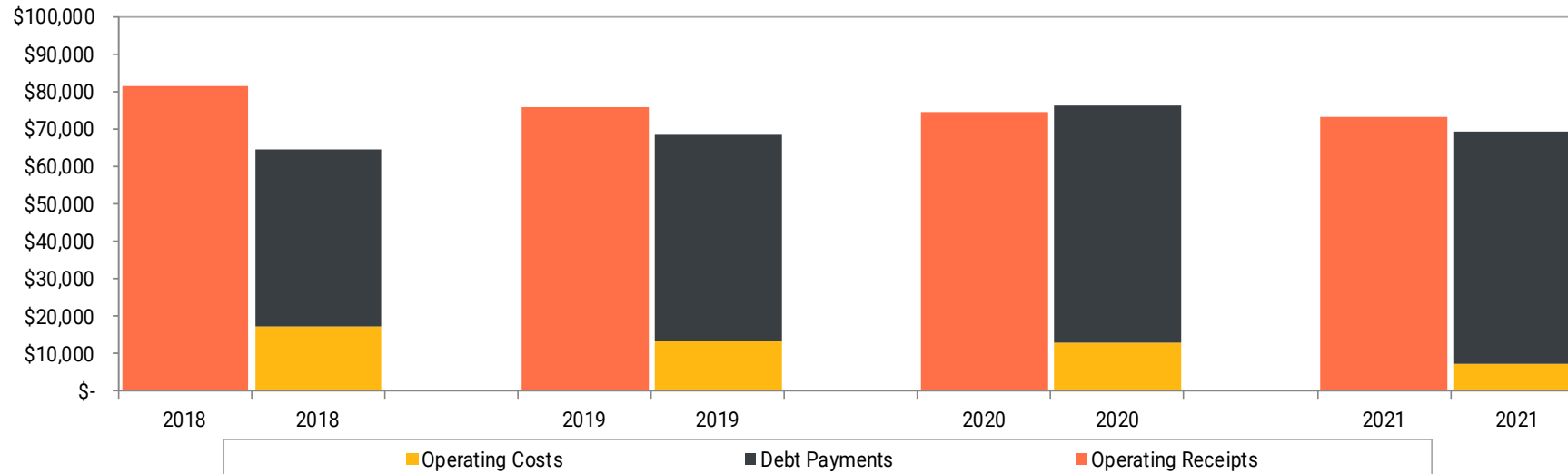
# Sewer Fund

## Cash Flows from Operations and Cash Balances

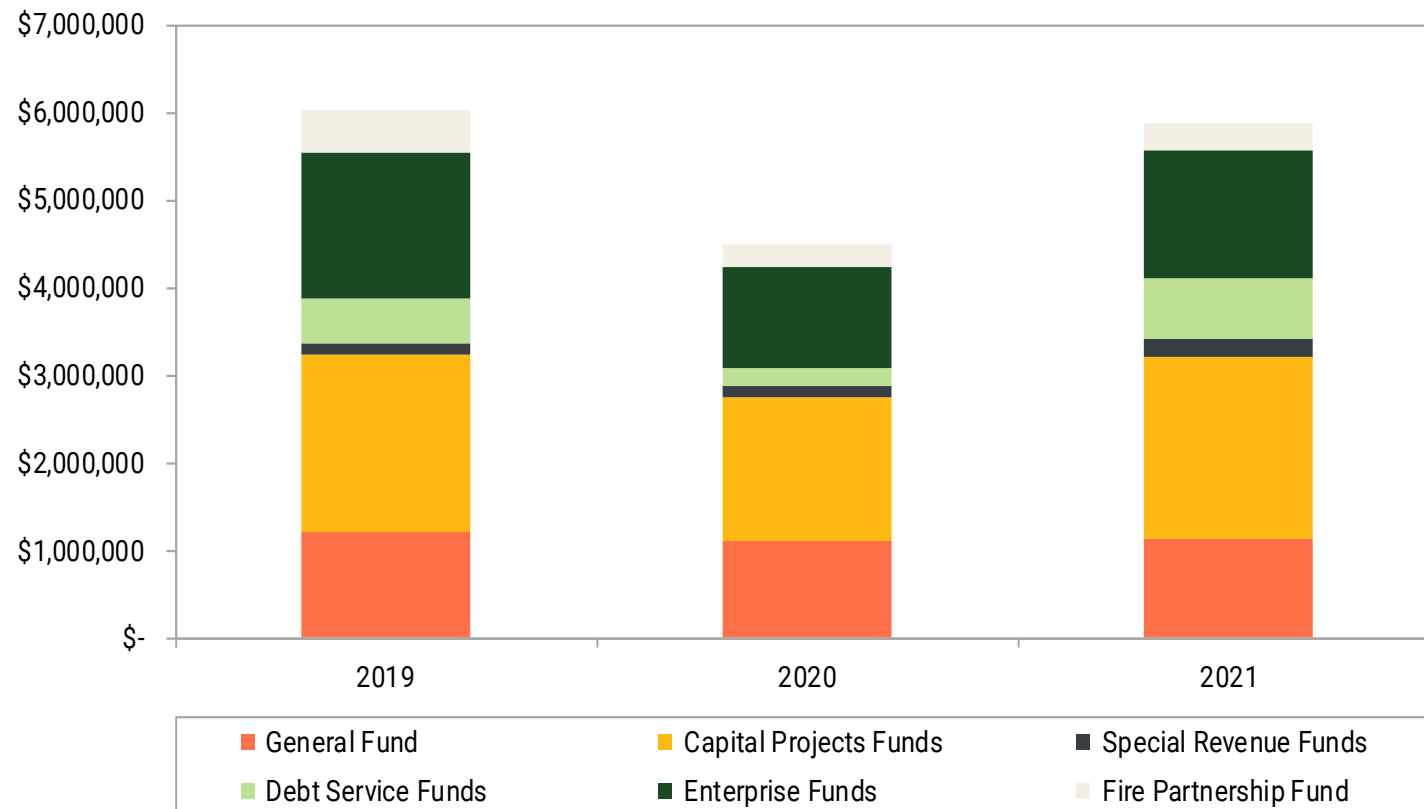


# Storm Water Fund

## Cash Flows from Operations and Cash Balances



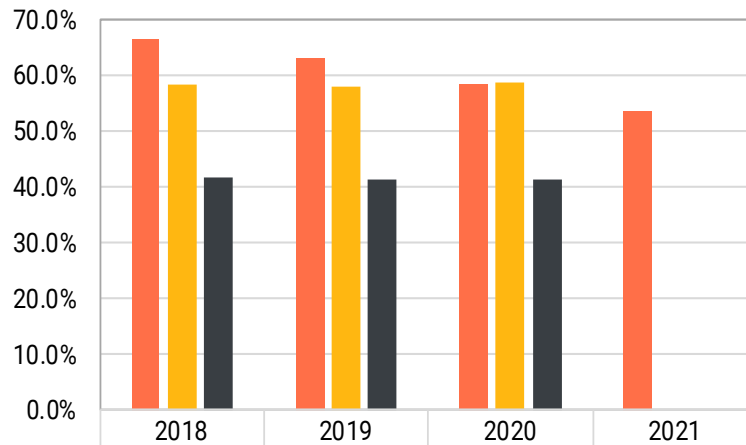
# Cash and Investments Balances by Fund Type



# Taxes

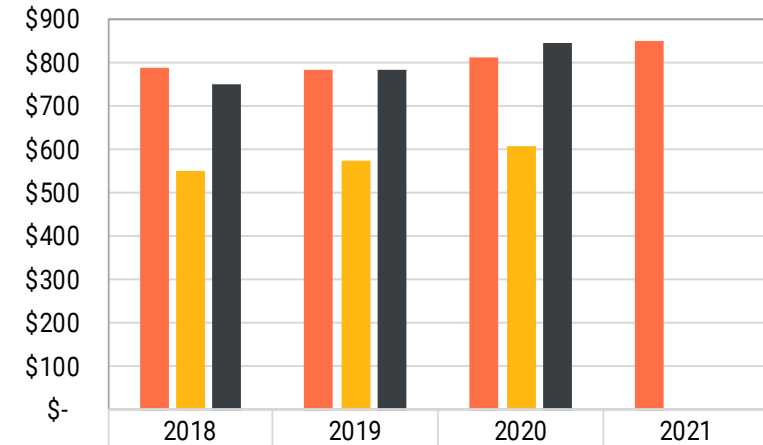
## Key Performance Indicators

**Tax Rate**



City of Maple Plain	66.5%	63.2%	58.6%	53.7%
Class 4 Cities	58.5%	58.1%	58.8%	
Cities in Hennepin County	41.9%	41.5%	41.5%	

**Taxes per Capita**

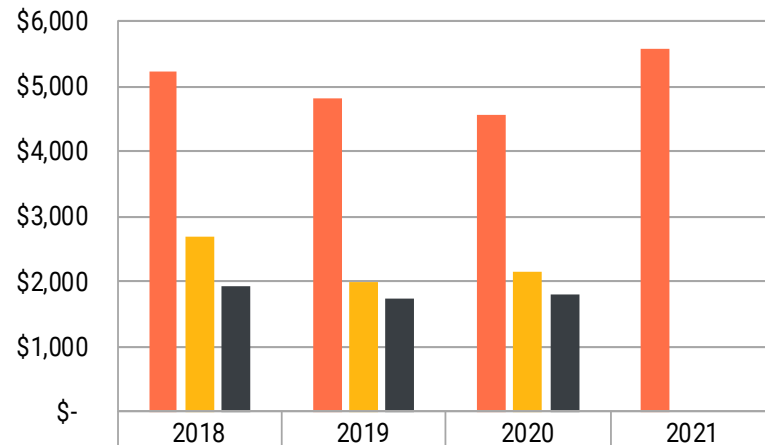


City of Maple Plain	\$792	\$786	\$811	\$850
Class 4 Cities	\$549	\$574	\$606	
Cities in Hennepin County	\$752	\$785	\$847	

# Debt

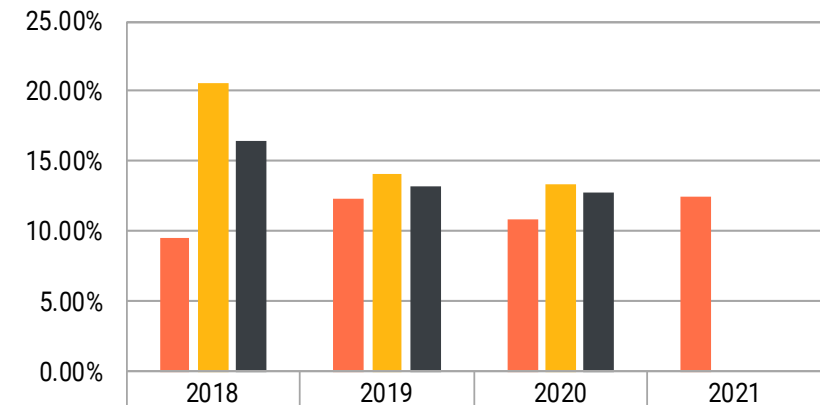
## Key Performance Indicators

Debt per Capita



	2018	2019	2020	2021
City of Maple Plain	\$5,238	\$4,835	\$4,579	\$5,577
Class 4 Cities	\$2,697	\$2,005	\$2,150	
Cities in Hennepin County	\$1,942	\$1,751	\$1,803	

Debt Service Expenditures as a Percent of Total Expenditures



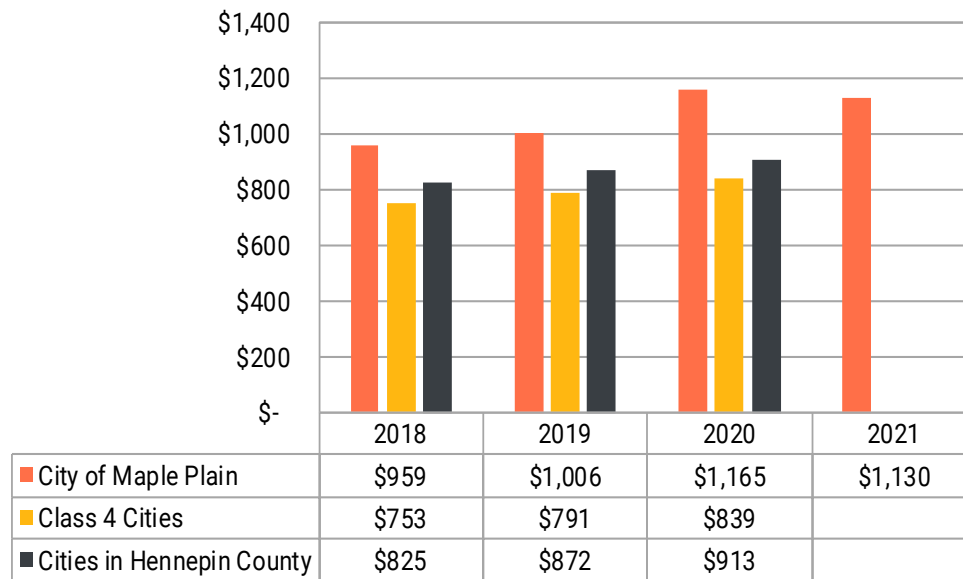
	2018	2019	2020	2021
City of Maple Plain	9.53%	12.33%	10.81%	12.50%
Class 4 Cities	20.55%	14.16%	13.39%	
Cities in Hennepin County	16.40%	13.23%	12.80%	



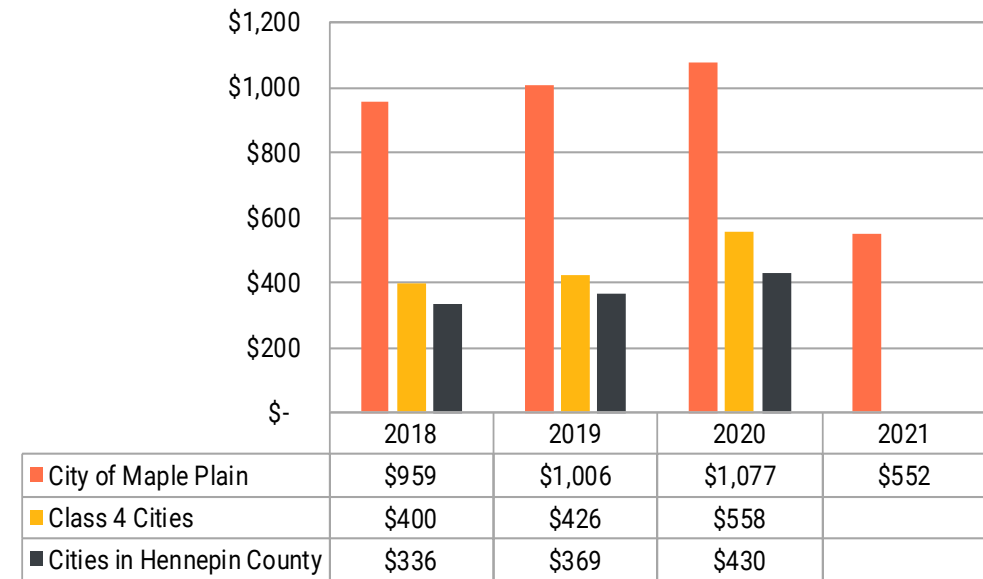
# Expenditures

## Key Performance Indicators

Current Expenditure per Capita



Capital Expenditure per Capita



# Your Abdo Team



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# Annual Financial Report

## City of Maple Plain

Maple Plain, Minnesota

For the year ended December 31, 2021



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INTRODUCTORY SECTION

CITY OF MAPLE PLAIN  
MAPLE PLAIN, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2021

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City of Maple Plain, Minnesota  
Elected and Appointed Officials  
For the Year Ended December 31, 2021

**ELECTED**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Julie Maas-Kusske	Mayor	12/31/24
John Fay	Council Member	12/31/24
John De Long	Council Member	12/31/22
Michael DeLuca	Council Member	12/31/24
Caitlin Cahill	Council Member	12/31/22

**APPOINTED**

Clarissa Hadler	City Administrator
-----------------	--------------------

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FINANCIAL SECTION  
CITY OF MAPLE PLAIN  
MAPLE PLAIN, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2021

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## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council  
City of Maple Plain, Minnesota

### Report on Financial Statements

#### Opinion

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General and Fire Partnership funds 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 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 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.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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'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 generally accepted auditing standards 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 generally accepted auditing standards and *Government 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'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'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.

## Other Matters

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis starting on page 17 and the Schedule of Employer's Share of the Net Pension Liability, the Schedule of Employer's Contributions, Notes to the Required Information and the Schedule of Changes in Net Pension Liability (Asset) and Related Ratios starting on page 84 be presented to supplement the basic financial statements. Such 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. 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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.





### **Other Information**

Our audit was conducted for the purpose of forming an opinion on the basic financial statements that collectively comprise the City's basic financial statements. The introductory section and combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated April 20, 2022 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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'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's internal control over financial reporting and compliance.



**Abdo**  
Minneapolis, Minnesota  
April 20, 2022



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## Management's Discussion and Analysis

As management of the City of Maple Plain, Minnesota (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2021.

### Financial Highlights

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$13,675,537 (*net position*). Of this amount, \$5,462,188 (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased \$719,059 from 2020.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$4,267,075, an increase of \$676,171 in comparison with the prior year. The increase can be attributed to unspent bond proceeds and grant reimbursements for prior year costs. Approximately 20.1 percent of this total amount, \$1,035,961, is available for spending at the City's discretion.
- At the end of the current fiscal year, unassigned fund balance for the General fund was \$1,035,961, or 67.3 percent of total 2021 General fund expenditures. The General fund balance increased \$25,088 over the prior year. The increase is due to revenues collected in excess of budget.
- The City's total outstanding debt increased by \$1,220,000 during the current fiscal year. This is mainly due to bonds issued for capital projects.

## Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of combining and individual fund financial statements and schedules that further explains and supports the information in the financial statements. Figure 1 shows how the required parts of this annual report are arranged and relate to one another. In addition to these required elements, we have included a section with combining and individual fund financial statements and schedules that provide details about nonmajor governmental funds, which are added together and presented in single columns in the basic financial statements.

**Figure 1**  
**Required Components of the**  
**City's Annual Financial Report**

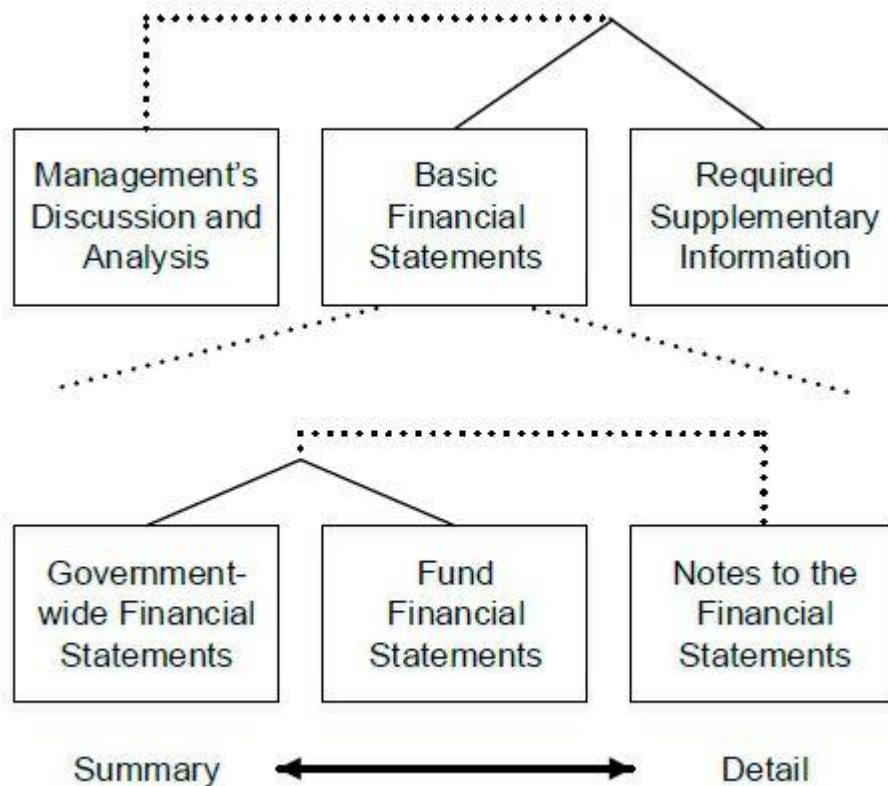


Figure 2 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

**Figure 2**  
**Major Features of the Government-wide and Fund Financial Statements**

	<b>Fund Financial Statements</b>		
	<b>Government-wide Statements</b>	<b>Governmental Funds</b>	<b>Proprietary Funds</b>
Scope	Entire City government (except fiduciary funds) and the City's component units	The activities of the City that are not proprietary or fiduciary, such as police, fire and parks	Activities the City operates similar to private businesses, such as the water and sewer system
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of Net Positions</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures, and Changes in Fund Balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statements of Net Positions</li> <li>• Statements of Revenues, Expenses and Changes in Fund Net Positions</li> <li>• Statements of Cash Flows</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of deferred outflows/inflows of resources information	All deferred outflows/inflows of resources, regardless of when cash is received or paid	Only deferred outflows of resources expected to be used up and deferred inflows of resources that come due during the year or soon thereafter; no capital assets included	All deferred outflows/inflows of resources, regardless of when cash is received or paid
Type of in flow/out flow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

**Government-wide Financial Statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenue (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, culture and recreation, economic development and interest on long-term debt. The business-type activities of the City include water, sewer and storm water.

The government-wide financial statements start on page 31 of this report.

**Fund Financial Statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other State and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into the following categories: governmental funds and proprietary funds.

**Governmental Funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact by the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains numerous individual governmental funds, six of which are debt service funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, Fire Partnership, Capital Project and the Debt Service funds, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements or schedules* elsewhere in this report.

The City adopts an annual appropriated budget for its General fund and the Fire Partnership fund. A budgetary comparison statement has been provided for the both to demonstrate compliance with this budget.

The basic governmental fund financial statements start on page 36 of this report.

**Proprietary Funds.** The City maintains one type of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer and storm water operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for each of the enterprise funds which are considered to be major funds of the City.

The basic proprietary fund financial statements start on page 46 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 53 of this report.

**Required Supplementary Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Maple Plain's share of net pension liabilities (assets) for defined benefits plans, schedules of contributions, and progress in funding its obligation to provide pension and other postemployment benefits to its employees. Required supplementary information can be found starting on page 84 of this report.

**Other Information.** The combining statements referred to earlier in connection with nonmajor governmental funds are presented following the notes to the financial statements. Combining and individual fund statements and schedules start on page 90 of this report.

### Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$13,675,537 at the close of the most recent fiscal year.

By far, the largest portion of the City's net position (50.9 percent) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

### City of Maple Plain's Summary of Net Position

	Governmental Activities			Business-type Activities		
	2021	2020	Increase (Decrease)	2021	2020	Increase (Decrease)
<b>Assets</b>						
Current and other assets	\$ 5,601,675	\$ 4,848,261	\$ 753,414	\$ 2,373,868	\$ 2,165,038	\$ 208,830
Capital assets	7,622,812	7,021,268	601,544	8,769,357	8,178,182	591,175
Total Assets	<u>13,224,487</u>	<u>11,869,529</u>	<u>1,354,958</u>	<u>11,143,225</u>	<u>10,343,220</u>	<u>800,005</u>
 Deferred Outflows of Resources	 <u>141,068</u>	 <u>105,304</u>	 <u>35,764</u>	 <u>-</u>	 <u>463</u>	 <u>(463)</u>
<b>Liabilities</b>						
Noncurrent liabilities	3,955,189	3,913,968	41,221	5,827,609	4,566,596	1,261,013
Other liabilities	584,547	530,749	53,798	121,396	65,126	56,270
Total Liabilities	<u>4,539,736</u>	<u>4,444,717</u>	<u>95,019</u>	<u>5,949,005</u>	<u>4,631,722</u>	<u>1,317,283</u>
 Deferred Inflows of Resources	 <u>344,502</u>	 <u>281,212</u>	 <u>63,290</u>	 <u>-</u>	 <u>4,387</u>	 <u>(4,387)</u>
<b>Net Position</b>						
Net investment in capital assets	3,871,332	3,257,639	613,693	3,087,167	3,616,182	(529,015)
Restricted	1,254,850	968,684	286,166	-	-	-
Unrestricted	<u>3,355,135</u>	<u>3,022,581</u>	<u>332,554</u>	<u>2,107,053</u>	<u>2,091,392</u>	<u>15,661</u>
Total Net Position	<u>\$ 8,481,317</u>	<u>\$ 7,248,904</u>	<u>\$ 1,232,413</u>	<u>\$ 5,194,220</u>	<u>\$ 5,707,574</u>	<u>\$ (513,354)</u>

The remaining balance of \$5,462,188 (*unrestricted*) may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City reported positive balances in all categories of net position, both for the City as a whole, as well as for its separate governmental and business-type activities. The City's net position increased \$719,059 during the current fiscal year.

**Governmental Activities.** Governmental activities increased the City's net position by \$1,232,413. The statement of activities starts on page 32. Key elements of these changes are as follows:

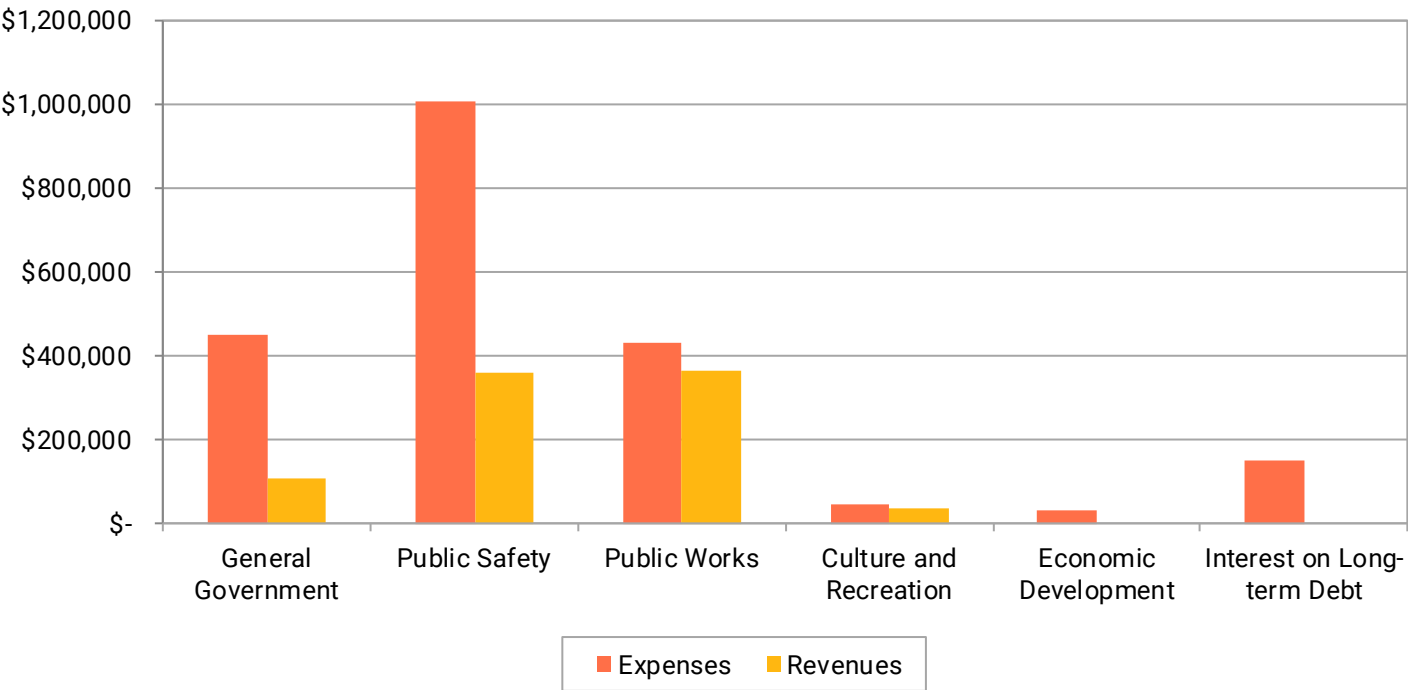
### City of Maple Plain's Changes in Net Position

	Governmental Activities			Business-type Activities		
	2021	2020	Increase (Decrease)	2021	2020	Increase (Decrease)
Revenues						
Program Revenues						
Charges for services	\$ 368,916	\$ 599,031	\$ (230,115)	\$ 899,352	\$ 875,336	\$ 24,016
Operating grants and contributions	97,810	189,805	(91,995)	-	-	-
Capital grants and contributions	402,010	283,037	118,973	377,612	45,135	332,477
General Revenues						
Taxes	1,482,421	1,478,777	3,644	-	-	-
Grants and contributions not restricted to specific programs	266,600	257,939	8,661	-	12	(12)
Unrestricted investment earnings	9,060	9,560	(500)	4,276	4,817	(541)
Gain on sale of capital assets	11,295	100,000	(88,705)	-	-	-
Total Revenues	<u>2,638,112</u>	<u>2,918,149</u>	<u>(280,037)</u>	<u>1,281,240</u>	<u>925,300</u>	<u>355,940</u>
Expenses						
General government	450,101	609,402	(159,301)	-	-	-
Public safety	1,007,818	1,343,178	(335,360)	-	-	-
Public works	430,289	459,538	(29,249)	-	-	-
Culture and recreation	46,244	50,303	(4,059)	-	-	-
Economic development	30,252	10,127	20,125	-	-	-
Interest on long-term debt	149,395	107,150	42,245	-	-	-
Water	-	-	-	551,765	481,712	70,053
Sewer	-	-	-	450,146	411,090	39,056
Storm sewer	-	-	-	84,283	74,216	10,067
Total Expenses	<u>2,114,099</u>	<u>2,579,698</u>	<u>(465,599)</u>	<u>1,086,194</u>	<u>967,018</u>	<u>119,176</u>
Increase (Decrease) in Net Position before Transfers	524,013	338,451	185,562	195,046	(41,718)	236,764
Transfers	<u>708,400</u>	<u>74,183</u>	<u>634,217</u>	<u>(708,400)</u>	<u>(74,183)</u>	<u>(634,217)</u>
Change in Net Position	1,232,413	412,634	819,779	(513,354)	(115,901)	(397,453)
Net Position, January 1	<u>7,248,904</u>	<u>6,836,270</u>	<u>412,634</u>	<u>5,707,574</u>	<u>5,823,475</u>	<u>(115,901)</u>
Net Position, December 31	<u>\$ 8,481,317</u>	<u>\$ 7,248,904</u>	<u>\$ 1,232,413</u>	<u>\$ 5,194,220</u>	<u>\$ 5,707,574</u>	<u>\$ (513,354)</u>

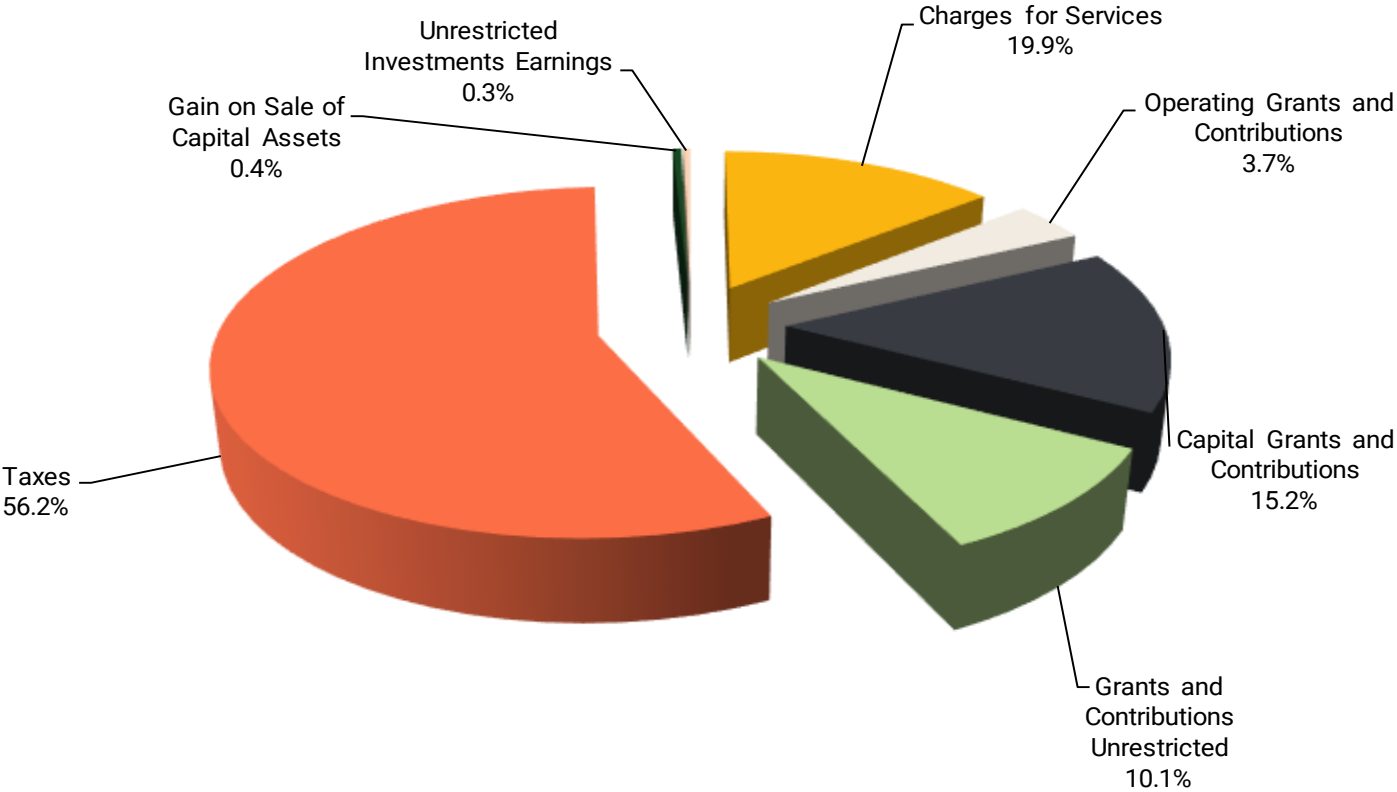


The following graph depicts various governmental activities and shows the revenue and expenses directly related to those activities.

Expenses and Program Revenues - Governmental Activities

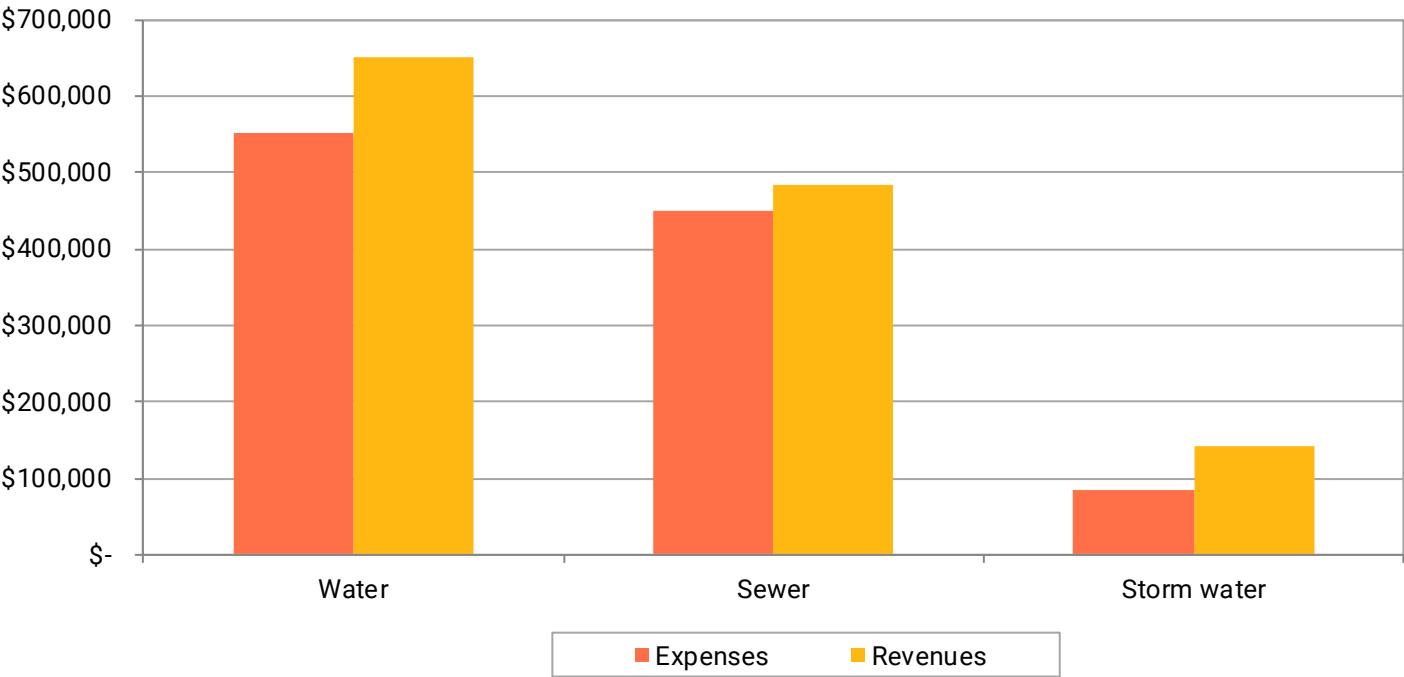


Revenues by Source - Governmental Activities

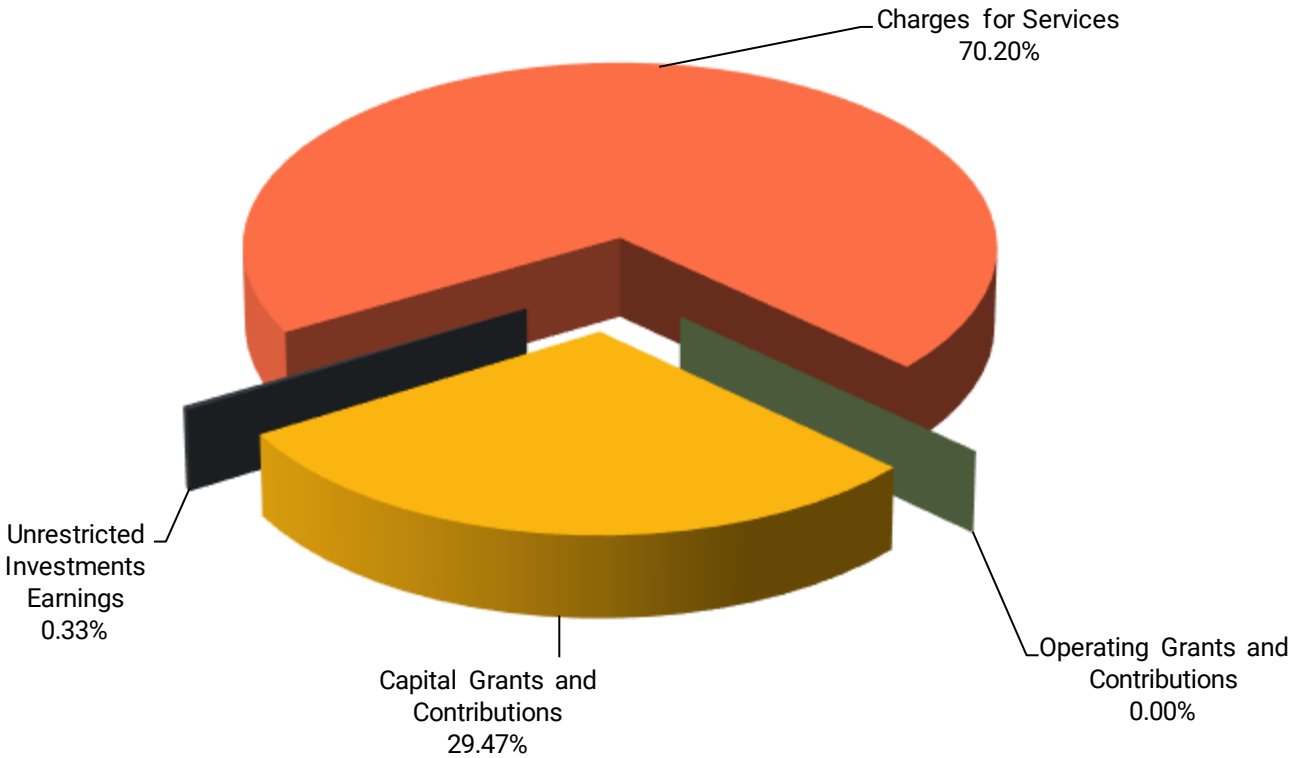


**Business-type Activities.** Business-type activities decreased the City’s net position by \$513,354. Key elements of this decrease are as follows:

**Expenses and Program Revenues - Business-type Activities**



**Revenues by Source - Business-type Activities**



## Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$4,267,075. This includes \$856,232 of unassigned funds. The remainder of fund balance (\$3,410,843) is not available for new spending because it is either 1) nonspendable (\$88,322) 2) restricted (\$838,229) 3) committed (\$378,615) or 4) assigned (\$2,105,677) for the purposes described in the notes to the financial statements.

The General fund is the chief operating fund of the City. At the end of the current year, the unassigned fund balance of the General fund was \$1,035,961. As a measure of the General fund's liquidity, it may be useful to compare total unassigned fund balance to the following years' budgeted expenditures. Total fund balance represents 60.6 percent of that same amount.

The fund balance of the City's General fund increased \$25,088 during the current fiscal year. The increase was a result of actual revenues in excess of budget.

The Fire Partnership fund has a total fund balance of \$292,694, an increase of \$80,944 from the prior year. The increase was a result of grants and charges for services over budget.

The Capital Project fund has a total fund balance of \$2,125,544, an increase of \$746,782 from the prior year. The key factor of this increase was the result of transfers in from closed funds.

The Capital Project fund has a total fund balance of \$120,689, an increase of \$120,689 from the prior year. The increase was a result of bonds issued over related project costs. The remaining bond proceeds will be used in the next fiscal year.

The Debt Service fund has a total fund balance of \$696,169, an increase of \$153,070 from the prior year. The increase was a result of taxes collected for debt service over required payments.

**Proprietary Funds.** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the enterprise funds at the end of the year amounted to \$2,107,053. The total decrease in net position for the funds was \$513,354. Other factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities.

### General Fund Budgetary Highlights

The City's General fund budget called for no change in fund balance, but actual amounts for 2021 resulted in an increase in fund balance in the amount of \$25,088.

Overall, revenues were over the budgeted amount by \$72,509. This was due in large part to unbudgeted taxes collected and miscellaneous revenue.

Expenditures were \$78,021 over budget. The general government department was over budget by \$76,090, primarily due to unbudgeted accounting and technology services.

### Fire Partnership Budgetary Highlights

The Fire Partnership budget called for an increase in fund balance of \$65,000, but actual amounts for 2021 resulted in an increase in fund balance in the amount of \$80,944. This increase can be attributed to unbudgeted training reimbursement received and sales of capital assets.

## Capital Asset and Debt Administration

**Capital Assets.** The City's investment in capital assets for its governmental and business type activities as of December 31, 2021 amount to \$16,392,169 (net of accumulated depreciation). This investment in capital assets includes land, structures, improvements, machinery and equipment, park facilities, and roads and other infrastructure.

Additional information on the City's capital assets can be found in Note 3B starting on page 64 of this report.

### City of Maple Plain's Capital Assets (Net of Depreciation)

	Governmental Activities			Business-type Activities		
	2021	2020	Increase (Decrease)	2021	2020	Increase (Decrease)
Land	\$ 2,190,661	\$ 2,190,661	\$ -	\$ -	\$ -	\$ -
Construction in Progress	817,834	652,155	165,679	909,340	-	909,340
Buildings and Structures	7,587	15,207	(7,620)	-	-	-
Improvements other than Buildings	938,278	242,502	695,776	(38,787)	-	(38,787)
Machinery and Equipment	682,822	805,351	(122,529)	18,515	89,604	(71,089)
Infrastructure	2,985,630	3,115,392	(129,762)	7,880,289	8,088,578	(208,289)
Total	<u>\$ 7,622,812</u>	<u>\$ 7,021,268</u>	<u>\$ 601,544</u>	<u>\$ 8,769,357</u>	<u>\$ 8,178,182</u>	<u>\$ 591,175</u>

**Long-term Debt.** At the end of the current fiscal year, the City had outstanding G.O. Revenue bonds of \$5,707,000, G.O. Special Assessment bonds of \$3,860,000.

Additional information on the City's long-term debt can be found in Note 3E starting on page 67 of this report.

### City of Maple Plain's Outstanding Debt

	Governmental Activities			Business-type Activities		
	2021	2020	Increase (Decrease)	2021	2020	Increase (Decrease)
G.O. Bonds	\$ -	\$ 125,000	\$ (125,000)	\$ -	\$ -	\$ -
G.O. Special Assessment Bonds	3,860,000	3,660,000	200,000	-	-	-
G.O. Revenue Bonds	-	-	-	5,707,000	4,562,000	1,145,000
Unamortized Premium	33,540	-	-	120,609	-	-
Total	<u>\$ 3,893,540</u>	<u>\$ 3,785,000</u>	<u>\$ 75,000</u>	<u>\$ 5,827,609</u>	<u>\$ 4,562,000</u>	<u>\$ 1,145,000</u>

Minnesota statutes limit the amount of net general obligation debt a City may issue to 3 percent of the market value of taxable property within the City. Net debt is debt payable solely from ad valorem taxes. The City's applicable outstanding debt at year end is well below the statutory limit.

## **Economic Factors and Next Year's Budgets and Rates**

The 2022 work plan includes;

- Additional updates to reporting tools and quarterly financial reviews.
- Continued updates to the CIP.
- Fine-tuning and updating the Long-Term Financial Plan.
- Updating the 2021 Utility Rate Study to determine 2023 rate increase.

Major projects for 2022 will include;

- Mill & Overlay project on multiple streets.
- Water main repair along Highway 12.
- Sewer Lining project to address Inflow & Infiltration.

## **Requests for Information**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Administrator, City of Maple Plain, 5050 Independence Street, Maple Plain, MN 55359.

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF MAPLE PLAIN  
MAPLE PLAIN, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2021

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# City of Maple Plain, Minnesota

## Statement of Net Position

December 31, 2021

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and temporary investments	\$ 4,410,844	\$ 1,463,157	\$ 5,874,001
Receivables			
Delinquent taxes	45,278	-	45,278
Accounts	12,412	226,627	239,039
Special assessments	643,906	616,892	1,260,798
Due from other governments	53,731	18,037	71,768
Prepays	88,322	24,430	112,752
Inventories	-	24,725	24,725
Net pension asset	347,182	-	347,182
Capital assets			
Nondepreciable	3,008,495	909,340	3,917,835
Depreciable, net of accumulated depreciation	4,614,317	7,860,017	12,474,334
Total Assets	<u>13,224,487</u>	<u>11,143,225</u>	<u>24,367,712</u>
<b>Deferred Outflows of Resources</b>			
Deferred pension resources	<u>141,068</u>	<u>-</u>	<u>141,068</u>
<b>Liabilities</b>			
Accounts payable	136,491	48,609	185,100
Accrued salaries payable	40,036	10	40,046
Due to other governments	17,570	133	17,703
Unearned revenue	133,061	-	133,061
Accrued interest payable	46,329	72,644	118,973
Investment in joint venture deficit	211,060	-	211,060
Noncurrent liabilities			
Due within one year			
Long-term liabilities	187,066	508,067	695,133
Due in more than one year			
Net pension liability	55,516	-	55,516
Long-term liabilities	<u>3,712,607</u>	<u>5,319,542</u>	<u>9,032,149</u>
Total Liabilities	<u>4,539,736</u>	<u>5,949,005</u>	<u>10,488,741</u>
<b>Deferred Inflows of Resources</b>			
Deferred pension resources	<u>344,502</u>	<u>-</u>	<u>344,502</u>
<b>Net Position</b>			
Net investment in capital assets	3,871,332	3,087,167	6,958,499
Restricted:			
Debt service	1,254,850	-	1,254,850
Unrestricted	<u>3,355,135</u>	<u>2,107,053</u>	<u>5,462,188</u>
Total Net Position	<u>\$ 8,481,317</u>	<u>\$ 5,194,220</u>	<u>\$ 13,675,537</u>

The notes to the financial statements are an integral part of this statement.

City of Maple Plain, Minnesota  
Statement of Activities  
For the Year Ended December 31, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General government	\$ 450,101	\$ 65,133	\$ 42,649	\$ -
Public safety	1,007,818	303,783	55,161	-
Public works	430,289	-	-	364,927
Culture and recreation	46,244	-	-	37,083
Economic development	30,252	-	-	-
Interest on long-term debt	149,395	-	-	-
Total Governmental Activities	<u>2,114,099</u>	<u>368,916</u>	<u>97,810</u>	<u>402,010</u>
Business-type Activities				
Water	551,765	475,750	-	175,607
Sewer	450,146	351,454	-	132,963
Storm water	84,283	72,148	-	69,042
Total Business-type Activities	<u>1,086,194</u>	<u>899,352</u>	<u>-</u>	<u>377,612</u>
Total	<u>\$ 3,200,293</u>	<u>\$ 1,268,268</u>	<u>\$ 97,810</u>	<u>\$ 779,622</u>

General Revenues

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt service

Franchise taxes

Grants and contributions not restricted to specific programs

Unrestricted investment earnings

Gain on sale of capital assets

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position, January 1

Net Position, December 31

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and  
Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (342,319)	\$ -	\$ (342,319)
(648,874)	-	(648,874)
(65,362)	-	(65,362)
(9,161)	-	(9,161)
(30,252)	-	(30,252)
(149,395)	-	(149,395)
<u>(1,245,363)</u>	<u>-</u>	<u>(1,245,363)</u>
-	99,592	99,592
-	34,271	34,271
-	56,907	56,907
<u>-</u>	<u>190,770</u>	<u>190,770</u>
<u>(1,245,363)</u>	<u>190,770</u>	<u>(1,054,593)</u>
1,238,200	-	1,238,200
230,602	-	230,602
13,619	-	13,619
266,600	-	266,600
9,060	4,276	13,336
11,295	-	11,295
708,400	(708,400)	-
<u>2,477,776</u>	<u>(704,124)</u>	<u>1,773,652</u>
1,232,413	(513,354)	719,059
<u>7,248,904</u>	<u>5,707,574</u>	<u>12,956,478</u>
<u>\$ 8,481,317</u>	<u>\$ 5,194,220</u>	<u>\$ 13,675,537</u>

The notes to the financial statements are an integral part of this statement.

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FUND FINANCIAL STATEMENTS

CITY OF MAPLE PLAIN  
MAPLE PLAIN, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2021

City of Maple Plain, Minnesota

Balance Sheet  
Governmental Funds  
December 31, 2021

	<b>101</b>	<b>801/802/803</b>	<b>451</b>	<b>453</b>
				2021
	General	Fire Partnership	Capital Project	Street Reconstruction
<b>Assets</b>				
Cash and temporary investments	\$ 1,123,980	\$ 297,083	\$ 2,125,705	\$ 151,281
Receivables				
Delinquent taxes	45,278	-	-	-
Accounts	5,568	844	-	6,000
Special assessments	31,051	-	-	-
Due from other governments	14,543	37,953	-	-
Prepaid items	84,319	4,003	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets	<u>\$ 1,304,739</u>	<u>\$ 339,883</u>	<u>\$ 2,125,705</u>	<u>\$ 157,281</u>
<b>Liabilities</b>				
Accounts payable	\$ 94,088	\$ 5,650	\$ 161	\$ 36,592
Accrued salaries payable	13,025	27,011	-	-
Due to other governments	3,042	14,528	-	-
Unearned revenue	17,550	-	-	-
Total Liabilities	<u>127,705</u>	<u>47,189</u>	<u>161</u>	<u>36,592</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue - taxes	24,199	-	-	-
Unavailable revenue - special assessments	31,051	-	-	-
Total Deferred Inflows of Resources	<u>55,250</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances</b>				
Nonspendable	84,319	4,003	-	-
Restricted	-	-	21,371	120,689
Committed	-	288,691	-	-
Assigned	1,504	-	2,104,173	-
Unassigned	1,035,961	-	-	-
Total Fund Balances	<u>1,121,784</u>	<u>292,694</u>	<u>2,125,544</u>	<u>120,689</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 1,304,739</u>	<u>\$ 339,883</u>	<u>\$ 2,125,705</u>	<u>\$ 157,281</u>

The notes to the financial statements are an integral part of this statement.

Debt Service	Other Governmental Funds	Total Governmental Funds
\$ 687,089	\$ 25,706	\$ 4,410,844
-	-	45,278
-	-	12,412
612,855	-	643,906
1,235	-	53,731
-	-	88,322
<u>\$ 1,301,179</u>	<u>\$ 25,706</u>	<u>\$ 5,254,493</u>
\$ -	\$ -	\$ 136,491
-	-	40,036
-	-	17,570
-	115,511	133,061
-	<u>115,511</u>	<u>327,158</u>
-	-	24,199
605,010	-	636,061
<u>605,010</u>	<u>-</u>	<u>660,260</u>
-	-	88,322
696,169	-	838,229
-	89,924	378,615
-	-	2,105,677
-	(179,729)	856,232
<u>696,169</u>	<u>(89,805)</u>	<u>4,267,075</u>
<u>\$ 1,301,179</u>	<u>\$ 25,706</u>	<u>\$ 5,254,493</u>

The notes to the financial statements are an integral part of this statement.

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City of Maple Plain, Minnesota  
Reconciliation of the Balance Sheet  
to the Statement of Net Position  
Governmental Funds  
December 31, 2021

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

Total Fund Balances - Governmental	\$ 4,267,075
Governmental funds do not report a liability for equity interest in the joint venture deficit	(211,060)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Cost of capital assets	11,175,221
Less: accumulated depreciation	(3,552,409)
Long-term assets from pensions reported in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.	347,182
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	
Long-term liabilities at year-end consist of	
Bond principal payable	(3,860,000)
Bond premium payable	(33,540)
Net pension liability	(55,516)
Compensated absences payable	(6,133)
Some receivables are not available soon enough to pay for the current period's expenditures, and therefore are reported as unavailable revenues in the funds.	
Taxes receivable	24,199
Special assessments receivable	636,061
Governmental funds do not report long-term amounts related to pensions.	
Deferred outflows of pension resources	141,068
Deferred inflows of pension resources	(344,502)
Governmental funds do not report a liability for accrued interest until due and payable.	<u>(46,329)</u>
Total Net Position - Governmental Activities	<u><u>\$ 8,481,317</u></u>

The notes to the financial statements are an integral part of this statement.

City of Maple Plain, Minnesota  
Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2021

	101	801/802/803	451	453 2021 Street Reconstruction
	General	Fire Partnership	Capital Project	
Revenues				
Taxes	\$ 1,301,543	\$ -	\$ -	\$ -
Licenses and permits	46,841	-	-	-
Intergovernmental	266,467	45,583	273,583	17,081
Charges for services	13,003	422,276	-	-
Fines and forfeitures	12,605	-	-	-
Special assessments	-	-	-	-
Interest on investments	2,895	4	3,525	219
Miscellaneous	94,644	11,574	-	-
Total Revenues	<u>1,737,998</u>	<u>479,437</u>	<u>277,108</u>	<u>17,300</u>
Expenditures				
Current				
General government	506,025	-	-	-
Public safety	781,519	406,706	-	-
Public works	167,297	-	-	-
Culture and recreation	77,672	-	-	-
Economic development	-	-	-	-
Capital outlay				
General government	1,980	-	-	-
Public safety	-	3,082	16,800	-
Public works	364	-	78,231	826,483
Culture and recreation	4,438	-	18,718	-
Economic development	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and other	-	-	-	-
Bond issuance costs	-	-	-	36,923
Total Expenditures	<u>1,539,295</u>	<u>409,788</u>	<u>113,749</u>	<u>863,406</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>198,703</u>	<u>69,649</u>	<u>163,359</u>	<u>(846,106)</u>
Other Financing Sources (Uses)				
Transfers in	-	-	583,423	-
Bonds issued	-	-	-	960,946
Premium on bonds issued	-	-	-	5,849
Sale of capital assets	-	11,295	-	-
Transfers out	(173,615)	-	-	-
Total Other Financing Sources (Uses)	<u>(173,615)</u>	<u>11,295</u>	<u>583,423</u>	<u>966,795</u>
Net Change in Fund Balances	25,088	80,944	746,782	120,689
Fund Balances, January 1	<u>1,096,696</u>	<u>211,750</u>	<u>1,378,762</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 1,121,784</u>	<u>\$ 292,694</u>	<u>\$ 2,125,544</u>	<u>\$ 120,689</u>

The notes to the financial statements are an integral part of this statement.

Debt Service	Other Governmental Funds	Total Governmental Funds
\$ 230,602	\$ -	\$ 1,532,145
-	-	46,841
-	-	602,714
-	-	435,279
-	-	12,605
180,887	-	180,887
1,044	1,373	9,060
-	-	106,218
<u>412,533</u>	<u>1,373</u>	<u>2,925,749</u>
-	-	506,025
-	-	1,188,225
-	-	167,297
-	-	77,672
-	29,763	29,763
-	-	1,980
-	-	19,882
-	11,715	916,793
-	-	23,156
-	489	489
1,135,000	-	1,135,000
101,631	-	101,631
10,257	-	47,180
<u>1,246,888</u>	<u>41,967</u>	<u>4,215,093</u>
<u>(834,355)</u>	<u>(40,594)</u>	<u>(1,289,344)</u>
708,400	-	1,291,823
249,054	-	1,210,000
29,971	-	35,820
-	-	11,295
-	(409,808)	(583,423)
<u>987,425</u>	<u>(409,808)</u>	<u>1,965,515</u>
153,070	(450,402)	676,171
<u>543,099</u>	<u>360,597</u>	<u>3,590,904</u>
<u>\$ 696,169</u>	<u>\$ (89,805)</u>	<u>\$ 4,267,075</u>

The notes to the financial statements are an integral part of this statement.

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City of Maple Plain, Minnesota  
Reconciliation of the Statement of  
Revenues, Expenditures and Changes in Fund Balances  
to the Statement of Activities  
Governmental Funds  
For the Year Ended December 31, 2021

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

Net Change in Fund Balances - Governmental Funds	\$ 676,171
Governmental funds do not report income or loss in a joint venture	62,913
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	917,341
Depreciation expense	(315,797)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities.	
Principal repayments	1,135,000
Issuance of long-term debt	(1,210,000)
Premium on bonds issued	(35,820)
Premium amortization	2,280
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental fund because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however interest expense is recognized as the interest accrues, regardless of when it is due.	(2,864)
Long-term pension activity is not reported in governmental funds.	
Pension expense	130,289
Direct aid contributions	133
Certain revenues are recognized as soon as they are earned. Under the modified accrual basis of accounting certain revenues cannot be recognized until they are available.	
Property taxes	(49,724)
Special assessments	166,959
Grants	(240,000)
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.	
Compensated absences	(4,468)
Change in Net Position - Governmental Activities	<u>\$ 1,232,413</u>

The notes to the financial statements are an integral part of this statement.

City of Maple Plain, Minnesota  
Statement of Revenues, Expenditures  
and Changes in Fund Balances - Budget and Actual  
General and Fire Partnership Funds  
For the Year Ended December 31, 2021

	General			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 1,259,367	\$ 1,259,367	\$ 1,301,543	\$ 42,176
Licenses and permits	42,920	42,920	46,841	3,921
Intergovernmental	262,192	262,192	266,467	4,275
Charges for services	45,750	45,750	13,003	(32,747)
Fines and forfeitures	12,400	12,400	12,605	205
Interest on investments	10,200	10,200	2,895	(7,305)
Miscellaneous	32,660	32,660	94,644	61,984
Total Revenues	<u>1,665,489</u>	<u>1,665,489</u>	<u>1,737,998</u>	<u>72,509</u>
Expenditures				
Current				
General government	429,935	429,935	506,025	(76,090)
Public safety	796,510	796,510	781,519	14,991
Public works	155,994	155,994	167,297	(11,303)
Culture and recreation	56,835	56,835	77,672	(20,837)
Capital outlay				
General government	-	-	1,980	(1,980)
Public safety	-	-	-	-
Public works	-	-	364	(364)
Culture and recreation	22,000	22,000	4,438	17,562
Total Expenditures	<u>1,461,274</u>	<u>1,461,274</u>	<u>1,539,295</u>	<u>(78,021)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>204,215</u>	<u>204,215</u>	<u>198,703</u>	<u>(5,512)</u>
Other Financing Sources (Uses)				
Sale of capital assets	-	-	-	-
Transfers out	(204,215)	(204,215)	(173,615)	30,600
Total Other Financing Sources (Uses)	<u>(204,215)</u>	<u>(204,215)</u>	<u>(173,615)</u>	<u>30,600</u>
Net Change in Fund Balances	-	-	25,088	25,088
Fund Balances, January 1	<u>1,096,696</u>	<u>1,096,696</u>	<u>1,096,696</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 1,096,696</u>	<u>\$ 1,096,696</u>	<u>\$ 1,121,784</u>	<u>\$ 25,088</u>

The notes to the financial statements are an integral part of this statement.

Fire Partnership

Budgeted Amounts		Actual Amounts	Variance with Final Budget
Original	Final		
\$ -	\$ -	\$ -	\$ -
-	-	-	-
20,000	20,000	45,583	25,583
422,043	422,043	422,276	233
-	-	-	-
-	-	4	4
2,600	2,600	11,574	8,974
444,643	444,643	479,437	34,794
-	-	-	-
373,123	373,123	406,706	(33,583)
-	-	-	-
-	-	-	-
-	-	-	-
6,520	6,520	3,082	3,438
-	-	-	-
-	-	-	-
379,643	379,643	409,788	(30,145)
65,000	65,000	69,649	4,649
-	-	11,295	11,295
-	-	-	-
-	-	11,295	11,295
65,000	65,000	80,944	15,944
211,750	211,750	211,750	-
\$ 276,750	\$ 276,750	\$ 292,694	\$ 15,944

The notes to the financial statements are an integral part of this statement.

City of Maple Plain, Minnesota

Statement of Net Position

Proprietary Funds

December 31, 2021

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Storm Water	Total
<b>Assets</b>				
<b>Current Assets</b>				
Cash and temporary investments	\$ 997,002	\$ (58,751)	\$ 524,906	\$ 1,463,157
Receivables				
Accounts	114,596	91,317	20,714	226,627
Special assessments	21,481	13,653	11,512	46,646
Due from other governments	17,106	549	382	18,037
Inventories	24,725	-	-	24,725
Prepaid items	4,420	20,010	-	24,430
<b>Total Current Assets</b>	<b>1,179,330</b>	<b>66,778</b>	<b>557,514</b>	<b>1,803,622</b>
<b>Noncurrent Assets</b>				
Special assessments receivable	257,452	183,725	129,069	570,246
Capital assets				
Construction in progress	353,087	314,236	242,017	909,340
Equipment and machinery	-	144,744	-	144,744
Infrastructure	7,561,242	2,640,562	1,229,252	11,431,056
Less accumulated depreciation	(2,587,762)	(873,139)	(254,882)	(3,715,783)
<b>Net Capital Assets</b>	<b>5,326,567</b>	<b>2,226,403</b>	<b>1,216,387</b>	<b>8,769,357</b>
<b>Total Noncurrent Assets</b>	<b>5,584,019</b>	<b>2,410,128</b>	<b>1,345,456</b>	<b>9,339,603</b>
<b>Total Assets</b>	<b>6,763,349</b>	<b>2,476,906</b>	<b>1,902,970</b>	<b>11,143,225</b>
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Accounts payable	26,068	15,089	7,452	48,609
Accrued interest payable	41,387	20,654	10,603	72,644
Accrued salaries payable	5	5	-	10
Due to other governments	133	-	-	133
Bonds payable - current	361,450	106,617	40,000	508,067
<b>Total Current Liabilities</b>	<b>429,043</b>	<b>142,365</b>	<b>58,055</b>	<b>629,463</b>

The notes to the financial statements are an integral part of this statement.



City of Maple Plain, Minnesota  
Statement of Net Position (Continued)  
Proprietary Funds  
December 31, 2021

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Storm Water	Total
Noncurrent Liabilities				
Bonds payable	<u>\$ 3,125,394</u>	<u>\$ 1,313,008</u>	<u>\$ 881,140</u>	<u>\$ 5,319,542</u>
Total Liabilities	<u>3,554,437</u>	<u>1,455,373</u>	<u>939,195</u>	<u>5,949,005</u>
Net Position				
Net investment in capital assets	1,936,602	855,318	295,247	3,087,167
Unrestricted	<u>1,272,310</u>	<u>166,215</u>	<u>668,528</u>	<u>2,107,053</u>
Total Net Position	<u><u>\$ 3,208,912</u></u>	<u><u>\$ 1,021,533</u></u>	<u><u>\$ 963,775</u></u>	<u><u>\$ 5,194,220</u></u>

The notes to the financial statements are an integral part of this statement.

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City of Maple Plain, Minnesota  
Statement of Revenues, Expenses and Changes in Fund Net Position  
Proprietary Funds  
For the Year Ended December 31, 2021

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Storm Water	Total
Operating Revenues				
Charges for services	\$ 464,403	\$ 351,203	\$ 72,148	\$ 887,754
Operating Expenses				
Personal services	(3,804)	(4,077)	-	(7,881)
Supplies	12,661	1,245	-	13,906
Repairs and maintenance	55,535	-	-	55,535
Depreciation	208,290	71,089	38,786	318,165
Professional services	98,261	267,154	4,182	369,597
Contracted services	-	46,124	-	46,124
Insurance	7,967	1,766	-	9,733
Utilities	45,205	2,915	-	48,120
Other	15,744	9,617	10,496	35,857
Total Operating Expenses	439,859	395,833	53,464	889,156
Operating Income (Loss)	24,544	(44,630)	18,684	(1,402)
Nonoperating Revenues (Expenses)				
Investment earnings	2,616	363	1,297	4,276
Miscellaneous	11,347	251	-	11,598
Interest expense	(80,445)	(28,095)	(23,396)	(131,936)
Bond issuance costs	(31,461)	(26,218)	(7,423)	(65,102)
Total Nonoperating Revenues (Expenses)	(97,943)	(53,699)	(29,522)	(181,164)
Income (Loss) Before Contributions and Transfers	(73,399)	(98,329)	(10,838)	(182,566)
Capital Contributions				
Special assessments	160,229	129,678	69,042	358,949
Connection fees	15,378	3,285	-	18,663
Transfers Out	(377,998)	(330,402)	-	(708,400)
Change in Net Position	(275,790)	(295,768)	58,204	(513,354)
Net Position, January 1	3,484,702	1,317,301	905,571	5,707,574
Net Position, December 31	\$ 3,208,912	\$ 1,021,533	\$ 963,775	\$ 5,194,220

The notes to the financial statements are an integral part of this statement.

City of Maple Plain, Minnesota  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2021

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Storm Water	Total
Cash Flows from Operating Activities				
Receipts from customers	\$ 490,419	\$ 358,388	\$ 73,548	\$ 922,355
Payments to suppliers	(224,301)	(310,981)	(7,226)	(542,508)
Payments to employees	(960)	-	-	(960)
Net Cash Provided (Used) by Operating Activities	<u>265,158</u>	<u>47,407</u>	<u>66,322</u>	<u>378,887</u>
Cash Flows from Noncapital Financing Activities				
Transfer to other funds	<u>(377,998)</u>	<u>(330,402)</u>	<u>-</u>	<u>(708,400)</u>
Cash Flows from Capital and Related Financing Activities				
Connection fees	15,378	3,285	-	18,663
Acquisition of capital assets	(353,088)	(314,235)	(242,017)	(909,340)
Proceeds from bonds issued, net of issuance costs	933,173	782,565	188,745	1,904,483
Principal payments on revenue bonds	(470,000)	(185,000)	(40,000)	(695,000)
Interest paid on bonds	(75,104)	(21,808)	(22,287)	(119,199)
Special assessments received	79,112	62,054	36,961	178,127
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>129,471</u>	<u>326,861</u>	<u>(78,598)</u>	<u>377,734</u>
Cash Flows from Investing Activities				
Interest received on investments	<u>2,616</u>	<u>363</u>	<u>1,297</u>	<u>4,276</u>
Net Increase (Decrease) in Cash and Cash Equivalents	19,247	44,229	(10,979)	52,497
Cash and Cash Equivalents, January 1	<u>977,755</u>	<u>(102,980)</u>	<u>535,885</u>	<u>1,410,660</u>
Cash and Cash Equivalents, December 31	<u>\$ 997,002</u>	<u>\$ (58,751)</u>	<u>\$ 524,906</u>	<u>\$ 1,463,157</u>

The notes to the financial statements are an integral part of this statement.

City of Maple Plain, Minnesota  
Statement of Cash Flows (Continued)  
Proprietary Funds  
For the Year Ended December 31, 2021

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Storm Water	Total
Reconciliation of Operating Income (Loss) to				
Net Cash Provided by Operating Activities				
Operating income (loss)	\$ 24,544	\$ (44,630)	\$ 18,684	\$ (1,402)
Adjustments to reconcile operating income (loss) to				
net cash provided (used) by operating activities				
Depreciation	208,290	71,089	38,786	318,165
Other receipts	11,347	251	-	11,598
(Increase) decrease in assets/deferred outflows				
Accounts receivable	28,665	4,833	320	33,818
Special assessments receivable	2,516	2,232	1,118	5,866
Due from other governments	(16,512)	(131)	(38)	(16,681)
Prepaid items	(3,687)	2,448	-	(1,239)
Inventories	2,725	-	-	2,725
Deferred pension resources	258	205	-	463
Increase (decrease) in liabilities/deferred inflows				
Accounts payable	12,116	15,089	7,452	34,657
Accrued salaries payable	(9)	(9)	-	(18)
Due to other governments	(82)	-	-	(82)
Net pension liability	(2,565)	(2,031)	-	(4,596)
Deferred pension resources	(2,448)	(1,939)	-	(4,387)
Net Cash Provided (used) by				
Operating Activities	<u>\$ 265,158</u>	<u>\$ 47,407</u>	<u>\$ 66,322</u>	<u>\$ 378,887</u>

The notes to the financial statements are an integral part of this statement.

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City of Maple Plain, Minnesota  
Notes to the Financial Statements  
December 31, 2021

## Note 1: Summary of Significant Accounting Policies

### A. Reporting Entity

The City of Maple Plain (the City) operates under the "Optional Plan A" form of government as defined in Minnesota statutes. Under this plan, the government of the City is directed by a City Council composed of an elected Mayor and four elected City Council members. The City Council exercises legislative authority and determines all matters of policy. The City Council appoints personnel responsible for the proper administration of all affairs relating to the City. The City has considered all potential units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the primary government to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the primary government. The blended component units, although legally separate entities are, in substance, part of the City's operations and so data from these units are combined with data of the City. The City has the following component unit:

**Blended Component Unit.** The Economic Development Authority (EDA) of the City was created in 2006 pursuant to Minnesota statutes 469.090 through 469.108 to carry out economic and industrial development and redevelopment consistent with policies established by the City Council. It is comprised of the members of the City Council and two members at large with a December 31 year end. The EDA activities are blended and reported as a special revenue fund due to substantively the same governing board and the financial benefit/burden relationship. Separate financial statements are not issued for this component unit.

### B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

City of Maple Plain, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 1: Summary of Significant Accounting Policies (Continued)**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants, entitlement and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the tax is levied. Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are also recorded as unearned revenue.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.



City of Maple Plain, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 1: Summary of Significant Accounting Policies (Continued)**

The City reports the following major governmental funds:

The *General fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Fire Partnership fund* is a special revenue fund which accounts for charges for service that are committed for activities of the fire partnership agreement with the City of Independence.

The *Capital Project fund* accounts for the resources accumulated and payments made for purchases of capital projects.

The *2021 Street Reconstruction fund* accounts for the resources accumulated and payments made for the 2021 street project.

The *Debt Service fund* accounts for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources and special assessment bond principal and interest from special assessment levies when the City is obligated in some manner for the payment.

The City reports the following major proprietary funds:

The *Water fund (601/621)* accounts for costs associated with the City's water system and ensures that user charges are sufficient to pay for those costs.

The *Sewer fund (602/622)* accounts for the costs associated with the City's sewer system and ensures that user charges are sufficient to pay for those costs.

The *Storm Water fund (603/623)* accounts for the costs associated with the City's storm water system and ensures that user charges are sufficient to pay for those costs.

As a general rule the effect of interfund activity has been eliminated from government-wide financial statements. Exceptions to this general rule are charges between the City's water, sewer and storm water function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position/ Fund Balance**

***Deposits and Investments***

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. The proprietary funds' portion in the government-wide cash and temporary investments pool is considered to be cash and cash equivalents for purposes of the statement of cash flows.

Cash balances from all funds are pooled and invested, to the extent available, in certificates of deposit and other authorized investments. Earnings from such investments are allocated on the basis of applicable participation by each of the funds.

City of Maple Plain, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 1: Summary of Significant Accounting Policies (Continued)**

The City may also invest idle funds as authorized by Minnesota statutes, as follows:

1. Direct obligations or obligations guaranteed by the United States or its agencies.
2. Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, rated in one of the two highest rating categories by a statistical rating agency, and have a final maturity of thirteen months or less.
3. General obligations of a state or local government with taxing powers rated "A" or better; revenue obligations rated "AA" or better.
4. General obligations of the Minnesota Housing Finance Agency rated "A" or better.
5. Obligation of a school district with an original maturity not exceeding 13 months and (i) rated in the highest category by a national bond rating service or (ii) enrolled in the credit enhancement program pursuant to statute section 126C.55.
6. Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.
7. Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less.
8. Repurchase or reverse repurchase agreements and securities lending agreements with financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.
9. Guaranteed Investment Contracts (GIC's) issued or guaranteed by a United States commercial bank, a domestic branch of a foreign bank, a United States insurance company, or its Canadian subsidiary, whose similar debt obligations were rated in one of the top two rating categories by a nationally recognized rating agency.

Earnings on investments are allocated to the individual funds based upon the average cash and investment balances.

***Property Taxes***

The City Council annually adopts a tax levy and certifies it to the County in December for collection the following year. The County is responsible for collecting all property taxes for the City. These taxes attach an enforceable lien on taxable property within the City on January 1 and are payable by the property owners in two installments. The taxes are collected by the County Treasurer and tax settlements are made to the City during January, July, and December each year.

Delinquent taxes receivable include the past six years' uncollected taxes. Delinquent taxes have been offset by a deferred inflow of resources for delinquent taxes not received within 60 days after year end in the fund financial statements.

***Accounts Receivable***

Accounts receivable include amounts billed for services provided before year end. Unbilled utility enterprise fund receivables are also included for services provided in 2021. The City annually certifies delinquent water, sewer and storm water accounts to the County for collection in the following year.

***Special Assessments***

Special assessments represent the financing for public improvements paid for by benefiting property owners. These assessments are recorded as receivables upon certification to the County. Special assessments are recognized as revenue when they are annually certified to the County or received in cash or within 60 days after year end. All governmental special assessments receivable are offset by a deferred inflow of resources in the fund financial statements.

City of Maple Plain, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 1: Summary of Significant Accounting Policies (Continued)**

***Inventories***

All inventories are stated at the lower of cost or market on the first-in, first-out (FIFO) method.

***Prepaid Items***

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

***Capital Assets***

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are, reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000, or as shown below; (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. For financial statement purposes only, a capitalization threshold is established for each capital asset category as follows:

Assets	Amount
Land and Land Improvements	\$ 10,000
Other Improvements	25,000
Buildings	25,000
Building Improvements	25,000
Machinery and Equipment	5,000
Vehicles	5,000
Infrastructure	100,000
Other Assets	5,000

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the City chose to include all such items regardless of their acquisition date or amount. The City was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year). As the City constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations, the City values these capital assets at the estimated acquisition value of the item at the date of its donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

City of Maple Plain, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 1: Summary of Significant Accounting Policies (Continued)**

Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

Assets	Useful Lives in Years
Land Improvements	15 to 30
Other Improvements	10 to 20
Buildings	20 to 40
Machinery and Equipment	3 to 15
Infrastructure	20 to 60
Vehicles	3 to 15

**Deferred Outflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has only one item that qualifies for reporting in this category. Accordingly, the item, deferred pension resources, is reported only in the statements of net position. This item results from actuarial calculations and current year pension contributions made subsequent to the measurement date.

**Pensions**

*Public Employees Retirement Association*

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA except that PERA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The General fund is typically used to liquidate the governmental net pension liability.

*Fire Relief Association*

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit plan administered by Maple Plain Fire Department Relief Association and additions to and deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. Investments are reported at fair value. The General fund is typically used to liquidate the governmental net pension liability.

The total pension expense for the General Employees Plan (GERP) and Fire Relief Association is as follows:

	Public Employees Retirement Association of Minnesota (PERA)		Fire Relief Association	Total All Plans
	GERP	DCP		
Pension Expense	\$ (59,516)	\$ 1,150	\$ 16,334	\$ (42,032)

City of Maple Plain, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 1: Summary of Significant Accounting Policies (Continued)**

***Compensated Absences***

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Limited amounts of vacation and sick pay are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. In such an instance, the General fund would be used to liquidate the liability.

***Long-term Obligations***

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as an expense in the period incurred.

In the fund financial statements, governmental fund types recognized bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

***Deferred Inflows of Resources***

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies as needing to be reported in this category. Accordingly, the item, unavailable revenues, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from three sources: property taxes, special assessments and intergovernmental. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Furthermore, the City has an additional item which qualifies for reporting in this category. The item, deferred pension resources, is reported only in the statements of net position and results from actuarial calculations.

City of Maple Plain, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 1: Summary of Significant Accounting Policies (Continued)**

***Fund Balance***

In the fund financial statements, fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of resources reported in the governmental funds. These classifications are defined as follows:

*Nonspendable* - Amounts that cannot be spent because they are not in spendable form, such as prepaid items.

*Restricted* - Amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions.

*Committed* - Amounts constrained for specific purposes that are internally imposed by formal action (resolution) of the City Council, which is the City's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the City Council modifies or rescinds the commitment by resolution.

*Assigned* - Amounts constrained for specific purposes that are internally imposed. In governmental funds other than the General fund, assigned fund balance represents all remaining amounts that are not classified as nonspendable and are neither restricted nor committed. In the General fund, assigned amounts represent intended uses established by the City Council itself or by an official to which the governing body delegates the authority. The City Council has adopted a fund balance policy which delegates the authority to assign amounts for specific purposes to the City Administrator.

*Unassigned* - The residual classification for the General fund and also negative residual amounts in other funds.

The City considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The City has formally adopted a fund balance policy for the General fund. The City's policy is to maintain a minimum unassigned fund balance of 60 percent of budgeted operating expenditures for cash-flow timing needs.

***Net Position***

Net position represents the difference between assets and deferred outflows or resources and liabilities and deferred inflows or resources. Net position is displayed in three components:

- a. Net investment in capital assets - Consists of capital assets, net of accumulated depreciation reduced by any outstanding debt attributable to acquire capital assets.
- b. Restricted Net Position - Consists of Net Position restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws or regulations of other governments.
- c. Unrestricted Net Position - All other Net Position that do not meet the definition of "restricted" or "net investment in capital assets".

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

City of Maple Plain, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 2: Stewardship, Compliance and Accountability**

**A. Budgetary Information**

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General fund and the Fire Partnership special revenue fund. All annual appropriations lapse at fiscal year-end. The City does not use encumbrance accounting.

On or before July 1 of each year, all departments of the City submit requests for appropriations to the City Administrator so that a budget may be prepared. Before September 30, the proposed budget is presented to the City Council for review. The City Council holds public hearings and a final budget is prepared and adopted in December.

The appropriated budget is prepared by fund, function and department. The City's department heads, with the approval of the City Administrator, may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the City Council. The legal level of budgetary control is the department level. There were no budget amendments made during 2021.

**B. Excess of Expenditures Over Appropriations**

For the year ended December 31, 2021 expenditures exceeded appropriations in the following funds:

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Excess of Expenditures Over Appropriations</u>
General	\$ 1,461,274	\$ 1,539,295	\$ 78,021
Fire Partnership	379,643	409,788	30,145

The excess expenditures were funded by revenues in excess of expectations.

**C. Deficit Fund Equity**

The following fund had a fund balance deficit at December 31, 2021:

<u>Fund</u>	<u>Amount</u>
Nonmajor Governmental	
Downtown Development	\$ 179,729

The City plans to fund this deficit with future grant funding and developer contributions.

City of Maple Plain, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 3: Detailed Notes on All Funds**

**A. Deposits and Investments**

***Deposits***

Custodial credit risk for deposits and investments is the risk that in the event of a bank failure, the City's deposits and investments may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. In accordance with Minnesota statutes and as authorized by the City Council, the City maintains deposits at those depository banks, all of which are members of the Federal Reserve System.

Minnesota statutes require that all City deposits be protected by insurance, surety bond or collateral. The fair value of collateral pledged must equal 110 percent of the deposits not covered by insurance, bonds, or irrevocable standby letters of credit from Federal Home Loan Banks as this type of collateral only requires collateral pledged equal to 100 percent of the deposits not covered by insurance or bonds.

Authorized collateral in lieu of a corporate surety bond includes:

- United States government Treasury bills, Treasury notes, Treasury bonds;
- Issues of United States government agencies and instrumentalities as quoted by a recognized industry quotation service available to the government entity;
- General obligation securities of any state or local government with taxing powers which is rated "A" or better by a national bond rating service, or revenue obligation securities of any state or local government with taxing powers which is rated "AA" or better by a national bond rating service;
- General obligation securities of a local government with taxing powers may be pledged as collateral against funds deposited by that same local government entity;
- Irrevocable standby letters of credit issued by Federal Home Loan Banks to a municipality accompanied by written evidence that the bank's public debt is rated "AA" or better by Moody's Investors Service, Inc., or Standard & Poor's Corporation; and
- Time deposits that are fully insured by any federal agency.

Minnesota statutes require that all collateral shall be placed in safekeeping in a restricted account at a Federal Reserve Bank, or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral. The selection should be approved by the City.

At year end, the City's carrying amount of deposits was \$5,449,016 and the bank balance was \$5,553,755. Of the bank balance, \$500,000 was covered by federal depository insurance. The remaining balance was collateralized with securities held by the pledging financial institution's trust department in the City's name.



City of Maple Plain, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 3: Detailed Notes on All Funds (Continued)**

**Investments**

The Minnesota Municipal Money Market Fund is regulated by Minnesota statutes and the Board of Directors of the League of Minnesota Cities and is an external investment pool not registered with the Securities Exchange Commission (SEC) that follows the regulatory rules of the SEC. In accordance with GASB Statement No. 79, the City's investment in this pool is valued at amortized cost, which approximates fair value. There are no restrictions or limitations on withdrawals from the 4M Liquid Asset Fund. Investments in the 4M Plus must be deposited for a minimum of 14 calendar days. Withdrawals prior to the 14-day restriction period will be subject to a penalty equal to seven days interest on the amount withdrawn. Seven days' notice of redemption is required for withdrawals of investments in the 4M Term Series withdrawn prior to the maturity date of that series. A penalty could be assessed as necessary to recoup the Series for any charges, losses, and other costs attributable to the early redemption. Financial statements of the 4M Fund can be obtained by contracting RBC Global Management at 100 South Fifth Street, Suite 2300, Minneapolis, MN 55402-1240.

At year end, the City's investment balances were as follows:

Types of Investments	Credit Quality/ Ratings	Segmented Time Distribution (1)	Amount
Investments at Amortized Costs			
Minnesota Municipal Money Market Fund	N/A	less than 6 months	\$ 424,985

(1) Interest rate risk is disclosed using the segmented time distribution method.

N/A Indicated not applicable or available.

The investments of the City are subject to the following risks:

- *Credit Risk.* Is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Ratings are provided by various credit rating agencies and where applicable, indicate associated credit risk. Minnesota statutes limit the City's investments to the list on page 56 of the notes.
- *Custodial Credit Risk.* The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.
- *Concentration of Credit Risk.* Is the risk of loss attributed to the magnitude of a government's investment in a single issuer.
- *Interest Rate Risk.* Is the risk that changes in interest rates will adversely affect the fair value of an investment.

The City does not currently have a formal investment policy that addresses the above mentioned risks.

**Cash and Investments Summary**

A reconciliation of cash and investments as reported on the statement of net position follows:

Carrying Amount of Deposits	\$ 5,449,016
Investments	424,985
Total	<u>\$ 5,874,001</u>

City of Maple Plain, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 3: Detailed Notes on All Funds (Continued)**

**B. Capital Assets**

Capital asset activity for the City for the year ended December 31, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities</b>				
Capital Assets not Being Depreciated				
Land	\$ 2,190,661	\$ -	\$ -	\$ 2,190,661
Construction in progress	652,155	880,515	(714,836)	817,834
Total Capital Assets not Being Depreciated	<u>2,842,816</u>	<u>880,515</u>	<u>(714,836)</u>	<u>3,008,495</u>
Capital Assets Being Depreciated				
Buildings	545,200	-	-	545,200
Improvements other than buildings	483,668	714,836	-	1,198,504
Machinery and equipment	2,811,570	36,826	(8,488)	2,839,908
Infrastructure	3,583,114	-	-	3,583,114
Total Capital Assets Being Depreciated	<u>7,423,552</u>	<u>751,662</u>	<u>(8,488)</u>	<u>8,166,726</u>
Less Accumulated Depreciation				
Buildings	(529,993)	(7,620)	-	(537,613)
Improvements other than buildings	(241,166)	(19,060)	-	(260,226)
Machinery and equipment	(2,006,219)	(159,355)	8,488	(2,157,086)
Infrastructure	(467,722)	(129,762)	-	(597,484)
Total Accumulated Depreciation	<u>(3,245,100)</u>	<u>(315,797)</u>	<u>8,488</u>	<u>(3,552,409)</u>
Total Capital Assets Being Depreciated, Net	<u>4,178,452</u>	<u>435,865</u>	<u>-</u>	<u>4,614,317</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 7,021,268</u></u>	<u><u>\$ 1,316,380</u></u>	<u><u>\$ (714,836)</u></u>	<u><u>\$ 7,622,812</u></u>

City of Maple Plain, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 3: Detailed Notes on All Funds (Continued)**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type Activities</b>				
Capital Assets not Being Depreciated				
Construction in progress	\$ -	\$ 909,340	\$ -	\$ 909,340
Capital Assets being Depreciated				
Machinery and equipment	144,744	-	-	144,744
Infrastructure	11,431,056	-	-	11,431,056
Total Capital Assets Being Depreciated	11,575,800	-	-	11,575,800
Less Accumulated Depreciation for				
Improvements other than buildings	-	(38,787)	-	(38,787)
Machinery and equipment	(55,140)	(71,089)	-	(126,229)
Infrastructure	(3,342,478)	(208,289)	-	(3,550,767)
Total Accumulated Depreciation	(3,397,618)	(318,165)	-	(3,715,783)
Total Capital Assets Being Depreciated, Net	8,178,182	(318,165)	-	7,860,017
Business-type Activities Capital Assets, Net	<u>\$ 8,178,182</u>	<u>\$ 591,175</u>	<u>\$ -</u>	<u>\$ 8,769,357</u>

Depreciation expense was charged to functions/programs of the City as follows:

<b>Governmental Activities</b>	
General government	\$ 25,481
Public safety	118,186
Public works	164,033
Culture and recreation	8,097
Total Depreciation Expense - Governmental Activities	<u>\$ 315,797</u>
<b>Business-type Activities</b>	
Water	\$ 208,290
Sewer	71,089
Storm Water	38,786
Total Depreciation Expense - Business-type Activities	<u>\$ 318,165</u>

City of Maple Plain, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 3: Detailed Notes on All Funds (Continued)**

**C. Interfund Transfers**

The composition of interfund transfers for the year ended December 31, 2021 is as follows:

Fund	Transfers In		Total
	Capital Project	Debt Service	
Transfers Out			
General	\$ 173,615	\$ -	\$ 173,615
Other Governmental Funds	409,808	-	409,808
Water	-	377,998	377,998
Sewer	-	330,402	330,402
Total	<u>\$ 583,423</u>	<u>\$ 708,400</u>	<u>\$ 1,291,823</u>

The City annually budgets for transfers between funds. These annual budgeted transfers are made to cover administrative fees, fund certain capital improvement projects, and debt service. Unbudgeted transfers included transfers from the Water and Sewer funds to the Debt service fund for refunding bond payments and a transfer from the other governmental funds to the Capital Project fund to close funds.

**D. Operating Lease**

On October 16, 2014, the City entered into a building lease agreement with the Orono Independent School District No. 278 for the period of October 1, 2014 through October 31, 2019. On October 31, 2019, the City amended the lease and extended the term through October 31, 2021. On October 1, 2021, the lease was amended to extend the term through October 31, 2024. The leased premises consist of City Office Space and Council Chambers. The monthly rent on October 1, 2014 was \$2,621.25. Under the amended lease, annual base rent shall be \$36,500, payable in monthly installments of \$3,042. Lease expense for 2021 was \$35,603.

Future minimum lease payments are as follows:

Year Ending December 31,	Amount
2022	\$ 37,260
2023	38,192
2024	<u>39,725</u>
Total	<u>\$ 115,177</u>

City of Maple Plain, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 3: Detailed Notes on All Funds (Continued)**

**E. Long-term Debt**

General Obligation Special Assessment Bonds

The following bonds were used to finance infrastructure improvements. They will be repaid with ad valorem taxes, special assessments levied against the properties. The bonds are backed by the full faith and credit of the City.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Improvement Bonds of 2014	\$ 1,495,000	2.00 - 3.375 %	6/25/14	2/1/35	\$ 1,125,000
G.O. Improvement Bonds of 2016	710,000	1.00 - 3.00	7/28/16	2/1/37	590,000
G.O. Improvement Bonds of 2018	1,015,000	3.00 - 3.375	5/15/18	2/1/39	935,000
G.O. Improvement Bonds of 2021	970,000	1.00 - 2.00	6/10/21	2/1/42	970,000
G.O. Refunding Bond of 2021	240,000	5.00	6/10/21	2/1/28	<u>240,000</u>
Total G.O. Special Assessment Bonds					<u><u>\$ 3,860,000</u></u>

Annual requirement to maturity for general obligation special assessment bonds are as follows:

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2022	\$ 180,933	\$ 104,579	\$ 285,512
2023	226,340	94,874	321,214
2024	218,707	88,835	307,542
2025	223,708	82,875	306,583
2026	229,857	76,735	306,592
2027 - 2031	1,120,455	292,473	1,412,928
2032 - 2036	1,100,000	142,471	1,242,471
2037 - 2041	505,000	29,509	534,509
2042	<u>55,000</u>	<u>550</u>	<u>55,550</u>
Total	<u><u>\$ 3,860,000</u></u>	<u><u>\$ 912,901</u></u>	<u><u>\$ 4,772,901</u></u>

City of Maple Plain, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 3: Detailed Notes on All Funds (Continued)**

G.O. Revenue Bonds

The City issued G.O. revenue bonds for business-type activities to provide funds for the acquisition and construction of major capital facilities. These bonds are reported in the proprietary funds since they are expected to be repaid from proprietary fund revenues.

The following bonds were issued to finance capital improvements in the enterprise funds. They will be repaid from future revenues pledged from the Water and Sewer funds and are backed by the taxing power of the City. Annual principal and interest payments on the bonds are expected to require over 77 and 16 percent of revenues from the Water and Sewer funds, respectively. For 2021, principal and interest paid and total customer revenues for the Water fund were \$545,104 and \$464,403, respectively. For 2021, principal and interest paid and total customer revenues for the Sewer fund were \$206,808 and \$351,203, respectively.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Water Revenue Note of 2007	\$ 3,468,767	2.15 %	7/9/07	8/20/26	\$ 1,067,000
G.O. Improvement Bonds of 2014	1,505,000	2.00 - 3.375	6/25/14	2/1/35	1,130,000
G.O. Improvement Bonds of 2016	975,000	1.00 - 3.00	7/28/16	2/1/37	815,000
G.O. Improvement Bonds of 2018	935,000	3.00 - 3.375	05/15/18	02/01/39	855,000
G.O. Improvement Bonds of 2021	1,035,000	1.00 - 2.00	6/10/21	2/1/42	1,035,000
G.O. Refunding Bond of 2021	805,000	5.00	6/10/21	2/1/28	805,000
Total G.O. Revenue Bonds					<u>\$ 5,707,000</u>

Annual requirement to maturity for G.O. revenue bonds are as follows:

Year Ending December 31,	Business-type Activities		
	Principal	Interest	Total
2022	\$ 508,067	\$ 160,770	\$ 668,837
2023	537,660	137,241	674,901
2024	509,292	122,451	631,743
2025	514,292	108,409	622,701
2026	528,143	94,088	622,231
2027 - 2031	1,344,546	313,779	1,658,325
2032 - 2036	1,190,000	150,809	1,340,809
2037 - 2041	520,000	29,241	549,241
2042	55,000	550	55,550
Total	<u>\$ 5,707,000</u>	<u>\$ 1,117,338</u>	<u>\$ 6,824,338</u>

City of Maple Plain, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 3: Detailed Notes on All Funds (Continued)**

Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2021, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
Bonds payable					
G.O. bonds	\$ 125,000	\$ -	\$ (125,000)	\$ -	\$ -
G.O. special assessment bonds	3,660,000	1,210,000	(1,010,000)	3,860,000	180,933
Unamortized premium on bonds	-	35,820	(2,280)	33,540	-
Total Bonds Payable	3,785,000	1,245,820	(1,137,280)	3,893,540	180,933
Compensated absences payable	1,664	5,173	(704)	6,133	6,133
Governmental Activities Long-term Liabilities	<u>\$ 3,786,664</u>	<u>\$ 5,173</u>	<u>\$ (704)</u>	<u>\$ 3,899,673</u>	<u>\$ 187,066</u>
<b>Business-type Activities</b>					
Bonds payable					
G.O. revenue bonds	\$ 4,562,000	\$ 1,840,000	\$ (695,000)	\$ 5,707,000	\$ 508,067
Unamortized premium on bonds	-	129,585	(8,976)	120,609	-
Business-type Activities Long-term Liabilities	<u>\$ 4,562,000</u>	<u>\$ 1,969,585</u>	<u>\$ (703,976)</u>	<u>\$ 5,827,609</u>	<u>\$ 508,067</u>

Conduit Debt Obligations

The City has issued Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from private-sector entity revenues. The City is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2021 there was one revenue bond outstanding with Haven Homes with a principal amount of \$45,000,000.

City of Maple Plain, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 3: Detailed Notes on All Funds (Continued)**

**F. Fund Balance Classifications**

The following is a summary of the components of fund balance:

	General	Fire Partnership	Capital Project Fund	2021 Street Reconstruction	Debt Service Fund	Other Governmental Funds	Total
Nonspendable							
Prepaid items	\$ 84,319	\$ 4,003	\$ -	\$ -	\$ -	\$ -	\$ 88,322
Restricted for							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 696,169	\$ -	\$ 696,169
Capital projects	-	-	21,371	120,689	-	-	142,060
Total Restricted	\$ -	\$ -	\$ 21,371	\$ 120,689	\$ 696,169	\$ -	\$ 838,229
Committed to							
Fire protection services	\$ -	\$ 288,691	\$ -	\$ -	\$ -	\$ -	\$ 288,691
Economic development	-	-	-	-	-	89,924	89,924
Total Committed	\$ -	\$ 288,691	\$ -	\$ -	\$ -	\$ 89,924	\$ 378,615
Assigned to							
Capital projects 451	\$ -	\$ -	\$ 2,104,173	\$ -	\$ -	\$ -	\$ 2,104,173
Planning 115	1,504	-	-	-	-	-	1,504
Total Assigned	\$ 1,504	\$ -	\$ 2,104,173	\$ -	\$ -	\$ -	\$ 2,105,677
Unassigned	\$ 1,035,961	\$ -	\$ -	\$ -	\$ -	\$ (179,729)	\$ 856,232
Total	\$ 1,121,784	\$ 292,694	\$ 2,125,544	\$ 120,689	\$ 696,169	\$ (89,805)	\$ 4,267,075



City of Maple Plain, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 4: Defined Benefit Pension Plans - Statewide**

**A. Plan Description**

The City participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA's defined benefit pension plans are established and administered in accordance with *Minnesota statutes*, chapters 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

General Employees Retirement Plan

All full-time and certain part-time employees of the City, other than teachers, are covered by the General Employees Plan. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security

**B. Benefits Provided**

PERA provides retirement, disability and death benefits. Benefit provisions are established by Minnesota statute and can only be modified by the state legislature. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

General Employee Plan Benefits

General Employees Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989 receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2 percent of average salary for each of the first 10 years of service and 1.7 percent of average salary for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7 percent of average salary for all years of service. For members hired prior to July 1, 1989 a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989 normal retirement age is the age for unreduced Social Security benefits capped at 66.

Benefit increases are provided to benefit recipients each January. Beginning in 2019, the postretirement increase is equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

**C. Contributions**

*Minnesota statutes* chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state legislature.

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2020 and the City was required to contribute 7.50 percent for Coordinated Plan members. The City's contributions to the General Employees Fund for the years ending December 31, 2021, 2020 and 2019 were \$18,801, \$7,662 and \$18,801, respectively. The City's contributions were equal to the required contributions for each year as set by state statute.

City of Maple Plain, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 4: Defined Benefit Pension Plans - Statewide (Continued)**

**D. Pension Costs**

General Employees Fund Pension Costs

At December 31, 2021, the City reported a liability of \$55,516 for its proportionate share of the General Employees Fund's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the State's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$1,645. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2020 through June 30, 2021 relative to the total employer contributions received from all of PERA's participating employers. The City's proportion was 0.0045 percent which was a decrease of 0.0009 percent from its proportion measured as of June 30, 2020.

City's Proportionate Share of the Net Pension Liability	\$ 55,516
State of Minnesota' Proportionate Share of the Net Pension Liability Associated with the City	<u>1,645</u>
Total	<u><u>\$ 57,161</u></u>

For the year ended December 31, 2021, the City recognized negative pension expense of \$59,649 for its proportionate share of General Employees Fund's pension expense. In addition, the City recognized \$133 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

At December 31, 2021, the City reported its proportionate share of General Employees Fund's deferred outflows of resources and deferred inflows of resources, related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Economic Experience	\$ 1,181	\$ 1,835
Changes in Actuarial Assumptions	33,898	2,769
Net Difference Between Projected and Actual Earnings on Plan Investments	-	47,556
Changes in Proportion	-	99,881
Contributions to PERA Subsequent to the Measurement Date	<u>6,417</u>	<u>-</u>
Total	<u><u>\$ 41,496</u></u>	<u><u>\$ 152,041</u></u>

City of Maple Plain, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 4: Defined Benefit Pension Plans - Statewide (Continued)**

The \$6,417 reported as deferred outflows of resources related to pensions resulting from the City's contributions to General Employees Fund subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows and inflows of resources related to General Employees Fund pensions will be recognized in pension expense as follows:

2022	\$ (55,955)
2023	(48,766)
2024	871
2025	(13,112)

**E. Actuarial Assumptions**

The total pension liability in the June 30, 2021 actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 6.5 percent. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 6.5 percent was deemed to be within that range of reasonableness for financial reporting purposes.

Inflation is assumed to be 2.25 percent for the General Employees Plan. Benefit increases after retirement are assumed to be 1.25 percent for the General Employees Plan.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25 percent after one year of service to 3.0 percent after 29 years of service and 6.0 percent per year thereafter.

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. The tables are adjusted slightly to fit PERA's experience.

Actuarial assumptions used in the June 30, 2021 valuation were based on the results of actuarial experience studies. The most recent six-year experience study in the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and become effective with the July 1, 2020 actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2021:

General Employees Fund

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020

Changes in Plan Provisions

- There were no changes in plan provisions since the previous valuation

City of Maple Plain, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 4: Defined Benefit Pension Plans - Statewide (Continued)**

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	33.5 %	5.10 %
Alternative Assets (Private Markets)	25.0	5.30
Bonds (Fixed Income)	25.0	0.75
International Equity	16.5	5.30
Total	<u>100.0 %</u>	

**F. Discount Rate**

The discount rate used to measure the total pension liability in 2021 was 6.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**G. Pension Liability Sensitivity**

The following presents the City's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

	City Proportionate Share of NPL		
	1 Percent Decrease (6.50%)	Current (7.50%)	1 Percent Increase (8.50%)
General Employees Fund	\$ 113,224	\$ 55,516	\$ 8,163

**H. Pension Plan Fiduciary Net Position**

Detailed information about each pension plan's fiduciary net position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at [www.mnpera.org](http://www.mnpera.org).

City of Maple Plain, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 5: Public Employees Defined Contribution Plan (Defined Contribution Plan)**

Five council members are covered by the Defined Contribution Plan, a multiple-employer deferred compensation plan administered by PERA. The Defined Contribution Plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. *Minnesota Statutes*, Chapter 353D.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes five percent of salary which is matched by the elected official's employer. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2.0 percent of employer contributions and twenty-five hundredths of 1.0 percent (0.25 percent) of the assets in each member's account annually.

Total contributions made by the City during the fiscal year 2021 were:

Pension expense for the year is equal to contributions made. Total contributions made by the City during the fiscal year 2021 were:

Contribution Amount		Percentage of Covered Payroll		Required Rate
Employee	Employer	Employee	Employer	
\$ 1,150	\$ 1,150	5.00%	5.00%	5.00%

The City's contributions to the DCP plan for the years ended December 31, 2021, 2020 and 2019 were \$1,150, \$833 and \$705, respectively. The City's contributions were equal to the contractually required contributions for each year as set by Minnesota statutes.

City of Maple Plain, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 6: Defined Benefit Pension Plans - Fire Relief Association**

**A. Plan Description**

All members of the Maple Plain Fire Department (the Department) are covered by a defined benefit plan administered by the Sample Fire Department Relief Association (the Association). As of December 31, 2020, the plan covered 23 active firefighters and 8 vested terminated fire fighters whose pension benefits are deferred. The plan is a single employer retirement plan and is established and administered in accordance with Minnesota statute, chapter 69.

The Association maintains a separate Special fund to accumulate assets to fund the retirement benefits earned by the Department's membership. Funding for the Association is derived from an insurance premium tax in accordance with the Volunteer Firefighter's Relief Association Financing Guidelines Act of 1971 (chapter 261 as amended by chapter 509 of Minnesota statutes 1980). Funds are also derived from investment income.

**B. Benefits Provided**

A firefighter who completes at least 20 years as an active member of the Department is entitled, after age 50, to a full service pension upon retirement.

The bylaws of the Association also provide for an early vested service pension for a retiring member who has completed fewer than 20 years of service. The reduced pension, available to members with 10 years of service, shall be equal to 60 percent of the pension as prescribed by the bylaws. This percentage increases 4 percent per year so that at 20 years of service, the full amount prescribed is paid. Members who retire with less than 20 years of service and have reached the age of 50 years and have completed at least 10 years of active membership are entitled to a reduced service pension not to exceed the amount calculated by multiplying the member's service pension for the completed years of service times the applicable non-forfeitable percentage of pension.

**C. Contributions**

*Minnesota statutes*, chapters 424 and 424A authorize pension benefits for volunteer fire relief associations. The plan is funded by fire state aid, investment earnings and, if necessary, employer contributions as specified in Minnesota statutes and voluntary City contributions (if applicable). The State of Minnesota contributed \$32,683 and \$31,025 in 2021 and 2020, respectively, in fire state aid to the plan on behalf of the City Fire Department, which was recorded as a revenue within the City's financial statements. The City's statutorily-required contributions to the plan for the years ended December 31, 2021 and 2020 were \$76,825 and \$66,488, respectively. The City's contributions were equal to the required contributions as set by Minnesota statute. The City made no voluntary contributions to the plan. The firefighter has no obligation to contribute to the plan.

City of Maple Plain, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 6: Defined Benefit Pension Plans - Fire Relief Association (Continued)**

**D. Pension Costs**

At December 31, 2021, the City reported a net pension asset of \$347,182 for the Volunteer Firefighter Fund. The net pension asset was measured as of December 31, 2021. The total pension liability used to calculate the net pension asset in accordance with GASB 68 was determined by PERA, applying an actuarial formula to specific census data certified by the Department. The following table presents the changes in net pension liability (asset) during the year:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a-b)
Beginning Balance January 1, 2021	\$ 1,188,775	\$ 1,449,797	\$ (261,022)
Changes for the Year			
Service cost	30,874		30,874
Interest cost	57,732		57,732
Assumption changes	(17,946)		(17,946)
Plan changes	49,554		49,554
Contributions (employer)		44,800	(44,800)
Nonemployer contributions		32,025	(32,025)
Projected investment return		71,160	(71,160)
(Gain)/loss	(31,488)	26,901	(58,389)
Benefit payments	(130,000)	(130,000)	-
Total Net Changes	(41,274)	44,886	(86,160)
Ending Balance December 31, 2021	\$ 1,147,501	\$ 1,494,683	\$ (347,182)

For the year ended December 31, 2021, the City recognized a negative pension expense of \$60,491

At December 31, 2021, the City reported deferred outflows of resources and its contributions subsequent to the measurement date related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 77,298
Changes in Actuarial Assumptions	22,747	57,569
Net Difference Between Projected and Actual Earnings on Plan Investments	-	57,594
Contributions to Plan Subsequent to the Measurement Date	76,825	-
Total	\$ 99,572	\$ 192,461

City of Maple Plain, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 6: Defined Benefit Pension Plans - Fire Relief Association (Continued)**

Deferred outflows of resources totaling \$76,825 related to pensions resulting from the City's contributions to the plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows of resources related to the plan will be recognized in pension expense as follows:

2022	\$ (34,789)
2023	(17,560)
2024	(48,213)
2025	(21,492)
2026	(16,115)
Thereafter	(31,545)

**E. Actuarial Assumptions**

The total pension liability at December 31, 2021 was determined using the entry age normal actuarial cost method and the following actuarial assumptions:

Retirement Eligibility at 50 Percent of Age 50, 20 Percent at Ages 51-54 and 100 Percent at Age 55	
Salary Increases	2.50% per year
Cost of Living Increases	4.00% per year
Investment Rate of Return	5.50%
20 Year Municipal Bond Yield	3.50%

There were no changes in actuarial assumptions in 2021.

The City's contributions were equal to the required contributions as set by state statute. The City made no voluntary contributions to the plan. 5.5 percent long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimates for expected future real rates of return (expected returns, net of inflation) were developed for each asset class using the plan's target investment allocation along with long-term return expectations by asset class. Inflation expectations were applied to derive the nominal rate of return for the portfolio.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Cash and Equivalents	13.00 %	1.80 %
Fixed Income	19.00	3.00
Equities	66.00	6.90
Other	2.00	7.00
Total	<u>100.00 %</u>	



City of Maple Plain, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 6: Defined Benefit Pension Plans - Fire Relief Association (Continued)**

**F. Discount Rate**

The discount rate used to measure the total pension liability was 5.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions to the plan will be made as specified in statute. Based on that assumption and considering the funding ratio of the plan, the fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**G. Pension Asset Sensitivity**

The following presents the City's net pension asset for the plan, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City's net pension asset would be if it were calculated using a discount rate 1 percent lower or 1 percent higher than the current discount rate:

	<u>1 Percent Decrease (4.50%)</u>	<u>Current (5.50%)</u>	<u>1 Percent Increase (6.50%)</u>
Defined Benefit Plan	\$ (322,338)	\$ 347,182	\$ (371,457)

**H. Pension Plan Fiduciary Net Position**

Detailed information about the Volunteer Firefighter Fund's fiduciary net position as of June 30, 2021, is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained at [www.mnpera.org](http://www.mnpera.org).

**I. Pension Plan Fiduciary Net Position**

The Association issues a publicly available financial report. The report may be obtained by writing to the Maple Plain Fire Department Relief Association, 5050 Independence Street, Maple Plain, MN 55359.

City of Maple Plain, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 7: Joint Ventures and Jointly Governed Organizations**

**Joint Ventures**

*West Hennepin Public Safety Department*

In 1995, the Cities of Maple Plain and Independence, Minnesota, formed the West Hennepin Public Safety Department (the "Department"). The City participates in a joint powers agreement, which establishes the Department for the purpose of providing police protection within the two communities. The agreement creates a Board of Commissioners (the Board), composed of representatives from each member city, consisting of four members. The Board exercises legislative authority and determines all matters of policy. The Board appoints personnel responsible for the proper administration of all affairs relating to the Department's activities. The Board must, on or before August 15<sup>th</sup> each year, prepare and submit a detailed budget of the Department's needs for the next calendar year to the governing body of each city in the Department with a statement of the proportion of the budget to be provided by each city. The governing body of each city in the Department shall review and approve the budget by November 1<sup>st</sup>.

The following financial information is taken from the Department's audited financial statements for the year ended December 31, 2021:

Total Assets and Deferred Outflows of Resources	\$ 1,927,578
Total Liabilities and Deferred Inflows of Resources	2,575,724
Total Net Position	(648,146)
Total Revenue	1,956,552
Total Expense	1,689,195

The City's equity interest and its share of the net income (loss) of the Department are added to the value of the "Investment in Joint Venture deficit" in the government-wide financial statement under governmental activities. As of December 31, 2021 the amount reported as investment in joint venture deficit was \$211,060.

According to a formula in the agreement, the City's share of the Department's budget is approximately 34 percent. Payments to the Department in 2021 totaled \$566,420. The Department's financial statements for the period ending December 31, 2021 are available at the City's Municipal Center.

*Maple Plain - Independence Fire Services Partnership*

On December 31, 2002 the Maple Plain-Independence Fire Services Partnership (the "Fire Partnership") was established under a joint powers agreement among the Cities of Maple Plain and Independence to provide fire protection in the fire service area of the two cities. Maple Plain is considered the managing partner.

The governing body consists of a 5 member Board. Two individuals, the Mayor and another City Council Member from each City, are appointed by their respective City Council to serve on the Board and the fire chief is also a member of the Board. The Fire Partnership does not have any component units.

As provided for in the joint powers agreement, in the event of termination, all real and personal property and cash held by the Fire Partnership would be divided among the members. The managing partner shall, at its sole discretion either sell the capital assets and distribute the net proceeds from the sale to each partner based on the partner's partnership interest or purchase the partnership interest Independence has in any capital assets of the partnership.

The governmental fund financial activity of the Fire Partnership are currently reported in a special revenue fund in the basic financial statements and the capital assets and related long-term liabilities are recorded within the governmental activities in the statement of net position. The City contributed \$176,300 to the Fire Partnership in 2021. The City of Independence holds a 52.65 percent equity interest in the Fire Partnership.

City of Maple Plain, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 7: Joint Ventures and Jointly Governed Organizations (Continued)**

**Jointly Governed Organizations**

*Pioneer - Sarah Creek Watershed Management Commission*

The Pioneer-Sarah Creek Watershed Management Commission is a joint powers watershed management organization formed under Minnesota statutes 103B.201-103B.255 and Minnesota Rules Chapter 8410. The Pioneer-Sarah Creek watershed covers about 70.5 square miles in northwestern Hennepin County. The six cities in the watershed jointly manage the water resources in this area through the Commission. The member cities are Maple Plain, Loretto, Independence, Medina, Minnetrista and Greenfield. The goal of the Commission is to enhance the water quality of the water resources within the watershed. The Commission seeks to carry out this goal through public information and education, analysis of the causes of harmful impacts on the water resources, regulation of the use of water bodies and their beds, regulation of land use, and capital improvement projects.

The City remitted \$10,936 to the Commission in 2021. The contribution was reported in the City's Storm Water fund.

Complete financial statements can be obtained at the Commission's web site: <http://pioneersarahcreek.org>.

**Note 8: Other Information**

**A. Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the City carries insurance. The City obtains insurance through participation in the League of Minnesota Cities Insurance Trust (LMCIT) which is a risk sharing pool with approximately 800 other governmental units. The City pays an annual premium to LMCIT for its workers compensation and property and casualty insurance. The LMCIT is self-sustaining through member premiums and will reinsure for claims above a prescribed dollar amount for each insurance event. Settled claims have not exceeded the City's coverage in any of the past three fiscal years.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities, if any, include an amount for claims that have been incurred but not reported (IBNRs). The City's management is not aware of any incurred but not reported claims.

**B. Legal Debt Margin**

The City's statutory debt limit is computed as 3 percent of the taxable market value of property within the City. Long-term debt issued and financed partially or entirely by special assessments or the net revenues of enterprise fund operations is excluded from the debt limit computation. The City's applicable debt does not exceed the limit.

**C. Concentrations**

The City receives a significant amount of its annual General fund revenue from the State of Minnesota from the Local Government Aid (LGA). The amount received in 2021 was \$252,642. This accounted for 15 percent of General fund revenues.

City of Maple Plain, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 9: COVID-19**

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus ("COVID-19") and the risks to the international community as virus spreads globally. On March 11, 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. In response to the pandemic, the State of Minnesota has issued stay-at-home orders and other measures aimed at slowing the spread of the coronavirus.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. Due to the rapid development and fluidity of this situation, the City cannot determine the ultimate impact that the COVID-19 pandemic will have on its financial condition, liquidity, and future revenue collection, and therefore any prediction as to the ultimate impact on the City's financial condition, liquidity, and future results of its revenue collections is uncertain.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MAPLE PLAIN  
MAPLE PLAIN, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2021

City of Maple Plain, Minnesota  
Required Supplementary Information  
December 31, 2021

**Schedule of Employer's Share of PERA Net Pension Liability - General Employees Retirement Plan**

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/21	0.0013 %	\$ 55,516	\$ 1,645	\$ 57,161	\$ 193,599	28.7 %	87.0 %
06/30/20	0.0022	131,900	4,125	136,025	159,243	82.8	79.0
06/30/19	0.0045	248,795	7,833	256,628	319,508	80.3	80.2
06/30/18	0.0046	255,189	8,281	263,470	308,163	85.5	79.5
06/30/17	0.0041	261,741	3,306	265,047	256,354	103.4	75.9
06/30/16	0.0043	349,139	4,606	349,139	266,607	131.0	68.9

*Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.*

**Schedule of Employer's PERA Contributions - General Employees Retirement Plan**

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/21	\$ 18,801	\$ 18,801	\$ -	\$ 250,680	7.5 %
12/31/20	7,662	7,662	-	102,160	7.5
12/31/19	18,801	18,801	-	250,686	7.5
12/31/18	23,768	23,768	-	316,912	7.5
12/31/17	20,913	20,913	-	278,837	7.5
12/31/16	19,011	19,011	-	253,485	7.5
12/31/15	17,983	17,983	-	239,773	7.5

*Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.*

City of Maple Plain, Minnesota  
Required Supplementary Information (Continued)  
December 31, 2021

**Notes to the Required Supplementary Information - General Employee Retirement Fund**

Changes in Actuarial Assumptions

2020 - The price inflation assumption was decreased from 2.50% to 2.25%. The payroll growth assumption was decreased from 3.25% to 3.00%. Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates. Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements. Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter. Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females. The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments. The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019. The assumed spouse age difference was changed from two years older for females to one year older. The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

2019 - The mortality projection scale was changed from MP-2017 to MP-2018.

2018 - The mortality projection scale was changed from MP-2015 to MP-2017. The assumed benefit increase was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

2017 - The Combined Service Annuity (CSA) loads were changed from 0.8 percent for active members and 60 percent for vested and non-vested deferred members. The revised CSA loads are now 0.0 percent for active member liability, 15.0 percent for vested deferred member liability and 3.0 percent for non-vested deferred member liability. The assumed post-retirement benefit increase rate was changed from 1.0 percent per year for all years to 1.0 percent per year through 2044 and 2.5 percent per year thereafter.

2016 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2035 and 2.5 percent per year thereafter to 1.0 percent per year for all future years. The assumed investment return was changed from 7.9 percent to 7.5 percent. The single discount rate was changed from 7.9 percent to 7.5 percent. Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

2015 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2030 and 2.5 percent per year thereafter to 1.0 percent per year through 2035 and 2.5 percent per year thereafter.

Changes in Plan Provisions

2020 - Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023 and 0.0% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2019 - The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The state's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

2017 - The State's special funding contribution increased from \$6 million to \$16 million.

2015 - On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised.

City of Maple Plain, Minnesota  
Required Supplementary Information (Continued)  
December 31, 2021

**Schedule of Changes in the Fire Relief Association's Net Pension Liability (Asset) and Related Ratios**

	2021	2020	2019	2018	2017	2016
<b>Total Pension Liability</b>						
Service cost	\$ 30,874	\$ 28,113	\$ 31,245	\$ 30,483	\$ 39,565	\$ 37,413
Interest	57,732	53,612	49,207	49,395	53,188	43,559
Assumption changes	(17,946)	-	32,497	-	-	-
Plan changes	49,554	62,919	57,915	-	-	72,040
Changes of assumptions	-	-	-	-	(75,938)	-
Gain or loss	(31,488)	-	(38,625)	-	(40,193)	-
Benefit payments, including refunds of employee contributions	(130,000)	-	(82,000)	(86,800)	-	-
<b>Net Change in Total Pension Liability</b>	<b>(41,274)</b>	<b>144,644</b>	<b>50,239</b>	<b>(6,922)</b>	<b>(23,378)</b>	<b>153,012</b>
<b>Total Pension Liability - January 1</b>	<b>1,188,775</b>	<b>1,044,131</b>	<b>993,892</b>	<b>1,000,814</b>	<b>1,024,192</b>	<b>871,180</b>
<b>Total Pension Liability - December 31 (a)</b>	<b>\$ 1,147,501</b>	<b>\$ 1,188,775</b>	<b>\$ 1,044,131</b>	<b>\$ 993,892</b>	<b>\$ 1,000,814</b>	<b>\$ 1,024,192</b>
<b>Plan Fiduciary Net Position</b>						
Contributions - employer	\$ 44,800	\$ 40,000	\$ 38,000	\$ 31,851	\$ 27,026	\$ 26,520
Contributions - state	32,025	26,488	26,857	36,043	34,714	24,408
Net investment income	71,160	61,093	64,308	58,002	52,901	52,385
Gain or loss	26,901	133,593	(153,279)	86,154	27,703	(98,405)
Benefit payments, including refunds of employee contributions	(130,000)	-	(82,000)	(86,800)	-	-
Administrative expense	-	-	-	-	-	-
<b>Net Change in Plan Fiduciary Net Position</b>	<b>44,886</b>	<b>261,174</b>	<b>(106,114)</b>	<b>125,250</b>	<b>142,344</b>	<b>4,908</b>
<b>Plan Fiduciary Net Position - January 1</b>	<b>1,449,797</b>	<b>1,188,623</b>	<b>1,294,737</b>	<b>1,169,487</b>	<b>1,027,143</b>	<b>1,022,235</b>
<b>Plan Fiduciary Net Position - December 31 (b)</b>	<b>\$ 1,494,683</b>	<b>\$ 1,449,797</b>	<b>\$ 1,188,623</b>	<b>\$ 1,294,737</b>	<b>\$ 1,169,487</b>	<b>\$ 1,027,143</b>
<b>Fire Relief's Net Pension Liability (Asset) - December 31 (a-b)</b>	<b>\$ (347,182)</b>	<b>\$ (261,022)</b>	<b>\$ (144,492)</b>	<b>\$ (300,845)</b>	<b>\$ (168,673)</b>	<b>\$ (2,951)</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (b/a)</b>	130.26%	121.96%	113.84%	130.27%	116.85%	100.29%
<b>Covered-Employee Payroll</b>	N/A	N/A	N/A	N/A	N/A	N/A
<b>Fire Relief's Net Pension Liability (Asset) as a Percentage of Covered-Employee Payroll</b>	N/A	N/A	N/A	N/A	N/A	N/A

**Notes to the Schedule:**

*Benefit Changes.* In 2015, the benefit terms were modified to base public safety employee pensions on a final three-year average salary instead of a final five-year average salary. In 2016, the benefit level increased from \$2,400 to \$2,600. In 2018, the benefit level increased from \$2,600 to \$2,800.

*Changes of Assumptions.* In 2015, amounts reported as changes of assumptions resulted primarily from adjustments to expected retirement ages of general employees. In 2015, amounts reported as changes of assumptions resulted primarily from adjustments to expected retirement ages of public safety employees. In 2015, amounts reported as changes of assumptions resulted primarily from adjustments to assumed life expectancies as a result of adopting the RP-2000 Healthy Annuitant Mortality Table for purposes of developing mortality rates. In 2019, Deferred members assumed to retire at age 50. In 2021, the discount rate changed from 5.00% to 5.50%.

*Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.*



City of Maple Plain, Minnesota  
Required Supplementary Information (Continued)  
December 31, 2021

**Schedule of Employer's Fire Relief Association Contributions**

Year Ending	Actuarial Determined Contribution (a)	Actual Contributions Paid (b)	Contribution Deficiency (Excess) (a-b)
12/31/21	\$ 76,825	\$ 76,825	\$ -
12/31/20	66,488	66,488	-
12/31/19	184,292	188,037	(3,745)
12/31/18	144,183	183,253	(39,070)
12/31/17	144,183	181,662	(37,479)
12/31/16	165,022	203,653	(38,631)
12/31/15	24,408	50,928	(26,520)

*Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.*

**Notes to the Required Supplementary Information - Fire Relief Association**

Changes in Actuarial Assumptions

2016 - The retirement age changed from Age 50 to a graded schedule based on age. The interest rate used for deferred benefit increases subject to the rate chosen by the relief association is assumed to be zero. Previously, it was assumed this rate would be equal to the 4.00% rate chosen for other deferred benefit increases.

2015 - In 2015, amounts reported as changes of assumptions resulted primarily from adjustments to expected retirement ages of general employees. In 2015, amounts reported as changes of assumptions resulted primarily from adjustments to expected retirement ages of public safety employees. In 2015, amounts reported as changes of assumptions resulted primarily from adjustments to assumed life expectancies as a result of adopting the RP-2000 Healthy Annuitant Mortality Table for purposes of developing mortality rates.

Changes in Plan Provisions

2015 - In 2015, the benefit terms were modified to base public safety employee pensions on a final three-year average salary instead of a final five-year average salary. In 2016, the benefit fee increased from \$2,400 to \$2,600.

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COMBINING AND INDIVIDUAL FUND  
FINANCIAL STATEMENTS AND SCHEDULES

CITY OF MAPLE PLAIN  
MAPLE PLAIN, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2021

City of Maple Plain, Minnesota  
Nonmajor Governmental Funds  
Combining Balance Sheet  
December 31, 2021

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
<b>Assets</b>			
Cash and temporary investments	<u>\$ 205,435</u>	<u>\$ (179,729)</u>	<u>\$ 25,706</u>
<b>Liabilities</b>			
Accounts payable	\$ -	\$ -	\$ -
Unearned revenue	<u>115,511</u>	<u>-</u>	<u>115,511</u>
Total Liabilities	<u>115,511</u>	<u>-</u>	<u>115,511</u>
<b>Fund Balances</b>			
Committed	89,924	-	89,924
Assigned	-	-	-
Unassigned	<u>-</u>	<u>(179,729)</u>	<u>(179,729)</u>
Total Fund Balances	<u>89,924</u>	<u>(179,729)</u>	<u>(89,805)</u>
 Total Liabilities and Fund Balances	 <u>\$ 205,435</u>	 <u>\$ (179,729)</u>	 <u>\$ 25,706</u>

City of Maple Plain, Minnesota  
Nonmajor Governmental Funds  
Statement of Revenues, Expenditures  
and Changes in Fund Balances  
For the Year Ended December 31, 2021

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
Revenues			
Charges for services	\$ -	\$ -	\$ -
Interest on investments	252	1,121	1,373
Total Revenues	<u>252</u>	<u>1,121</u>	<u>1,373</u>
Expenditures			
Current			
Public works	-	-	-
Economic development	29,763	-	29,763
Capital outlay			
Public works	-	11,715	11,715
Economic development	-	489	489
Total Expenditures	<u>29,763</u>	<u>12,204</u>	<u>41,967</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(29,511)	(11,083)	(40,594)
Other Financing Sources			
Transfers out	<u>-</u>	<u>(409,808)</u>	<u>(409,808)</u>
Net Change in Fund Balances	(29,511)	(420,891)	(450,402)
Fund Balances, January 1	<u>119,435</u>	<u>241,162</u>	<u>360,597</u>
Fund Balances, December 31	<u><u>\$ 89,924</u></u>	<u><u>\$ (179,729)</u></u>	<u><u>\$ (89,805)</u></u>

City of Maple Plain, Minnesota  
Nonmajor Special Revenue Funds  
Combining Balance Sheet  
December 31, 2021

	<b>200</b> Economic Development	<b>210</b> American Rescue Plan Fund	Total
<b>Assets</b>			
Cash and temporary investments	<u>\$ 89,924</u>	<u>\$ 115,511</u>	<u>\$ 205,435</u>
<b>Liabilities</b>			
Unearned revenue	\$ -	\$ 115,511	\$ 115,511
<b>Fund Balances</b>			
Committed	<u>89,924</u>	<u>-</u>	<u>89,924</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 89,924</u>	<u>\$ 115,511</u>	<u>\$ 205,435</u>

City of Maple Plain, Minnesota  
Nonmajor Special Revenue Funds  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances  
For the Year Ended December 31, 2021

	<b>200</b> Economic Development	<b>210</b> American Rescue Plan Fund	Total
Revenues			
Interest on investments	\$ 252	\$ -	\$ 252
Expenditures			
Current			
Economic development	<u>29,763</u>	<u>-</u>	<u>29,763</u>
Net Change in Fund Balances	(29,511)	-	(29,511)
Fund Balances, January 1	<u>119,435</u>	<u>-</u>	<u>119,435</u>
Fund Balances, December 31	<u><u>\$ 89,924</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 89,924</u></u>

City of Maple Plain, Minnesota  
Nonmajor Capital Projects Funds  
Combining Balance Sheet  
December 31, 2021

	<b>250</b> Street Improvement	<b>452</b> Downtown Development	<b>501</b> Equipment Capital	Total
Assets				
Cash and temporary investments	<u>\$ -</u>	<u>\$ (179,729)</u>	<u>\$ -</u>	<u>\$ (179,729)</u>
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Fund Balances				
Unassigned	<u>-</u>	<u>(179,729)</u>	<u>-</u>	<u>(179,729)</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ (179,729)</u>	<u>\$ -</u>	<u>\$ (179,729)</u>



City of Maple Plain, Minnesota  
Nonmajor Capital Projects Funds  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances  
For the Year Ended December 31, 2021

	<b>250</b> Street Improvement	<b>452</b> Downtown Development	<b>501</b> Equipment Capital	Total
Revenues				
Charges for services	\$ -	\$ -	\$ -	\$ -
Interest on investments	139	-	982	1,121
Total Revenues	<u>139</u>	<u>-</u>	<u>982</u>	<u>1,121</u>
Expenditures				
Current				
Public works	-	-	-	-
Capital outlay				
Public works	11,715	-	-	11,715
Economic development	-	489	-	489
Total Expenditures	<u>11,715</u>	<u>489</u>	<u>-</u>	<u>12,204</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(11,576)	(489)	982	(11,083)
Other Financing Sources (Uses)				
Transfers out	<u>-</u>	<u>-</u>	<u>(409,808)</u>	<u>(409,808)</u>
Net Change in Fund Balances	(11,576)	(489)	(408,826)	(420,891)
Fund Balances, January 1	<u>11,576</u>	<u>(179,240)</u>	<u>408,826</u>	<u>241,162</u>
Fund Balances, December 31	<u><u>\$ -</u></u>	<u><u>\$ (179,729)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (179,729)</u></u>

City of Maple Plain, Minnesota  
General Fund  
Schedules of Revenues, Expenditures and Changes in Fund Balances -  
Budget and Actual (Continued on the Following Pages)  
For the Year Ended December 31, 2021  
(With Comparative Actual Amounts for the Year Ended December 31, 2020)

	2021			2020
	Budgeted Amounts		Actual	Actual
	Original	Final	Amounts	Amounts
Revenues				
Taxes				
General property	\$ 1,236,367	\$ 1,236,367	\$ 1,287,924	\$ 1,191,699
Cable franchise fees	23,000	23,000	13,619	10,528
Total taxes	<u>1,259,367</u>	<u>1,259,367</u>	<u>1,301,543</u>	<u>1,202,227</u>
Licenses and permits				
Business	13,420	13,420	12,599	14,248
Nonbusiness	29,500	29,500	34,242	68,939
Total licenses and permits	<u>42,920</u>	<u>42,920</u>	<u>46,841</u>	<u>83,187</u>
Intergovernmental				
Federal				
Other federal grants	-	-	-	62,484
State				
Local government aid	252,642	252,642	252,642	251,888
PERA aid	940	940	-	-
Other state grants	-	-	-	47,512
County				
Other county grants	8,610	8,610	13,825	5,704
Total intergovernmental	<u>262,192</u>	<u>262,192</u>	<u>266,467</u>	<u>367,588</u>
Charges for services				
General government	20,000	20,000	13,003	17,410
Culture and recreation	25,750	25,750	-	-
Total charges for services	<u>45,750</u>	<u>45,750</u>	<u>13,003</u>	<u>17,410</u>
Fines and forfeitures	<u>12,400</u>	<u>12,400</u>	<u>12,605</u>	<u>17,129</u>
Interest on investments	<u>10,200</u>	<u>10,200</u>	<u>2,895</u>	<u>4,328</u>
Miscellaneous				
Contributions and donations	-	-	3,500	20,500
Rents and royalties	30,660	30,660	45,140	44,061
Other	2,000	2,000	46,004	27,678
Total miscellaneous	<u>32,660</u>	<u>32,660</u>	<u>94,644</u>	<u>92,239</u>
Total Revenues	<u>1,665,489</u>	<u>1,665,489</u>	<u>1,737,998</u>	<u>1,784,108</u>

City of Maple Plain, Minnesota  
General Fund  
Schedules of Revenues, Expenditures and Changes in Fund Balances -  
Budget and Actual (Continued)  
For the Year Ended December 31, 2021  
(With Comparative Actual Amounts for the Year Ended December 31, 2020)

	2021				2020
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Expenditures					
Current					
General government					
Mayor and council					
Personal services	\$     24,300	\$     24,300	\$     31,095	\$     (6,795)	\$     33,765
Other services and charges	4,170	4,170	4,724	(554)	8,100
Total mayor and council	<u>         28,470</u>	<u>         28,470</u>	<u>         35,819</u>	<u>         (7,349)</u>	<u>         41,865</u>
Financial administration					
Personal services	215,400	215,400	241,322	(25,922)	214,890
Supplies	2,000	2,000	1,917	83	2,507
Other services and charges	76,550	76,550	76,829	(279)	146,047
Total financial administration	<u>         293,950</u>	<u>         293,950</u>	<u>         320,068</u>	<u>         (26,118)</u>	<u>         363,444</u>
Elections					
Other services and charges	<u>              -</u>	<u>              -</u>	<u>           988</u>	<u>          (988)</u>	<u>          7,942</u>
Recording and reporting					
Other services and charges	<u>              -</u>	<u>              -</u>	<u>              -</u>	<u>              -</u>	<u>         11,261</u>
Assessing					
Other services and charges	<u>         21,370</u>	<u>         21,370</u>	<u>         14,501</u>	<u>           6,869</u>	<u>         10,250</u>
Legal					
Other services and charges	<u>         30,000</u>	<u>         30,000</u>	<u>         16,529</u>	<u>         13,471</u>	<u>         55,905</u>
Planning and zoning					
Other services and charges	<u>         20,000</u>	<u>         20,000</u>	<u>         54,347</u>	<u>         (34,347)</u>	<u>         23,382</u>
General government buildings					
Other services and charges	<u>         36,145</u>	<u>         36,145</u>	<u>         62,389</u>	<u>         (26,244)</u>	<u>         41,667</u>
Escrow activity					
Other services and charges	<u>              -</u>	<u>              -</u>	<u>         1,384</u>	<u>         (1,384)</u>	<u>              -</u>
Total general government	<u>         429,935</u>	<u>         429,935</u>	<u>         506,025</u>	<u>         (74,706)</u>	<u>         555,716</u>
Public safety					
Police					
Other services and charges	<u>         586,070</u>	<u>         586,070</u>	<u>         587,889</u>	<u>         (1,819)</u>	<u>         577,362</u>

City of Maple Plain, Minnesota  
General Fund  
Schedules of Revenues, Expenditures and Changes in Fund Balances -  
Budget and Actual (Continued)  
For the Year Ended December 31, 2021  
(With Comparative Actual Amounts for the Year Ended December 31, 2020)

	2021				2020
	Budgeted Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
Expenditures (Continued)					
Current (continued)					
Public safety (continued)					
Fire					
Other services and charges	\$ 194,590	\$ 194,590	\$ 176,300	\$ 18,290	\$ 176,300
Building inspection					
Other services and charges	15,420	15,420	16,303	(883)	86,239
Civil defense					
Other services and charges	430	430	1,027	(597)	750
Total public safety	796,510	796,510	781,519	14,991	840,651
Public works					
Streets and alleys					
Personal services	-	-	1,398	(1,398)	7,648
Supplies	12,020	12,020	2,968	9,052	15,083
Other services and charges	143,974	143,974	162,931	(18,957)	224,317
Total streets and alleys	155,994	155,994	167,297	(11,303)	247,048
Street lighting					
Other services and charges	-	-	-	-	29,392
Total public works	155,994	155,994	167,297	(11,303)	276,440
Culture and recreation					
Municipal parks					
Personal services	10,975	10,975	4,322	6,653	4,005
Supplies	4,830	4,830	5,583	(753)	4,698
Other services and charges	12,890	12,890	67,767	(54,877)	18,723
Total municipal parks	28,695	28,695	77,672	(48,977)	27,426

City of Maple Plain, Minnesota  
General Fund  
Schedules of Revenues, Expenditures and Changes in Fund Balances -  
Budget and Actual (Continued)  
For the Year Ended December 31, 2021  
(With Comparative Actual Amounts for the Year Ended December 31, 2020)

	2021			2020
	Budgeted Amounts		Actual	Actual
	Original	Final	Amounts	Amounts
Expenditures (Continued)				
Current (continued)				
Culture and recreation (continued)				
Community events				
Other services and charges	\$ 28,140	\$ 28,140	\$ -	\$ -
Total culture and recreation	56,835	56,835	77,672	27,426
Economic development				
Total current	1,439,274	1,439,274	1,532,513	1,700,233
Capital outlay				
General government	-	-	1,980	13,672
Public works	-	-	364	-
Culture and recreation	22,000	22,000	4,438	96,124
Total capital outlay	22,000	22,000	6,782	109,796
Total Expenditures	1,461,274	1,461,274	1,539,295	1,810,029
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	204,215	204,215	198,703	(25,921)
Other Financing Sources (Uses)				
Sale of capital assets	-	-	-	100,000
Transfers out	(204,215)	(204,215)	(173,615)	(204,215)
Total Other Financing				
Sources (Uses)	(204,215)	(204,215)	(173,615)	(104,215)
Net Change in Fund Balances	-	-	25,088	(130,136)
Fund Balances, January 1	1,096,696	1,096,696	1,096,696	1,226,832
Fund Balances, December 31	\$ 1,096,696	\$ 1,096,696	\$ 1,121,784	\$ 1,096,696

**City of Maple Plain, Minnesota**

Debt Service Funds

Combining Balance Sheet

December 31, 2021

	<b>351</b> 2012A G.O. Bonds	<b>352</b> 2013A G.O. Bonds	<b>353</b> 2014A G.O. Bonds	<b>354</b> 2016A G.O. Bonds	<b>355</b> 2018A G.O. Bonds	<b>356</b> 2021A G.O. Bonds	Total
<b>Assets</b>							
Cash and temporary investments	\$ 78,576	\$ 40,510	\$ 264,431	\$ 62,752	\$ 132,594	\$ 108,226	\$ 687,089
Special assessments receivable	12,645	-	115,156	112,469	176,055	196,530	612,855
Due from other governments	-	-	903	-	332	-	1,235
<b>Total Assets</b>	<u><u>\$ 91,221</u></u>	<u><u>\$ 40,510</u></u>	<u><u>\$ 380,490</u></u>	<u><u>\$ 175,221</u></u>	<u><u>\$ 308,981</u></u>	<u><u>\$ 304,756</u></u>	<u><u>\$ 1,301,179</u></u>
<b>Deferred Inflows of Resources</b>							
Unavailable revenue - special assessments	\$ 12,645	\$ -	\$ 115,156	\$ 112,469	\$ 176,055	\$ 188,685	\$ 605,010
<b>Fund Balances</b>							
Restricted for debt service	<u>78,576</u>	<u>40,510</u>	<u>265,334</u>	<u>62,752</u>	<u>132,926</u>	<u>116,071</u>	<u>696,169</u>
<b>Total Deferred Inflows of Resources and Fund Balances</b>	<u><u>\$ 91,221</u></u>	<u><u>\$ 40,510</u></u>	<u><u>\$ 380,490</u></u>	<u><u>\$ 175,221</u></u>	<u><u>\$ 308,981</u></u>	<u><u>\$ 304,756</u></u>	<u><u>\$ 1,301,179</u></u>

City of Maple Plain, Minnesota  
Debt Service Funds  
Combining Schedule of Revenues, Expenditures  
and Changes in Fund Balances  
For the Year Ended December 31, 2021

	<b>351</b> 2012A G.O. Bonds	<b>352</b> 2013A G.O. Bonds	<b>353</b> 2014A G.O. Bonds	<b>354</b> 2016A G.O. Bonds	<b>355</b> 2018A G.O. Bonds	<b>356</b> 2021A G.O. Bonds	Total
Revenues							
Taxes	\$ 20,603	\$ 48,815	\$ 73,770	\$ 34,568	\$ 52,846	\$ -	\$ 230,602
Special assessments	15,765	-	24,787	11,274	22,174	106,887	180,887
Interest on investments	-	-	481	111	322	130	1,044
Total Revenues	<u>36,368</u>	<u>48,815</u>	<u>99,038</u>	<u>45,953</u>	<u>75,342</u>	<u>107,017</u>	<u>412,533</u>
Expenditures							
Debt service							
Principal	875,000	125,000	65,000	30,000	40,000	-	1,135,000
Interest and other	18,410	3,152	36,838	13,275	29,956	-	101,631
Bond issuance costs	8,844	1,413	-	-	-	-	10,257
Total Expenditures	<u>902,254</u>	<u>129,565</u>	<u>101,838</u>	<u>43,275</u>	<u>69,956</u>	<u>-</u>	<u>1,246,888</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(865,886)</u>	<u>(80,750)</u>	<u>(2,800)</u>	<u>2,678</u>	<u>5,386</u>	<u>107,017</u>	<u>(834,355)</u>
Other Financing Sources							
Bonds issued	160,000	80,000	-	-	-	9,054	249,054
Premium on bonds issued	25,583	4,388	-	-	-	-	29,971
Transfers in	708,400	-	-	-	-	-	708,400
Total Other Financing Sources	<u>893,983</u>	<u>84,388</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,054</u>	<u>987,425</u>
Net Change in Fund Balances	28,097	3,638	(2,800)	2,678	5,386	116,071	153,070
Fund Balances, January 1	<u>50,479</u>	<u>36,872</u>	<u>268,134</u>	<u>60,074</u>	<u>127,540</u>	<u>-</u>	<u>543,099</u>
Fund Balances, December 31	<u>\$ 78,576</u>	<u>\$ 40,510</u>	<u>\$ 265,334</u>	<u>\$ 62,752</u>	<u>\$ 132,926</u>	<u>\$ 116,071</u>	<u>\$ 696,169</u>

City of Maple Plain, Minnesota  
Supplementary Information  
Summary Financial Report  
Revenues and Expenditures for General Operations -  
Governmental Funds  
For the Years Ended December 31, 2021 and 2020

	Totals		Percent Increase (Decrease)
	2021	2020	
Revenues			
Taxes	\$ 1,532,145	\$ 1,432,369	6.97 %
Special assessments	180,887	81,102	123.04
Licenses and permits	46,841	83,187	(43.69)
Intergovernmental	602,714	432,077	39.49
Charges for services	435,279	441,068	(1.31)
Fines and forfeits	12,605	17,129	(26.41)
Interest on investments	9,060	9,560	(5.23)
Miscellaneous	106,218	93,467	13.64
Total Revenues	<u>\$ 2,925,749</u>	<u>\$ 2,589,959</u>	12.97 %
Per Capita	<u>\$ 1,679</u>	<u>\$ 1,421</u>	18.15 %
Expenditures			
Current			
General government	\$ 506,025	\$ 555,716	(8.94) %
Public safety	1,188,225	1,253,712	(5.22)
Public works	167,297	276,440	(39.48)
Culture and recreation	77,672	27,426	183.21
Economic development	29,763	10,000	NA
Capital outlay			
General government	1,980	13,672	(85.52)
Public safety	19,882	307,430	(93.53)
Public works	916,793	5,048	18,061.51
Culture and recreation	23,156	680,142	(96.60)
Economic development	489	127	285.04
Debt service			
Principal	1,135,000	270,000	320.37
Interest and other charges	148,811	109,460	35.95
Total Expenditures	<u>\$ 4,215,093</u>	<u>\$ 3,509,173</u>	20.12 %
Per Capita	<u>\$ 2,418</u>	<u>\$ 1,925</u>	25.63 %
Total Long-term Indebtedness	\$ 3,860,000	\$ 3,785,000	1.98 %
Per Capita	2,215	2,076	6.66
General Fund Balance - December 31	\$ 1,121,784	\$ 1,096,696	2.29 %
Per Capita	644	602	6.98

The purpose of this report is to provide a summary of financial information concerning the City of Maple Plain to interested citizens. The complete financial statements may be examined at City Hall, 5050 Independence Street, Maple Plain, MN 55359. Questions about this report should be directed to the City Clerk at (952) 479-0515.



OTHER REQUIRED REPORTS

CITY OF MAPLE PLAIN  
MAPLE PLAIN, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2021

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## INDEPENDENT AUDITOR'S REPORT ON MINNESOTA LEGAL COMPLIANCE

Honorable Mayor and City Council  
City of Maple Plain, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Maple Plain, Minnesota (the City), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 20, 2022.

In connection with our audit, nothing came to our attention that caused us to believe that the City failed to comply with the provisions of the contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing sections of the *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65 insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. Accordingly, this communication is not suitable for any other purpose.



**Abdo**  
Minneapolis, Minnesota  
April 20, 2022

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and City Council  
City of Maple Plain, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Maple Plain, Minnesota (the City), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 20, 2022.

**Report on Internal Control Over Financial Reporting**

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.

*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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2021-001 and 2021-002 that we consider to be significant deficiencies.

## 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, and grant agreements, 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, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## The City's Responses to Findings

The City's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**Abdo**  
Minneapolis, Minnesota  
April 20, 2022



City of Maple Plain, Minnesota  
Schedule of Findings and Responses  
For the Year Ended December 31, 2021

<u>Finding</u>	<u>Description</u>
<b>2021-001</b>	<b>Limited Segregation of Duties</b>
<i>Condition:</i>	During our audit, we reviewed procedures over cash disbursements, cash receipts, payroll and utility billing and found the City to have limited segregation of duties related to these procedures.
<i>Criteria:</i>	There are four general categories of duties: authorization, custody, record keeping and reconciliation. In an ideal system, different employees perform each of these four major functions. In other words, no one person has control of two or more of these responsibilities.
<i>Cause:</i>	As a result of the limited number of staff, in the disbursement cycle, the Assistant to the City Administrator has access to the check stock, prepares the checks, enters transactions into the accounting system, and has access to the City's automated check signing machine. In the receipts cycle, the Assistant to the City Administrator maintains accounts receivable invoices, posts to the general ledger, prepares deposits and brings to the bank, and reconciles the bank statement. In the payroll cycle, the Assistant to the City Administrator has control over the checks, sets up employee records, posts to the general ledger. In the utility billing cycle, the Assistant to the City Administrator prepares and mails customer billing statements, receives and endorses checks/currency, prepares and takes the deposit slip to the bank, and maintains the utility billing register.
<i>Effect:</i>	The existence of this limited segregation of duties increases the risk of fraud.
<i>Recommendation:</i>	While we recognize the number of staff is not large enough to eliminate this deficiency, we recommend that the City evaluate the current procedures and segregate duties where possible and implement any compensating controls. We are aware some compensating controls are in place; however, it is important that the City Council is aware of this condition and monitor all financial information.
<i>Management Response:</i>	Management recognizes that it is not economically feasible to completely correct this finding, but is aware of the deficiency and is relying on continued oversight by management and the City Council to monitor this deficiency. In addition, we have already added approval processes wherein the City Council, City Administrator and the Assistant to the City Administrator are reviewing all payables. This issue will be further reviewed in our upcoming assessment of our Budget & Fiscal Management Policies.

City of Maple Plain, Minnesota  
Schedule of Findings and Responses (Continued)  
For the Year Ended December 31, 2021

<u>Finding</u>	<u>Description</u>
<b>2021-002</b>	<b>Preparation of Financial Statements</b>
<i>Condition:</i>	As in prior years, we were requested to draft the audited financial statements and related footnote disclosures as part of our regular audit services. Auditing standards require auditors to communicate this situation to the City Council as an internal control deficiency. Ultimately, it is management's responsibility to provide for the preparation of your statements and footnotes, and the responsibility of the auditor to determine the fairness of presentation of those statements. From a practical standpoint we do both for you at the same time in connection with our audit. This is not unusual for us to do with organizations of your size. However, based on recent auditing standards, it is our responsibility to inform you that this deficiency could result in a material misstatement to the financial statements that could have been prevented or detected by your management. Essentially, the auditors cannot be part of your internal control process.
<i>Criteria:</i>	Internal controls should be in place to provide reasonable assurance over financial reporting.
<i>Cause:</i>	From a practical standpoint we do both for you at the same time in connection with our audit. This is not unusual for us to do with organization of your size.
<i>Effect:</i>	The effectiveness of the internal control system relies on enforcement by management. The effect of deficiencies in internal controls can result in undetected errors in financial reporting.
<i>Recommendation:</i>	It is your responsibility to make the ultimate decision to accept this degree of risk associated with this condition because of cost or other considerations. As in prior years, we have instructed management to review a draft of the auditor prepared financials in detail for their accuracy; we have answered any questions they might have, and have encouraged research of any accounting guidance in connection with the adequacy and appropriateness of classification of disclosure in your statements. We are satisfied that the appropriate steps have been taken to provide you with the completed financial statements. While the City is reviewing the financial statements we recommend the City agree its financial software to the numbers reported in the financial statements.
<i>Management Response:</i>	
	For now, the City's management accepts the degree of risk associated with this deficiency and thoroughly reviews a draft of the financial statements. This issue will be reviewed in our upcoming assessment of our Budget & Fiscal Management Policies.



# Management Communication

## City of Maple Plain

Maple Plain, Minnesota

For the year ended December 31, 2021



### *Edina Office*

5201 Eden Avenue, Ste 250  
Edina, MN 55436  
**P** 952.835.9090  
**F** 952.835.3261

### *Mankato Office*

100 Warren Street, Ste 600  
Mankato, MN 56001  
**P** 507.625.2727  
**F** 507.388.9139



April 20, 2022

Management, Honorable Mayor and City Council  
City of Maple Plain, Minnesota

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Maple Plain, Minnesota (the City), for the year ended December 31, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government 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 10, 2021. Professional standards also require that we provide you with 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 opinions 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 your or management of your responsibilities.

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. As part of our audit, we considered the internal control over financial reporting of the City. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control. 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**

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.

*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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2021-001 and 2021-002 that we consider to be significant deficiencies.

*Condition:* During our audit, we reviewed procedures over cash disbursements, cash receipts, payroll and utility billing and found the City to have limited segregation of duties related to these procedures.

*Criteria:* There are four general categories of duties: authorization, custody, record keeping and reconciliation. In an ideal system, different employees perform each of these four major functions. In other words, no one person has control of two or more of these responsibilities.

*Cause:* As a result of the limited number of staff, in the disbursement cycle, the Assistant to the City Administrator has access to the check stock, prepares the checks, enters transactions into the accounting system, and has access to the City's automated check signing machine. In the receipts cycle, the Assistant to the City Administrator maintains accounts receivable invoices, posts to the general ledger, prepares deposits and brings to the bank, and reconciles the bank statement. In the payroll cycle, the Assistant to the City Administrator has control over the checks, sets up employee records, posts to the general ledger. In the utility billing cycle, the Assistant to the City Administrator prepares and mails customer billing statements, receives and endorses checks/currency, prepares and takes the deposit slip to the bank, and maintains the utility billing register.

*Effect:* The existence of this limited segregation of duties increases the risk of fraud.

*Recommendation:* While we recognize the number of staff is not large enough to eliminate this deficiency, we recommend that the City evaluate the current procedures and segregate duties where possible and implement any compensating controls. We are aware some compensating controls are in place; however, it is important that the City Council is aware of this condition and monitor all financial information.

*Management Response:*

Management recognizes that it is not economically feasible to completely correct this finding, but is aware of the deficiency and is relying on continued oversight by management and the City Council to monitor this deficiency. In addition, we have already added approval processes wherein the City Council, City Administrator and the Assistant to the City Administrator are reviewing all payables. This issue will be further reviewed in our upcoming assessment of our Budget & Fiscal Management Policies.



<i>Condition:</i>	As in prior years, we were requested to draft the audited financial statements and related footnote disclosures as part of our regular audit services. Auditing standards require auditors to communicate this situation to the City Council as an internal control deficiency. Ultimately, it is management's responsibility to provide for the preparation of your statements and footnotes, and the responsibility of the auditor to determine the fairness of presentation of those statements. From a practical standpoint we do both for you at the same time in connection with our audit. This is not unusual for us to do with organizations of your size. However, based on recent auditing standards, it is our responsibility to inform you that this deficiency could result in a material misstatement to the financial statements that could have been prevented or detected by your management. Essentially, the auditors cannot be part of your internal control process.
<i>Criteria:</i>	Internal controls should be in place to provide reasonable assurance over financial reporting.
<i>Cause:</i>	From a practical standpoint we do both for you at the same time in connection with our audit. This is not unusual for us to do with organization of your size.
<i>Effect:</i>	The effectiveness of the internal control system relies on enforcement by management. The effect of deficiencies in internal controls can result in undetected errors in financial reporting.
<i>Recommendation:</i>	It is your responsibility to make the ultimate decision to accept this degree of risk associated with this condition because of cost or other considerations. As in prior years, we have instructed management to review a draft of the auditor prepared financials in detail for their accuracy; we have answered any questions they might have, and have encouraged research of any accounting guidance in connection with the adequacy and appropriateness of classification of disclosure in your statements. We are satisfied that the appropriate steps have been taken to provide you with the completed financial statements. While the City is reviewing the financial statements we recommend the City agree its financial software to the numbers reported in the financial statements.
<i>Management Response:</i>	For now, the City's management accepts the degree of risk associated with this deficiency and thoroughly reviews a draft of the financial statements. This issue will be reviewed in our upcoming assessment of our Budget & Fiscal Management Policies.



## 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, and grant agreements, 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, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Difficulties Encountered in Performing the Audit

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

## 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. No new accounting policies were adopted and the application of existing policies were not changed during the year ended December 31, 2021. 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 sensitive estimate affecting the financial statements was capital asset basis, depreciation, the equity interest in the joint venture and the liability for the City's pensions.

- Management's estimate of the capital asset basis and depreciation estimates is based on estimated or actual historical cost and the estimated useful lives of capital assets.
- The estimate of the equity interest in the joint venture is based on the percentage of equity as noted in the joint powers agreement.
- 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.

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

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

## 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. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit or the financial statements taken as a whole.

We assisted in preparing a number of year end accounting entries. These were necessary to adjust the City's records at year end to 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.



## **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as 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 April 20, 2022.

## **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 governmental unit'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 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 to our retention.

## **Other Matters**

We applied certain limited procedures to the required supplementary information (RSI) (Management's Discussion and Analysis, the Schedule of Employer's Share of the Net Pension Liability, the Schedules of Employer's Contributions and the Schedule of Changes in the Net Pension Liability (Asset) and Related Ratios), 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 (combining and 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.

We were not engaged to report on the introductory section which accompany the financial statements but is not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.



## Future Accounting Standard Changes

The following Governmental Accounting Standards Board (GASB) Statements have been issued and may have an impact on future City financial statements: <sup>(1)</sup>

### **GASB Statement No. 87 - Leases**

#### **Summary**

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

#### **Effective Date and Transition**

The requirements of this Statement are effective for fiscal years beginning after June 15, 2021, and all reporting periods thereafter.

Leases should be recognized and measured using the facts and circumstances that exist at the beginning of the period of implementation (or, if applied to earlier periods, the beginning of the earliest period restated). However, lessors should not restate the assets underlying their existing sales-type or direct financing leases. Any residual assets for those leases become the carrying values of the underlying assets.

#### **How the Changes in This Statement Will Improve Accounting and Financial Reporting**

This Statement will increase the usefulness of governments' financial statements by requiring reporting of certain lease liabilities that currently are not reported. It will enhance comparability of financial statements among governments by requiring lessees and lessors to report leases under a single model. This Statement also will enhance the decision-usefulness of the information provided to financial statement users by requiring notes to financial statements related to the timing, significance, and purpose of a government's leasing arrangements.

### **GASB Statement No. 89 - Accounting for Interest Cost Incurred before the End of a Construction Period**

#### **Summary**

The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.



## **Future Accounting Standard Changes (Continued)**

### **Effective Date and Transition**

The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged.

### **How the Changes in This Statement Will Improve Accounting and Financial Reporting**

The requirements of this Statement will improve financial reporting by providing users of financial statements with more relevant information about capital assets and the cost of borrowing for a reporting period. The resulting information also will enhance the comparability of information about capital assets and the cost of borrowing for a reporting period for both governmental activities and business-type activities.

## **GASB Statement No. 91 - Conduit Debt Obligations**

### **Summary**

The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

All conduit debt obligations involve the issuer making a limited commitment. Some issuers extend additional commitments or voluntary commitments to support debt service in the event the third party is, or will be, unable to do so.

An issuer should not recognize a conduit debt obligation as a liability. However, an issuer should recognize a liability associated with an additional commitment or a voluntary commitment to support debt service if certain recognition criteria are met. As long as a conduit debt obligation is outstanding, an issuer that has made an additional commitment should evaluate at least annually whether those criteria are met. An issuer that has made only a limited commitment should evaluate whether those criteria are met when an event occurs that causes the issuer to reevaluate its willingness or ability to support the obligor's debt service through a voluntary commitment.

This Statement also addresses arrangements - often characterized as leases - that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

### **Effective Date and Transition**

The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. Earlier application is encouraged.





## Future Accounting Standard Changes (Continued)

### How the Changes in This Statement Will Improve Accounting and Financial Reporting

The requirements of this Statement will improve financial reporting by eliminating the existing option for issuers to report conduit debt obligations as their own liabilities, thereby ending significant diversity in practice. The clarified definition will resolve stakeholders' uncertainty as to whether a given financing is, in fact, a conduit debt obligation. Requiring issuers to recognize liabilities associated with additional commitments extended by issuers and to recognize assets and deferred inflows of resources related to certain arrangements associated with conduit debt obligations also will eliminate diversity, thereby improving comparability in reporting by issuers. Revised disclosure requirements will provide financial statement users with better information regarding the commitments issuers extend and the likelihood that they will fulfill those commitments. That information will inform users of the potential impact of such commitments on the financial resources of issuers and help users assess issuers' roles in conduit debt obligations.

### **GASB Statement No. 92 - Omnibus 2020**

#### **Summary**

The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, Leases, and Implementation Guide No. 2019-3, Leases, for interim financial reports
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan
- The applicability of Statements No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, to reporting assets accumulated for postemployment benefits
- The applicability of certain requirements of Statement No. 84, Fiduciary Activities, to postemployment benefit arrangements
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature
- Terminology used to refer to derivative instruments.





## Future Accounting Standard Changes (Continued)

### Effective Date and Transition

The requirements of this Statement are effective as follows:

- The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
- The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2020.
- The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2020.
- The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2020.

Earlier application is encouraged and is permitted by topic.

### How the Changes in This Statement Will Improve Accounting and Financial Reporting

The requirements of this Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. More comparable reporting will improve the usefulness of information for users of state and local government financial statements.

### **GASB Statement No. 93 - Replacement of Interbank Offered Rates**

#### Summary

The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. This Statement achieves that objective by:

- Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment
- Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate
- Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable
- Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap
- Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap
- Clarifying the definition of reference rate, as it is used in Statement 53, as amended
- Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend



## **Future Accounting Standard Changes (Continued)**

### **Effective Date and Transition**

The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2020. Earlier application is encouraged. The exceptions to the existing provisions for hedge accounting termination and lease modifications in this Statement will reduce the cost of the accounting and financial reporting ramifications of replacing IBORs with other reference rates. The reliability and relevance of reported information will be maintained by requiring that agreements that effectively maintain an existing hedging arrangement continue to be accounted for in the same manner as before the replacement of a reference rate. As a result, this Statement will preserve the consistency and comparability of reporting hedging derivative instruments and leases after governments amend or replace agreements to replace an IBOR.

### **How the Changes in This Statement Will Improve Accounting and Financial Reporting**

The requirements of this Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. More comparable reporting will improve the usefulness of information for users of state and local government financial statements.

## **GASB Statement No. 94 - Public-Private and Public-Public Partnerships and Availability Payment Arrangements**

### **Summary**

The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

### **Effective Date and Transition**

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

PPPs should be recognized and measured using the facts and circumstances that exist at the beginning of the period of implementation (or if applicable to earlier periods, the beginning of the earliest period restated).

### **How the Changes in This Statement Will Improve Accounting and Financial Reporting**

The requirements of this Statement will improve financial reporting by establishing the definitions of PPPs and APAs and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions. That uniform guidance will provide more relevant and reliable information for financial statement users and create greater consistency in practice. This Statement will enhance the decision usefulness of a government's financial statements by requiring governments to report assets and liabilities related to PPPs consistently and disclose important information about PPP transactions. The required disclosures will allow users to understand the scale and important aspects of a government's PPPs and evaluate a government's future obligations and assets resulting from PPPs.



## **Future Accounting Standard Changes (Continued)**

### **GASB Statement No. 95 - Postponement of the Effective Dates of Certain Authoritative Guidance**

#### **Summary**

The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The effective dates of certain provisions contained in the following pronouncements are postponed by one year:

- Statement No. 83, Certain Asset Retirement Obligations
- Statement No. 84, Fiduciary Activities
- Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements
- Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period
- Statement No. 90, Majority Equity Interests
- Statement No. 91, Conduit Debt Obligations
- Statement No. 92, Omnibus 2020
- Statement No. 93, Replacement of Interbank Offered Rates
- Implementation Guide No. 2017-3, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)
- Implementation Guide No. 2018-1, Implementation Guidance Update - 2018
- Implementation Guide No. 2019-1, Implementation Guidance Update - 2019
- Implementation Guide No. 2019-2, Fiduciary Activities.

The effective dates of the following pronouncements are postponed by 18 months:

- Statement No. 87, Leases
- Implementation Guide No. 2019-3, Leases.

#### **Effective Date and Transition**

The requirements of this Statement are effective immediately.

#### **How the Changes in This Statement Will Improve Accounting and Financial Reporting**

Providing governments with sufficient time to apply the authoritative guidance addressed in this Statement will help to safeguard the reliability of their financial statements, which in turn will benefit the users of those financial statements.



## **Future Accounting Standard Changes (Continued)**

### **GASB Statement No. 96 - Subscription-Based Information Technology Arrangements**

#### **Summary**

This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

Under this Statement, a government generally should recognize a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability. A government should recognize the subscription liability at the commencement of the subscription term, - which is when the subscription asset is placed into service. The subscription liability should be initially measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments should be discounted using the interest rate the SBITA vendor charges the government, which may be implicit, or the government's incremental borrowing rate if the interest rate is not readily determinable. A government should recognize amortization of the discount on the subscription liability as an outflow of resources (for example, interest expense) in subsequent financial reporting periods.

This Statement provides an exception for short-term SBITAs. Short-term SBITAs have a maximum possible term under the SBITA contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised. Subscription payments for short-term SBITAs should be recognized as outflows of resources.

This Statement requires a government to disclose descriptive information about its SBITAs other than short-term SBITAs, such as the amount of the subscription asset, accumulated amortization, other payments not included in the measurement of a subscription liability, principal and interest requirements for the subscription liability, and other essential information.

#### **Effective Date and Transition**

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented. Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Statement.

#### **How the Changes in This Statement Will Improve Accounting and Financial Reporting**

The requirements of this Statement will improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs.



## Future Accounting Standard Changes (Continued)

**GASB Statement No. 97** - *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*

### Summary

The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

This Statement requires that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or another employee benefit plan (for example, certain Section 457 plans), the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform.

This Statement also requires that the financial burden criterion in paragraph 7 of Statement No. 84, Fiduciary Activities, be applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement No. 67, Financial Reporting for Pension Plans, or paragraph 3 of Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, respectively.

This Statement (1) requires that a Section 457 plan be classified as either a pension plan or another employee benefit plan depending on whether the plan meets the definition of a pension plan and (2) clarifies that Statement 84, as amended, should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities.

This Statement supersedes the remaining provisions of Statement No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, as amended, regarding investment valuation requirements for Section 457 plans. As a result, investments of all Section 457 plans should be measured as of the end of the plan's reporting period in all circumstances.

### Effective Date and Transition

The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately.

The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement.



## **Future Accounting Standard Changes (Continued)**

The Board considered the effective dates for the requirements of this Statement in light of the COVID-19 pandemic and in concert with Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance.

## **How the Changes in This Statement Will Improve Accounting and Financial Reporting**

The requirements of this Statement will result in more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. The requirements also will enhance the relevance, consistency, and comparability of (1) the information related to Section 457 plans that meet the definition of a pension plan and the benefits provided through those plans and (2) investment information for all Section 457 plans.

<sup>(1)</sup> *Note.* From GASB Pronouncements Summaries. Copyright 2021 by the Financial Accounting Foundation, 401 Merritt 7, Norwalk, CT 06856, USA, and is reproduced with permission.

\* \* \* \* \*

## **Restriction on Use**

This communication is intended solely for the information and use of management, the City Council, others within the City, 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.

Our audit would not necessarily disclose all weaknesses in the system because it was based on selected tests of the accounting records and related data. The comments and recommendations in the report are purely constructive in nature, and should be read in this context.

If you have any questions or wish to discuss any of the items contained in this letter, please feel free to contact us at your convenience. We wish to thank you for the continued opportunity to be of service and for the courtesy and cooperation extended to us by your staff.



**Abdo**  
Minneapolis, Minnesota  
April 20, 2022

