



# Annual Financial Report

## City of Pine Island

Pine Island, Minnesota

For the years ended December 31, 2021



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INTRODUCTORY SECTION

CITY OF PINE ISLAND  
PINE ISLAND, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2021

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City of Pine Island, Minnesota  
Elected and Appointed Officials  
For the Year Ended December 31, 2021

**ELECTED**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
David Friese	Mayor	12/31/2024
Kelly Leibold	Council Member	12/31/2022
Jason Johnson	Council Member	12/31/2022
Mike Hildenbrand	Council Member	12/31/2024
Jonathan Pahl	Council Member	12/31/2024

**APPOINTED**

Elizabeth Howard	City Administrator
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FINANCIAL SECTION  
CITY OF PINE ISLAND  
PINE ISLAND, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2021

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## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council  
City of Pine Island, Minnesota

### Report on the Financial Statements

#### Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Pine Island, 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, the discretely presented component unit, 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 comparison for the General fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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.

#### Responsibilities of Management 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 of Pine Island'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 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, 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 Schedules of Employer's Share of the Net Pension Liability and the Schedules of Employer's Contributions, the related note disclosures, and the Schedule of Changes in Net Pension Liability (Asset) and Related Ratios, starting on page 76 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 inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



**Other Information**

Our audit was conducted for the purpose of forming opinions on the 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic 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.



**Abdo**  
Minneapolis, Minnesota  
April 11, 2022



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## Management's Discussion and Analysis

As management of the City of Pine Island, 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 resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$25,509,107 (*net position*). Of this amount, \$3,909,813 (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased \$684,829. This increase is due to governmental activities increasing \$790,975 and business-type activities decreasing \$106,146. The increase in governmental activities was mainly due favorable tax receipts and an overall decrease in expenditures. The decrease in business-type activities was due to transfers out to governmental funds.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$7,043,774, an increase of \$3,183,655 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General fund was \$1,464,625 or 54.1 percent of total General fund expenditures. The City has a policy to build and maintain a General fund working capital balance of 35 percent of expenditures.
- The City's total debt increased \$1,725,000 during the current fiscal year, which is due the issuance of new debt in 2021.

## 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 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**

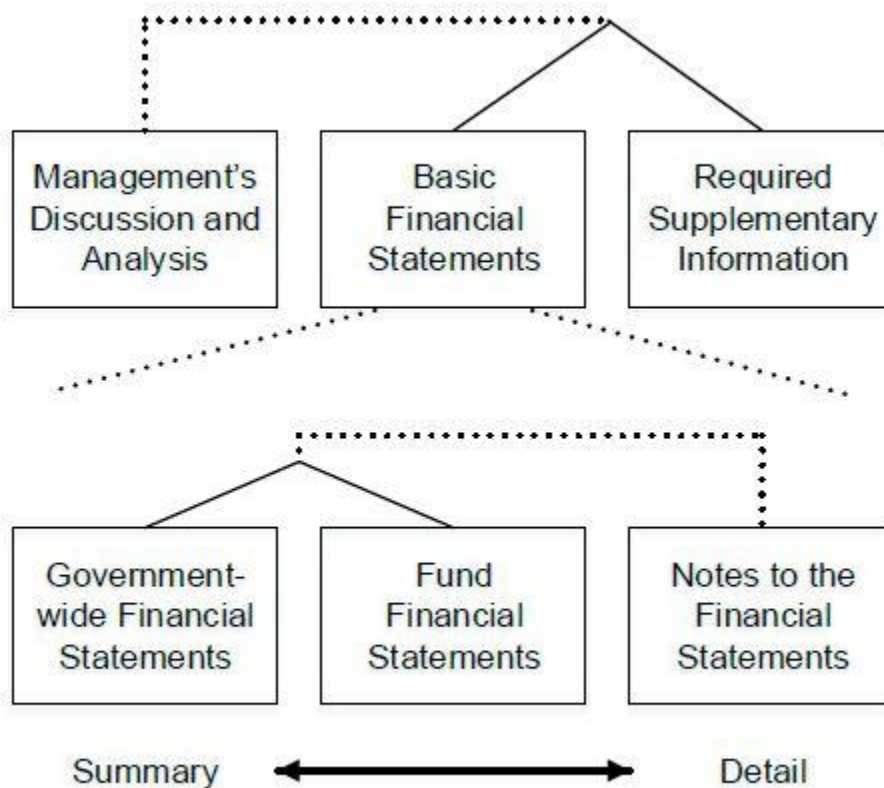


Figure 2 summarizes the major features of the City’s financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the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

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

	Government-wide Statements	Fund Financial Statements	
		Governmental Funds	Proprietary Funds
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 Position</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 Position</li> <li>• Statements of Revenues, Expenses and Changes in Fund Net Position</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 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 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 inflow/outflow 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, housing and economic development, and interest on long-term debt. The business-type activities of the City include water, sewer, evergreen place, cemetery and the deputy registrar.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also a legally separate Economic Development Authority (EDA) for which the City is financially accountable. Financial information for this *component unit* is discretely presented for the primary government.

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 two 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 (deficits) provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains several individual governmental funds, eight of which are Debt Service funds and presented as one fund. 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 fund, Debt Service fund and Capital Equipment fund,, all of 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 Library fund. A budgetary comparison statement has been provided for these funds to demonstrate compliance with their budget.

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

**Proprietary Funds.** The City maintains one type of proprietary fund. *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, Evergreen Place, Cemetery and Deputy Registrar activities.

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 41 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 47 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's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found starting on page 76 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 financial statements and schedules start on page 82 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 exceeded liabilities by \$25,509,107 at the close of the most recent fiscal year.

The largest portion of the City's net position (\$19,510,249 or 76.5 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 Pine Island'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	\$ 9,088,148	\$ 5,789,420	\$ 3,298,728	\$ 4,037,315	\$ 3,914,615	\$ 122,700
Capital assets	16,774,213	17,237,439	(463,226)	11,233,716	11,608,965	(375,249)
Total Assets	<u>25,862,361</u>	<u>23,026,859</u>	<u>2,835,502</u>	<u>15,271,031</u>	<u>15,523,580</u>	<u>(252,549)</u>
<b>Deferred Outflows of Resources</b>						
Deferred pension resources	360,963	155,723	205,240	94,682	19,484	75,198
<b>Liabilities</b>						
Long-term liabilities outstanding	13,072,445	11,392,931	1,679,514	569,625	730,547	(160,922)
Other liabilities	468,625	311,252	157,373	1,265,614	1,290,294	(24,680)
Total Liabilities	<u>13,541,070</u>	<u>11,704,183</u>	<u>1,836,887</u>	<u>1,835,239</u>	<u>2,020,841</u>	<u>(185,602)</u>
<b>Deferred Inflows of Resources</b>						
Deferred pension resources	582,645	169,765	412,880	120,976	6,579	114,397
<b>Net Position</b>						
Net investment in capital assets	8,442,533	6,546,191	1,896,342	11,067,716	11,037,522	30,194
Restricted	2,089,045	3,739,639	(1,650,594)	-	-	-
Unrestricted	1,568,031	1,022,804	545,227	2,341,782	2,478,122	(136,340)
Total Net Position	<u>\$ 12,099,609</u>	<u>\$ 11,308,634</u>	<u>\$ 790,975</u>	<u>\$ 13,409,498</u>	<u>\$ 13,515,644</u>	<u>\$ (106,146)</u>

An additional portion of the City's net position (\$2,089,045) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$3,909,813) may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the City as a whole, as well as for its separate governmental and business-type activities.

**Statement of Activities.** The total change in net position was an increase of \$684,829. Governmental-type activities increased \$790,975 and business-type activities decreased \$106,146 during the year. The changes are highlighted below:

### City of Pine Island's Changes in Net Position

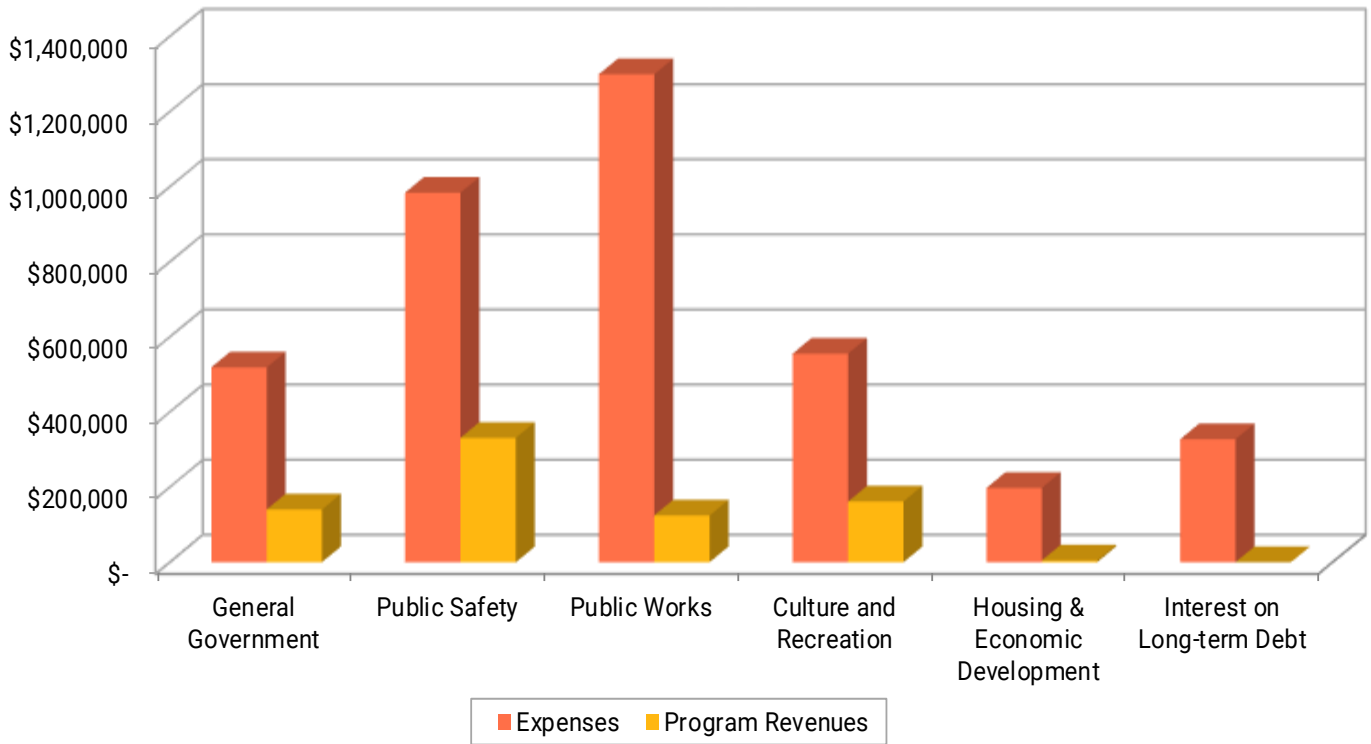
	Governmental Activities			Business-type Activities		
	2021	2020	Increase (Decrease)	2021	2020	Increase (Decrease)
Revenues						
Program Revenues						
Charges for services	\$ 460,461	\$ 265,529	\$ 194,932	\$ 1,902,500	\$ 1,745,545	\$ 156,955
Operating grants and contributions	255,528	440,489	(184,961)	151	3,054	(2,903)
Capital grants and contributions	46,304	652,279	(605,975)	-	-	-
General revenues						
Taxes	3,028,391	2,780,509	247,882	-	-	-
Grants and contributions not restricted to specific programs	657,246	654,883	2,363	-	-	-
Miscellaneous	691	-	691	-	-	-
Unrestricted investment earnings	21,187	57,593	(36,406)	10,390	100,894	(90,504)
Gain on sale of capital assets	-	36,387	(36,387)	-	-	-
Total Revenues	<u>4,469,808</u>	<u>4,887,669</u>	<u>(417,861)</u>	<u>1,913,041</u>	<u>1,849,493</u>	<u>63,548</u>
Expenses						
General government	543,830	628,213	(84,383)	-	-	-
Public safety	963,565	916,269	47,296	-	-	-
Public works	1,324,505	1,482,649	(158,144)	-	-	-
Culture and recreation	555,319	477,012	78,307	-	-	-
Housing and economic development	204,250	184,127	20,123	-	-	-
Debt service	327,504	356,085	(28,581)	-	-	-
Water	-	-	-	513,774	384,499	129,275
Sewer	-	-	-	880,085	823,806	56,279
Evergreen Place	-	-	-	269,390	237,235	32,155
Cemetery	-	-	-	31,841	30,781	1,060
Deputy Register	-	-	-	83,957	61,592	22,365
Total Expenses	<u>3,918,973</u>	<u>4,044,355</u>	<u>(125,382)</u>	<u>1,779,047</u>	<u>1,537,913</u>	<u>241,134</u>
Change in Net Position Before Transfers	550,835	843,314	(292,479)	133,994	311,580	(177,586)
Operating Transfers	<u>240,140</u>	<u>236,809</u>	<u>3,331</u>	<u>(240,140)</u>	<u>(236,809)</u>	<u>(3,331)</u>
Increase (Decrease) in Net Position	790,975	1,080,123	(289,148)	(106,146)	74,771	(180,917)
Net Position, January 1	<u>11,308,634</u>	<u>10,228,511</u>	<u>1,080,123</u>	<u>13,515,644</u>	<u>13,440,873</u>	<u>74,771</u>
Net Position, December 31	<u>\$ 12,099,609</u>	<u>\$ 11,308,634</u>	<u>\$ 790,975</u>	<u>\$ 13,409,498</u>	<u>\$ 13,515,644</u>	<u>\$ (106,146)</u>

Capital Grants and contributions decreased \$605,975 due to a decrease in special assessment revenue in 2021.

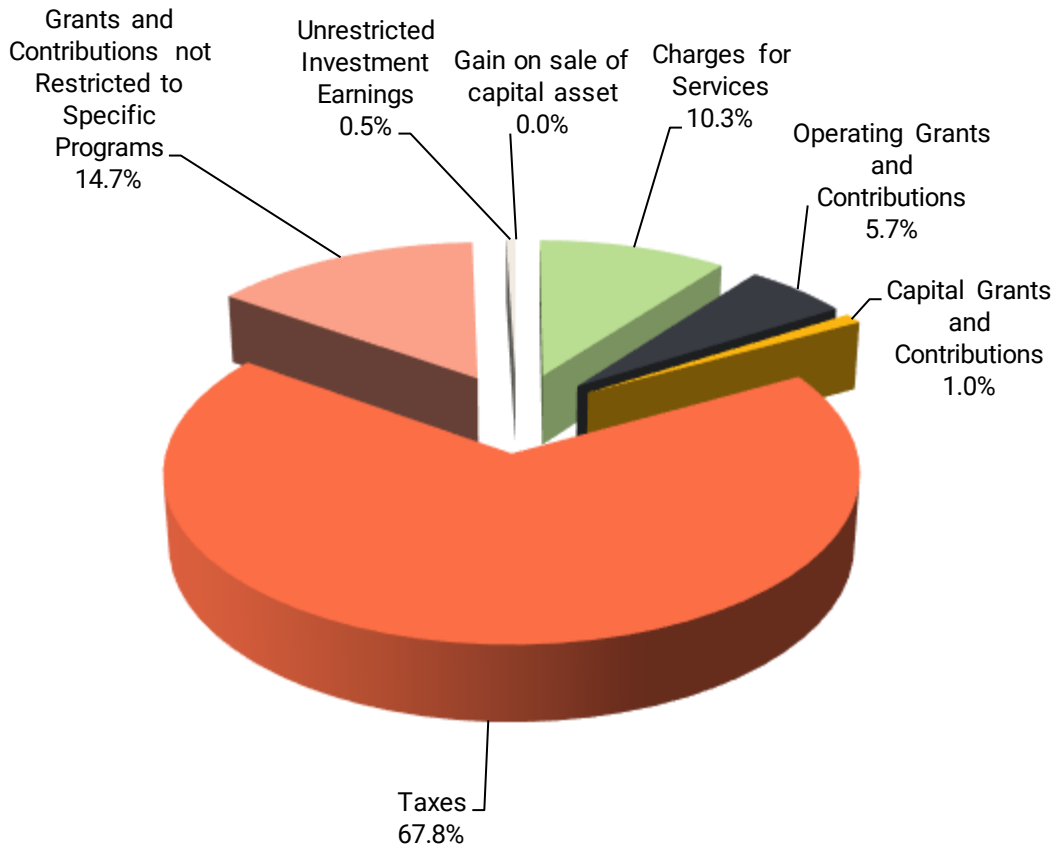
- The \$184,961 decrease in operating grants and contributions in the government type activities is primarily due to CARES act funding received in the prior year.
- The \$247,882 increase in tax revenue in the government type activities is primarily due to an increased tax levy.

**Governmental-type Activities.** Governmental-type activities increased the City's net position by \$790,975.

### Expenses and Program Revenues - Governmental Activities

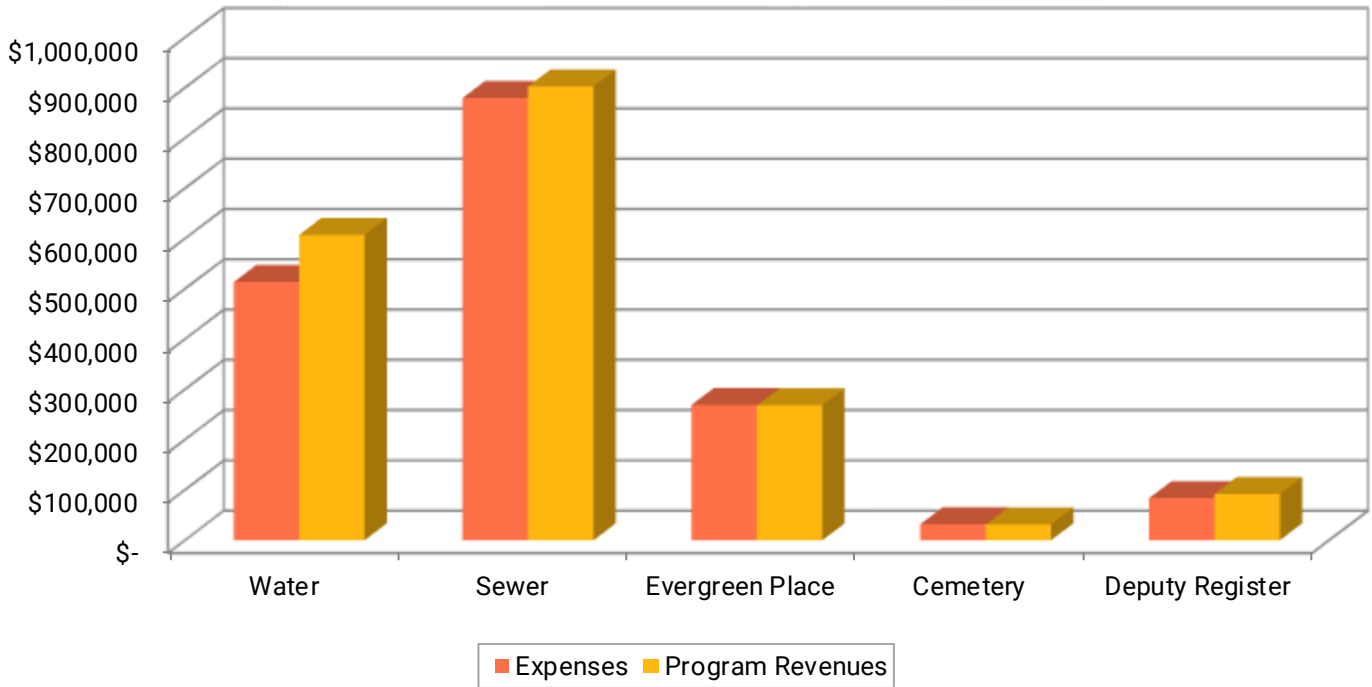


### Revenues by Source - Governmental Activities

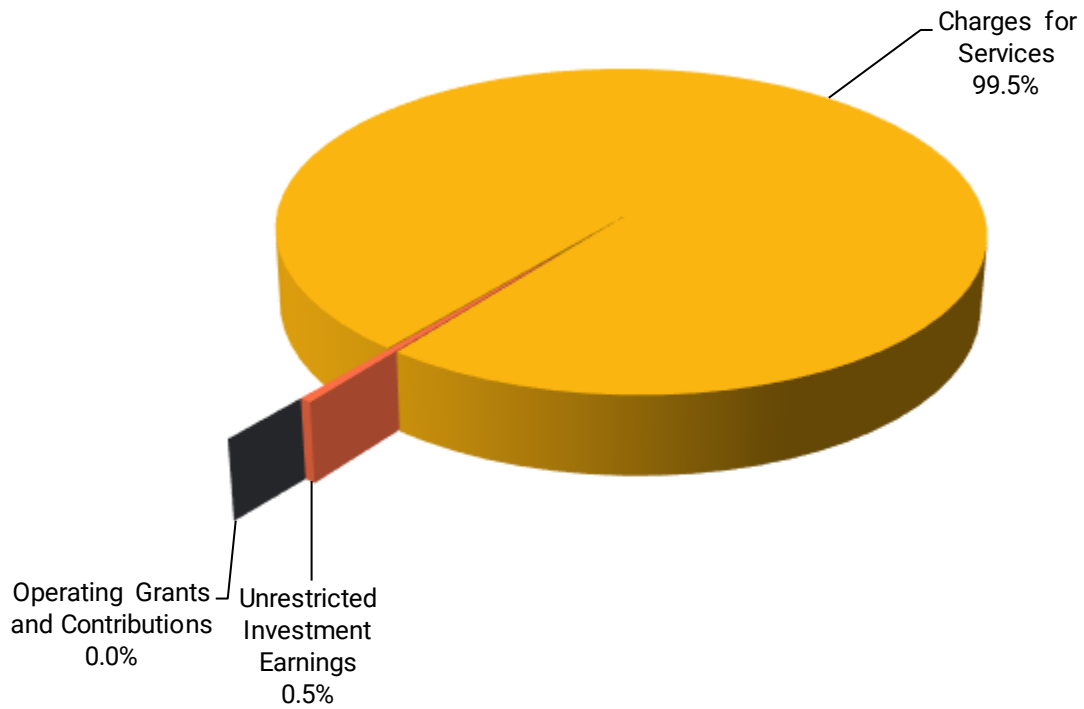


**Business-type Activities.** Business-type activities decreased the City's net position by \$106,146.

### 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 \$7,043,774, an increase of \$3,183,655 in comparison with the prior year. Of this total amount, \$1,394,299 constitutes unassigned fund balance. The remaining fund balance is made up of the following: 1) Restricted (\$5,398,718), 2) Committed (\$185,260), and 3) Assigned (\$65,497).

The General fund is the chief operating fund of the City. At the end of the current year, the fund balance of the General fund was \$1,467,072. As a measure of the General fund's liquidity, it may be useful to compare fund balance to total budgeted expenditures for the following year. Unassigned fund balance represents approximately 44.2 percent of 2022 budgeted expenditures.

The fund balance of the City's General fund increased \$215,383 during the current fiscal year. The General fund transferred \$340,338 to other funds during the year for operations and future capital purchases and contributed \$79,696 to the Economic Development discretely presented component unit.

The Debt Service fund has a total fund balance of \$4,389,813, all of which is restricted for the payment of debt service. The net increase in fund balance during the current year in the Debt Service fund was \$2,525,658. This increase is due to refunding bond issuances that have not been spent as of year end.

The Capital Equipment fund has a total fund balance of \$30,270, which is an increase of \$246,871 over prior year. This increase is due to a transfer in from the General fund of \$200,000.

**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 \$2,341,782. 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 was not amended during the year. Total revenues were \$107,264 over budgeted amounts which was mostly due to intergovernmental revenues being over budget by \$57,091. Total expenditures were under budgeted amounts by \$43,527, This was mostly due to positive budget variances in public works.

## 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, amounts to \$28,007,929 (net of accumulated depreciation). This investment in capital assets includes land, structures, improvements, machinery and equipment, park facilities, roads, highways and bridges.

Additional information on the City's capital assets can be found in Note 3C starting on page 59 of this report.

### City of Pine Island's Capital Assets (Net of Depreciation)

	Governmental Activities			Business-type Activities		
	2021	2020	Increase (Decrease)	2021	2020	Increase (Decrease)
Land	\$ 1,195,850	\$ 1,195,850	\$ -	\$ 64,136	\$ 64,136	\$ -
Construction in Progress	42,741	1,665,479	(1,622,738)	-	-	-
Land Improvements	5	3,591	(3,586)	-	-	-
Buildings	227,691	245,183	(17,492)	768,420	617,572	150,848
Improvements Other than Buildings	-	-	-	116,250	123,418	(7,168)
Infrastructure	13,754,433	12,433,544	1,320,889	9,748,139	10,190,392	(442,253)
Machinery and Equipment	1,553,493	1,693,792	(140,299)	536,771	613,447	(76,676)
<b>Total</b>	<b>\$ 16,774,213</b>	<b>\$ 17,237,439</b>	<b>\$ (463,226)</b>	<b>\$ 11,233,716</b>	<b>\$ 11,608,965</b>	<b>\$ (375,249)</b>

**Long-term Debt.** At the end of the current fiscal year, the City had total debt outstanding of \$13,154,000, excluding compensated absences payable and pension liability. While all of the City's bonds have revenue streams, they are all backed by the full faith and credit of the City.

### City of Pine Island's Outstanding Debt

	Governmental Activities			Business-type Activities		
	2021	2020	Increase (Decrease)	2021	2020	Increase (Decrease)
General Obligation Bonds	\$ 12,409,609	\$ 10,546,557	\$ 1,863,052	\$ 267,391	\$ 325,443	\$ (58,052)
General Obligation Tax Increment Bonds	311,000	329,000	(18,000)	-	-	-
General Obligation Revenue Bonds	-	-	-	166,000	246,000	(80,000)
<b>Total</b>	<b>\$ 12,720,609</b>	<b>\$ 10,875,557</b>	<b>\$ 1,845,052</b>	<b>\$ 433,391</b>	<b>\$ 571,443</b>	<b>\$ (138,052)</b>

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 currently has no debt subject to that limitation.

Additional information on the City's long-term debt can be found in Note 3E starting on page 61 of this report.

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

- The City of Pine Island continues to see growth and positive changes. The City had another great year with 21 permits issued for new home construction in 2021.
- Sewer and water rates increased in January 2021 and are set to increase 2% each year thereafter for 8 more years as the City continues to plan for a new wastewater facility. The City continues to build a storm water account to help maintain the City's storm water drainage ponds. The City is also building the water account for a potential new water tower within the next 10 years as we continue to see growth in the southern half of Pine Island.
- The City refinanced some of its older bonds into one large bond which saw thousands of dollars in savings in interest payments. The City also financed a smaller road project which would improve and pave New Haven Road to assist expansion in a new housing development by the Elementary School.
- The City received over \$370,000 in funds from the American Recovery Plan Act (ARPA). These payments will be dispersed evenly in 2021 and 2022. The City has spent a small portion to create a grant program through the EDA to assist local businesses.
- The City purchased the building next to City Hall to renovate and move the License Bureau into. The City plans to use ARPA funds for the renovation and cost of upgraded equipment. This will leave room for City Hall to expand as the City continues to grow.
- The City finished a concession area within the pool office to sell concessions. This brought in more revenue than expected to help offset the expenditures from the Aquatic Center.
- The City added a new position to its Public Works Department. The position is a Maintenance Technician and is assigned to work within the Streets and Parks Division.

All of these factors were considered in preparing the City's budget for the 2020 fiscal year.

## **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 Pine Island, City Hall, 250 South Main Street, PO Box 1000, Pine Island, Minnesota 55963.

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF PINE ISLAND  
PINE ISLAND, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2021

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City of Pine Island, Minnesota  
Statement of Net Position  
December 31, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Economic Development Authority
<b>Assets</b>				
Cash and temporary investments	\$ 4,670,102	\$ 3,494,497	\$ 8,164,599	\$ 105,448
Cash with fiscal agent	2,800,767	-	2,800,767	-
Restricted cash	30,958	21,157	52,115	-
Receivables				
Interest	8,797	-	8,797	-
Taxes	62,507	-	62,507	-
Accounts	9,391	128,297	137,688	-
Notes	59,857	-	59,857	-
Special assessments	1,208,452	1,370	1,209,822	-
Internal balances	(391,994)	391,994	-	-
Due from other governments	153,982	-	153,982	-
Net pension asset	475,329	-	475,329	-
Capital assets				
Land and construction in progress	1,238,591	64,136	1,302,727	-
Depreciable capital assets, net	15,535,622	11,169,580	26,705,202	-
Total Assets	<u>25,862,361</u>	<u>15,271,031</u>	<u>41,133,392</u>	<u>105,448</u>
<b>Deferred Outflows of Resources</b>				
Deferred pension resources	<u>360,963</u>	<u>94,682</u>	<u>455,645</u>	<u>-</u>
<b>Liabilities</b>				
Accounts payable	10,652	29,356	40,008	102
Contracts payable	38,079	-	38,079	-
Accrued salaries payable	137,006	9,390	146,396	-
Accrued interest payable	127,988	4,123	132,111	-
Security deposits payable	-	21,157	21,157	-
Due to other governments	-	738	738	-
Unearned revenue	154,900	1,200,850	1,355,750	-
Noncurrent liabilities				
Due within one year				
Long-term liabilities	3,546,775	142,275	3,689,050	-
Due in more than one year				
Long-term liabilities	9,183,541	295,459	9,479,000	-
Net pension liability	342,129	131,891	474,020	-
Total Liabilities	<u>13,541,070</u>	<u>1,835,239</u>	<u>15,376,309</u>	<u>102</u>
<b>Deferred Inflows of Resources</b>				
Deferred pension resources	<u>582,645</u>	<u>120,976</u>	<u>703,621</u>	<u>-</u>
<b>Net Position</b>				
Net investment in capital assets	8,442,533	11,067,716	19,510,249	-
Restricted for				
Debt service	1,455,000	-	1,455,000	-
Economic development	155,850	-	155,850	-
Revolving loan	159,873	-	159,873	-
DTED Land O'Lakes	317,808	-	317,808	-
Disaster relief	514	-	514	-
Unrestricted	<u>1,568,031</u>	<u>2,341,782</u>	<u>3,909,813</u>	<u>105,346</u>
Total Net Position	<u>\$ 12,099,609</u>	<u>\$ 13,409,498</u>	<u>\$ 25,509,107</u>	<u>\$ 105,346</u>

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

City of Pine Island, 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
<b>Primary Government</b>				
Governmental activities				
General government	\$ 543,830	\$ 97,665	\$ 42,898	\$ -
Public safety	963,565	266,801	64,242	-
Public works	1,324,505	18,211	60,082	46,304
Culture and recreation	555,319	73,284	88,306	-
Housing and economic development	204,250	4,500	-	-
Interest on long-term debt	327,504	-	-	-
Total Governmental Activities	<u>3,918,973</u>	<u>460,461</u>	<u>255,528</u>	<u>46,304</u>
<b>Business-type Activities</b>				
Water	513,774	607,583	-	-
Sewer	880,085	902,881	-	-
Evergreen Place	269,390	268,580	-	-
Cemetery	31,841	31,210	151	-
Deputy Registrar	83,957	92,246	-	-
Total Business-type Activities	<u>1,779,047</u>	<u>1,902,500</u>	<u>151</u>	<u>-</u>
Total Primary Government	<u>\$ 5,698,020</u>	<u>\$ 2,362,961</u>	<u>\$ 255,679</u>	<u>\$ 46,304</u>
<b>Component Unit</b>				
Economic Development Authority	<u>\$ 70,905</u>	<u>\$ -</u>	<u>\$ 79,696</u>	<u>\$ -</u>

General Revenues

Taxes

Property taxes - levied for general activities

Property taxes - levied for debt service

Franchise taxes

Tax increments

Grants and contributions not restricted to specific programs

Miscellaneous

Unrestricted investment earnings

Transfers - Internal Activities

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

Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Economic Development Authority
\$ (403,267)	\$ -	\$ (403,267)	\$ -
(632,522)	-	(632,522)	-
(1,199,908)	-	(1,199,908)	-
(393,729)	-	(393,729)	-
(199,750)	-	(199,750)	-
(327,504)	-	(327,504)	-
<u>(3,156,680)</u>	<u>-</u>	<u>(3,156,680)</u>	<u>-</u>
-	93,809	93,809	-
-	22,796	22,796	-
-	(810)	(810)	-
-	(480)	(480)	-
-	8,289	8,289	-
<u>-</u>	<u>123,604</u>	<u>123,604</u>	<u>-</u>
<u>(3,156,680)</u>	<u>123,604</u>	<u>(3,033,076)</u>	<u>-</u>
			<u>8,791</u>
1,918,918	-	1,918,918	-
956,226	-	956,226	-
35,896	-	35,896	-
117,351	-	117,351	-
657,246	-	657,246	-
691	-	691	-
21,187	10,390	31,577	591
240,140	(240,140)	-	-
<u>3,947,655</u>	<u>(229,750)</u>	<u>3,717,905</u>	<u>591</u>
790,975	(106,146)	684,829	9,382
<u>11,308,634</u>	<u>13,515,644</u>	<u>24,824,278</u>	<u>95,964</u>
<u>\$ 12,099,609</u>	<u>\$ 13,409,498</u>	<u>\$ 25,509,107</u>	<u>\$ 105,346</u>

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

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FUND FINANCIAL STATEMENTS

CITY OF PINE ISLAND  
PINE ISLAND, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2021

City of Pine Island, Minnesota

Balance Sheet

Governmental Funds

December 31, 2021

	101	300's	250	Other Governmental Funds	Total Governmental Funds
	General	Debt Service	Capital Equipment		
<b>Assets</b>					
Cash and temporary investments	\$ 1,385,314	\$ 1,587,806	\$ 422,264	\$ 1,274,718	\$ 4,670,102
Cash with fiscal agent	-	2,800,767	-	-	2,800,767
Restricted cash	-	-	-	30,958	30,958
Receivables					
Interest	8,797	-	-	-	8,797
Taxes	62,507	-	-	-	62,507
Accounts	9,359	32	-	-	9,391
Notes	-	-	-	59,857	59,857
Special assessments	-	1,208,452	-	-	1,208,452
Due from other funds	10,576	-	-	-	10,576
Due from other governments	153,982	-	-	-	153,982
<b>Total Assets</b>	<b><u>\$ 1,630,535</u></b>	<b><u>\$ 5,597,057</u></b>	<b><u>\$ 422,264</u></b>	<b><u>\$ 1,365,533</u></b>	<b><u>\$ 9,015,389</u></b>
<b>Liabilities</b>					
Accounts payable	\$ 9,677	\$ -	\$ -	\$ 975	\$ 10,652
Contracts payable	-	-	-	38,079	38,079
Accrued salaries payable	132,622	-	-	4,384	137,006
Due to other funds	-	-	391,994	10,576	402,570
Unearned revenue	-	-	-	154,900	154,900
<b>Total Liabilities</b>	<b><u>142,299</u></b>	<b><u>-</u></b>	<b><u>391,994</u></b>	<b><u>208,914</u></b>	<b><u>743,207</u></b>
<b>Deferred Inflows of Resources</b>					
Unavailable revenues - taxes	21,164	-	-	-	21,164
Unavailable revenues - special assessments	-	1,207,244	-	-	1,207,244
<b>Total Deferred Inflows of Resources</b>	<b><u>21,164</u></b>	<b><u>1,207,244</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>1,228,408</u></b>
<b>Fund Balances</b>					
Restricted	-	4,389,813	-	1,008,905	5,398,718
Committed	-	-	-	185,260	185,260
Assigned	2,447	-	30,270	32,780	65,497
Unassigned	1,464,625	-	-	(70,326)	1,394,299
<b>Total Fund Balances</b>	<b><u>1,467,072</u></b>	<b><u>4,389,813</u></b>	<b><u>30,270</u></b>	<b><u>1,156,619</u></b>	<b><u>7,043,774</u></b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b><u>\$ 1,630,535</u></b>	<b><u>\$ 5,597,057</u></b>	<b><u>\$ 422,264</u></b>	<b><u>\$ 1,365,533</u></b>	<b><u>\$ 9,015,389</u></b>

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

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

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

Total Fund Balances - Governmental Funds	\$ 7,043,774
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental fund.	
Cost of capital assets	23,220,158
Less accumulated depreciation	(6,445,945)
Long-term assets from pensions reported in governmental activities are not financial resources and therefore are not reported as assets in the funds.	
Net pension asset	475,329
Noncurrent liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	
Noncurrent liabilities at year-end consist of	
Bonds payable	(12,720,609)
Compensated absences payable	(9,707)
Net pension liability	(342,129)
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.	
Delinquent taxes receivable	21,164
Special assessments receivable	1,207,244
Governmental funds do not report long-term amounts related to pensions.	
Deferred outflows of pension resources	360,963
Deferred inflows of pension resources	(582,645)
Governmental funds do not report a liability for accrued interest until due and payable.	(127,988)
Total Net Position - Governmental Activities	\$ 12,099,609

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

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

	101	300's	250	Other Governmental Funds	Total Governmental Funds
	General	Debt Service	Capital Equipment		
<b>Revenues</b>					
Taxes	\$ 1,894,127	\$ 956,226	\$ 54,550	\$ 117,351	\$ 3,022,254
Licenses and permits	127,508	-	-	-	127,508
Intergovernmental	784,514	-	-	118,339	902,853
Charges for services	231,082	-	-	562	231,644
Fines and forfeitures	3,006	-	-	837	3,843
Special assessments	2,812	205,662	-	-	208,474
Interest on investments	249	11,442	1,076	8,420	21,187
Miscellaneous	23,098	13,730	-	5,809	42,637
Total Revenues	<u>3,066,396</u>	<u>1,187,060</u>	<u>55,626</u>	<u>251,318</u>	<u>4,560,400</u>
<b>Expenditures</b>					
<b>Current</b>					
General government	562,590	-	-	-	562,590
Public safety	890,381	-	-	1,050	891,431
Public works	943,005	-	-	-	943,005
Culture and recreation	215,538	-	-	179,116	394,654
Housing and economic development	79,696	-	-	73,799	153,495
<b>Capital outlay</b>					
Public safety	16,498	-	-	-	16,498
Public works	-	-	-	160,449	160,449
Culture and recreation	-	-	-	32,278	32,278
Housing and economic development	-	-	-	48,363	48,363
<b>Debt service</b>					
Principal	-	786,948	-	18,000	804,948
Interest and other	-	271,092	8,755	17,600	297,447
Bond issuance costs	-	26,320	-	-	26,320
Total Expenditures	<u>2,707,708</u>	<u>1,084,360</u>	<u>8,755</u>	<u>530,655</u>	<u>4,331,478</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>358,688</u>	<u>102,700</u>	<u>46,871</u>	<u>(279,337)</u>	<u>228,922</u>
<b>Other Financing Sources (Uses)</b>					
Transfers in	132,440	123,958	200,000	136,338	592,736
Insurance proceeds	64,593	-	-	-	64,593
Refunding bonds issued	-	2,299,000	-	-	2,299,000
Bonds issued	-	-	-	351,000	351,000
Transfers out	(340,338)	-	-	(12,258)	(352,596)
Total Other Financing Sources (Uses)	<u>(143,305)</u>	<u>2,422,958</u>	<u>200,000</u>	<u>475,080</u>	<u>2,954,733</u>
Net Change in Fund Balances	215,383	2,525,658	246,871	195,743	3,183,655
Fund Balances, January 1	<u>1,251,689</u>	<u>1,864,155</u>	<u>(216,601)</u>	<u>960,876</u>	<u>3,860,119</u>
Fund Balances, December 31	<u>\$ 1,467,072</u>	<u>\$ 4,389,813</u>	<u>\$ 30,270</u>	<u>\$ 1,156,619</u>	<u>\$ 7,043,774</u>

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

City of Pine Island, 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	\$ 3,183,655
<p>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.</p>	
Capital outlays	160,450
Depreciation expense	(623,676)
<p>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 and discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.</p>	
Principal repayments	804,948
Debt issued or incurred	(2,650,000)
<p>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.</p>	
	(3,737)
<p>Long-term pension activity is not reported in governmental funds.</p>	
Pension expense	76,940
Direct aid contributions	848
<p>Certain revenues are recognized as soon as earned. Under the modified accrual basis of accounting certain revenues cannot be recognized until they are available to liquidate liabilities of the current period.</p>	
Special assessments	(162,170)
Delinquent taxes	6,137
<p>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.</p>	
Compensated absences	(2,420)
Change in Net Position - Governmental Activities	\$ 790,975

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

City of Pine Island, Minnesota  
Statement of Revenues, Expenditures and Changes in Fund Balances -  
Budget and Actual  
General Fund  
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 1,919,259	\$ 1,919,259	\$ 1,894,127	\$ (25,132)
Licenses and permits	71,300	71,300	127,508	56,208
Intergovernmental	727,423	727,423	784,514	57,091
Charges for services	197,000	197,000	231,082	34,082
Fines and forfeitures	3,500	3,500	3,006	(494)
Interest on investments	18,000	18,000	249	(17,751)
Special assessments	2,000	2,000	2,812	812
Miscellaneous	20,650	20,650	23,098	2,448
Total Revenues	<u>2,959,132</u>	<u>2,959,132</u>	<u>3,066,396</u>	<u>107,264</u>
Expenditures				
Current				
General government	544,345	544,345	562,590	(18,245)
Public safety	829,455	829,455	890,381	(60,926)
Public works	1,062,544	1,062,544	943,005	119,539
Culture and recreation	215,170	215,170	215,538	(368)
Housing and economic development	79,721	79,721	79,696	25
Capital outlay	20,000	20,000	16,498	3,502
Total Expenditures	<u>2,751,235</u>	<u>2,751,235</u>	<u>2,707,708</u>	<u>43,527</u>
Excess of Revenues Over Expenditures	<u>207,897</u>	<u>207,897</u>	<u>358,688</u>	<u>150,791</u>
Other Financing Sources (Uses)				
Transfers in	132,441	132,441	132,440	(1)
Insurance proceeds	-	-	64,593	64,593
Transfers out	(340,338)	(340,338)	(340,338)	-
Total Other Financing Sources (Uses)	<u>(207,897)</u>	<u>(207,897)</u>	<u>(143,305)</u>	<u>64,592</u>
Net Change in Fund Balances	-	-	215,383	215,383
Fund Balances, January 1	<u>1,251,689</u>	<u>1,251,689</u>	<u>1,251,689</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 1,251,689</u>	<u>\$ 1,251,689</u>	<u>\$ 1,467,072</u>	<u>\$ 215,383</u>

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



City of Pine Island, Minnesota  
Statement of Net Position  
Proprietary Funds  
December 31, 2021

	Business-type Activities - Enterprise Funds				Total
	601 Water	602 Sewer	603 Evergreen Place	Nonmajor Enterprise Funds	
<b>Assets</b>					
<b>Current Assets</b>					
Cash and temporary investments	\$ 1,432,651	\$ 1,508,198	\$ 151,704	\$ 401,944	\$ 3,494,497
Cash restricted for security deposits	-	-	21,157	-	21,157
<b>Receivables</b>					
Accounts	52,319	72,048	3,790	140	128,297
Special assessments	685	685	-	-	1,370
<b>Total Current Assets</b>	<u>1,485,655</u>	<u>1,580,931</u>	<u>176,651</u>	<u>402,084</u>	<u>3,645,321</u>
<b>Noncurrent Assets</b>					
Due from other funds	391,994	-	-	-	391,994
<b>Capital assets</b>					
Land	64,136	-	-	-	64,136
Buildings	253,732	1,103,296	1,369,528	161,806	2,888,362
Improvements other than buildings	-	-	-	177,234	177,234
Infrastructure	7,193,433	9,319,640	-	-	16,513,073
Machinery and equipment	389,428	1,468,147	43,035	30,051	1,930,661
Less accumulated depreciation	(3,303,081)	(5,966,253)	(949,127)	(121,289)	(10,339,750)
<b>Total Capital Assets</b>	<u>4,597,648</u>	<u>5,924,830</u>	<u>463,436</u>	<u>247,802</u>	<u>11,233,716</u>
<b>Total Noncurrent Assets</b>	<u>4,989,642</u>	<u>5,924,830</u>	<u>463,436</u>	<u>247,802</u>	<u>11,625,710</u>
<b>Total Assets</b>	<u>6,475,297</u>	<u>7,505,761</u>	<u>640,087</u>	<u>649,886</u>	<u>15,271,031</u>
<b>Deferred Outflows of Resources</b>					
Deferred pension resources	23,715	50,780	-	20,187	94,682
<b>Liabilities</b>					
<b>Current Liabilities</b>					
Accounts payable	1,122	10,367	16,747	1,120	29,356
Accrued salaries payable	3,822	3,223	-	2,345	9,390
Accrued interest payable	2,428	-	1,695	-	4,123
Security deposits payable	-	-	21,157	-	21,157
Due to other governments	738	-	-	-	738
Unearned revenue	451,764	748,236	-	850	1,200,850
Compensated absences payable	1,886	1,886	-	571	4,343
Bonds payable, current portion	58,932	-	79,000	-	137,932
<b>Total Current Liabilities</b>	<u>520,692</u>	<u>763,712</u>	<u>118,599</u>	<u>4,886</u>	<u>1,407,889</u>
<b>Noncurrent Liabilities</b>					
Net pension liability	33,034	70,737	-	28,120	131,891
Bonds payable	208,459	-	87,000	-	295,459
<b>Total Noncurrent Liabilities</b>	<u>241,493</u>	<u>70,737</u>	<u>87,000</u>	<u>28,120</u>	<u>427,350</u>
<b>Total Liabilities</b>	<u>762,185</u>	<u>834,449</u>	<u>205,599</u>	<u>33,006</u>	<u>1,835,239</u>
<b>Deferred Inflows of Resources</b>					
Deferred pension resources	30,295	64,887	-	25,794	120,976
<b>Net Position</b>					
Net investment in capital assets	4,597,648	5,924,830	297,436	247,802	11,067,716
Unrestricted	1,108,884	732,375	137,052	363,471	2,341,782
<b>Total Net Position</b>	<u>\$ 5,706,532</u>	<u>\$ 6,657,205</u>	<u>\$ 434,488</u>	<u>\$ 611,273</u>	<u>\$ 13,409,498</u>

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

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

Business-type Activities - Enterprise Funds

	Business-type Activities - Enterprise Funds				Total
	601 Water	602 Sewer	603 Evergreen Place	Nonmajor Enterprise Funds	
Operating Revenues					
Charges for services	\$ 607,501	\$ 902,881	\$ 265,151	\$ 123,387	\$ 1,898,920
Operating Expenses					
Personal services	100,153	183,095	-	79,484	362,732
Supplies	47,023	54,532	4	8,603	110,162
Other services and charges	115,686	170,734	193,834	14,682	494,936
Insurance	2,940	8,190	-	-	11,130
Utilities	23,700	140,114	34,198	3,433	201,445
Depreciation	219,742	323,420	37,123	9,596	589,881
Total Operating Expenses	<u>509,244</u>	<u>880,085</u>	<u>265,159</u>	<u>115,798</u>	<u>1,770,286</u>
Operating Income (Loss)	<u>98,257</u>	<u>22,796</u>	<u>(8)</u>	<u>7,589</u>	<u>128,634</u>
Nonoperating Revenues (Expenses)					
Interest income	11,420	5,684	137	(6,851)	10,390
Other income	82	-	3,429	220	3,731
Interest expense	(4,530)	-	(4,231)	-	(8,761)
Total Nonoperating Revenues (Expenses)	<u>6,972</u>	<u>5,684</u>	<u>(665)</u>	<u>(6,631)</u>	<u>5,360</u>
Income (Loss) Before Transfers	105,229	28,480	(673)	958	133,994
Transfers in	-	-	-	4,000	4,000
Transfers out	(119,969)	(119,969)	(4,202)	-	(244,140)
Change in Net Position	(14,740)	(91,489)	(4,875)	4,958	(106,146)
Net Position, January 1	<u>5,721,272</u>	<u>6,748,694</u>	<u>439,363</u>	<u>606,315</u>	<u>13,515,644</u>
Net Position, December 31	<u>\$ 5,706,532</u>	<u>\$ 6,657,205</u>	<u>\$ 434,488</u>	<u>\$ 611,273</u>	<u>\$ 13,409,498</u>

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

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

	Business-type Activities - Enterprise Funds				Total
	601	602	603	Nonmajor Enterprise Funds	
	Water	Sewer	Evergreen Place		
Cash Flows from Operating Activities					
Receipts from tenants and users	\$ 609,980	\$ 914,157	\$ 266,544	\$ 123,554	\$ 1,914,235
Payments to suppliers	(194,042)	(373,290)	(213,017)	(24,834)	(805,183)
Payments to employees	(84,951)	(182,409)	-	(75,997)	(343,357)
Fees collected on behalf of state	-	-	-	48,346	48,346
Fees paid to state	-	-	-	(48,346)	(48,346)
Net Cash Provided by Operating Activities	<u>330,987</u>	<u>358,458</u>	<u>53,527</u>	<u>22,723</u>	<u>765,695</u>
Cash Flows from Noncapital and Related Financing Activities					
Transfers from other funds	-	-	-	4,000	4,000
Transfers to other funds	(119,969)	(119,969)	(4,202)	-	(244,140)
Decrease in due from other funds	45,745	-	-	-	45,745
Net Cash Provided (Used) by Noncapital and Related Financing Activities	<u>(74,224)</u>	<u>(119,969)</u>	<u>(4,202)</u>	<u>4,000</u>	<u>(194,395)</u>
Cash Flows from Capital and Related Financing Activities					
Acquisition of capital assets	(39,900)	(68,326)	-	(146,306)	(254,532)
Principal paid on long-term debt	(58,052)	-	(80,000)	-	(138,052)
Interest paid on long-term debt	(3,642)	-	(5,047)	-	(8,689)
Net Cash Used by Capital and Related Financing Activities	<u>(101,594)</u>	<u>(68,326)</u>	<u>(85,047)</u>	<u>(146,306)</u>	<u>(401,273)</u>
Cash Flows from Investing Activities					
Interest on investments	11,420	5,684	137	(6,851)	10,390
Net Increase (Decrease) in Cash and Cash Equivalents	166,589	175,847	(35,585)	(126,434)	180,417
Cash and Cash Equivalents, January 1	<u>1,266,062</u>	<u>1,332,351</u>	<u>208,446</u>	<u>528,378</u>	<u>3,335,237</u>
Cash and Cash Equivalents, December 31	<u>\$ 1,432,651</u>	<u>\$ 1,508,198</u>	<u>\$ 172,861</u>	<u>\$ 401,944</u>	<u>\$ 3,515,654</u>
Reconciliation to Statement of Net Position					
Cash and temporary investments	\$ 1,432,651	\$ 1,508,198	\$ 151,704	\$ 401,944	\$ 3,494,497
Cash restricted for security deposits	-	-	21,157	-	21,157
Total Cash and Cash Equivalents	<u>\$ 1,432,651</u>	<u>\$ 1,508,198</u>	<u>\$ 172,861</u>	<u>\$ 401,944</u>	<u>\$ 3,515,654</u>

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

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

	Business-type Activities - Enterprise Funds				
	601	602	603	Nonmajor Enterprise Funds	Total
	Water	Sewer	Evergreen Place		
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities					
Operating income	\$ 98,257	\$ 22,796	\$ (8)	\$ 7,589	\$ 128,634
Adjustments to reconcile operating income to net cash provided by operating activities					
Other income related to operations	82	-	3,429	220	3,731
Depreciation	219,742	323,420	37,123	9,596	589,881
(Increase) decrease in assets/deferred outflows of resources					
Accounts receivable	1,185	5,083	(1,648)	(53)	4,567
Special assessments receivable	1,212	6,193	-	-	7,405
Deferred pension resources	(20,150)	(39,128)	-	(15,920)	(75,198)
Increase (decrease) in liabilities/deferred inflows of resources					
Accounts payable	(4,693)	280	15,019	1,034	11,640
Accrued salaries payable	1,337	738	-	971	3,046
Security deposits payable	-	-	(388)	-	(388)
Unearned revenue	-	-	-	850	850
Net pension liability	4,599	(22,202)	-	(5,915)	(23,518)
Compensated absences payable	325	325	-	(2)	648
Deferred pension resources	29,091	60,953	-	24,353	114,397
 Net Cash Provided by Operating Activities	 <u>\$ 330,987</u>	 <u>\$ 358,458</u>	 <u>\$ 53,527</u>	 <u>\$ 22,723</u>	 <u>\$ 765,695</u>

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

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City of Pine Island, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 1: Summary of Significant Accounting Policies**

**A. Reporting Entity**

The City of Pine Island, Minnesota (the City), operates under "Optional Plan A" as defined in the Minnesota statutes. The City is governed by an elected Mayor and four-member City Council. 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.

***Economic Development Authority***

The Economic Development Authority (EDA) of the City was created 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. The City has the authority to approve and modify the EDA's budget and the City Council has the ability to veto, overrule, or modify the decisions of the EDA Board of Directors. The EDA is governed by seven board members, three of which are City Council members and four citizens appointed by the Mayor. It is this criterion that results in the EDA being reported as a discretely presented component unit. The EDA does not prepare separate financial statements.

**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. For the most part, the effect of interfund activity has been removed from these statements. *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 segment is 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 Pine Island, Minnesota  
Notes to the Financial Statements  
December 31, 2021

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

**C. Measurement Focus, Basis of Accounting and Basis of 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.

The following major governmental funds meet the criteria described above:

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

The *Debt Service fund* is used for the servicing of general long-term debt not being financed by proprietary funds.

The *Capital Equipment fund* is used to fund the future purchases of capital equipment made by the City.



City of Pine Island, Minnesota  
Notes to the Financial Statements  
December 31, 2021

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

The City reports the following major proprietary funds:

The *Water fund* accounts for the activities of the water distribution system the City maintains.

The *Sewer fund* accounts for the activities of the City's sewage collection operations.

The *Evergreen Place fund* accounts for the activities of the City's management of Evergreen Place.

As a general rule, the effect of interfund activity has been eliminated from government-wide financial statements.

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 enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. 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.

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.

City of Pine Island, Minnesota  
Notes to the Financial Statements  
December 31, 2021

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

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.

Broker money market funds operate in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the shares. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City’s recurring fair value measurements are listed in detail on page 57 and are valued using quoted market prices (Level 1 inputs).

The City has the following recurring fair value measurements as of December 31, 2021:

- Brokered certificates of \$1,646,643 are valued using a matrix pricing model (Level 2 inputs)

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.

***Property Taxes***

The City Council annually adopts a tax levy in December and certifies it to the County for collection in 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 Auditor 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 taxes not received within 60 days after year end in the governmental 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 and sewer accounts to the County for collection in the following year. Therefore, there has been no allowance for doubtful accounts established.

City of Pine Island, Minnesota  
Notes to the Financial Statements  
December 31, 2021

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

***Special Assessments***

Special assessments represent the financing for public improvements paid for by benefiting property owners. These assessments are recorded as receivable upon certification to the County. Special assessments are recognized as revenue when they are 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.

***Interfund Receivables and Payables***

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

***Restricted Cash***

Certain resources set aside for security deposits paid by tenants to the Evergreen Place enterprise fund are classified as restricted assets on the balance sheet. The Revolving Loan fund has cash restricted and set aside for the Spruce Up loan program through Pine Island Bank.

***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 a value as defined below in the table and with a 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:

<u>Asset</u>	<u>Threshold</u>
Land and Land Improvements	\$ 10,000
Other Improvements	25,000
Buildings	25,000
Improvements other than Buildings	25,000
Infrastructure	100,000
Machinery and Equipment	5,000
Vehicles	5,000
Other Assets	5,000

City of Pine Island, Minnesota  
Notes to the Financial Statements  
December 31, 2021

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

In the case of initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the City chose to include items dating back to June 30, 1980. The City was able to estimate the historical cost for the initial reporting of these assets through backtrending (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 or estimated acquisition year). As the City constructs or acquires 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 acquisition value of the item at the date of its donation.

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

Assets	Useful Lives in Years
Land Improvements	15 to 30
Buildings and Improvements	15 to 75
System Improvements/Infrastructure	20 to 60
Machinery and Equipment	3 to 15
Vehicles	3 to 12

***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.

City of Pine Island, Minnesota  
Notes to the Financial Statements  
December 31, 2021

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

***Pensions***

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.

The total pension expense for the GERP and Fire Relief Association is as follows:

	Public Employees Retirement Association of Minnesota (PERA) GERP	Fire Relief Association	Total All Plans
Pension Expense	\$ 23,373	\$ 51,342	\$ 74,715

***Compensated Absences***

It is the City's policy to permit employees to accumulate a limited amount of earned but unused vacation and earned compensation time, which is paid to the employee upon separation. Accrued vacation and compensation totaled at year end. Vacation and compensation pay is accrued in proprietary funds and reported as a liability. The total liability in the enterprise funds is . Compensated absences in the governmental funds totaled at year end. The General fund is typically used to liquidate governmental accrued compensated absences.

***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. The recognition of 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 financial position and fund financial statements 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 City has 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 revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

City of Pine Island, Minnesota  
Notes to the Financial Statements  
December 31, 2021

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

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.

***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 Clerk.

*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 35 percent of budgeted operating expenditures for cash-flow timing needs.

***Net Position***

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of 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 balances 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 balances 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 Pine Island, 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 selected special revenue funds. All annual appropriations lapse at fiscal year-end. The City does not use encumbrance accounting.

In June 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 early December.

The appropriated budget is prepared by fund, function and department. The City's department heads 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 fund level. The budget was not amended in 2021.

**B. Deficit Fund Equity**

The following funds had fund equity deficits at December 31, 2021:

Fund	Amount
Nonmajor Capital Projects	
2018 Pool Project	\$ 58,180
Brewing Company TIF	10,576
Nonmajor Special Revenue Fund	
River Food Monitor	1,570

The City plans to eliminate these deficits with future tax increment revenues and transfers from other funds.

City of Pine Island, Minnesota  
Notes to the Financial Statements  
December 31, 2021

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

**A. Deposits and Investments**

Cash balances of the City's funds are combined (pooled) and invested to the extent available in various investments authorized by Minnesota statutes. Each fund's portion of this pool (or pools) is displayed on the financial statements as "cash and temporary investments." For purposes of identifying the risk of investing public funds, the balances are categorized as follows:

***Deposits***

Custodial credit risk for deposits and investments is the risk that in the event of a bank failure, the City's deposits 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 which are members of the Federal Reserve System.

Minnesota statutes require that all utility 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.

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 government entity.

At year end, the City's carrying amount of deposits was \$989,049 and the bank balance was \$1,172,670. Of the bank balance, \$336,609 was covered by federal depository insurance. The remaining balance was covered by collateral held by the pledging financial institution's trust department in the City's name.



City of Pine Island, Minnesota  
Notes to the Financial Statements  
December 31, 2021

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

**Investments**

As of December 31, 2021, the City had the following investments that are insured or registered, or securities held by the City or its agent in the City's name.

Investment Type	Credit Quality/ Ratings (1)	Segmented Time Distribution (2)	Fair Value and Carrying Amount	Fair Value Measurement Using	
				Level 1	Level 2
<b>Non-pooled Investments at Fair Value</b>					
Brokered Certificates of Deposit	N/A	less than 1 year	\$ 339,359	\$ -	\$ 339,359
Brokered Certificates of Deposit	N/A	1 year to 5 years	1,307,284	-	1,307,284
<b>Pooled Investments at Amortized Costs</b>					
4M Fund	N/A	less than 1 year	644,237	-	-
Broker money market	N/A	N/A	7,537,006	-	-
Mutual funds	N/A	N/A	305,644	-	-
<b>Total</b>			<u><u>\$ 10,133,530</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,646,643</u></u>

(1) Ratings are provided by Standard & Poor's where applicable to indicate associated credit risk.

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

N/A Indicates not available.

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

- *Credit Risk.* The credit risk for investments 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 49 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.* The concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. As of December 31, 2021, the City had invested 5.0 percent or more of its total investment portfolio in the following issuers: Rock Canyon Bank CD (15.51 percent), Goldman Sachs Banks CD (8.96 percent), Morgan Stanley Bank (9.52 percent), Morgan Stanley Private Bank (9.36 percent), Sallie Mae Bank CD (15.04 percent), State Bank India New York (10.69 percent), Synchrony Bank (10.69 percent), and Wells Fargo Bank CD (15.67 percent).
- *Interest Rate Risk.* The interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

City of Pine Island, Minnesota  
Notes to the Financial Statements  
December 31, 2021

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

A reconciliation of cash and temporary investments as shown on the statement of net position for the City follows:

Carrying Amount of Deposits	\$ 989,049
Investments	10,133,530
Cash on Hand	<u>350</u>
Total	<u><u>\$ 11,122,929</u></u>
Cash and Investments	
Unrestricted	
Primary government	\$ 8,164,599
Discretely presented component unit	105,448
Cash with fiscal agent	2,800,767
Restricted cash	
Primary government	<u>52,115</u>
Total	<u><u>\$ 11,122,929</u></u>

**B. Notes Receivable**

The City issued notes to local businesses for business development in the Revolving Loan special revenue fund. The City has 5 loans outstanding at year end totaling \$59,857. They have varying interest rates and maturity dates on each note. They are secured by assets of the businesses.

City of Pine Island, Minnesota  
Notes to the Financial Statements  
December 31, 2021

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

**C. Capital Assets**

Capital asset activity 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	\$ 1,195,850	\$ -	\$ -	\$ 1,195,850
Construction in progress	1,665,479	160,450	(1,783,188)	42,741
Total Capital Assets not Being Depreciated	<u>2,861,329</u>	<u>160,450</u>	<u>(1,783,188)</u>	<u>1,238,591</u>
Capital Assets Being Depreciated				
Land improvements	76,752	-	-	76,752
Buildings	620,729	-	-	620,729
Infrastructure	16,054,819	1,783,188	-	17,838,007
Machinery and equipment	3,446,079	-	-	3,446,079
Total Capital Assets Being Depreciated	<u>20,198,379</u>	<u>1,783,188</u>	<u>-</u>	<u>21,981,567</u>
Less Accumulated Depreciation for				
Land improvements	(73,161)	(3,586)	-	(76,747)
Buildings	(375,546)	(17,492)	-	(393,038)
Infrastructure	(3,621,275)	(462,299)	-	(4,083,574)
Machinery and equipment	(1,752,287)	(140,299)	-	(1,892,586)
Total Accumulated Depreciation	<u>(5,822,269)</u>	<u>(623,676)</u>	<u>-</u>	<u>(6,445,945)</u>
Total Capital Assets Being Depreciated, Net	<u>14,376,110</u>	<u>1,159,512</u>	<u>-</u>	<u>15,535,622</u>
Governmental Activities Capital Assets, Net	<u>\$ 17,237,439</u>	<u>\$ 1,319,962</u>	<u>\$ (1,783,188)</u>	<u>\$ 16,774,213</u>

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

<b>Governmental Activities</b>	
General government	\$ 289
Public safety	76,367
Public works	405,283
Culture and recreation	139,345
Housing and economic development	<u>2,392</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 623,676</u>

City of Pine Island, Minnesota  
Notes to the Financial Statements  
December 31, 2021

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type Activities</b>				
Capital Assets not Being Depreciated				
Land	\$ 64,136	\$ -	\$ -	\$ 64,136
Capital Assets Being Depreciated				
Buildings	2,673,730	214,632	-	2,888,362
Improvements other than buildings	177,234	-	-	177,234
Infrastructure	16,513,073	-	-	16,513,073
Machinery and equipment	1,930,661	-	-	1,930,661
Total Capital Assets Being Depreciated	<u>21,294,698</u>	<u>214,632</u>	<u>-</u>	<u>21,509,330</u>
Less Accumulated Depreciation for				
Buildings	(2,056,158)	(63,784)	-	(2,119,942)
Improvements other than buildings	(53,816)	(7,168)	-	(60,984)
Infrastructure	(6,322,681)	(442,253)	-	(6,764,934)
Machinery and equipment	(1,317,214)	(76,676)	-	(1,393,890)
Total Accumulated Depreciation	<u>(9,749,869)</u>	<u>(589,881)</u>	<u>-</u>	<u>(10,339,750)</u>
Total Capital Assets Being Depreciated, Net	<u>11,544,829</u>	<u>(375,249)</u>	<u>-</u>	<u>11,169,580</u>
Business-type Activities Capital Assets, Net	<u>\$ 11,608,965</u>	<u>\$ (375,249)</u>	<u>\$ -</u>	<u>\$ 11,233,716</u>

Depreciation expense was charged to functions/programs of the business-type activities as follows:

<b>Business-type Activities</b>	
Water	\$ 219,742
Sewer	323,420
Evergreen place	37,123
Cemetery	8,377
Deputy registrar	<u>1,219</u>
Total Depreciation Expense - Business-type Activities	<u>\$ 589,881</u>

City of Pine Island, Minnesota  
Notes to the Financial Statements  
December 31, 2021

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

**D. Interfund Transfers**

The composition of interfund transfers at December 31, 2021 is as follows:

Fund	Transfer In					Total
	General	Debt Service	Capital Equipment	Nonmajor Governmental	Nonmajor Enterprise	
Transfer Out						
General	\$ -	\$ -	\$ 200,000	\$ 136,338	\$ 4,000	\$ 340,338
Nonmajor Governmental	-	12,258	-	-	-	12,258
Water	64,119	55,850	-	-	-	119,969
Sewer	64,119	55,850	-	-	-	119,969
Evergreen Place	4,202	-	-	-	-	4,202
<b>Total</b>	<u>\$ 132,440</u>	<u>\$ 123,958</u>	<u>\$ 200,000</u>	<u>\$ 136,338</u>	<u>\$ 4,000</u>	<u>\$ 596,736</u>

The City annually budgets transfers for specific purposes. Annual transfers include transfers made to cover funds annual operations, transfers for debt service payments, transfers made as part of capital improvement plans and other transfers made for various reasons.

**E. Long-term Debt**

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both general government and proprietary activities. These bonds are reported in the proprietary funds if they are expected to be repaid from proprietary fund revenues.

General obligation bonds are direct obligations and pledge the full faith and credit of the City. General obligation bonds currently outstanding are as follows:

General Obligation Improvement Bonds

The following bonds were issued to finance various improvements and will be repaid primarily from special assessments levied on the properties benefiting from the improvements. Some issues, however, are partly financed by ad valorem tax levies. All special assessment debt is backed by the full faith and credit of the City. Each year the combined assessment and tax levy equals 105 percent of the amount required for debt service. The excess of 5 percent is to cover any delinquencies in tax or assessment payments.

City of Pine Island, Minnesota  
Notes to the Financial Statements  
December 31, 2021

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

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
2014A G.O Street Reconstruction Improvement Bonds	\$ 2,315,000	1.50 - 4.00 %	07/28/14	02/01/44	\$ 1,915,000
2014B G.O Crossover Refunding Bonds	1,565,000	2.00 - 3.00	08/04/14	02/01/27	605,000
2015A G.O Improvement Bond	1,200,000	.70 - 3.00	05/16/15	02/01/31	840,000
2017A G.O. Improvement Bond	1,175,000	1.25 - 3.13	06/20/17	02/01/33	970,000
2018A G.O. Improvement Bond	2,400,000	2.00 - 3.25	05/01/18	02/01/38	2,100,000
2020A G.O. Improvement Bond	1,965,000	2.05	06/01/20	02/01/36	1,965,000
2020B G.O. Refunding Bond	2,017,000	1.25	09/01/20	02/01/28	1,632,000
2021A G.O. Refunding Bond	2,650,000	1.85	11/03/21	02/01/44	<u>2,650,000</u>
Total General Obligation Improvement Bonds					<u><u>\$ 12,677,000</u></u>

The annual debt service requirements to maturity for general obligation improvement bonds outstanding at December 31, 2021 are as follows:

Year Ending December 31,	<b>General Obligation Improvement Bonds</b>		
	Governmental Activities		
	Principal	Interest	Total
2022	\$ 3,518,068	\$ 283,484	\$ 3,801,552
2023	931,310	189,141	1,120,451
2024	836,550	172,093	1,008,643
2025	705,215	157,157	862,372
2026	713,335	142,683	856,018
2027 - 2031	2,660,131	520,987	3,181,118
2032 - 2036	2,032,000	233,586	2,265,586
2037 - 2041	743,000	55,570	798,570
2042 - 2044	<u>270,000</u>	<u>7,566</u>	<u>277,566</u>
Total	<u><u>\$ 12,409,609</u></u>	<u><u>\$ 1,762,267</u></u>	<u><u>\$ 14,171,876</u></u>

Refunding Bonds

On October 26, 2021 the City issued \$2,650,000 of G.O. Refunding Bonds, Series 2021A. The bonds bear an average coupon rate of 1.28 percent and was used to call \$2,620,000 of the outstanding principal of the G.O. Improvement Bonds, Series 2014A and 2015A in 2022. As a result of the refunding issue, the City will achieve an economic gain (the present value of the difference between the old and the new debt service) of \$433,066.

City of Pine Island, Minnesota  
Notes to the Financial Statements  
December 31, 2021

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

Year Ending December 31,	Business-type Activities		
	Principal	Interest	Total
2021	\$ 58,932	\$ 3,177	\$ 62,109
2022	60,691	2,348	63,039
2023	62,450	1,507	63,957
2024	30,785	854	31,639
2025	31,665	393	32,058
2026 - 2028	22,868	163	23,031
<b>Total</b>	<b>\$ 267,391</b>	<b>\$ 8,442</b>	<b>\$ 275,833</b>

General Obligation Tax Increment Note

The following bonds were issued for development purposes. The additional tax increments resulting from increased tax capacity of the redeveloped properties will be used to retire the related debt.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O Tax Increment Note, Series 2017B	\$ 329,000	5.50 %	08/01/17	02/01/33	<u>\$ 311,000</u>

Annual debt service requirements to maturity for general obligation tax increment bonds outstanding at December 31, 2021 are as follows:

Year Ending December 31,	G.O. Tax Increment Bonds		
	Governmental Activities		
	Principal	Interest	Total
2022	\$ 19,000	\$ 16,583	\$ 35,583
2023	20,000	15,510	35,510
2024	21,000	14,383	35,383
2025	22,000	13,200	35,200
2026	24,000	11,935	35,935
2027 - 2031	139,000	38,088	177,088
2032 - 2033	66,000	3,685	69,685
<b>Total</b>	<b>\$ 311,000</b>	<b>\$ 113,384</b>	<b>\$ 424,384</b>

Annual net operating revenues, principal and interest payments, and the percentage of revenue required to cover principal and interest payment are as follows for the enterprise portions of the outstanding debt:

	Water	Evergreen Place
Net Operating Revenues	\$ 607,501	\$ 265,151
Principal and Interest	61,694	85,047
Percentage of Revenues	10%	32%

City of Pine Island, Minnesota  
Notes to the Financial Statements  
December 31, 2021

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

General Obligation Revenue Bonds

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
<b>Business-type Activities</b>					
2016A G.O. Assisted Living Refunding Bonds	\$ 537,000	2.45 %	03/07/16	02/01/23	<u>\$ 166,000</u>

Annual debt service requirements to maturity for general obligation revenue bonds are as follows:

Year Ending December 31,	<b>General Obligation Revenue Bonds</b>		
	Business-type Activities		
	Principal	Interest	Total
2022	\$ 79,000	\$ 3,099	\$ 82,099
2023	87,000	1,066	88,066
Total	<u>\$ 166,000</u>	<u>\$ 4,165</u>	<u>\$ 170,165</u>

Changes in Long-term Liabilities

During the year ended December 31, 2021, the following changes occurred in long-term liabilities.

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
Bonds Payable					
General obligation bonds	\$ 10,546,557	\$ 2,650,000	\$ (786,948)	\$ 12,409,609	\$ 3,518,068
General obligation tax increment bonds	329,000	-	(18,000)	311,000	19,000
Total Bonds Payable	<u>10,875,557</u>	<u>2,650,000</u>	<u>(804,948)</u>	<u>12,720,609</u>	<u>3,537,068</u>
Compensated Absences Payable	<u>7,287</u>	<u>49,665</u>	<u>(47,245)</u>	<u>9,707</u>	<u>9,707</u>
Governmental Activities	<u>\$ 10,882,844</u>	<u>\$ 2,699,665</u>	<u>\$ (852,193)</u>	<u>\$ 12,730,316</u>	<u>\$ 3,546,775</u>
<b>Business-type Activities</b>					
Bonds Payable					
General obligation bonds	\$ 325,443	\$ -	\$ (58,052)	\$ 267,391	\$ 58,932
General obligation revenue bonds	246,000	-	(80,000)	166,000	79,000
Total Bonds Payable	<u>571,443</u>	<u>-</u>	<u>(138,052)</u>	<u>433,391</u>	<u>137,932</u>
Compensated Absences Payable	<u>3,695</u>	<u>12,134</u>	<u>(11,486)</u>	<u>4,343</u>	<u>4,343</u>
Business-type Activities	<u>\$ 575,138</u>	<u>\$ 12,134</u>	<u>\$ (149,538)</u>	<u>\$ 437,734</u>	<u>\$ 142,275</u>



City of Pine Island, Minnesota  
Notes to the Financial Statements  
December 31, 2021

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

**F. Components of Fund Balance**

At December 31, 2021, portions of the City's fund balance are not available for appropriation due to legal restrictions (Restricted), City Council action (Committed), policy and/or intent (Assigned). The following is a summary of the components of fund balance:

	General	Debt Service	Capital Equipment	Other Governmental Funds	Total
Restricted for					
Debt service	\$ -	\$ 4,389,813	\$ -	\$ -	\$ 4,389,813
Capital Improvements	-	-	-	374,860	374,860
Economic development	-	-	-	155,850	155,850
Revolving loan	-	-	-	159,873	159,873
DTED Land O'Lakes	-	-	-	317,808	317,808
Disaster relief	-	-	-	514	514
<b>Total Restricted</b>	<b>\$ -</b>	<b>\$ 4,389,813</b>	<b>\$ -</b>	<b>\$ 1,008,905</b>	<b>\$ 5,398,718</b>
Committed to					
Library	\$ -	\$ -	\$ -	\$ 185,260	\$ 185,260
Assigned to					
Capital equipment	\$ -	\$ -	\$ 30,270	\$ -	\$ 30,270
ARPA	\$ -	\$ -	\$ -	919	919
Public safety	-	-	-	31,861	31,861
Heritage preservation	2,447	-	-	-	2,447
<b>Total Assigned</b>	<b>\$ 2,447</b>	<b>\$ -</b>	<b>\$ 30,270</b>	<b>\$ 32,780</b>	<b>\$ 65,497</b>

City of Pine Island, 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 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 state 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 Employees 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 for 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. 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. 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 2021 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 \$63,858, \$57,380 and \$59,873, respectively. The City's contributions were equal to the required contributions for each year as set by state statute.

City of Pine Island, 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 \$474,020 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 \$14,553. 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 proportionate share was 0.0111 percent which was the same percent from its proportion measured as of June 30, 2020.

City's Proportionate Share of the Net Pension Liability	\$ 474,020
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the City	<u>14,553</u>
Total	<u><u>\$ 488,573</u></u>

For the year ended December 31, 2021, the City recognized pension expense of \$22,199 for its proportionate share of General Employees Plan's pension expense. In addition, the City recognized \$1,174 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 the General Employees Plan'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	\$ 2,807	\$ 14,507
Changes in Actuarial Assumptions	289,427	10,366
Net Difference Between Projected and Actual Earnings on Plan Investments	-	409,623
Changes in Proportion	15,519	-
Contributions Paid to PERA Subsequent to the Measurement Date	<u>32,536</u>	<u>-</u>
Total	<u><u>\$ 340,289</u></u>	<u><u>\$ 434,496</u></u>

City of Pine Island, Minnesota  
Notes to the Financial Statements  
December 31, 2021

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

The \$32,536 reported as deferred outflows of resources related to pensions resulting from the City's contributions 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 pensions will be recognized in pension expense as follows:

2022	\$ (10,130)
2023	(950)
2024	(3,692)
2025	(111,971)

**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 and 2.25 percent for the Police and Fire 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 four-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 Pine Island, 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic Equity	33.5 %	5.10 %
Alternative Assets (Private Markets)	25.0	5.90
Bonds (Fixed Income)	25.0	0.75
International Equity	<u>16.5</u>	5.30
Total	<u><u>100.0 %</u></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:

	<u>City Proportionate Share of NPL</u>		
	<u>1 Percent Decrease (5.50%)</u>	<u>Current (6.50%)</u>	<u>1 Percent Increase (7.50%)</u>
General Employees Fund	\$ 966,758	\$ 474,020	\$ 69,698

**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 Pine Island, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 5: Defined Benefit Pension Plans - Fire Relief Association**

**A. Plan Description**

All members of the City of Pine Island Fire Department (the Department) are covered by a defined benefit plan administered by the City of Pine Island Fire Department Relief Association (the Association). As of December 31, 2020, the plan covered 21 active firefighters and 6 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 fire fighter 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 \$59,789 in fire state aid to the plan on behalf of the City Fire Department for the year ended December 31, 2021, which was recorded as a revenue. Required employer contributions are calculated annually based on statutory provisions. The City's statutorily-required contributions to the plan for the year ended December 31, 2021 were \$71,789. The City's contributions were equal to the required contributions as set by state statute. The City made voluntary contributions of to the plan in 2021. The firefighter has no obligation to contribute to the plan.

**D. Pension Costs**

At December 31, 2021, the City reported a net pension asset of \$475,329 for the Volunteer Firefighter Fund. The net pension asset was measured as of December 31, 2020. 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.

City of Pine Island, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 5: Defined Benefit Pension Plans - Fire Relief Association (Continued)**

The following table presents the changes in net pension liability (asset) during the year:

	Total Pension Liability (Asset) (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (c)
Beginning Balance January 1, 2020	\$ 791,321	\$ 1,149,180	\$ (357,859)
Changes for the Year			
Service cost	45,376	-	45,376
Interest on pension liability (asset)	47,114	-	47,114
Difference between expected and actual experience	(23,604)	-	(23,604)
Change in assumptions	25,317	-	25,317
Change of benefit terms	77,907	-	77,907
State and Local contributions	-	77,135	(77,135)
Net investment income	-	221,095	(221,095)
Benefit payments	(34,648)	(34,648)	-
Administrative expenses	-	(8,650)	8,650
Total Net Changes	<u>137,462</u>	<u>254,932</u>	<u>(117,470)</u>
Ending Balance December 31, 2020	<u>\$ 928,783</u>	<u>\$ 1,404,112</u>	<u>\$ (475,329)</u>

For the year ended December 31, 2021, the City recognized negative pension expense of \$20,447.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 96,288
Changes in Actuarial Assumptions	43,567	8,226
Net Difference Between Projected and Actual Earnings on Plan Investments	-	164,611
Contributions to Plan Subsequent to the Measurement Date	<u>71,789</u>	<u>-</u>
Total	<u>\$ 115,356</u>	<u>\$ 269,125</u>

Deferred outflows of resources totaling \$71,789 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	\$ (53,088)
2023	(44,030)
2024	(59,223)
2025	(38,754)
2026	(7,621)
Thereafter	(22,842)

City of Pine Island, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 5: Defined Benefit Pension Plans - Fire Relief Association (Continued)**

**E. Actuarial Assumptions**

The total pension liability at December 31, 2020 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 51-64 and 100 Percent at Age 65	
Investment Rate of Return	5.25%
20-Year Municipal Bond Yield	2.00%
Inflation	2.25%

Since the prior measurement date, the following assumptions changed:

- The expected investment rate of return and discount rate decreased from 5.75% to 5.25%.
- The 20 year municipal bond yield decreased from 3.75% to 2.00%.
- The inflation rate decreased from 2.50% to 2.25%.

The 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 geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic Equity	50.00 %	4.90 %
International Equity	-	5.32
Fixed Income	21.00	1.40
Real Estate	-	4.43
Cash	<u>29.00</u>	0.09
Total	<u><u>100.00</u></u> %	

**F. Discount Rate**

The discount rate used to measure the total pension liability was 5.25 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.



City of Pine Island, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 5: Defined Benefit Pension Plans - Fire Relief Association (Continued)**

**G. Pension Liability Sensitivity**

The following presents the City’s net pension liability (asset) for the plan, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City’s net pension liability (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 (4.25%)</u>	<u>Current (5.25%)</u>	<u>1 Percent Increase (6.25%)</u>
Defined Benefit Plan	\$ (429,759)	\$ (475,329)	\$ (518,202)

**H. Pension Plan Fiduciary Net Position**

The Association issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Pine Island Firemen’s Relief Association, P.O. Box 486, Pine Island, Minnesota 55963.

**Note 6: Other Information**

**A. Legal Debt Margin**

In accordance with Minnesota statutes, the City may not incur or be subject to net debt in excess of 3 percent of the market value of taxable property within the City. Net debt is payable solely from ad valorem taxes and, therefore, excludes debt financed partially or entirely by special assessments, enterprise fund revenues or tax increments. The City has no debt subject to this limit.

**B. 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.

**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 for LGA was \$657,246. This accounted for 21.4 percent of General fund revenue.

**D. Tax Increment Districts**

The City’s tax increment districts are subject to review by the State of Minnesota Office of the State Auditor (OSA). Any disallowed claims or misuse of tax increments could become a liability of the applicable fund. Management has indicated that they are not aware of any instances of noncompliance which would have a material effect on the financial statements.

City of Pine Island, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 7: Evergreen Place Management Contract**

The City entered into an agreement with Pine Haven, Inc. to rent and manage the Evergreen Place property. Pine Haven, Inc. agreed to contribute up to \$100,000 as necessary to fund operating expenses and debt service through September 30, 1996. Subsequent to 1996, all operating deficits are assumed by the City. Pine Haven, Inc. will be paid for administrative and office expenses in addition to direct expenses. The agreement expired April 1, 1998 and currently operates on a month-to-month basis.

**Note 8: Transactions between the Primary Government and its Component Unit**

The City conducts routine transactions with its component unit for services provided. The City provides administrative and financial services for the EDA activities. In 2021, the City contributed \$79,696 to the EDA for EDA operations.

**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 PINE ISLAND  
PINE ISLAND, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2021

City of Pine Island, Minnesota  
Required Supplementary Information  
For the Year Ended December 31, 2021

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

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	0.0111 %	\$ 474,020	\$ 14,553	\$ 488,573	\$ 778,325	60.9 %	87.0 %
06/30/20	0.0111	665,496	20,625	686,121	804,464	82.7	79.0
06/30/19	0.0107	591,579	18,333	609,912	756,170	78.2	80.2
06/30/18	0.0105	582,498	19,029	601,527	692,647	84.1	79.5
06/30/17	0.0100	638,393	8,053	646,446	646,273	98.8	75.9
06/30/16	0.0103	836,309	10,991	847,300	640,911	130.5	68.9
06/30/15	0.0105	544,164	-	544,164	615,932	88.3	78.2

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 Fund**

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	\$ 63,858	\$ 63,858	\$ -	\$ 851,443	7.5 %
12/31/20	57,380	57,380	-	765,072	7.5
12/31/19	59,873	59,873	-	798,307	7.5
12/31/18	54,908	54,908	-	732,109	7.5
12/31/17	48,453	48,453	-	646,038	7.5
12/31/16	46,992	46,992	-	626,560	7.5
12/31/15	46,552	46,552	-	620,693	7.5

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

City of Pine Island, Minnesota  
Required Supplementary Information  
For the Year Ended December 31, 2021

**Notes to the Required Supplementary Information - General Employees Fund**

Changes in Actuarial Assumptions

2021- 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.

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.

City of Pine Island, Minnesota  
Required Supplementary Information  
For the Year Ended December 31, 2021

**Notes to the Required Supplementary Information - General Employees Fund (Continued)**

Changes in Plan Provisions

2021 - There were no changes in plan provisions since the previous valuation.

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.

2018 - The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024. Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018. Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply. Contribution stabilizer provisions were repealed. Postretirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90.00 percent funding ratio to 50.00 percent of the Social Security Cost of Living Adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019. For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors. Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 - The State's contribution for the Minneapolis Employees Retirement Fund equals \$16,000,000 in 2017 and 2018, and \$6,000,000 thereafter. The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21,000,000 to \$31,000,000 in calendar years 2019 to 2031. The state's contribution changed from \$16,000,000 to \$6,000,000 in calendar years 2019 to 2031.

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

2016 - There were no changes in plan provisions since the previous valuation.

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 Pine Island, Minnesota  
Required Supplementary Information (Continued)  
For the Year Ended 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	2015
<b>Total Pension Liability</b>							
Service cost	\$ 45,376	\$ 40,511	\$ 39,096	\$ 38,050	\$ 36,221	\$ 33,198	\$ 32,309
Interest	47,114	40,368	37,425	34,546	35,866	27,327	25,857
Changes of benefit terms	77,907	48,900	84,964	-	-	61,511	-
Differences between expected and actual experience	(23,604)	-	(77,025)	-	(28,723)	-	-
Changes of assumptions	25,317	-	17,376	-	12,519	(16,614)	-
Benefit payments, including refunds of employee contributions	(34,648)	-	-	(55,144)	(17,500)	(47,590)	(21,533)
<b>Net Change in Total Pension Liability</b>	<u>137,462</u>	<u>129,779</u>	<u>101,836</u>	<u>17,452</u>	<u>38,383</u>	<u>57,832</u>	<u>36,633</u>
<b>Total Pension Liability - January 1, 2020</b>	<u>791,321</u>	<u>661,542</u>	<u>559,706</u>	<u>542,254</u>	<u>503,871</u>	<u>446,039</u>	<u>409,406</u>
<b>Total Pension Liability - December 31, 2020 (a)</b>	<u>\$ 928,783</u>	<u>\$ 791,321</u>	<u>\$ 661,542</u>	<u>\$ 559,706</u>	<u>\$ 542,254</u>	<u>\$ 503,871</u>	<u>\$ 446,039</u>
<b>Plan Fiduciary Net Position</b>							
Contributions - employer	\$ -	\$ -	\$ 11,000	\$ 11,000	\$ 11,000	\$ 26,160	\$ 23,160
Contributions - state	77,135	54,178	93,518	53,107	54,178	52,518	49,973
Net investment income	221,095	156,943	(19,853)	93,733	49,359	4,358	50,049
Benefit payments, including refunds of employee contributions	(34,648)	-	(11,000)	(66,144)	(11,500)	(47,590)	(21,533)
Administrative expense	(8,650)	(5,000)	(4,500)	(3,000)	(3,295)	(3,000)	(3,321)
<b>Net Change in Plan Fiduciary Net Position</b>	<u>254,932</u>	<u>206,121</u>	<u>69,165</u>	<u>88,696</u>	<u>99,742</u>	<u>32,446</u>	<u>98,328</u>
<b>Plan Fiduciary Net Position - Beginning of Year</b>	<u>1,149,180</u>	<u>943,059</u>	<u>873,894</u>	<u>785,198</u>	<u>688,151</u>	<u>658,260</u>	<u>559,932</u>
<b>Plan Fiduciary Net Position - End of Year (b)</b>	<u>\$ 1,404,112</u>	<u>\$ 1,149,180</u>	<u>\$ 943,059</u>	<u>\$ 873,894</u>	<u>\$ 787,893</u>	<u>\$ 690,706</u>	<u>\$ 658,260</u>
<b>Fire Relief's Net Pension Liability (Asset) - End of Year (a-b)</b>	<u>\$ (475,329)</u>	<u>\$ (357,859)</u>	<u>\$ (281,517)</u>	<u>\$ (314,188)</u>	<u>\$ (245,639)</u>	<u>\$ (186,835)</u>	<u>\$ (212,221)</u>
<b>Plan Fiduciary Net Position As a Percentage of the Total Pension Liability (b/a)</b>	151.18%	145.22%	142.55%	156.13%	145.30%	137.08%	147.58%
<b>Covered-employee Payroll</b>	N/A	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	N/A

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

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

*Benefit Changes:* Benefit payments were not present in 2020.

*Changes of Assumptions:* The expected investment rate of return and discount rate remained at 5.75%. The mortality assumptions were updated from the rates used in the July 1, 2017 Minnesota PERA Police & Fire Plan actuarial valuation to the rates used in the July 1, 2018 Minnesota PERA Police & Fire Plan actuarial valuation. The inflation assumption remained at 2.50%

City of Pine Island, Minnesota  
 Required Supplementary Information (Continued)  
 For the Year Ended 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	\$ 59,789	\$ 71,789	\$ (12,000)
12/31/20	57,135	68,635	(11,500)
12/31/19	54,178	65,178	(11,000)
12/31/18	52,518	63,518	(11,000)
12/31/17	53,107	64,107	(11,000)
12/31/16	51,483	62,483	(11,000)
12/31/15	49,963	55,963	(6,000)



COMBINING AND INDIVIDUAL FUND  
FINANCIAL STATEMENTS AND SCHEDULES

CITY OF PINE ISLAND  
PINE ISLAND, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2021

City of Pine Island, Minnesota  
 Nonmajor Governmental Funds  
 Combining Balance Sheet  
 December 31, 2021

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
<b>Assets</b>			
Cash and temporary investments	\$ 764,109	\$ 510,609	\$ 1,274,718
Restricted cash	30,958	-	30,958
Receivables			
Notes	59,857	-	59,857
	<u>59,857</u>	<u>-</u>	<u>59,857</u>
Total Assets	<u>\$ 854,924</u>	<u>\$ 510,609</u>	<u>\$ 1,365,533</u>
<b>Liabilities</b>			
Accounts payable	\$ 975	\$ -	\$ 975
Contracts payable	-	38,079	38,079
Accrued salaries payable	4,384	-	4,384
Due to other funds	-	10,576	10,576
Unearned revenue	154,900	-	154,900
Total Liabilities	<u>160,259</u>	<u>48,655</u>	<u>208,914</u>
<b>Fund Balances</b>			
Restricted	478,195	530,710	1,008,905
Committed	185,260	-	185,260
Assigned	32,780	-	32,780
Unassigned	(1,570)	(68,756)	(70,326)
Total Fund Balances	<u>694,665</u>	<u>461,954</u>	<u>1,156,619</u>
Total Liabilities and Fund Balances	<u>\$ 854,924</u>	<u>\$ 510,609</u>	<u>\$ 1,365,533</u>

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

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
<b>Revenues</b>			
Tax increment	\$ -	\$ 117,351	\$ 117,351
Intergovernmental	118,339	-	118,339
Charges for services	562	-	562
Fines and forfeitures	837	-	837
Interest on investments	7,504	916	8,420
Miscellaneous	5,809	-	5,809
Total Revenues	<u>133,051</u>	<u>118,267</u>	<u>251,318</u>
<b>Expenditures</b>			
Current			
Public safety	1,050	-	1,050
Culture and recreation	179,116	-	179,116
Housing and economic development	34,978	38,821	73,799
Capital outlay			
Public works	-	160,449	160,449
Culture and recreation	26,278	6,000	32,278
Housing and economic development	-	48,363	48,363
Debt service			
Principal	-	18,000	18,000
Interest and other	-	17,600	17,600
Total Expenditures	<u>241,422</u>	<u>289,233</u>	<u>530,655</u>
Deficiency of Revenues			
Under Expenditures	<u>(108,371)</u>	<u>(170,966)</u>	<u>(279,337)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers in	136,338	-	136,338
Proceeds of bonds issued	-	351,000	351,000
Transfers out	-	(12,258)	(12,258)
Total Other Financing Sources (Uses)	<u>136,338</u>	<u>338,742</u>	<u>475,080</u>
Net Change in Fund Balances	27,967	167,776	195,743
Fund Balances, January 1	<u>666,698</u>	<u>294,178</u>	<u>960,876</u>
Fund Balances, December 31	<u>\$ 694,665</u>	<u>\$ 461,954</u>	<u>\$ 1,156,619</u>

City of Pine Island, Minnesota  
 Nonmajor Special Revenue Funds  
 Combining Balance Sheet  
 December 31, 2021

	<b>201</b>	<b>211</b>	<b>246</b>	<b>260</b>	<b>261</b>
	ARPA Fund	Library	River Flood Monitor	Revolving Loan	DTED Land O'Lakes
<b>Assets</b>					
Cash and temporary investments	\$ 155,819	\$ 190,619	\$ (1,570)	\$ 113,757	\$ 273,109
Restricted cash	-	-	-	30,958	-
Receivables					
Notes	-	-	-	15,158	44,699
<b>Total Assets</b>	<b><u>\$ 155,819</u></b>	<b><u>\$ 190,619</u></b>	<b><u>\$ (1,570)</u></b>	<b><u>\$ 159,873</u></b>	<b><u>\$ 317,808</u></b>
<b>Liabilities</b>					
Accounts payable	\$ -	\$ 975	\$ -	\$ -	\$ -
Accrued salaries payable	-	4,384	-	-	-
Unearned revenue	154,900	-	-	-	-
<b>Total Liabilities</b>	<b><u>154,900</u></b>	<b><u>5,359</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Fund Balances</b>					
Restricted	-	-	-	159,873	317,808
Committed	-	185,260	-	-	-
Assigned	919	-	-	-	-
Unassigned	-	-	(1,570)	-	-
<b>Total Fund Balances</b>	<b><u>919</u></b>	<b><u>185,260</u></b>	<b><u>(1,570)</u></b>	<b><u>159,873</u></b>	<b><u>317,808</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 155,819</u></b>	<b><u>\$ 190,619</u></b>	<b><u>\$ (1,570)</u></b>	<b><u>\$ 159,873</u></b>	<b><u>\$ 317,808</u></b>

<b>270</b>	<b>280</b>	
Disaster Relief	Charitable Gambling Donations	Total
\$ 514	\$ 31,861	\$ 764,109
-	-	30,958
-	-	59,857
<u>\$ 514</u>	<u>\$ 31,861</u>	<u>\$ 854,924</u>
\$ -	\$ -	\$ 975
-	-	4,384
-	-	154,900
-	-	160,259
514	-	478,195
-	-	185,260
-	31,861	32,780
-	-	(1,570)
<u>514</u>	<u>31,861</u>	<u>694,665</u>
<u>\$ 514</u>	<u>\$ 31,861</u>	<u>\$ 854,924</u>

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

	<b>201</b>	<b>211</b>	<b>246</b>	<b>260</b>	<b>261</b>
	ARPA Fund	Library	River Flood Monitor	Revolving Loan	DTED Land O'Lakes
<b>Revenues</b>					
Intergovernmental	34,978	\$ 83,361	\$ -	\$ -	\$ -
Charges for services	-	562	-	-	-
Fines and forfeitures	-	837	-	-	-
Interest on investments	919	1,125	-	1,045	4,227
Miscellaneous	-	5,809	-	-	-
Total Revenues	<u>35,897</u>	<u>91,694</u>	<u>-</u>	<u>1,045</u>	<u>4,227</u>
<b>Expenditures</b>					
Current					
Public safety	-	-	1,050	-	-
Culture and recreation	-	179,116	-	-	-
Housing and economic development	34,978	-	-	-	-
Culture and recreation	-	26,278	-	-	-
Total Expenditures	<u>34,978</u>	<u>205,394</u>	<u>1,050</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	919	(113,700)	(1,050)	1,045	4,227
<b>Other Financing Sources</b>					
Transfers in	-	136,338	-	-	-
Net Change in Fund Balances	919	22,638	(1,050)	1,045	4,227
Fund Balances, January 1	-	162,622	(520)	158,828	313,581
Fund Balances, December 31	<u>\$ 919</u>	<u>\$ 185,260</u>	<u>\$ (1,570)</u>	<u>\$ 159,873</u>	<u>\$ 317,808</u>

<b>270</b>	<b>280</b>	
Disaster Relief	Charitable Gambling Donations	Total
\$ -	\$ -	\$ 118,339
-	-	562
-	-	837
-	188	7,504
-	-	5,809
-	188	133,051
-	-	1,050
-	-	179,116
-	-	34,978
-	-	26,278
-	-	241,422
-	188	(108,371)
-	-	136,338
-	188	27,967
514	31,673	666,698
<u>\$ 514</u>	<u>\$ 31,861</u>	<u>\$ 694,665</u>

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City of Pine Island, Minnesota  
Library Fund  
Budgeted Special Revenue Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances -  
Budget and Actual  
For the Year Ended December 31, 2021  
(With Comparative Actual Amounts for the Year Ended December 31, 2020)

	2021			Variance with Final Budget	2020
	Budgeted Amounts		Actual		Actual
	Original	Final	Amounts		Amounts
Revenues					
Intergovernmental	\$ 77,089	\$ 77,089	\$ 83,361	\$ 6,272	\$ 89,361
Charges for services	450	450	562	112	407
Fines and forfeitures	-	-	837	837	719
Interest on investments	100	100	1,125	1,025	1,021
Miscellaneous	3,060	3,060	5,809	2,749	3,165
Total Revenues	<u>80,699</u>	<u>80,699</u>	<u>91,694</u>	<u>10,995</u>	<u>94,673</u>
Expenditures					
Current					
Culture and recreation					
Personal services	153,447	153,447	156,404	(2,957)	147,109
Supplies	5,300	5,300	1,151	4,149	3,890
Other services and charges	20,390	20,390	21,561	(1,171)	24,817
Capital outlay					
Culture and recreation	37,900	37,900	26,278	11,622	29,205
Total Expenditures	<u>217,037</u>	<u>217,037</u>	<u>205,394</u>	<u>11,643</u>	<u>205,021</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(136,338)	(136,338)	(113,700)	22,638	(110,348)
Other Financing Sources					
Transfers in	<u>136,338</u>	<u>136,338</u>	<u>136,338</u>	-	<u>131,228</u>
Net Change in Fund Balances	-	-	22,638	22,638	20,880
Fund Balances, January 1	<u>162,622</u>	<u>162,622</u>	<u>162,622</u>	-	<u>141,742</u>
Fund Balances, December 31	<u>\$ 162,622</u>	<u>\$ 162,622</u>	<u>\$ 185,260</u>	<u>\$ 22,638</u>	<u>\$ 162,622</u>

City of Pine Island, Minnesota  
 Nonmajor Capital Projects Funds  
 Combining Balance Sheet  
 December 31, 2021

	<b>382</b>	<b>392</b>	<b>393</b>
	Brewing Company TIF 1-17	Wazuweeta Woods TIF 1-10	Downtown Development TIF 1-9
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Assets</b>			
Cash and temporary investments	\$ -	\$ 99,495	\$ 56,355
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Liabilities</b>			
Contracts payable	\$ -	\$ -	\$ -
Due to other funds	10,576	-	-
Total Liabilities	<u>10,576</u>	<u>-</u>	<u>-</u>
<b>Fund Balances</b>			
Restricted	-	99,495	56,355
Unassigned	(10,576)	-	-
Total Fund Balances	<u>(10,576)</u>	<u>99,495</u>	<u>56,355</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 99,495</u>	<u>\$ 56,355</u>

<b>396</b> Farm Country Co. TIF 1-13	<b>406</b> New Haven Road Project	<b>436</b> 5th Street SW	<b>440</b> 2018 Pool Project	<b>450</b> 2nd Ave Reconstruction	Total
<u>\$ -</u>	<u>\$ 308,259</u>	<u>\$ -</u>	<u>\$ (58,180)</u>	<u>\$ 104,680</u>	<u>\$ 510,609</u>
\$ -	\$ -	\$ -	\$ -	\$ 38,079	\$ 38,079
-	-	-	-	-	10,576
-	-	-	-	38,079	48,655
-	308,259	-	-	66,601	530,710
-	-	-	(58,180)	-	(68,756)
-	308,259	-	(58,180)	66,601	461,954
<u>\$ -</u>	<u>\$ 308,259</u>	<u>\$ -</u>	<u>\$ (58,180)</u>	<u>\$ 104,680</u>	<u>\$ 510,609</u>

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

	<b>382</b> Brewing Company TIF 1-17	<b>392</b> Wazuweeta Woods TIF 1-10	<b>393</b> Downtown Development TIF 1-9
Revenues			
Tax increment	\$ -	\$ 31,067	\$ 60,838
Interest on investments	-	584	332
Total Revenues	<u>-</u>	<u>31,651</u>	<u>61,170</u>
Expenditures			
Current			
Housing and economic development	875	725	725
Capital outlay			
Public works	-	-	-
Culture and recreation	-	-	-
Housing and economic development	-	27,460	20,903
Debt service			
Principal	-	-	18,000
Interest and other	-	-	17,600
Total Expenditures	<u>875</u>	<u>28,185</u>	<u>57,228</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(875)</u>	<u>3,466</u>	<u>3,942</u>
Other Financing Sources (Uses)			
Bonds issued	-	-	-
Transfers out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(875)	3,466	3,942
Fund Balances, January 1	<u>(9,701)</u>	<u>96,029</u>	<u>52,413</u>
Fund Balances, December 31	<u>\$ (10,576)</u>	<u>\$ 99,495</u>	<u>\$ 56,355</u>

<b>396</b> Farm Country Co. TIF 1-13	<b>406</b> New Haven Road Project	<b>436</b> 5th Street SW	<b>440</b> 2018 Pool Project	<b>450</b> 2nd Ave Reconstruction	Total
\$ 25,446	\$ -	\$ -	\$ -	\$ -	\$ 117,351
-	-	-	-	-	916
<u>25,446</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>118,267</u>
36,496	-	-	-	-	38,821
-	42,741	-	-	117,708	160,449
-	-	-	6,000	-	6,000
-	-	-	-	-	48,363
-	-	-	-	-	18,000
-	-	-	-	-	17,600
<u>36,496</u>	<u>42,741</u>	<u>-</u>	<u>6,000</u>	<u>117,708</u>	<u>289,233</u>
<u>(11,050)</u>	<u>(42,741)</u>	<u>-</u>	<u>(6,000)</u>	<u>(117,708)</u>	<u>(170,966)</u>
-	351,000	-	-	-	351,000
-	-	(12,258)	-	-	(12,258)
-	<u>351,000</u>	<u>(12,258)</u>	<u>-</u>	<u>-</u>	<u>338,742</u>
(11,050)	308,259	(12,258)	(6,000)	(117,708)	167,776
<u>11,050</u>	<u>-</u>	<u>12,258</u>	<u>(52,180)</u>	<u>184,309</u>	<u>294,178</u>
<u>\$ -</u>	<u>\$ 308,259</u>	<u>\$ -</u>	<u>\$ (58,180)</u>	<u>\$ 66,601</u>	<u>\$ 461,954</u>

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City of Pine Island, Minnesota  
 Nonmajor Proprietary Funds  
 Combining Statement of Net Position  
 December 31, 2021

	Business-type Activities - Enterprise Funds		
	604	871	
	Cemetery	Deputy Registrar	Total
<b>Assets</b>			
<b>Current Assets</b>			
Cash and temporary investments	\$ 334,532	\$ 67,412	\$ 401,944
Receivables			
Accounts	140	-	140
Total Current Assets	<u>334,672</u>	<u>67,412</u>	<u>402,084</u>
<b>Noncurrent Assets</b>			
<b>Capital assets</b>			
Buildings	15,500	146,306	161,806
Improvements other than buildings	177,234	-	177,234
Machinery and equipment	30,051	-	30,051
Less accumulated depreciation	(120,070)	(1,219)	(121,289)
Total Noncurrent Assets	<u>102,715</u>	<u>145,087</u>	<u>247,802</u>
Total Assets	<u>437,387</u>	<u>212,499</u>	<u>649,886</u>
<b>Deferred Outflows of Resources</b>			
Deferred pension resources	-	20,187	20,187
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts payable	-	1,120	1,120
Accrued salaries payable	-	2,345	2,345
Deferred revenue	-	850	850
Compensated absences payable	-	571	571
Total Current Liabilities	<u>-</u>	<u>4,886</u>	<u>4,886</u>
<b>Noncurrent Liabilities</b>			
Net pension liability	-	28,120	28,120
Total Liabilities	<u>-</u>	<u>33,006</u>	<u>33,006</u>
<b>Deferred Inflows of Resources</b>			
Deferred pension resources	-	25,794	25,794
<b>Net Position</b>			
Investment in capital assets	102,715	145,087	247,802
Unrestricted	<u>334,672</u>	<u>28,799</u>	<u>363,471</u>
Total Net Position	<u>\$ 437,387</u>	<u>\$ 173,886</u>	<u>\$ 611,273</u>

City of Pine Island, Minnesota  
 Nonmajor Proprietary Funds  
 Combining Statement of Revenues, Expenses  
 and Changes in Net Position  
 For the Year Ended December 31, 2021

	Business-type Activities - Enterprise Funds		
	<b>604</b>	<b>871</b>	
	Cemetery	Deputy Registrar	Total
Operating Revenues			
Charges for services	\$ 31,210	\$ 92,177	\$ 123,387
Operating Expenses			
Personal services	6,478	73,006	79,484
Supplies	4,588	4,015	8,603
Other services and charges	11,557	3,125	14,682
Utilities	841	2,592	3,433
Depreciation	8,377	1,219	9,596
Total Operating Expenses	<u>31,841</u>	<u>83,957</u>	<u>115,798</u>
Operating Income (Loss)	<u>(631)</u>	<u>8,220</u>	<u>7,589</u>
Nonoperating Revenues			
Interest income	(7,497)	646	(6,851)
Other income	151	69	220
Total Nonoperating Revenues	<u>(7,346)</u>	<u>715</u>	<u>(6,631)</u>
Income (Loss) Before Transfers	(7,977)	8,935	958
Transfers In	<u>4,000</u>	<u>-</u>	<u>4,000</u>
Change in Net Position	(3,977)	8,935	4,958
Net Position, January 1	<u>441,364</u>	<u>164,951</u>	<u>606,315</u>
Net Position, December 31	<u>\$ 437,387</u>	<u>\$ 173,886</u>	<u>\$ 611,273</u>



City of Pine Island, Minnesota  
Nonmajor Proprietary Funds  
Combining Statement of Cash Flows  
For the Year Ended December 31, 2021

	Business-type Activities - Enterprise Funds		
	604 Cemetery	871 Deputy Registrar	Total
Cash Flows from Operating Activities			
Receipts from users	\$ 31,221	\$ 92,333	\$ 123,554
Payments to suppliers	(16,986)	(7,848)	(24,834)
Payments to employees	(6,478)	(69,519)	(75,997)
Fees collected on behalf of State of Minnesota	-	48,346	48,346
Fees paid to State of Minnesota	-	(48,346)	(48,346)
Net Cash Provided by Operating Activities	<u>7,757</u>	<u>14,966</u>	<u>22,723</u>
Cash Flows from Noncapital and Related Financing Activities			
Transfers from other funds	<u>4,000</u>	<u>-</u>	<u>4,000</u>
Cash Flows from Capital and Related Financing Activities			
Acquisition of capital assets	<u>-</u>	<u>(146,306)</u>	<u>(146,306)</u>
Cash Flows from Investing Activities			
Interest on investments	<u>(7,497)</u>	<u>646</u>	<u>(6,851)</u>
Net Increase in Cash and Cash Equivalents	4,260	(130,694)	(126,434)
Cash and Cash Equivalents, January 1	<u>330,272</u>	<u>198,106</u>	<u>528,378</u>
Cash and Cash Equivalents, December 31	<u>\$ 334,532</u>	<u>\$ 67,412</u>	<u>\$ 401,944</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities			
Operating income (loss)	\$ (631)	\$ 8,220	\$ 7,589
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Other income related to operations	151	69	220
Depreciation	8,377	1,219	9,596
(Increase) decrease in assets			
Accounts receivable	(140)	87	(53)
(Increase) decrease in deferred outflows of resources			
Deferred pension resources	-	(15,920)	(15,920)
Increase (decrease) in liabilities/deferred inflows of resources			
Accounts payable	-	1,034	1,034
Accrued salaries payable	-	971	971
Unearned revenue	-	850	850
Net pension liability	-	(5,915)	(5,915)
Compensated absences payable	-	(2)	(2)
Deferred pension resources	-	24,353	24,353
Net Cash Provided by Operating Activities	<u>\$ 7,757</u>	<u>\$ 14,966</u>	<u>\$ 22,723</u>

City of Pine Island, Minnesota  
 General Fund  
 Schedule 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			Variance with Final Budget	2020
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Revenues					
Taxes					
Property	\$ 1,889,259	\$ 1,889,259	\$ 1,858,231	\$ (31,028)	\$ 1,782,086
Franchise	30,000	30,000	35,896	5,896	39,950
Total taxes	<u>1,919,259</u>	<u>1,919,259</u>	<u>1,894,127</u>	<u>(25,132)</u>	<u>1,822,036</u>
Licenses and permits					
Business	13,800	13,800	16,151	2,351	8,355
Nonbusiness	57,500	57,500	111,357	53,857	82,728
Total licenses and permits	<u>71,300</u>	<u>71,300</u>	<u>127,508</u>	<u>56,208</u>	<u>91,083</u>
Intergovernmental					
Federal	10,000	10,000	-	(10,000)	202,531
State					
Local government aid	657,246	657,246	657,246	-	644,483
Agricultural market value credit	-	-	871	871	1,033
Fire state aid	52,000	52,000	59,788	7,788	57,135
Small cities assistance program	-	-	60,082	60,082	3,000
Other	8,177	8,177	4,330	(3,847)	35,789
County	-	-	2,197	2,197	1,634
Total intergovernmental	<u>727,423</u>	<u>727,423</u>	<u>784,514</u>	<u>57,091</u>	<u>945,605</u>
Charges for services					
General government	18,100	18,100	11,455	(6,645)	11,595
Public safety	140,000	140,000	153,982	13,982	131,566
Public works	400	400	4,438	4,038	-
Culture and recreation	38,500	38,500	61,207	22,707	-
Total charges for services	<u>197,000</u>	<u>197,000</u>	<u>231,082</u>	<u>34,082</u>	<u>143,161</u>
Fines and forfeitures	<u>3,500</u>	<u>3,500</u>	<u>3,006</u>	<u>(494)</u>	<u>2,433</u>
Interest income	<u>18,000</u>	<u>18,000</u>	<u>249</u>	<u>(17,751)</u>	<u>39,811</u>
Special assessments	<u>2,000</u>	<u>2,000</u>	<u>2,812</u>	<u>812</u>	<u>-</u>
Miscellaneous					
Other	<u>20,650</u>	<u>20,650</u>	<u>23,098</u>	<u>2,448</u>	<u>24,708</u>
Total Revenues	<u>2,959,132</u>	<u>2,959,132</u>	<u>3,066,396</u>	<u>107,264</u>	<u>3,068,837</u>
Expenditures					
Current					
General government					
Mayor and council					
Personal services	16,446	16,446	15,404	1,042	12,209
Supplies	100	100	325	(225)	35,177
Other services and charges	12,600	12,600	1,107	11,493	1,239
Total mayor and council	<u>29,146</u>	<u>29,146</u>	<u>16,836</u>	<u>12,310</u>	<u>48,625</u>

City of Pine Island, Minnesota  
 General Fund  
 Schedule 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 (Continued)					
Current (continued)					
General government (continued)					
Elections					
Personal services	\$ -	\$ -	\$ -	\$ -	\$ 5,216
Supplies	3,745	3,745	4,016	(271)	3,009
Other services and charges	-	-	67	(67)	1,189
Total elections	<u>3,745</u>	<u>3,745</u>	<u>4,083</u>	<u>(338)</u>	<u>9,414</u>
Other general government					
Personal services	339,304	339,304	332,852	6,452	302,007
Supplies	4,600	4,600	3,948	652	18,983
Other services and charges	167,550	167,550	204,871	(37,321)	240,733
Total other general government	<u>511,454</u>	<u>511,454</u>	<u>541,671</u>	<u>(30,217)</u>	<u>561,723</u>
Total general government	<u>544,345</u>	<u>544,345</u>	<u>562,590</u>	<u>(18,245)</u>	<u>619,762</u>
Public safety					
Police					
Other services and charges	1,700	1,700	1,015	685	1,259
Contracted services	340,544	340,544	340,544	-	332,238
Total police	<u>342,244</u>	<u>342,244</u>	<u>341,559</u>	<u>685</u>	<u>333,497</u>
Fire protection					
Personal services	99,955	99,955	94,707	5,248	101,822
2% fire aid	52,000	52,000	59,789	(7,789)	57,135
Supplies	58,100	58,100	52,342	5,758	44,727
Other services and charges	78,775	78,775	89,762	(10,987)	62,829
Total fire protection	<u>288,830</u>	<u>288,830</u>	<u>296,600</u>	<u>(7,770)</u>	<u>266,513</u>
Rural fire fighting					
Personal services	67,681	67,681	73,898	(6,217)	57,182
Supplies	20,100	20,100	18,216	1,884	11,957
Other services and charges	62,475	62,475	64,032	(1,557)	62,319
Total rural fire fighting	<u>150,256</u>	<u>150,256</u>	<u>156,146</u>	<u>(5,890)</u>	<u>131,458</u>
Inspections					
Personal services	500	500	-	500	-
Supplies	50	50	-	50	-
Other services and charges	37,100	37,100	88,162	(51,062)	49,411
Total inspections	<u>37,650</u>	<u>37,650</u>	<u>88,162</u>	<u>(50,512)</u>	<u>49,411</u>

City of Pine Island, Minnesota  
 General Fund  
 Schedule 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 (Continued)					
Current (continued)					
Public safety (continued)					
Civil defense					
Personal services	\$ -	\$ -	\$ -	\$ -	\$ 6,232
Supplies	4,500	4,500	4,616	(116)	2,177
Other services and charges	5,300	5,300	3,204	2,096	1,291
Total civil defense	<u>9,800</u>	<u>9,800</u>	<u>7,820</u>	<u>1,980</u>	<u>9,700</u>
Animal control					
Supplies	275	275	94	181	211
Other services and charges	400	400	-	400	-
Total animal control	<u>675</u>	<u>675</u>	<u>94</u>	<u>581</u>	<u>211</u>
Total public safety	<u>829,455</u>	<u>829,455</u>	<u>890,381</u>	<u>(60,926)</u>	<u>790,790</u>
Public works					
Streets and alleys					
Personal services	463,594	463,594	379,500	84,094	389,225
Supplies	118,200	118,200	102,954	15,246	96,286
Other services and charges	372,150	372,150	391,085	(18,935)	405,292
Total streets and alleys	<u>953,944</u>	<u>953,944</u>	<u>873,539</u>	<u>80,405</u>	<u>890,803</u>
Street lighting					
Supplies	3,000	3,000	1,175	1,825	350
Other services and charges	54,000	54,000	56,168	(2,168)	51,179
Total street lighting	<u>57,000</u>	<u>57,000</u>	<u>57,343</u>	<u>(343)</u>	<u>51,529</u>
Storm sewer					
Supplies	32,000	32,000	4,179	27,821	28,501
Other services and charges	16,500	16,500	5,729	10,771	13,068
Total storm sewer	<u>48,500</u>	<u>48,500</u>	<u>9,908</u>	<u>38,592</u>	<u>41,569</u>
Weed control					
Supplies	50	50	-	50	-
Other services and charges	3,050	3,050	2,215	835	2,010
Total weed control	<u>3,100</u>	<u>3,100</u>	<u>2,215</u>	<u>885</u>	<u>2,010</u>
Total public works	<u>1,062,544</u>	<u>1,062,544</u>	<u>943,005</u>	<u>119,539</u>	<u>985,911</u>

City of Pine Island, Minnesota  
 General Fund  
 Schedule 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 (Continued)					
Current (continued)					
Culture and recreation					
Swimming pool					
Personal services	\$ 62,708	\$ 62,708	\$ 73,647	\$ (10,939)	\$ 3,036
Supplies	9,950	9,950	8,409	1,541	3,599
Other services and charges	37,450	37,450	38,919	(1,469)	41,727
Total swimming pool	<u>110,108</u>	<u>110,108</u>	<u>120,975</u>	<u>(10,867)</u>	<u>48,362</u>
Parks					
Personal services	10,812	10,812	9,798	1,014	7,035
Supplies	19,500	19,500	16,942	2,558	16,008
Other services and charges	74,750	74,750	67,823	6,927	67,427
Total parks	<u>105,062</u>	<u>105,062</u>	<u>94,563</u>	<u>10,499</u>	<u>90,470</u>
Total culture and recreation	<u>215,170</u>	<u>215,170</u>	<u>215,538</u>	<u>(368)</u>	<u>138,832</u>
Housing and economic development					
Supplies	25	25	-	25	-
Other services and charges	79,696	79,696	79,696	-	96,187
Total housing and economic development	<u>79,721</u>	<u>79,721</u>	<u>79,696</u>	<u>25</u>	<u>96,187</u>
Total current	<u>2,731,235</u>	<u>2,731,235</u>	<u>2,691,210</u>	<u>40,025</u>	<u>2,631,482</u>
Capital outlay					
Public safety	20,000	20,000	16,498	3,502	30,593
Public works	-	-	-	-	1,626
Total capital outlay	<u>20,000</u>	<u>20,000</u>	<u>16,498</u>	<u>3,502</u>	<u>32,219</u>
Total Expenditures	<u>2,751,235</u>	<u>2,751,235</u>	<u>2,707,708</u>	<u>43,527</u>	<u>2,663,701</u>
Excess of Revenues					
Over Expenditures	<u>207,897</u>	<u>207,897</u>	<u>358,688</u>	<u>150,791</u>	<u>405,136</u>
Other Financing Sources (Uses)					
Transfers in	132,441	132,441	132,440	(1)	129,062
Sale of capital assets	-	-	-	-	7,737
Insurance proceeds	-	-	64,593	64,593	-
Transfers out	(340,338)	(340,338)	(340,338)	-	(310,228)
Total Other Financing Sources (Uses)	<u>(207,897)</u>	<u>(207,897)</u>	<u>(143,305)</u>	<u>64,592</u>	<u>(173,429)</u>
Net Change in Fund Balances	-	-	215,383	215,383	231,707
Fund Balances, January 1	<u>1,251,689</u>	<u>1,251,689</u>	<u>1,251,689</u>	-	<u>1,019,982</u>
Fund Balances, December 31	<u>\$ 1,251,689</u>	<u>\$ 1,251,689</u>	<u>\$ 1,467,072</u>	<u>\$ 215,383</u>	<u>\$ 1,251,689</u>

City of Pine Island, Minnesota

Debt Service Funds

Combining Balance Sheet

December 31, 2021

	<b>308</b>	<b>312</b>	<b>313</b>	<b>314</b>	<b>315</b>
	2018A G.O. Improvement Bonds	2017A G.O. Improvement Bonds	2020A G.O. Improvement Bonds	2020B G.O. Refunding Bonds	2021A G.O. Refunding Bonds
<b>Assets</b>					
Cash and temporary investments	\$ 153,018	\$ 243,753	\$ 270,127	\$ 504,809	\$ 39,807
Cash with fiscal agent	-	-	-	-	-
Receivables					
Accounts	-	-	-	32	-
Special assessments	-	188,500	421,361	277,593	306,831
<b>Total Assets</b>	<u>\$ 153,018</u>	<u>\$ 432,253</u>	<u>\$ 691,488</u>	<u>\$ 782,434</u>	<u>\$ 346,638</u>
<b>Deferred Inflows of Resources</b>					
Unavailable revenues - special assessments	\$ -	\$ 188,500	\$ 420,794	\$ 277,236	\$ 306,831
<b>Fund Balances</b>					
Restricted	<u>153,018</u>	<u>243,753</u>	<u>270,694</u>	<u>505,198</u>	<u>39,807</u>
<b>Total Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 153,018</u>	<u>\$ 432,253</u>	<u>\$ 691,488</u>	<u>\$ 782,434</u>	<u>\$ 346,638</u>

<b>322</b> 2014A White Pines Bond	<b>323</b> 2014B Crossover Refunding	<b>324</b> 2015A Improvement Bonds	Total
\$ -	\$ 376,292	\$ -	\$ 1,587,806
1,950,903	-	849,864	2,800,767
-	-	-	32
-	14,167	-	1,208,452
<u>\$ 1,950,903</u>	<u>\$ 390,459</u>	<u>\$ 849,864</u>	<u>\$ 5,597,057</u>
\$ -	\$ 13,883	\$ -	\$ 1,207,244
<u>1,950,903</u>	<u>376,576</u>	<u>849,864</u>	<u>4,389,813</u>
<u>\$ 1,950,903</u>	<u>\$ 390,459</u>	<u>\$ 849,864</u>	<u>\$ 5,597,057</u>

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

	<b>308</b> 2018A G.O. Improvement Bonds	<b>312</b> 2017A G.O. Improvement Bonds	<b>313</b> 2020A G.O. Improvement Bonds	<b>314</b> 2020B G.O. Refunding Bonds
Revenues				
Property taxes	\$ 167,468	\$ 66,963	\$ 90,993	\$ 286,430
Special assessments	-	48,309	54,900	37,704
Interest on investments	903	1,417	1,625	2,577
Miscellaneous	-	-	-	13,730
Total Revenues	<u>168,371</u>	<u>116,689</u>	<u>147,518</u>	<u>340,441</u>
Expenditures				
Debt service				
Principal	95,000	70,000	-	326,948
Bond issuance costs	-	-	-	-
Interest and other	65,939	25,876	46,996	17,063
Total Expenditures	<u>160,939</u>	<u>95,876</u>	<u>46,996</u>	<u>344,011</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>7,432</u>	<u>20,813</u>	<u>100,522</u>	<u>(3,570)</u>
Other Financing Sources (Uses)				
Transfers in	-	12,258	-	102,644
Refunding bonds issued	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>12,258</u>	<u>-</u>	<u>102,644</u>
Net Change in Fund Balances	7,432	33,071	100,522	99,074
Fund Balances, January 1	<u>145,586</u>	<u>210,682</u>	<u>170,172</u>	<u>406,124</u>
Fund Balances, December 31	<u>\$ 153,018</u>	<u>\$ 243,753</u>	<u>\$ 270,694</u>	<u>\$ 505,198</u>



<b>315</b> 2021A G.O. Refunding Bonds	<b>322</b> 2014A White Pines Bond	<b>323</b> 2014B Crossover Refunding	<b>324</b> 2015A Improvement Bonds	Total
\$ -	\$ 124,845	\$ 151,028	\$ 68,499	\$ 956,226
-	11,954	22,186	30,609	205,662
-	1,244	2,222	1,454	11,442
-	-	-	-	13,730
-	<u>138,043</u>	<u>175,436</u>	<u>100,562</u>	<u>1,187,060</u>
-	55,000	165,000	75,000	786,948
26,320	-	-	-	26,320
-	73,101	21,120	20,997	271,092
<u>26,320</u>	<u>128,101</u>	<u>186,120</u>	<u>95,997</u>	<u>1,084,360</u>
<u>(26,320)</u>	<u>9,942</u>	<u>(10,684)</u>	<u>4,565</u>	<u>102,700</u>
39,887	-	9,055	-	163,844
26,240	1,697,510	-	575,250	2,299,000
-	(25,342)	-	(14,544)	(39,886)
<u>66,127</u>	<u>1,672,168</u>	<u>9,055</u>	<u>560,706</u>	<u>2,422,958</u>
39,807	1,682,110	(1,629)	565,271	2,525,658
-	268,793	378,205	284,593	1,864,155
<u>\$ 39,807</u>	<u>\$ 1,950,903</u>	<u>\$ 376,576</u>	<u>\$ 849,864</u>	<u>\$ 4,389,813</u>

City of Pine Island, Minnesota  
 Economic Development Authority  
 (Discretely Presented Component Unit)  
 Balance Sheet  
 December 31, 2021

	<b>255</b> Economic Development Authority <hr style="border: 0.5px solid black;"/>
<b>Assets</b>	
Cash and temporary investments	<u>\$ 105,448</u>
 <b>Liabilities</b>	
Accounts payable	\$ 102
 <b>Net position</b>	
Assigned for economic development	<u>105,346</u>
<b>Total Liabilities and Fund Balances</b>	<u><u>\$ 105,448</u></u>

City of Pine Island, Minnesota  
 Economic Development Authority  
 (Discretely Presented Component Unit)  
 Statement of Revenues, Expenditures and  
 Changes in Fund Balance  
 For the Year Ended December 31, 2021

	<b>255</b> Economic Development Authority <hr/>
Revenues	
Intergovernmental	\$ 79,696
Interest on investments	591
Total Revenues	<hr/> 80,287
Expenditures	
Current	
Housing and economic development	<hr/> 70,905
Net Change in Fund Balances	9,382
Fund Balances, January 1	<hr/> 95,964
Fund Balances, December 31	<hr/> <hr/> <u>\$ 105,346</u>

Amounts reported for the Economic Development Authority in the statement of activities are different because

City of Pine Island, Minnesota  
 Economic Development Authority Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balances -  
 Budget and Actual  
 For the Year Ended December 31, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 79,696	\$ 79,696	79,696	\$ -
Interest on investments	100	100	591	491
Miscellaneous	5,000	5,000	-	(5,000)
Total Revenues	<u>84,796</u>	<u>84,796</u>	<u>80,287</u>	<u>(4,509)</u>
Expenditures				
Current				
Economic development				
Personal services	46	46	-	46
Supplies	1,050	1,050	681	369
Other services and charges	78,600	78,600	70,224	8,376
Total Expenditures	<u>79,696</u>	<u>79,696</u>	<u>70,905</u>	<u>8,791</u>
Net Change in Fund Balances	5,100	5,100	9,382	4,282
Fund Balances, January 1	<u>95,964</u>	<u>95,964</u>	<u>95,964</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 101,064</u>	<u>\$ 101,064</u>	<u>\$ 105,346</u>	<u>\$ 4,282</u>

City of Pine Island, Minnesota  
 Summary Financial Report  
 Revenues and Expenditures For General Operations  
 Governmental Funds  
 For the Years Ended December 31, 2021 and 2020

	Total		Percent Increase (Decrease)
	2021	2020	
Revenues			
Taxes	\$ 3,022,254	\$ 2,555,740	18.25 %
Licenses and permits	127,508	66,986	90.35
Intergovernmental	902,853	754,076	19.73
Charges for services	231,644	206,766	12.03
Fines and forfeitures	3,843	5,262	(26.97)
Special assessments	208,474	198,206	5.18
Investment earnings	21,187	36,357	(41.73)
Miscellaneous	42,637	55,530	(23.22)
Total Revenues	<u>\$ 4,560,400</u>	<u>\$ 3,878,923</u>	17.57 %
Per Capita	\$ 1,210	\$ 1,109	9.15 %
Expenditures			
Current			
General government	\$ 562,590	\$ 516,473	8.93 %
Public safety	891,431	799,773	11.46
Public works	943,005	978,961	(3.67)
Culture and recreation	394,654	318,769	23.81
Housing and economic development	153,495	116,073	32.24
Capital outlay			
Public safety	16,498	682,489	(97.58)
Public works	160,449	61,622	160.38
Culture and recreation	32,278	1,002,954	(96.78)
Housing and economic development	48,363	26,557	82.11
Debt service			
Principal	804,948	799,587	0.67
Bond issuance costs	26,320	-	N/A
Interest and other charges	297,447	322,382	(7.73)
Total Expenditures	<u>\$ 4,331,478</u>	<u>\$ 5,625,640</u>	(23.00) %
Per Capita	\$ 1,149	\$ 1,608	(28.52) %
Total Long-term Indebtedness	\$ 12,720,609	\$ 9,911,385	28.34 %
Per Capita	3,375	2,833	19.15
General Fund Balance - December 31	\$ 1,467,072	\$ 1,019,982	43.83 %
Per Capita	389	292	33.53

The purpose of this report is to provide a summary of financial information concerning the City of Pine Island to interested citizens. The complete financial statements may be examined at City Hall, 250 South Main Street, Post Office Box 1000, Pine Island, Minnesota 55963. Questions about this report should be directed to Elizabeth Howard, City Administrator at (507) 356-4591.

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OTHER REQUIRED REPORT

CITY OF PINE ISLAND  
PINE ISLAND, 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 Pine Island, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Pine Island, 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 11, 2022.

In connection with our audit, nothing came to our attention that caused us to believe that the City of Pine Island 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

This report is intended solely for the information and use of those charged with governance and management of the City of Pine Island and the State Auditor and is not intended to be, and should not be, used by anyone other than these specified parties.



**Abdo**  
Minneapolis, Minnesota  
April 11, 2022