

# City of Pierz, Minnesota

---

Audited Financial Statements

December 31, 2022

**SCHLENNER  
WENNER & Co.**  
CPAs

**CITY OF PIERZ, MINNESOTA  
TABLE OF CONTENTS**

**INTRODUCTORY SECTION:**

**CITY COUNCIL AND OFFICIALS** ..... 2

**FINANCIAL SECTION:**

**INDEPENDENT AUDITOR’S REPORT** ..... 4

**BASIC FINANCIAL STATEMENTS:**

Statement of Balances Arising from Cash Transactions –  
Governmental Funds ..... 8

Statement of Receipts, Disbursements and Changes in  
Cash Fund Balances – Governmental Funds ..... 9

Statement of Balances Arising from Cash Transactions –  
Proprietary Funds ..... 10

Statement of Receipts, Disbursements and Changes in  
Net Cash Assets – Proprietary Funds ..... 11

Statement of Cash Flows – Cash Basis –  
Proprietary Funds ..... 12

Statement of Balances Arising from Cash Transactions – Fiduciary Fund ..... 13

Statement of Receipts, Disbursements and Changes in Net Cash Assets – Fiduciary Fund ..... 13

Notes to the Basic Financial Statements ..... 14

**SUPPLEMENTARY INFORMATION:**

Budgetary Comparison Schedule – General Fund –  
Regulatory Basis ..... 30

Budgetary Comparison Schedule – Fire Fund –  
Regulatory Basis ..... 32

Combining Statement of Balances Arising from Cash Transactions –  
All Nonmajor Governmental Funds ..... 33

Combining Statement of Receipts, Disbursements and Changes in  
Cash Fund Balances – All Nonmajor Governmental Funds ..... 34

Combining Statement of Balances Arising from Cash Transactions –  
Nonmajor Capital Project Governmental Funds ..... 35

Combining Statement of Receipts, Disbursements and Changes in  
Cash Fund Balances – Nonmajor Capital Project Governmental Funds ..... 36

Combining Statement of Balances Arising from Cash Transactions –  
Nonmajor Debt Service Governmental Funds ..... 37

Combining Statement of Receipts, Disbursements and Changes in  
Cash Fund Balances – Nonmajor Debt Service Governmental Funds ..... 38

Combining Statement of Balances Arising from Cash Transactions –  
Nonmajor Special Revenue Governmental Funds ..... 39

Combining Statement of Receipts, Disbursements and Changes in  
Cash Fund Balances – Nonmajor Special Revenue Governmental Funds ..... 40

Schedule of Indebtedness ..... 41

Schedule of Accounts Receivable ..... 42

Schedule of Accounts Payable and Contingent Liabilities ..... 43

**OTHER REQUIRED REPORT:**

Independent Auditor’s Report on Minnesota Legal Compliance ..... 46

## **INTRODUCTORY SECTION**

**CITY OF PIERZ, MINNESOTA  
CITY COUNCIL AND OFFICIALS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

**CITY COUNCIL**

Term Expires

Dave Fischer	Mayor	December 31, 2022
Jacqueline Ballou	Council Member	December 31, 2024
Don Bujalski	Council Member	December 31, 2026
Lynn Egan	Council Member	December 31, 2022

**CITY OFFICIALS**

Kyle Bednar	City Clerk	December 31, 2024
Linda Sczublewski	Treasurer	December 31, 2022

## **FINANCIAL SECTION**

## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council  
City of Pierz, Minnesota

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of each major fund and the aggregate remaining fund information of the City of Pierz, Minnesota, (the City) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

#### *Unmodified Opinion on Regulatory Basis of Accounting*

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective regulatory basis financial position of each major fund and the aggregate remaining fund information of the City of Pierz, Minnesota, as of December 31, 2022, and their respective regulatory basis changes in financial position and, where applicable, cash flows for the year then ended in accordance with the basis of accounting practices prescribed or permitted by of the State of Minnesota's Office of the State Auditor described in Note 1.C.

#### *Adverse Opinion on U.S. Generally Accepted Accounting Principles*

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each major fund and the aggregate remaining fund information of the City of Pierz, Minnesota, as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows for the year then ended.

#### *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.

#### *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles*

As discussed in Note 1.C. of the financial statements, the financial statements are prepared by the City of Pierz, Minnesota, on the basis of accounting practices prescribed or permitted by the State of Minnesota's Office of the State Auditor to demonstrate compliance with the Office of the State Auditor's regulatory basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1.C. and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

### ***Responsibilities of Management for the Financial Statements***

The City of Pierz's management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting practices prescribed or permitted by the State of Minnesota's Office of the State Auditor to demonstrate compliance with the Office of the State Auditor's regulatory basis of accounting. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS, 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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Pierz, Minnesota's basic financial statements. The introductory section, budgetary comparison schedules, combining nonmajor governmental funds financial statements, schedule of indebtedness, schedule of accounts receivable, and schedule of accounts payable and contingent liabilities are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor governmental funds financial statements 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 nonmajor governmental funds financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section, budgetary comparison schedules, schedule of indebtedness, schedule of accounts receivable, and schedule of accounts payable and contingent liabilities have 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 them.

#### **Report on Other Legal and Regulatory Requirements**

In accordance with Minnesota Statutes, we have also issued our report dated March 20, 2023, on our consideration of the City of Pierz's compliance with provisions of the *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to Minnesota Statute Section 6.65. The purpose of the report is to determine if the City has complied with Minnesota laws and regulations. That report is an integral part of an audit performed in the State of Minnesota.

A handwritten signature in cursive script that reads "Schlenner Wenner & Co." in dark ink.

**SCHLENNER WENNER & CO.**

St. Cloud, Minnesota

March 20, 2023



## **BASIC FINANCIAL STATEMENTS**

**CITY OF PIERZ, MINNESOTA**  
**STATEMENT OF BALANCES ARISING FROM CASH TRANSACTIONS**  
**GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2022**

	<u>General Fund</u>	<u>Fire Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 1,213,572	\$ 65,445	\$ 541,144	\$ 1,820,161
<b>CASH FUND BALANCES</b>				
Restricted	\$ -	\$ 12,500	\$ 209,903	\$ 222,403
Assigned	577,187	52,945	347,707	977,839
Unassigned	<u>636,385</u>	<u>-</u>	<u>(16,466)</u>	<u>619,919</u>
<b>TOTAL CASH FUND BALANCES</b>	<u>\$ 1,213,572</u>	<u>\$ 65,445</u>	<u>\$ 541,144</u>	<u>\$ 1,820,161</u>

**CITY OF PIERZ, MINNESOTA**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	General Fund	Fire Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>RECEIPTS</b>				
Property Taxes	\$ 252,437	\$ 49,036	\$ 23,019	\$ 324,492
Tax Increment	-	-	33,814	33,814
Special Assessments	-	-	14,027	14,027
Licenses, Permits, and Fees	122,673	-	-	122,673
Intergovernmental	493,685	72,242	74,585	640,512
Charges for Services	46,578	42,180	-	88,758
Fines	3,880	-	-	3,880
Loan Repayments	-	-	53,824	53,824
Investment Income	28,932	952	1,085	30,969
Contributions	4,440	15,685	-	20,125
Miscellaneous	37,939	152,530	48,335	238,804
<b>TOTAL RECEIPTS</b>	<u>990,564</u>	<u>332,625</u>	<u>248,689</u>	<u>1,571,878</u>
<b>DISBURSEMENTS</b>				
Current:				
General Government:				
Administration and Finance	126,948	-	-	126,948
Council	35,364	-	-	35,364
Other General Government	54,957	-	20,786	75,743
Total General Government	<u>217,269</u>	<u>-</u>	<u>20,786</u>	<u>238,055</u>
Public Safety:				
Police	183,324	-	-	183,324
Fire	1,596	171,306	-	172,902
Other Public Safety	51,995	-	-	51,995
Total Public Safety	<u>236,915</u>	<u>171,306</u>	<u>-</u>	<u>408,221</u>
Public Works	179,783	-	-	179,783
Library	19,910	-	-	19,910
Economic Development	-	-	22,835	22,835
Capital Outlay	366,073	318,713	57,108	741,894
Debt Service:				
Principal	-	-	45,875	45,875
Interest and Other Charges	-	-	1,642	1,642
<b>TOTAL DISBURSEMENTS</b>	<u>1,019,950</u>	<u>490,019</u>	<u>148,246</u>	<u>1,658,215</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	(29,386)	(157,394)	100,443	(86,337)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	90,000	37,598	127,598
Transfers Out	-	-	(127,598)	(127,598)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>90,000</u>	<u>(90,000)</u>	<u>-</u>
<b>NET CHANGE IN CASH FUND BALANCES</b>	(29,386)	(67,394)	10,443	(86,337)
<b>CASH FUND BALANCES - BEGINNING</b>	<u>1,242,958</u>	<u>132,839</u>	<u>530,701</u>	<u>1,906,498</u>
<b>CASH FUND BALANCES - ENDING</b>	<u>\$ 1,213,572</u>	<u>\$ 65,445</u>	<u>\$ 541,144</u>	<u>\$ 1,820,161</u>

See accompanying notes.

**CITY OF PIERZ, MINNESOTA**  
**STATEMENT OF BALANCES ARISING FROM CASH TRANSACTIONS**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2022**

	Electric Fund	Golf Course Fund	Solid Waste Fund	Nonmajor Storm Water Fund	Totals
<b>ASSETS</b>					
Current Assets					
Cash and Cash Equivalents	\$ 274,037	\$ 398,351	\$ 28,060	\$ 28,787	\$ 729,235
Noncurrent Assets					
Advances to Other Funds	<u>795,351</u>	<u>-</u>	<u>150,000</u>	<u>-</u>	<u>945,351</u>
<b>TOTAL ASSETS</b>	<u>\$ 1,069,388</u>	<u>\$ 398,351</u>	<u>\$ 178,060</u>	<u>\$ 28,787</u>	<u>\$ 1,674,586</u>
<b>LIABILITIES</b>					
Noncurrent Liabilities					
Advances from Other Funds	\$ -	\$ 945,351	\$ -	\$ -	\$ 945,351
<b>NET CASH ASSETS</b>					
Restricted	-	1,800	-	-	1,800
Unrestricted	<u>1,069,388</u>	<u>(548,800)</u>	<u>178,060</u>	<u>28,787</u>	<u>727,435</u>
Total Net Cash Assets	<u>1,069,388</u>	<u>(547,000)</u>	<u>178,060</u>	<u>28,787</u>	<u>729,235</u>
<b>TOTAL LIABILITIES AND NET CASH ASSETS</b>	<u>\$ 1,069,388</u>	<u>\$ 398,351</u>	<u>\$ 178,060</u>	<u>\$ 28,787</u>	<u>\$ 1,674,586</u>

**CITY OF PIERZ, MINNESOTA**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN NET CASH ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	Electric Fund	Golf Course Fund	Solid Waste Fund	Nonmajor Storm Water Fund	Totals
<b>OPERATING RECEIPTS</b>					
Charges for Services	\$ 1,155,807	\$ 417,094	\$ 92,675	\$ 50,610	\$ 1,716,186
Cost of Sales or Charges	(829,634)	(44,501)	(70,843)	-	(944,978)
Other Operating Receipts	67,136	-	-	-	67,136
<b>NET OPERATING RECEIPTS</b>	393,309	372,593	21,832	50,610	838,344
<b>OPERATING DISBURSEMENTS</b>					
Personnel Services	61,156	238,305	14,237	-	313,698
Professional Services	135,245	10,213	-	145	145,603
Utilities	-	4,655	-	-	4,655
Repairs and Maintenance	1,752	30,401	-	-	32,153
Materials and Supplies	27,313	46,818	413	550	75,094
Insurance	3,020	12,313	-	-	15,333
Other	10,452	22,455	3,637	350	36,894
<b>TOTAL OPERATING DISBURSEMENTS</b>	238,938	365,160	18,287	1,045	623,430
<b>NET OPERATING INCOME (LOSS)</b>	154,371	7,433	3,545	49,565	214,914
<b>NONOPERATING RECEIPTS (DISBURSEMENTS)</b>					
Property Taxes	-	22,012	-	-	22,012
Intergovernmental	-	-	6,486	-	6,486
Investment Income	11,695	2,419	470	-	14,584
Miscellaneous	14,786	13,267	-	-	28,053
Interest and Other Charges	-	-	-	(488)	(488)
<b>NET NONOPERATING RECEIPTS (DISBURSEMENTS)</b>	26,481	37,698	6,956	(488)	70,647
<b>NET CHANGE IN NET CASH ASSETS BEFORE OTHER DISBURSEMENTS AND TRANSFERS</b>	180,852	45,131	10,501	49,077	285,561
<b>OTHER DISBURSEMENTS AND TRANSFERS</b>					
Capital Outlay	-	(4,559)	-	-	(4,559)
Capital Outlay - Golf Course Expansion Project	-	(448,408)	-	-	(448,408)
Debt Principal	-	-	-	(39,000)	(39,000)
<b>TOTAL OTHER DISBURSEMENTS AND TRANSFERS</b>	-	(452,967)	-	(39,000)	(491,967)
<b>CHANGE IN NET CASH ASSETS</b>	180,852	(407,836)	10,501	10,077	(206,406)
<b>NET CASH ASSETS - BEGINNING OF YEAR</b>	888,536	(139,164)	167,559	18,710	935,641
<b>NET CASH ASSETS - END OF YEAR</b>	<u>\$ 1,069,388</u>	<u>\$ (547,000)</u>	<u>\$ 178,060</u>	<u>\$ 28,787</u>	<u>\$ 729,235</u>

**CITY OF PIERZ, MINNESOTA**  
**STATEMENT OF CASH FLOWS – CASH BASIS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	Electric Fund	Golf Course Fund	Solid Waste Fund	Nonmajor Storm Water Fund	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash Received from Customers	\$ 1,222,943	\$ 417,094	\$ 92,675	\$ 50,610	\$ 1,783,322
Cash Paid to Suppliers	(1,007,416)	(171,356)	(74,893)	(1,045)	(1,254,710)
Cash Paid to Employees	(61,156)	(238,305)	(14,237)	-	(313,698)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	154,371	7,433	3,545	49,565	214,914
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Taxes and Intergovernmental	-	22,012	6,486	-	28,498
Other Receipts from Customers	14,786	13,267	-	-	28,053
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	14,786	35,279	6,486	-	56,551
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Purchases of Capital Assets	-	(452,967)	-	-	(452,967)
Interfund Advances to Other Funds	(500,000)	-	(50,000)	-	(550,000)
Interfund Advances from Other Funds	-	550,000	-	-	550,000
Payments on Debt Principal	-	-	-	(39,000)	(39,000)
Cash Paid for Interest	-	-	-	(488)	(488)
<b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	(500,000)	97,033	(50,000)	(39,488)	(492,455)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Investment Income	11,695	2,419	470	-	14,584
Net Change in Cash and Cash Equivalents	(319,148)	142,164	(39,499)	10,077	(206,406)
Cash and Cash Equivalents - Beginning of Year	593,185	256,187	67,559	18,710	935,641
Cash and Cash Equivalents - End of Year	<u>\$ 274,037</u>	<u>\$ 398,351</u>	<u>\$ 28,060</u>	<u>\$ 28,787</u>	<u>\$ 729,235</u>

**CITY OF PIERZ, MINNESOTA  
FIDUCIARY FUND  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2022**

**STATEMENT OF BALANCES ARISING FROM CASH TRANSACTIONS**

	Custodial Fund RPSWD Billing Services
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 71,250
<b>NET CASH ASSETS</b>	
Held for Other Entities	\$ 71,250

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN NET CASH ASSETS**

	Custodial Fund RPSWD Billing Services
<b>RECEIPTS</b>	
Charges for Services	\$ 887,343
<b>DISBURSEMENTS</b>	
Other Services and Charges	889,545
<b>CHANGE IN NET CASH ASSETS</b>	(2,202)
<b>NET CASH ASSETS - BEGINNING</b>	73,452
<b>NET CASH ASSETS - ENDING</b>	\$ 71,250

**CITY OF PIERZ, MINNESOTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Pierz, Minnesota (the City) complies with accounting practices prescribed or permitted by the *Reporting and Publishing Requirements for City Financial Statements for Cities under 2,500 in Population Reporting on the Cash or Regulatory Basis of Accounting* prescribed by the State of Minnesota's Office of the State Auditor. See Note 1.C. for additional information.

The City has a mayor-council form of government that is governed by an elected mayor and three-member council. The City provides the following services: electricity, storm water, recreation, public improvements, public safety, planning and zoning, and general administrative services.

**1.A. FINANCIAL REPORTING ENTITY**

The City's financial reporting entity is comprised of the primary governmental unit of the City of Pierz, Minnesota.

In determining the financial reporting entity, the City complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*, and includes all component units of which the City appointed a voting majority of the units' board; the City is either able to impose its will on the unit or a financial benefit or burden relationship exists.

**Blended Component Units**

Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same or substantially the same as the City Council or the component unit provides services entirely to the City. These component units' funds are blended into those of the City's by appropriate activity type to compose the primary government presentation. Currently, the City has one blended component unit: the Pierz Economic Development Authority.

The Pierz Economic Development Authority was established in 2006 as a legal entity under Minnesota Statutes. Its purpose is to promote and provide incentives for economic development. The Authority is governed by six commissioners: the Mayor, a Council member, the City's Treasurer, two at-large members and the City's Administrator.

**Discretely Presented Component Units**

Discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending. Currently, the City has no discretely presented component units.

**Related Organizations**

The Pierz Fire Relief Association is organized as a non-profit organization by its members to provide benefits to such members in accordance with Minnesota Statutes. Its Board of Directors is appointed by the membership of the organization. The City has no significant influence over the management, budget or policies of the Association. All funding is conducted in accordance with Minnesota Statutes, whereby State aids flow through the City to the Association.

**1.B. BASIS OF PRESENTATION**

**Fund Financial Statements**

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, receipts and disbursements. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the criteria noted on the following page:



**CITY OF PIERZ, MINNESOTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**1.B. BASIS OF PRESENTATION (Continued)**

- a. Total assets, liabilities, receipts or disbursements of that individual governmental or proprietary fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, receipts or disbursements of that individual governmental or proprietary fund are at least 5 percent of the corresponding total for all governmental and proprietary funds combined.

The City reports the following major governmental funds:

The *General Fund* is the primary operating fund of the City and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

The *Fire Fund* is a special revenue fund used to account for the proceeds of specific revenue sources that are legally restricted to disbursements for public safety purposes.

The City reports the following major proprietary funds:

The *Electric Fund* accounts for business-like activities related to providing electric services to the general public. These activities are financed primarily by user charges, and the measurement of financial activity focuses on net income measurement similar to the private sector.

The *Golf Course Fund* accounts for business-like activities related to operating a municipal golf course for the use by the general public. These activities are financed primarily by member charges, and the measurement of financial activity focuses on net income measurement similar to the private sector.

The *Solid Waste Fund* accounts for business-like activities related to the solid waste services provided to the general public. These activities are financed primarily by user charges, and the measurement of financial activity focuses on net income measurement similar to the private sector.

Additionally, the City reports the following nonmajor funds and fund types:

The *Capital Project Funds* are used to account for financial resources to be used for the acquisition or construction of major capital projects and purchases.

The *Debt Service Funds* account for the accumulation of financial resources for the payment of interest and principal on general long-term debt of the City other than debt service payments made by Proprietary Funds. Property taxes, special assessments and tax increment financing are used for the payment of principal and interest on the City's judgment.

The *Special Revenue Funds* are used to account for the proceeds of specific revenue sources (other than expendable trusts, or major capital projects) that are legally restricted to disbursements for specified purposes.

The *Storm Water Fund* accounts for business-like activities related to the storm water system provided to the general public. These activities are financed primarily by user charges, and the measurement of financial activity focuses on net income measurement similar to the private sector.

The *Fiduciary Fund* accounts for assets held by the City for other parties. These assets cannot be used to finance the City's own operating programs.

**CITY OF PIERZ, MINNESOTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**1.C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

The financial statements have been prepared on the regulatory (cash) basis of accounting as described in the Minnesota Office of the State Auditor's *Reporting and Publishing Requirements for City Audited Financial Statements for Cities under 2,500 in Population Reporting on the Cash or Regulatory Basis of Accounting*. Under this regulatory (cash) basis of accounting:

- In the governmental and proprietary fund statements, receipts are recognized when received rather than when measurable and available, and disbursements are recognized when paid rather than when the obligation is incurred. These statements do not give effect to receivables, payables, accrued expenses and inventories and, accordingly, are not presented in accordance with accounting principles generally accepted in the United States of America.

The basis differs from accounting principles generally accepted in the United States of America primarily because the City has not reported a management discussion and analysis letter, government-wide statement of net position and government-wide statement of activities, and the City does not recognize governmental receipts and disbursements in accordance with the modified accrual basis of accounting or proprietary receipts and disbursements in accordance with the accrual basis of accounting.

**1.D. USE OF ESTIMATES**

The preparation of financial statements in conformity with the regulatory (cash) basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingencies related to these balances at the date of the financial statements. Estimates also affect reported amounts of receipts and disbursements during the reporting period. Actual results could differ from those estimates.

**1.E. ASSETS, LIABILITIES, AND EQUITY**

**Cash and Cash Equivalents**

For purposes of the Statements of Balances Arising from Cash Transactions and the proprietary funds Statement of Cash Flows, "cash and cash equivalents" includes all demand accounts.

See Note 2.A. for additional information related to Cash and Cash Equivalents.

**Noncurrent Liabilities**

Long-term debt is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest are reported as disbursements in governmental funds. In proprietary funds, debt proceeds and payment of principal and interest are reported as other receipts and disbursements. Bond premiums and discounts, as well as bond issuance costs, are recognized during the current period.

**Interfund Receivables and Payables**

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "due from and to other funds." Long-term interfund loans are reported as "advances to and from other funds." See Note 2.D. for details of interfund transactions, including receivables and payables at year-end.

**CITY OF PIERZ, MINNESOTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**1.E. ASSETS, LIABILITIES, AND EQUITY (Continued)**

**Equity Classifications**

Governmental Funds

In the governmental fund financial statements, governmental funds report cash fund balances as either nonspendable, restricted, committed, assigned, or unassigned. When the City incurs a disbursement for which it may use either restricted or unrestricted cash fund balances, it uses restricted cash fund balances first unless unrestricted cash fund balances will have to be returned because they were not used. When the City incurs a disbursement for purposes for which amounts in any unrestricted cash fund balance classification could be used, it uses cash fund balances in the following order: Committed, assigned, unassigned.

Nonspendable – Includes amounts that cannot be spent because they are either not in spendable form, or are legally or contractually required to be maintained intact. There are no nonspendable cash fund balances at December 31, 2022.

Restricted – That portion of cash fund balance which is not available for appropriation or which has been legally segregated for a specific purpose.

Committed – Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (resolution) of the City Council, which is the 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. There are no committed cash fund balances at December 31, 2022.

Assigned – Amounts that are constrained by the City’s intent to be used for specific purposes, but are neither restricted nor committed. Amounts can be assigned by the City Treasurer, City Clerk or City Administrator.

Unassigned – This classification represents cash fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

The City does not have a minimum fund balance policy for its governmental funds.

See Note 2.E. for additional disclosures.

Proprietary Funds

In the proprietary fund financial statements, net cash assets are displayed in two components:

Restricted Net Cash Assets – Consist of net cash assets with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or 2) law through constitutional provisions or enabling legislation.

Unrestricted Net Cash Assets – All other net cash assets that does not meet the definition of “restricted.”

It is the City’s policy to consider restricted net cash assets to its depletion before unrestricted cash assets are applied.

**1.F. RECEIPTS AND DISBURSEMENTS**

**Property Tax**

Under State law, municipalities are limited in their ability to levy a property tax. The City levies its property tax for the subsequent year during the month of December. Morrison County is the collecting agency for the levy and remits the collections to the City. In the fund financial statements, property taxes are recorded as revenue in the period levied to the extent they are collected.

**CITY OF PIERZ, MINNESOTA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**1.F. RECEIPTS AND DISBURSEMENTS (Continued)**

December 31 is the last day the City can certify a tax levy to the County for collection the following year. The County creates the tax list for all taxable property in the City and applies the applicable tax rate to the tax capacity of individual properties to arrive at the actual tax for each property. The County also collects all special assessments, except for certain prepayments paid directly to the City. The County collects all taxes and assessments, except as noted above. The County mails copies of all real estate and personal property tax statements. Each year, property owners are required to pay one half of their real estate taxes by May 15 and the balance by October 15. Penalties and interest are assessed to property owners who do not pay their property taxes and special assessments by the due dates.

**Receipts and Disbursements**

Proprietary funds distinguish operating receipts and disbursements from nonoperating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods and/or services in connection with a proprietary fund's principal ongoing operations. Operating disbursements for proprietary funds include the cost of sales and services and administrative costs. All receipts and disbursements not meeting this definition are reported as nonoperating items which include receipts and disbursements related to capital and related to financing, noncapital financing, or investing activities.

**Disbursements**

In the fund financial statements, disbursements are classified as follows:

Governmental Funds - By Character	Current (further classified by Function)
	Capital Outlay
	Debt Service

Proprietary Funds - By Operating and Nonoperating

In the fund financial statements, governmental and proprietary funds report disbursements of financial resources.

**Interfund Transfers**

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. See additional information at Note 2.D.

**NOTE 2 DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS**

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, receipts, and disbursements.

**2.A. CASH AND CASH EQUIVALENTS**

**Deposits**

In accordance with applicable Minnesota Statutes, the City maintains deposits at depository banks authorized by the City Council. Minnesota Statutes require that all City deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110 percent of the deposits not covered by insurance or bonds (100% if collateral pledged is irrevocable standby letters of credit issued by the Federal Home Loan Bank). The City complies with such laws.

**CITY OF PIERZ, MINNESOTA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 2    DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)**

**2.A.    CASH AND CASH EQUIVALENTS (Continued)**

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;
- A general obligation of a state or local government, with taxing powers, rated “A” or better;
- A revenue obligation of a state or local government, with taxing powers, rated “AA” or better;
- Unrated general obligation securities of a local government, with taxing powers, pledged as collateral against funds deposited by that same local government entity;
- Irrevocable standby letter of credit issued by a Federal Home Loan Bank accompanied by written evidence that the Federal Home Loan Bank’s public debt is rated “AA” or better by Moody’s or Standard and Poor’s; or
- Time deposits insured by any federal agency.

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

At December 31, 2022, the City’s deposits were not exposed to custodial credit risk. The City’s deposits were sufficiently covered by federal depository insurance or by collateral held by the City’s agent in the City’s name.

The following is a summary of total cash and cash equivalents at December 31, 2022:

Cash in Checking Account	<u>\$       2,620,646</u>
--------------------------	---------------------------

Cash, cash equivalents, and time deposits are included on the basic financial statements as follows:

Cash and Cash Equivalents -	
Statement of Balances Arising from Cash Transactions - Governmental Funds	\$       1,820,161
Cash and Cash Equivalents -	
Statement of Balances Arising from Cash Transactions - Proprietary Funds	729,235
Cash and Cash Equivalents -	
Statement of Balances Arising from Cash Transactions - Custodial Fund	<u>71,250</u>
Total Cash and Cash Equivalents	<u>\$       2,620,646</u>

**CITY OF PIERZ, MINNESOTA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 2    DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)**

**2.B.    LOANS RECEIVABLE**

**Small Cities Development Program**

The City received a federal grant for the rehabilitation of residential and commercial properties. Commercial property owners have two mortgages, with one of equal amount deferred. The City has \$129,160 of loan awards with monthly payments required. These loans carry an interest rate of 1.00 percent. At December 31, 2022, the loan balance is \$32,397. Deferred commercial and residential properties have a repayment requirement if the property is sold before the deferment period expires, and thus have no monthly loan payments required.

**Minnesota Investment Fund Loan**

A loan in the amount of \$300,000 was made to a local business effective March 2019. Terms call for monthly principal and interest payments of approximately \$2,760 with an interest rate of 2.00 percent and will mature in 2029. At December 31, 2022, the principal balance is \$192,025.

**EDA Loans**

Loans in the amount of \$45,000 were made to local businesses during 2021. Terms call for monthly principal and interest payments with an interest rate of 2.00 percent and will mature in 2030 and 2031. At December 31, 2022, the principal balance is \$38,162.

**2.C.    NONCURRENT LIABILITIES**

The reporting entity’s long-term debt is segregated between the amounts to be repaid from governmental funds and amounts to be repaid from proprietary funds.

There are a number of limitations and restrictions contained in the general obligation bond indentures.

As of December 31, 2022, the long-term debt of the financial reporting entity consists of the following:

Governmental Funds

General Obligation Bonds/Note Payable/Contract for Deed					
Issue Date	Original Amount	Annual Principal Payment	Interest Rate(s)	Maturity Date	Remaining Amount
Jun-13	\$ 246,000	\$22,000-27,000	2.45%	Feb-24	\$ 54,000
Mar-19	\$ 231,248	\$16,562-33,125	0.00%	Mar-29	155,061
Oct-22	\$ 250,000	\$45,139-55,109	5.00%	Dec-27	250,000
Total Long-Term Debt					\$ 459,061

All bonds are direct obligations of the City and pledge the full faith and credit of the City.

**CITY OF PIERZ, MINNESOTA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 2    DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)**

**2.C.    NONCURRENT LIABILITIES (Continued)**

**Changes in Noncurrent Liabilities**

The following is a summary of changes in noncurrent liabilities for the year ended December 31, 2022:

Type of Debt	Balance 1/1/2022	Additions	Deductions	Balance 12/31/2022	Amounts Due Within One Year
<i>Governmental Funds:</i>					
General Obligation Bonds	\$ 80,000	\$ -	\$ (26,000)	\$ 54,000	\$ 27,000
Note Payable	174,936	-	(19,875)	155,061	19,875
Contract for Deed	-	250,000	-	250,000	45,139
<b>Total Governmental Funds</b>	<b>\$ 254,936</b>	<b>\$ 250,000</b>	<b>\$ (45,875)</b>	<b>\$ 459,061</b>	<b>\$ 92,014</b>
<i>Proprietary Funds:</i>					
General Obligation Note	\$ 39,000	-	(39,000)	-	-

Governmental Fund debt is typically funded through the General Fund, Robert/Park Fund, and MIF Loan Fund. Proprietary Fund debt is funded through the Storm Water Fund.

**Annual Debt Service Requirements**

At December 31, 2022, the estimated annual debt service requirements to maturity, including principal and interest, are as follows:

Years Ending December 31,	Governmental Funds		
	Principal	Interest	Total
2023	\$ 92,014	\$ 15,594	\$ 47,517
2024	94,323	9,497	47,868
2025	69,751	6,738	47,206
2026	76,094	4,186	19,875
2027	88,234	1,504	19,875
2028-2029	38,645	-	95,436
<b>Total</b>	<b>\$ 459,061</b>	<b>\$ 37,519</b>	<b>\$ 277,777</b>

Interest totals \$1,642 in the Statement of Receipts, Disbursements and Changes in Cash Fund Balances. Interest totals \$488 in the Statement of Receipts, Disbursements and Changes in Net Cash Assets.

**CITY OF PIERZ, MINNESOTA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 2    DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)**

**2.D.    INTERFUND TRANSACTIONS AND BALANCES**

Operating transfers consist of the following for the year ended December 31, 2022:

	Transfers Out	Transfers In			Total
		Major Funds	Nonmajor Funds		
		Fire	2024 Street Improvements	EDA Fund	
<u>Nonmajor Funds</u>					
Third Ave N Project	\$ 30,000	\$ -	\$ 30,000	\$ -	\$ 30,000
Essentia Health (TIF 1-10)	5,202	-	-	5,202	5,202
RTO (TIF 1-11)	2,396	-	-	2,396	2,396
American Rescue Plan Act	90,000	90,000	-	-	90,000
	<u>\$ 127,598</u>	<u>\$ 90,000</u>	<u>\$ 30,000</u>	<u>\$ 7,598</u>	<u>\$ 127,598</u>

Transfers are used to (a) move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget require to disburse them and to (b) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund balances consist of the following at December 31, 2022:

Long-Term Advances			
Advances To Fund	Advances From Fund	Amount	Reason
Golf Course Fund	Electric Fund	\$ 195,351	Land purchase
Golf Course Fund	Electric Fund	100,000	Golf Course Expansion Project
Golf Course Fund	Electric Fund	500,000	Golf Course Expansion Project
Golf Course Fund	Solid Waste Fund	100,000	Golf Course Expansion Project
Golf Course Fund	Solid Waste Fund	50,000	Golf Course Expansion Project
Total Interfund Balances		<u>\$ 945,351</u>	

Interfund balances are to be repaid as cash flows become available.



**CITY OF PIERZ, MINNESOTA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 2    DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)**

**2.E.    CASH FUND BALANCES**

At December 31, 2022, governmental cash fund balances consist of the following:

	Restricted	Assigned	Unassigned
<b>General Fund</b>			
Assigned for Capital Outlay	\$ -	\$ 577,187	\$ -
Unassigned	-	-	636,385
	\$ -	\$ 577,187	\$ 636,385
 <b>Fire Fund</b>			
Restricted for Radio Equipment Costs	\$ 12,500	\$ -	\$ -
Assigned for Capital Projects	-	52,945	-
	\$ 12,500	\$ 52,945	\$ -
 <b>Nonmajor Governmental Funds</b>			
Restricted for:			
Red's Auto	\$ 3,708	\$ -	\$ -
Roach Rental Townhouse	9,322	-	-
MIF Loan Fund	50,737	-	-
Small Cities Development Grant Fund	102,723	-	-
EDA Fund	43,413	-	-
Assigned for:			
American Rescue Plan Act Fund	-	57,421	-
Capital Projects	-	290,286	-
Unassigned	-	-	(16,466)
	\$ 209,903	\$ 347,707	\$ (16,466)

Deficit cash fund balances in individual nonmajor governmental funds at December 31, 2022 consist of the following:

Funds	Fund Deficit
<b>Nonmajor Capital Project Funds</b>	
2024 Street Improvements	\$ (329)
 <b>Nonmajor Debt Service Funds</b>	
Essentia Health (TIF 1-10)	\$ (470)
RTO (TIF 1-11)	\$ (4,883)
Kloss Development (TIF 1-12)	\$ (3,372)
Roach II Development (TIF 1-13)	\$ (7,412)

These cash fund deficits are expected to be recovered through future property taxes and tax increment.

**CITY OF PIERZ, MINNESOTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE 3 PENSIONS**

**3.A. DEFINED BENEFIT PENSION PLANS - STATEWIDE**

**Plan Description**

All full-time and certain part-time employees of the City of Pierz are covered by defined benefit plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Plan (accounted for in the General Employees Fund) and the Public Employees Police and Fire Retirement Plan (accounted for in the Police and Fire Fund), which are cost-sharing, multiple-employer retirement plans. These plans are established and administered in accordance with *Minnesota Statutes*, Chapters 353 and 356.

General Employees Plan members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan. All police officers, firefighters and peace officers who qualify for membership by statute are covered by the Police and Fire Plan.

PERA provides retirement benefits as well as disability benefits to members and survivor benefits upon death of eligible members. Benefits are established by State Statute. Benefits for members of the General Employees Plan vest after five years of credited service. Benefits for the Police and Fire Plan vest on a prorated basis from 50 percent after 10 years up to 100 percent after 20 years. The defined benefit retirement plan benefits are based on a member's highest average salary for any 5 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 1.20 percent for each of the first 10 years of service and 1.70 percent for each additional year. The rates are 2.20 percent and 2.70 percent, respectively, for Basic members. Under Method 2, the accrual rate for Coordinated members is 1.70 percent for all years of service, and 2.70 percent for Basic members. 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.

For all General Employee Plan members hired prior to July 1, 1989 whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90. Method 2 provides for unreduced retirement benefits at age 65 for members first hired prior to July 1, 1989 or age 66 (the age for unreduced Social Security benefits), for those first hired on or after that date. Early retirement may begin at age 55 with an actuarial reduction (about six percent per year) for members retiring prior to full retirement age.

Normal retirement age is 55 for Police and Fire plan members and 65 for Basic and Coordinated members hired prior to July 1, 1989. Normal retirement age is the age for unreduced Social Security benefits capped at 66 for Coordinated members hired on or after July 1, 1989. A reduced retirement annuity is also available to eligible members seeking early retirement with an actuarial reduction in the member's benefit.

A full unreduced pension is earned when Police and Fire plan members meet the following conditions: age 55 and vested or age plus years of service total at least 90 if first hired prior to July 1, 1989.

There are different types of annuities available to members upon retirement. A single-life annuity is a lifetime annuity that ceases upon the death of the retiree—no survivor annuity is payable. There are also various types of joint and survivor annuity options available which will be payable over joint lives. Members may also leave their contributions in the fund upon termination of public service in order to qualify for a deferred annuity at retirement age. Refunds of contributions are available at any time to members who leave public service before retirement benefits begin.

The benefit provisions stated in the preceding paragraphs of this section are current provisions and apply to active plan participants.

**CITY OF PIERZ, MINNESOTA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 3 PENSIONS (Continued)**

**3.A. DEFINED BENEFIT PENSION PLANS - STATEWIDE (Continued)**

PERA issues a publicly available financial report that includes financial statements and required supplementary information for the General Employees and Police and Fire plans. That report may be obtained on the PERA's website at [www.mnpera.org/financial/](http://www.mnpera.org/financial/).

**Funding Policy**

*Minnesota Statutes* Chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the State Legislature. In 2022, Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary and Police and Fire Plan members were required to contribute 11.80 percent of their annual covered salary. The City of Pierz makes annual contributions to the pension plans equal to the amount required by State Statutes. In 2022, the City of Pierz was required to contribute the following percentages of annual covered payroll: 7.50 percent for Coordinated Plan members and 17.70 percent for Police and Fire Plan members.

The City of Pierz’s contributions to the General Employees Fund for the years ending December 31, 2022, 2021, and 2020 were \$28,114, \$21,394, and \$20,678, respectively. The City of Pierz’s contributions to the Police and Fire Fund for the years ending December 31, 2022, 2021, and 2020 were \$18,488, \$24,348, and \$24,611, respectively.

**3.B. DEFINED CONTRIBUTION PLAN**

City Council members of the City of Pierz are covered by the Public Employees Defined Contribution Plan (Defined Contribution Plan accounted for in the Defined Contribution Fund), a multiple-employer deferred compensation plan administered by the Public Employees Retirement Association of Minnesota (PERA). The Defined Contribution Plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. Minnesota Statutes, Chapter 353.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes five percent of salary which is matched by the elected official's employer.

Employer and employee contributions are combined and used to purchase shares in one or more of the six accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2.00 percent of employer contributions and twenty-five hundredths of one percent (0.25 percent) of the assets in each member's account annually.

Total contributions made by the City during fiscal year 2022 were:

Contribution Amount		Percentage of Covered Payroll		Required Rate
Employee	Employer	Employee	Employer	
\$491	\$491	5.00%	5.00%	5.00%

**NOTE 4 OTHER NOTES**

**4.A. RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To manage these risks, the City purchases commercial insurance. The City retains risk for the deductible portions of the insurance. The amounts of these deductibles are considered immaterial to the financial statements. There were no significant reductions in insurance from the previous year settlements in excess of insurance for any of the past two years.

**CITY OF PIERZ, MINNESOTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE 4 OTHER NOTES**

**4.A. RISK MANAGEMENT (Continued)**

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.

**4.B. COMMITMENTS**

**Pay-as-You-Go Tax Increment Financing**

The City has entered into Pay-as-You-Go developer agreements to finance various tax increment projects. Such projects are financed with the developers of the projects. These notes are not general obligations of the City as they are payable only to the extent of future tax increments received. As such, these obligations do not appear on the City's financial statements. At December 31, 2022, outstanding Pay-as-You-Go debt approximates \$800,534 including accrued interest of \$100,642. Amounts carry interest rates of 0.00% to 9.00% and are due over various payment terms. All payments are contingent upon collection of tax increment and are not due if such collections are not made by the City.

**Contracts**

The City has an executed agreement with Minnesota Power to provide for electricity supply for a term extending to December 31, 2029. Rates are adjusted annually on July 1. Total disbursements for the year ended December 31, 2022 are \$829,634, which approximates future annual disbursements anticipated through the term of the contract.

The City has an executed agreement with Pierz Sanitation to provide for garbage and recycling services for a term extending to October 31, 2024. Total disbursements for the year ended December 31, 2022 are \$70,843, which approximates future annual disbursements anticipated through the term of the contract.

During the year ended December 31, 2022, the City Council approved the purchase a new sprayer. Subsequent to this approval, the sprayer was ordered in the amount of \$46,491. This amount was disbursed after year end.

**CITY OF PIERZ, MINNESOTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE 4 OTHER NOTES (Continued)**

**4.C. TAX INCREMENT FINANCING DISTRICTS**

The City occasionally enters into tax increment financing arrangements with local businesses, for the purpose of stimulating economic growth within the City. Eligibility for businesses seeking tax abatements of this nature is determined in accordance the applicable Minnesota Statutes, and such arrangements generally include a commitment by the local business to use the abated funds for financing a development or redevelopment project. Any tax increment generated by the district and not retained by the City for administrative costs is returned to the business to finance the debt incurred for the related improvements.

The following is a summary of the City's current tax increment financing districts:

	<u>District #1-3</u>	<u>District #1-9</u>	<u>District #1-10</u>
Business/Project Name	Red's Auto Project	Roach Housing Project	Essentia Health Project
Purpose	Redevelopment	Redevelopment	Economic Develop
Authorizing MN Statute	469.174	469.174	469.174
Year Established	1997	2010	2016
Duration of District	Through 2024	Through 2037	Through 2025
Original Base Net Tax Capacity	<u>\$ 1,641</u>	<u>\$ 1,350</u>	<u>\$ 2,886</u>
Current Net Tax Capacity	<u>\$ 6,968</u>	<u>\$ 18,568</u>	<u>\$ 8,624</u>
Captured Net Tax Capacity	<u>\$ 5,327</u>	<u>\$ 17,218</u>	<u>\$ 5,738</u>
Abated in Current Year	<u>\$ 7,935</u>	<u>\$ 14,900</u>	<u>\$ 5,202</u>
Total Bonds/Notes Issued	<u>\$ 47,000</u>	<u>\$ 120,000</u>	<u>\$ 71,000</u>
Balance at 12/31/22	<u>\$ 47,000</u>	<u>\$ 38,835</u>	<u>\$ 63,880</u>
	<u>District #1-11</u>	<u>District #1-12</u>	
Business/Project Name	RTO	Kloss Townhome	
Purpose	Redevelopment	Housing	
Authorizing MN Statute	469.174	469.174	
Year Established	2019	2021	
Duration of District	Through 2046	Through 2035	
Original Base Net Tax Capacity	<u>\$ 1,754</u>	<u>\$ 158</u>	
Current Net Tax Capacity	<u>\$ 4,230</u>	<u>\$ 9,296</u>	
Captured Net Tax Capacity	<u>\$ 2,476</u>	<u>\$ 9,138</u>	
Abated in Current Year	<u>\$ 2,396</u>	<u>\$ -</u>	
Total Bonds/Notes Issued	<u>\$ 75,000</u>	<u>\$ 480,000</u>	
Balance at 12/31/22	<u>\$ 70,447</u>	<u>\$ 480,000</u>	

**CITY OF PIERZ, MINNESOTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE 4 OTHER NOTES (Continued)**

**4.C. TAX INCREMENT FINANCING DISTRICTS (Continued)**

Following is additional information specific to various of the Districts listed previously:

- District #1-3 – This is a “pay-as-you-go” district. Increment generated has not been sufficient to make any principal payments.
- District #1-9 – This is a “pay-as-you-go” district.
- District #1-10 – This is a “pay-as-you-go” district.
- District #1-11 – This is a “pay-as-you-go” district.
- District #1-12 – This is a “pay-as-you-go” district.

**4.D. CONDUIT DEBT OBLIGATIONS**

In 2021, the City issued a Qualified Tax Exempt Obligation to provide financial assistance to a private-sector entity for the construction of an addition to an assisted living facility deemed to be in the public interest. The note is secured by the payments agreed to be paid by the private-sector entity under the terms of the agreement between the City and entity. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the note. Accordingly, the note is not reported as a liability in the accompanying financial statements. As of December 31, 2022, the conduit debt issued outstanding principal payable is \$2,901,053.

**4.E. SUBSEQUENT EVENTS**

Subsequent to year end but prior to the issuance of these financial statements, the City approved the following:

- The purchase of a police squad car in the amount of \$41,485
- The purchase of a front end loader, with a price not to exceed \$80,000-\$100,000
- The purchase of golf carts in the amount of \$38,970
- The purchase of fire department bunker gear, with the City’s approximate responsibility being \$45,000

**SUPPLEMENTARY INFORMATION**

**CITY OF PIERZ, MINNESOTA  
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Budgeted Amounts	Actual Amounts	Variance with Final Budget
	Original and Final	Budgetary Basis	Over (Under)
<b>RECEIPTS</b>			
<b>Taxes</b>			
Property Taxes	\$ 252,344	\$ 252,437	\$ 93
<b>Licenses and Permits</b>	35,000	122,673	87,673
<b>Intergovernmental Receipts</b>			
State Receipts			
Local Government Aid	460,955	460,955	-
Market Value Credit	80	158	78
PERA Aid	812	-	(812)
Other State Grants and Aids	7,000	14,072	7,072
Local Receipts			
Other Local Grants	-	18,500	18,500
<b>Total Intergovernmental Receipts</b>	468,847	493,685	24,838
<b>Charges for Services</b>			
General Government	12,500	12,929	429
Streets and Highways	10,000	1,115	(8,885)
Other Service Charges	32,059	32,534	475
<b>Total Charges for Services</b>	54,559	46,578	(7,981)
<b>Fines and Forfeitures</b>	12,000	3,880	(8,120)
<b>Miscellaneous Receipts</b>			
Investment Earnings	9,100	28,932	19,832
Refunds and Reimbursements	600	24,851	24,251
Contributions and Donations	2,500	4,440	1,940
Other Miscellaneous	3,000	13,088	10,088
<b>Total Miscellaneous Receipts</b>	15,200	71,311	56,111
<b>TOTAL RECEIPTS</b>	837,950	990,564	152,614
<b>DISBURSEMENTS</b>			
<b>General Government</b>			
Mayor and Council	38,666	35,364	(3,302)
Administration and Finance	127,229	126,948	(281)
Other General Government	70,825	54,957	(15,868)
Capital Outlay	5,500	8,675	3,175
<b>Total General Government</b>	242,220	225,944	(16,276)



**CITY OF PIERZ, MINNESOTA**  
**BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (Continued)**  
**REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	Budgeted Amounts	Actual Amounts	Variance with Final Budget
	Original and Final	Budgetary Basis	Over Under
<b>Public Safety</b>			
Police			
Current	\$ 226,639	\$ 183,324	\$ (43,315)
Capital Outlay	16,300	10,554	(5,746)
Fire			
Current	5,075	1,596	(3,479)
Other Public Safety			
Current	14,000	51,995	37,995
<b>Total Public Safety</b>	262,014	247,469	(14,545)
<b>Public Works</b>			
Street Maintenance and Storm Sewers	142,496	179,783	37,287
Capital Outlay - Street Construction	180,500	131,060	(49,440)
Capital Outlay - Other	48,500	215,784	167,284
<b>Total Public Works</b>	371,496	526,627	155,131
<b>Culture and Recreation</b>			
Libraries			
Current	19,100	19,910	810
Parks and Recreation			
Capital Outlay	1,500	-	(1,500)
<b>Total Culture and Recreation</b>	20,600	19,910	(690)
<b>TOTAL DISBURSEMENTS</b>	896,330	1,019,950	123,620
<b>NET CHANGE IN CASH FUND BALANCE</b>	\$ (58,380)	(29,386)	\$ 28,994
<b>CASH FUND BALANCE - BEGINNING</b>		1,242,958	
<b>CASH FUND BALANCE - ENDING</b>		\$ 1,213,572	

**NOTES TO THE BUDGETARY COMPARISON SCHEDULE**

Note 1 – Disbursements in Excess of Budget

Actual disbursements in the General Fund of \$1,019,950 exceeded the final budgeted disbursements by \$123,620 for the current year. Disbursements in excess of budget were primarily due to unbudgeted capital outlay costs.

**CITY OF PIERZ, MINNESOTA  
BUDGETARY COMPARISON SCHEDULE – FIRE FUND  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Budgeted Amounts	Actual Amounts	Variance with Final Budget
	Original and Final	Budgetary Basis	Over (Under)
<b>RECEIPTS</b>			
<b>Taxes</b>			
Property Taxes	\$ 49,000	\$ 49,036	\$ 36
<b>Intergovernmental Receipts</b>			
State Receipts			
Police and Fire Aid	56,000	61,223	5,223
Other State Grants and Aids	9,000	10,719	1,719
Local Receipts			
Other Local Grants	-	300	300
<b>Total Intergovernmental Receipts</b>	65,000	72,242	7,242
<b>Charges for Services</b>			
Police and Fire Contracts	43,000	42,180	(820)
<b>Miscellaneous Receipts</b>			
Investment Earnings	700	952	252
Refunds and Reimbursements	-	147,152	147,152
Contributions and Donations	-	15,685	15,685
Other Miscellaneous	-	5,378	5,378
<b>Total Miscellaneous Receipts</b>	700	169,167	168,467
<b>TOTAL RECEIPTS</b>	157,700	332,625	174,925
<b>DISBURSEMENTS</b>			
<b>Public Safety</b>			
Fire			
Current	168,100	171,306	3,206
Capital Outlay	25,000	318,713	293,713
<b>TOTAL DISBURSEMENTS</b>	193,100	490,019	296,919
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	(35,400)	(157,394)	(121,994)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers			
From Other Funds	-	90,000	90,000
<b>NET CHANGE IN CASH FUND BALANCE</b>	\$ (35,400)	(67,394)	\$ (31,994)
<b>CASH FUND BALANCE - BEGINNING</b>		132,839	
<b>CASH FUND BALANCE - ENDING</b>		\$ 65,445	

**NOTES TO THE BUDGETARY COMPARISON SCHEDULE**

**Note 1 – Disbursements in Excess of Budget**

Actual disbursements in the Fire Fund of \$490,019 exceeded the final budgeted disbursements by \$296,919 for the current year. Disbursements in excess of budget were primarily due to unbudgeted capital outlay costs.

**CITY OF PIERZ, MINNESOTA**  
**COMBINING STATEMENT OF BALANCES ARISING FROM CASH TRANSACTIONS**  
**ALL NONMAJOR GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2022**

	Total Nonmajor Capital Project Funds	Total Nonmajor Debt Service Funds	Total Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and Cash Equivalents	<u>\$ 289,957</u>	<u>\$ (3,107)</u>	<u>\$ 254,294</u>	<u>\$ 541,144</u>
<b>CASH FUND BALANCES</b>				
Restricted	\$ -	\$ 13,030	\$ 196,873	\$ 209,903
Assigned	290,286	-	57,421	347,707
Unassigned	<u>(329)</u>	<u>(16,137)</u>	<u>-</u>	<u>(16,466)</u>
<b>TOTAL CASH FUND BALANCES</b>	<u>\$ 289,957</u>	<u>\$ (3,107)</u>	<u>\$ 254,294</u>	<u>\$ 541,144</u>

**CITY OF PIERZ, MINNESOTA**  
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH FUND BALANCES**  
**ALL NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	Total Nonmajor Capital Project Funds	Total Nonmajor Debt Service Funds	Total Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
<b>RECEIPTS</b>				
Property Taxes	\$ 23,019	\$ -	\$ -	\$ 23,019
Tax Increment	-	33,814	-	33,814
Special Assessments	14,027	-	-	14,027
Intergovernmental	-	-	74,585	74,585
Loan Repayments	-	-	53,824	53,824
Investment Income	539	-	546	1,085
Miscellaneous	48,335	-	-	48,335
<b>TOTAL RECEIPTS</b>	<u>85,920</u>	<u>33,814</u>	<u>128,955</u>	<u>248,689</u>
<b>DISBURSEMENTS</b>				
Current:				
General Government	10,040	10,746	-	20,786
Economic Development	-	22,835	-	22,835
Capital Outlay	55,359	-	1,749	57,108
Debt Service:				
Principal	26,000	-	19,875	45,875
Interest and Other Charges	1,642	-	-	1,642
<b>TOTAL DISBURSEMENTS</b>	<u>93,041</u>	<u>33,581</u>	<u>21,624</u>	<u>148,246</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	(7,121)	233	107,331	100,443
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	30,000	-	7,598	37,598
Transfers Out	(30,000)	(7,598)	(90,000)	(127,598)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>(7,598)</u>	<u>(82,402)</u>	<u>(90,000)</u>
<b>NET CHANGE IN CASH FUND BALANCES</b>	(7,121)	(7,365)	24,929	10,443
<b>CASH FUND BALANCES - BEGINNING</b>	<u>297,078</u>	<u>4,258</u>	<u>229,365</u>	<u>530,701</u>
<b>CASH FUND BALANCES - ENDING</b>	<u>\$ 289,957</u>	<u>\$ (3,107)</u>	<u>\$ 254,294</u>	<u>\$ 541,144</u>

**CITY OF PIERZ, MINNESOTA  
 COMBINING STATEMENT OF BALANCES ARISING FROM CASH TRANSACTIONS  
 NONMAJOR CAPITAL PROJECT GOVERNMENTAL FUNDS  
 DECEMBER 31, 2022**

	Robert/Park Fund	Third Ave N Project Fund	2024 Street Improvements Fund	Total Nonmajor Capital Project Funds
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 114,765	\$ 175,521	\$ (329)	\$ 289,957
<b>CASH FUND BALANCES</b>				
Assigned	\$ 114,765	\$ 175,521	\$ -	\$ 290,286
Unassigned	-	-	(329)	(329)
<b>TOTAL CASH FUND BALANCES</b>	<u>\$ 114,765</u>	<u>\$ 175,521</u>	<u>\$ (329)</u>	<u>\$ 289,957</u>

**CITY OF PIERZ, MINNESOTA**  
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH FUND BALANCES**  
**NONMAJOR CAPITAL PROJECT GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	Robert/Park Fund	Third Ave N Project Fund	2024 Street Improvements Fund	Total Nonmajor Capital Project Funds
<b>RECEIPTS</b>				
Property Taxes	\$ 23,019	\$ -	\$ -	\$ 23,019
Special Assessments	14,027	-	-	14,027
Investment Income	539	-	-	539
Miscellaneous	-	34,418	13,917	48,335
<b>TOTAL RECEIPTS</b>	<b>37,585</b>	<b>34,418</b>	<b>13,917</b>	<b>85,920</b>
<b>DISBURSEMENTS</b>				
Current:				
General Government	-	10,040	-	10,040
Capital Outlay	-	11,113	44,246	55,359
Debt Service:				
Principal	26,000	-	-	26,000
Interest and Other Charges	1,642	-	-	1,642
<b>TOTAL DISBURSEMENTS</b>	<b>27,642</b>	<b>21,153</b>	<b>44,246</b>	<b>93,041</b>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<b>9,943</b>	<b>13,265</b>	<b>(30,329)</b>	<b>(7,121)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	30,000	30,000
Transfers Out	-	(30,000)	-	(30,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>(30,000)</b>	<b>30,000</b>	<b>-</b>
<b>NET CHANGE IN CASH FUND BALANCES</b>	<b>9,943</b>	<b>(16,735)</b>	<b>(329)</b>	<b>(7,121)</b>
<b>CASH FUND BALANCES - BEGINNING</b>	<b>104,822</b>	<b>192,256</b>	<b>-</b>	<b>297,078</b>
<b>CASH FUND BALANCES - ENDING</b>	<b>\$ 114,765</b>	<b>\$ 175,521</b>	<b>\$ (329)</b>	<b>\$ 289,957</b>

**CITY OF PIERZ, MINNESOTA**  
**COMBINING STATEMENT OF BALANCES ARISING FROM CASH TRANSACTIONS**  
**NONMAJOR DEBT SERVICE GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2022**

	Red's Auto (TIF 1-3)	Roach Rental Townhouse (TIF 1-9)	Essentia Health (TIF 1-10)	RTO (TIF 1- 11)	Kloss Development (TIF 1-12)	Roach II Development (TIF 1-13)	Total Nonmajor Debt Service Funds
<b>ASSETS</b>							
Cash and Cash Equivalents	\$ 3,708	\$ 9,322	\$ (470)	\$ (4,883)	\$ (3,372)	\$ (7,412)	\$ (3,107)
<b>CASH FUND BALANCES</b>							
Restricted	\$ 3,708	\$ 9,322	\$ -	\$ -	\$ -	\$ -	\$ 13,030
Unassigned	-	-	(470)	(4,883)	(3,372)	(7,412)	(16,137)
<b>TOTAL CASH FUND BALANCES</b>	<u>\$ 3,708</u>	<u>\$ 9,322</u>	<u>\$ (470)</u>	<u>\$ (4,883)</u>	<u>\$ (3,372)</u>	<u>\$ (7,412)</u>	<u>\$ (3,107)</u>

**CITY OF PIERZ, MINNESOTA**  
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH FUND BALANCES**  
**NONMAJOR DEBT SERVICE GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	Red's Auto (TIF 1-3)	Roach Rental Townhouse (TIF 1-9)	Essentia Health (TIF 1-10)	RTO (TIF 1- 11)	Kloss Development (TIF 1-12)	Roach II Development (TIF 1-13)	Total Nonmajor Debt Service Funds
<b>RECEIPTS</b>							
Tax Increment	\$ 8,817	\$ 16,555	\$ 5,780	\$ 2,662	\$ -	\$ -	\$ 33,814
<b>DISBURSEMENTS</b>							
Current:							
General Government	771	771	771	771	250	7,412	10,746
Economic Development	7,935	14,900	-	-	-	-	22,835
<b>TOTAL DISBURSEMENTS</b>	<u>8,706</u>	<u>15,671</u>	<u>771</u>	<u>771</u>	<u>250</u>	<u>7,412</u>	<u>33,581</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	111	884	5,009	1,891	(250)	(7,412)	233
<b>OTHER FINANCING USES</b>							
Transfers Out	-	-	(5,202)	(2,396)	-	-	(7,598)
<b>NET CHANGE IN CASH FUND BALANCES</b>	111	884	(193)	(505)	(250)	(7,412)	(7,365)
<b>CASH FUND BALANCES - BEGINNING</b>	<u>3,597</u>	<u>8,438</u>	<u>(277)</u>	<u>(4,378)</u>	<u>(3,122)</u>	<u>-</u>	<u>4,258</u>
<b>CASH FUND BALANCES - ENDING</b>	<u>\$ 3,708</u>	<u>\$ 9,322</u>	<u>\$ (470)</u>	<u>\$ (4,883)</u>	<u>\$ (3,372)</u>	<u>\$ (7,412)</u>	<u>\$ (3,107)</u>



**CITY OF PIERZ, MINNESOTA  
 COMBINING STATEMENT OF BALANCES ARISING FROM CASH TRANSACTIONS  
 NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS  
 DECEMBER 31, 2022**

	EDA Fund	MIF Loan Fund	Small Cities Development Grant Fund	American Rescue Plan Act Fund	Total Nonmajor Special Revenue Funds
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 43,413	\$ 50,737	\$ 102,723	\$ 57,421	\$ 254,294
<b>CASH FUND BALANCES</b>					
Restricted	\$ 43,413	\$ 50,737	\$ 102,723	\$ -	\$ 196,873
Assigned	-	-	-	57,421	57,421
<b>TOTAL CASH FUND BALANCES</b>	<u>\$ 43,413</u>	<u>\$ 50,737</u>	<u>\$ 102,723</u>	<u>\$ 57,421</u>	<u>\$ 254,294</u>

**CITY OF PIERZ, MINNESOTA**  
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	EDA Fund	MIF Loan Fund	Small Cities Development Grant Fund	American Rescue Plan Act Fund	Total Nonmajor Special Revenue Funds
<b>RECEIPTS</b>					
Intergovernmental	\$ -	\$ -	\$ -	\$ 74,585	\$ 74,585
Loan Repayments	5,360	33,125	15,339	-	53,824
Investment Income	546	-	-	-	546
<b>TOTAL RECEIPTS</b>	<u>5,906</u>	<u>33,125</u>	<u>15,339</u>	<u>74,585</u>	<u>128,955</u>
<b>DISBURSEMENTS</b>					
Capital Outlay	-	-	-	1,749	1,749
Debt Service:					
Principal	-	19,875	-	-	19,875
<b>TOTAL DISBURSEMENTS</b>	<u>-</u>	<u>19,875</u>	<u>-</u>	<u>1,749</u>	<u>21,624</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	5,906	13,250	15,339	72,836	107,331
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	7,598	-	-	-	7,598
Transfers Out	-	-	-	(90,000)	(90,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>7,598</u>	<u>-</u>	<u>-</u>	<u>(90,000)</u>	<u>(82,402)</u>
<b>NET CHANGE IN CASH FUND BALANCES</b>	13,504	13,250	15,339	(17,164)	24,929
<b>CASH FUND BALANCES - BEGINNING</b>	<u>29,909</u>	<u>37,487</u>	<u>87,384</u>	<u>74,585</u>	<u>229,365</u>
<b>CASH FUND BALANCES - ENDING</b>	<u>\$ 43,413</u>	<u>\$ 50,737</u>	<u>\$ 102,723</u>	<u>\$ 57,421</u>	<u>\$ 254,294</u>

**CITY OF PIERZ, MINNESOTA  
SCHEDULE OF INDEBTEDNESS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(UNAUDITED)**

	Issue Dates	Interest Rates	Maturity Dates	Initial Authorized Issue	Outstanding Balance 01/01/22	Issued	Paid	Outstanding Balance 12/31/22	Principal Due Within One Year
<b>GOVERNMENTAL INDEBTEDNESS</b>									
2013A General Obligation Improvement Bonds	6/1/2013	2.45%	2/1/2024	\$ 246,000	\$ 80,000	\$ -	\$ 26,000	\$ 54,000	\$ 27,000
Note Payable - MIF Loan	3/1/2019	0.00%	3/1/2029	231,248	174,936	-	19,875	155,061	19,875
Contract for Deed - Public Works Building	10/14/2022	5.00%	12/14/2027	<u>250,000</u>	<u>-</u>	<u>250,000</u>	<u>-</u>	<u>250,000</u>	<u>45,139</u>
<b>TOTAL GOVERNMENTAL DEBTS</b>				727,248	254,936	250,000	45,875	459,061	92,014
<b>PROPRIETARY INDEBTEDNESS</b>									
2012A General Obligation Refunding Note	12/3/2012	2.50%	2/1/2022	<u>317,000</u>	<u>39,000</u>	<u>-</u>	<u>39,000</u>	<u>-</u>	<u>-</u>
<b>TOTAL INDEBTEDNESS</b>				<u>\$ 1,044,248</u>	<u>\$ 293,936</u>	<u>\$ 250,000</u>	<u>\$ 84,875</u>	<u>\$ 459,061</u>	<u>\$ 92,014</u>

**CITY OF PIERZ, MINNESOTA  
SCHEDULE OF ACCOUNTS RECEIVABLE  
DECEMBER 31, 2022  
(UNAUDITED)**

<u>Fund</u>	<u>Item and Purpose</u>	<u>Amount</u>
General	Franchise Fees (Midco)	\$ 952
General	RPSWD	596
General	LMCIT - Insurance Refunds	208,880
General	Charges for Services (Mosquito Spraying and Lawn Mowing)	1,343
General	Property Taxes	3,396
Fire	PRAFPA	2,158
Fire	Property Taxes	661
Robert/Park	Property Taxes	310
2024 Street Improvements	Reimbursement	3,357
Electric	Customer Charges	129,236
Golf Course	Refund from Bernick's (returns)	554
Golf Course	Property Taxes	297
Solid Waste	Customer Charges	15,534
Storm Water	Customer Charges	5,528
		<u>\$ 372,802</u>

**CITY OF PIERZ, MINNESOTA**  
**SCHEDULE OF ACCOUNTS PAYABLE AND CONTINGENT LIABILITIES**  
**DECEMBER 31, 2022**  
**(UNAUDITED)**

<u>Fund</u>	<u>Vendor</u>	<u>Item and Purpose</u>	<u>Amount</u>	
General	Farmers & Merchants State Bank	Rental	\$ 50	
	PSN	Operating Supplies	95	
	WEX	Fuels & Lubricants	879	
	MN Dept of Labor & Industry	Quarterly Surcharge	29	
	Bob's Lumber & Supply	Operating Supplies	95	
	Design Electronics/Radio Shack	Professional Services	250	
	Grace Heschke	Cleaning Services	270	
	Initiative Foundation	Support Donations	1,450	
	Innovative Office Solutions, LLC	Office Supplies	67	
	Kummet Electric	Repairs & Maintenance	711	
	Morrison Co. Public Works	Operating Supplies	3,938	
	Motorola Solutions, Inc.	Communication Equipment	531	
	Pierz Sanitation, Inc.	Trash Removal	59	
	Reinders, Inc.	Operating Supplies	122	
	James Vanstone	Planning & Zoning	225	
	Verizon Wireless	Communication	173	
	WEX	Fuels & Lubricants	879	
	Zarnoth Brush Works, Inc.	Repair & Maint. Supplies	542	
	CenterPoint Energy	Utilities	1,506	
	Eric Gaffke	Employee Benefits	133	
	Hartmann's Inc	Operating Supplies	469	
	Cardmember Services	Operating Supplies	121	
	Metro Sales Inc.	Office Supplies	750	
	Midco	Communication	290	
	Morrison County	Vehicle Equipment	5,880	
	Napa Central MN	Repair & Maint. Supplies	2,330	
	Pierz Service	Repair & Maint. Supplies	160	
	Red's Auto	Repair & Maint. Supplies	151	
	Red's Auto	Fuels & Lubricants	1,858	
	SHE	Engineering	5,595	
	Sterling Water Culligan	Water	179	
	Vernon Company	Training	1,208	
	Morrison County Attorney	Prosecution Fees	29	
	Pierz Commercial Club	Miscellaneous	10	
	T & M Shooting Sport	Training	178	
	Napa Central MN	Fuels & Lubricants	283	
	Navsufw Arcendiv	Operating Supplies	300	
	Saehr Backhoe & Gravel, Inc.	Snow Removal	6,502	
			<u>6,502</u>	
			\$ 38,297	
	Fire	Active911	Communication	48
		Alex Air Apparatus, Inc.	Other Equipment	578
		Batteries Plus Bulbs #035	Operating Supplies	59
		John Duscher	Repair & Maint. Supplies	175
		NFPA Membership Services	Memberships & Dues	175
Verizon Wireless		Communication	160	
CenterPoint Energy		Utilities	760	
Midco		Communication	161	
MN DEED		Unemployment Compensation	2	
CentraCare		Professional Services	190	
Municipal Emergency Service, Inc.		Personal Protective Equip.	2,048	
Northern Health and Fitness		Fit Test/Physicals	2,160	
Scott Saehr		Reimbursements	48	
Workmed Midwest PA		Professional Services	496	
Granite Electronics		Repairs & Maintenance	78	
Jefferson Fire and Safety		Personal Protective Equip.	291	
Morrison County - Administration		Communication	14,465	
			<u>14,465</u>	
			21,894	

**CITY OF PIERZ, MINNESOTA**  
**SCHEDULE OF ACCOUNTS PAYABLE AND CONTINGENT LIABILITIES (Continued)**  
**DECEMBER 31, 2022**  
**(UNAUDITED)**

<u>Fund</u>	<u>Vendor</u>	<u>Item and Purpose</u>	<u>Amount</u>	
Third Ave N Project	Dennis Lind	Professional Services	\$ 1,090	
	Morrison Co. Public Works	Engineering	49	
	Tom Scherling	Professional Services	1,090	
	Jovanovich, Dege, & Athmann	Professional Services	<u>129</u>	\$ 2,358
2024 Street Improvements	SEH	Engineering	<u>4,275</u>	4,275
Electric Fund	MN Dept. of Revenue	Sales Tax	5,295	
	MN Power	Monthly Electric	65,818	
	Gopher State One Call	Professional Services	9	
	Anderson, Derek & Hecimovich, AU	Refunds	70	
	Colby Hecimovich	Refunds	84	
	MN Power	Professional Services	39,459	
	Napa Central MN	Repair & Maint. Supplies	25	
	USIC Locating Services, LLC	Professional Services	<u>253</u>	111,013
Golf Course	CardPointe	Bank Charges	89	
	MN Dept. of Revenue	Sales Tax	171	
	US Card Systems	Bank Charges	20	
	Bernick's	Beverages	274	
	ECM Publishers, Inc.	Advertising	99	
	Innovative Office Solutions, LLC	Office Supplies	278	
	Kummet Electric	Professional Services	627	
	MTI Distributing, Inc.	Heavy Machinery	46,708	
	Verizon Wireless	Communication	40	
	Campspot	Fees & Licenses	18	
	Hartmann's Inc.	Operating Supplies	11	
	Cardmember Services	Advertising	129	
	Midco	Communication	230	
	Napa Central MN	Operating Supplies	53	
	Red's Auto	Fuels & Lubricants	64	
	Bridgestone Golf, Inc.	Merchandise for Resale	900	
	Napa Central MN	Repair & Maint. Supplies	88	
Saehr Backhoe & Gravel, Inc.	Professional Services	<u>8,979</u>	58,778	
Solid Waste	MN Dept. of Revenue	Sales Tax	576	
	Pierz Sanitation, Inc.	Trash Removal	3,795	
	Morrison County Auditor/Treas.	Compacting	<u>1,730</u>	6,101
Storm Water	Gopher State One Call	Professional Services	<u>9</u>	9
Fiduciary	RPSWD	Water/Sewer	<u>71,250</u>	<u>71,250</u>
			<u>\$ 313,975</u>	

**OTHER REQUIRED REPORT**

**INDEPENDENT AUDITOR'S REPORT ON  
MINNESOTA LEGAL COMPLIANCE**

Honorable Mayor and City Council  
City of Pierz, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of each major fund and the aggregate remaining fund information of the City of Pierz, Minnesota (the City) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 20, 2023.

In connection with our audit, nothing came to our attention that caused us to believe that the City of Pierz failed to comply with the provisions of the contracting-bid laws, depositories of public funds and public 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 Minnesota Statute § 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 Pierz and the State Auditor and is not intended to be, and should not be, used by anyone other than these specified parties.



**SCHLENNER WENNER & CO.**  
St. Cloud, Minnesota  
March 20, 2023