

City of Pierz, Minnesota

Audited Financial Statements

December 31, 2021

**SCHLENNER
WENNER & CO.**
CPAs

**CITY OF PIERZ, MINNESOTA
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INTRODUCTORY SECTION

**CITY OF PIERZ, MINNESOTA
CITY COUNCIL AND OFFICIALS
FOR THE YEAR ENDED DECEMBER 31, 2021**

CITY COUNCIL

Term Expires

Dave Fischer	Mayor	December 31, 2022
Jacqueline Ballou	Council Member	December 31, 2024
Don Bujalski	Council Member	December 31, 2022
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, 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.

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, 2021, and their respective regulatory basis changes in financial position for the year then ended in accordance with the financial reporting provisions 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 referred to above 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, 2021, and the respective changes in financial position 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 the financial reporting provisions of the State of Minnesota's Office of the State Auditor, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of Minnesota. 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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions of the State of Minnesota's Office of the State Auditor, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City'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's basic financial statements. The introductory section and supplementary information, as listed in the table on contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory section and supplementary information 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 22, 2022, 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.".

SCHLENNER WENNER & CO.

St. Cloud, Minnesota

March 22, 2022

BASIC FINANCIAL STATEMENTS

CITY OF PIERZ, MINNESOTA
STATEMENT OF BALANCES ARISING FROM CASH TRANSACTIONS
GOVERNMENTAL FUNDS
DECEMBER 31, 2021

	General Fund	Fire Fund	Third Avenue North Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash, Cash Equivalents, and Time Deposits	\$ 1,242,958	\$ 132,839	\$ 192,256	\$ 338,445	\$ 1,906,498
CASH FUND BALANCES					
Restricted	\$ -	\$ -	\$ -	\$ 241,400	\$ 241,400
Assigned	512,823	132,839	192,256	104,822	942,740
Unassigned	730,135	-	-	(7,777)	722,358
TOTAL CASH FUND BALANCES	<u>\$ 1,242,958</u>	<u>\$ 132,839</u>	<u>\$ 192,256</u>	<u>\$ 338,445</u>	<u>\$ 1,906,498</u>

CITY OF PIERZ, MINNESOTA
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	General Fund	Fire Fund	Third Avenue North Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
RECEIPTS					
Property Taxes	\$ 242,137	\$ 48,997	\$ -	\$ 23,012	\$ 314,146
Tax Increment	-	-	-	29,429	29,429
Special Assessments	-	-	-	34,086	34,086
Rents and Royalties	26,399	-	-	-	26,399
Licenses, Permits, and Fees	71,149	-	-	-	71,149
Intergovernmental	513,469	68,764	-	74,585	656,818
Charges for Services	16,582	39,069	-	-	55,651
Fines	4,266	-	-	-	4,266
Loan Repayments	-	-	-	30,716	30,716
Investment Income	9,877	815	-	1,032	11,724
Contributions	4,625	3,000	-	-	7,625
Miscellaneous	24,708	1,000	31,155	22,751	79,614
TOTAL RECEIPTS	913,212	161,645	31,155	215,611	1,321,623
DISBURSEMENTS					
Current:					
General Government:					
Administration and Finance	131,415	-	-	-	131,415
Council	18,214	-	-	-	18,214
Other General Government	50,023	-	98,597	13,304	161,924
Total General Government	199,652	-	98,597	13,304	311,553
Public Safety:					
Police	229,836	-	-	-	229,836
Fire	58	166,552	-	-	166,610
Other Public Safety	19,179	-	-	-	19,179
Total Public Safety	249,073	166,552	-	-	415,625
Public Works	104,149	-	-	-	104,149
Library	20,081	-	-	-	20,081
Economic Development	-	-	-	90,652	90,652
Capital Outlay	56,745	5,853	740,302	-	802,900
Debt Service:					
Principal	-	-	-	46,531	46,531
Interest and Other Charges	-	-	-	2,320	2,320
TOTAL DISBURSEMENTS	629,700	172,405	838,899	152,807	1,793,811
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	283,512	(10,760)	(807,744)	62,804	(472,188)
OTHER FINANCING SOURCES (USES)					
Transfers In	1,010	-	1,000,000	9,618	1,010,628
Transfers Out	-	-	-	(10,628)	(10,628)
TOTAL OTHER FINANCING SOURCES (USES)	1,010	-	1,000,000	(1,010)	1,000,000
NET CHANGE IN CASH FUND BALANCES	284,522	(10,760)	192,256	61,794	527,812
CASH FUND BALANCES - BEGINNING	958,436	143,599	-	276,651	1,378,686
CASH FUND BALANCES - ENDING	\$ 1,242,958	\$ 132,839	\$ 192,256	\$ 338,445	\$ 1,906,498

See accompanying notes.

CITY OF PIERZ, MINNESOTA
STATEMENT OF BALANCES ARISING FROM CASH TRANSACTIONS
PROPRIETARY FUNDS
DECEMBER 31, 2021

	Electric Fund	Golf Course Fund	Solid Waste Fund	Nonmajor Storm Water Fund	Totals
ASSETS					
Current Assets					
Cash, Cash Equivalents, and Time Deposits	\$ 593,185	\$ 256,187	\$ 67,559	\$ 18,710	\$ 935,641
Noncurrent Assets					
Advances to Other Funds	<u>295,351</u>	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>395,351</u>
TOTAL ASSETS	<u><u>\$ 888,536</u></u>	<u><u>\$ 256,187</u></u>	<u><u>\$ 167,559</u></u>	<u><u>\$ 18,710</u></u>	<u><u>\$ 1,330,992</u></u>
LIABILITIES					
Noncurrent Liabilities					
Advances from Other Funds	\$ -	\$ 395,351	\$ -	\$ -	\$ 395,351
NET CASH ASSETS					
Unrestricted	<u>888,536</u>	<u>(139,164)</u>	<u>167,559</u>	<u>18,710</u>	<u>935,641</u>
TOTAL LIABILITIES AND NET CASH ASSETS	<u><u>\$ 888,536</u></u>	<u><u>\$ 256,187</u></u>	<u><u>\$ 167,559</u></u>	<u><u>\$ 18,710</u></u>	<u><u>\$ 1,330,992</u></u>

CITY OF PIERZ, MINNESOTA
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN NET CASH ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Electric	Golf Course	Solid Waste	Nonmajor Storm Water	Totals
	Fund	Fund	Fund	Fund	
OPERATING RECEIPTS					
Charges for Services	\$ 1,168,158	\$ 416,744	\$ 85,343	\$ 43,452	\$ 1,713,697
Cost of Sales or Charges	(1,042,472)	(43,969)	(68,639)	-	(1,155,080)
Other Operating Receipts	<u>8,040</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,040</u>
NET OPERATING RECEIPTS	133,726	372,775	16,704	43,452	566,657
OPERATING DISBURSEMENTS					
Personnel Services	58,507	209,530	13,696	-	281,733
Professional Services	65,321	14,649	-	595	80,565
Utilities	-	3,088	-	-	3,088
Repairs and Maintenance	208	6,626	-	-	6,834
Materials and Supplies	4,448	36,303	-	78	40,829
Insurance	4,592	15,230	-	-	19,822
Other	<u>11,544</u>	<u>23,241</u>	<u>2,123</u>	<u>469</u>	<u>37,377</u>
TOTAL OPERATING DISBURSEMENTS	<u>144,620</u>	<u>308,667</u>	<u>15,819</u>	<u>1,142</u>	<u>470,248</u>
NET OPERATING INCOME (LOSS)	(10,894)	64,108	885	42,310	96,409
NONOPERATING RECEIPTS (DISBURSEMENTS)					
Property Taxes	-	21,994	-	-	21,994
Intergovernmental	-	1	5,308	-	5,309
Investment Income	14,513	1,260	1,029	-	16,802
Miscellaneous	5,119	20,282	-	179	25,580
Interest and Other Charges	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,450)</u>	<u>(1,450)</u>
NET NONOPERATING RECEIPTS (DISBURSEMENTS)	<u>19,632</u>	<u>43,537</u>	<u>6,337</u>	<u>(1,271)</u>	<u>68,235</u>
NET CHANGE IN NET CASH ASSETS BEFORE OTHER DISBURSEMENTS AND TRANSFERS	8,738	107,645	7,222	41,039	164,644
OTHER DISBURSEMENTS AND TRANSFERS					
Capital Outlay	-	(14,843)	-	-	(14,843)
Capital Outlay - Golf Course Expansion Project	-	(213,009)	-	-	(213,009)
Debt Principal	-	-	-	(38,000)	(38,000)
Operating Transfers Out	<u>(1,000,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,000,000)</u>
TOTAL OTHER DISBURSEMENTS AND TRANSFERS	<u>(1,000,000)</u>	<u>(227,852)</u>	<u>-</u>	<u>(38,000)</u>	<u>(1,265,852)</u>
CHANGE IN NET CASH ASSETS	(991,262)	(120,207)	7,222	3,039	(1,101,208)
NET CASH ASSETS - BEGINNING OF YEAR	<u>1,879,798</u>	<u>(18,957)</u>	<u>160,337</u>	<u>15,671</u>	<u>2,036,849</u>
NET CASH ASSETS - END OF YEAR	<u>\$ 888,536</u>	<u>\$ (139,164)</u>	<u>\$ 167,559</u>	<u>\$ 18,710</u>	<u>\$ 935,641</u>

CITY OF PIERZ, MINNESOTA
STATEMENT OF CASH FLOWS – CASH BASIS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Electric Fund	Golf Course Fund	Solid Waste Fund	Nonmajor Storm Water Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash Received from Customers	\$ 1,176,198	\$ 416,744	\$ 85,343	\$ 43,452	\$ 1,721,737
Cash Paid to Suppliers	(1,128,585)	(143,106)	(70,762)	(1,142)	(1,343,595)
Cash Paid to Employees	(58,507)	(209,530)	(13,696)	-	(281,733)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(10,894)	64,108	885	42,310	96,409
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Taxes and Intergovernmental	-	21,995	5,308	-	27,303
Other Receipts from Customers	5,119	20,282	-	179	25,580
Net Operating Subsidies and Transfers to Other Funds	(1,000,000)	-	-	-	(1,000,000)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	(994,881)	42,277	5,308	179	(947,117)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchases of Capital Assets	-	(227,852)	-	-	(227,852)
Interfund Advances to Other Funds	(100,000)	-	(100,000)	-	(200,000)
Interfund Advances from Other Funds	-	200,000	-	-	200,000
Payments on Bond Principal	-	-	-	(38,000)	(38,000)
Cash Paid for Interest	-	-	-	(1,450)	(1,450)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(100,000)	(27,852)	(100,000)	(39,450)	(267,302)
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment Income	14,513	1,260	1,029	-	16,802
Net Change in Cash, Cash Equivalents, and Time Deposits	(1,091,262)	79,793	(92,778)	3,039	(1,101,208)
Cash, Cash Equivalents, and Time Deposits - Beginning of Year	1,684,447	176,394	160,337	15,671	2,036,849
Cash, Cash Equivalents, and Time Deposits - End of Year	<u>\$ 593,185</u>	<u>\$ 256,187</u>	<u>\$ 67,559</u>	<u>\$ 18,710</u>	<u>\$ 935,641</u>

**CITY OF PIERZ, MINNESOTA
FIDUCIARY FUND
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2021**

STATEMENT OF BALANCES ARISING FROM CASH TRANSACTIONS

	Custodial Fund RPSWD Billing Services
ASSETS	
Cash, Cash Equivalents, and Time Deposits	\$ 73,452
NET CASH ASSETS	
Held for Other Entities	\$ 73,452

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN NET CASH ASSETS

	Custodial Fund RPSWD Billing Services
RECEIPTS	
Charges for Services	\$ 861,348
DISBURSEMENTS	
Other Services and Charges	865,173
CHANGE IN NET CASH ASSETS	(3,825)
NET CASH ASSETS - BEGINNING	77,277
NET CASH ASSETS - ENDING	\$ 73,452

CITY OF PIERZ, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

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.

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 following criteria:

- 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.

CITY OF PIERZ, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.B. BASIS OF PRESENTATION (Continued)

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 *Third Avenue North Project Fund* is a capital project fund used to account for financial resources to be used for the third avenue north construction project.

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 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.

Additionally, the City reports the following nonmajor governmental and proprietary fund types:

The *Robert/Park Capital Project Fund* is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

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 *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 *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.

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's 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:

CITY OF PIERZ, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)

- 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, Cash Equivalents, and Time Deposits

For purposes of the Statements of Balances Arising from Cash Transactions and the proprietary funds Statement of Cash Flows, “cash, cash equivalents, and time deposits” includes all demand accounts and certificates of deposit. Certificates of deposit are stated at cost, which approximates fair value.

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

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.

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, 2021.

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

CITY OF PIERZ, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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, 2021.

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 position is displayed in two components:

Restricted Cash Assets – Consists of net position 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. There are no restricted cash assets at December 31, 2021.

Unrestricted Cash Assets – All other net position that do not meet the definition of “restricted.”

It is the City’s policy to consider restricted 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.

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 expense. 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.

**CITY OF PIERZ, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.F. RECEIPTS AND DISBURSEMENTS (Continued)

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, CASH EQUIVALENTS, AND TIME DEPOSITS

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.

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.

**CITY OF PIERZ, MINNESOTA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2021**

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

2.A. CASH, CASH EQUIVALENTS, AND TIME DEPOSITS (Continued)

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, 2021, the City’s time deposits consist of various certificates of deposit at a local bank with a stated interest rate of .95 percent, and such time deposits mature on June 11, 2022.

At December 31, 2021, the City’s deposits, including certificates of deposit, 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, cash equivalents, and time deposits at December 31, 2021:

Cash in Checking Account	\$	1,915,591
Certificates of Deposit		<u>1,000,000</u>
 Total Cash, Cash Equivalents, and Time Deposits	 \$	 <u><u>2,915,591</u></u>

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

Cash, Cash Equivalents, and Time Deposits - Statement of Balances Arising from Cash Transactions - Governmental Funds	\$	1,906,498
Cash, Cash Equivalents, and Time Deposits - Statement of Balances Arising from Cash Transactions - Proprietary Funds		935,641
Cash, Cash Equivalents, and Time Deposits - Statement of Balances Arising from Cash Transactions - Custodial Fund		<u>73,452</u>
 Total Cash, Cash Equivalents, and Time Deposits	 \$	 <u><u>2,915,591</u></u>

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, 2021, the loan balance is \$47,488. 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, 2021, the principal balance is \$220,995.

**CITY OF PIERZ, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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

2.B. LOANS RECEIVABLE (Continued)

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, 2021, the principal balance is \$42,680.

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, 2021, the long-term debt of the financial reporting entity consists of the following:

Governmental Funds

General Obligation Bonds/Note Payable					
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	\$ 80,000
Mar-19	\$ 231,248	\$16,562-33,125	0.00%	Mar-29	174,936
Total Long-Term Debt					\$ 254,936
Debt Due Within One Year					45,875
Debt Due After One Year					<u>\$ 209,061</u>

Proprietary Funds

General Obligation Notes					
Issue Date	Original Amount	Annual Principal Payment	Interest Rate(s)	Maturity Date	Remaining Amount
Dec-12	\$ 317,000	\$30,000-39,000	2.50%	Feb-22	<u>\$ 39,000</u>
Total Long-Term Debt					\$ 39,000
Debt Due Within One Year					39,000
Debt Due After One Year					<u>\$ -</u>

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, 2021**

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, 2021:

Type of Debt	Balance 1/1/2021	Additions	Deductions	Balance 12/31/2021	Amounts Due Within One Year
<i>Governmental Funds:</i>					
General Obligation Bonds	\$ 105,000	\$ -	\$ (25,000)	\$ 80,000	\$ 26,000
Note Payable	196,467	-	(21,531)	174,936	19,875
Total Governmental Funds	\$ 301,467	\$ -	\$ (46,531)	\$ 254,936	\$ 45,875
<i>Proprietary Funds:</i>					
General Obligation Notes	\$ 77,000	\$ -	\$ (38,000)	\$ 39,000	\$ 39,000

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

Annual Debt Service Requirements

At December 31, 2021, the estimated annual debt service requirements to maturity, including principal and interest, are as follows:

Years Ending December 31,	Governmental Funds		
	Principal	Interest	Total
2022	\$ 45,875	\$ 1,642	\$ 47,517
2023	46,875	993	47,868
2024	46,875	331	47,206
2025	19,875	-	19,875
2026	23,666	-	19,875
2027-2029	71,770	-	95,436
Total	\$ 254,936	\$ 2,966	\$ 277,777
Years Ending December 31,	Proprietary Funds		
	Principal	Interest	Total
2022	\$ 39,000	\$ 488	\$ 39,488

Interest totals \$2,266 in the Statement of Receipts, Disbursements and Changes in Cash Fund Balances. Interest totals \$1,450 in the Statement of Receipts, Disbursements and Changes in Net Cash Assets.

**CITY OF PIERZ, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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, 2021:

	Transfers Out	Transfers In				Total
		Major Funds		Nonmajor Funds		
		General	Third Ave N Project	EDA Fund		
<u>Major Funds</u>						
Electric	\$ 1,000,000	\$ -	\$ 1,000,000	\$ -		\$ 1,000,000
<u>Nonmajor Funds</u>						
Meadow Ponds (TIF 1-6)	1,010	1,010	-	-		1,010
Essentia Health (TIF 1-10)	7,460	-	-	7,460		7,460
RTO (TIF 1-11)	2,158	-	-	2,158		2,158
	<u>\$ 1,010,628</u>	<u>\$ 1,010</u>	<u>\$ 1,000,000</u>	<u>\$ 9,618</u>		<u>\$ 1,010,628</u>

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget require to expend 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, 2021:

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	Solid Waste Fund	100,000	Golf Course Expansion Project
Total Interfund Balances		<u>\$ 395,351</u>	

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

**CITY OF PIERZ, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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

2.E. CASH FUND BALANCES

At December 31, 2021, governmental cash fund balances consist of the following:

General Fund	
Assigned for Capital Outlay	\$ 512,823
Unassigned	<u> 730,135</u>
 Total General Fund Balance	 <u>\$ 1,242,958</u>
 Fire Fund	
Assigned for Capital Projects	<u>\$ 132,839</u>
 Third Avenue North Project Fund	
Assigned for the Third Avenue North Project	<u>\$ 192,256</u>
 Nonmajor Governmental Funds	
Restricted for Red's Auto	\$ 3,597
Restricted for Roach Rental Townhouse	8,438
Restricted for MIF Loan Fund	37,487
Restricted for Small Cities Development Grant Fund	87,384
Restricted for EDA Fund	29,909
Restricted for American Rescue Plan Act Fund	74,585
Assigned for Capital Projects	104,822
Unassigned	<u> (7,777)</u>
 Total Nonmajor Governmental Funds Balance	 <u>\$ 338,445</u>

Deficit cash fund balances in individual nonmajor governmental funds at December 31, 2021 consist of the following:

Funds	Fund Deficit
Nonmajor Debt Service Funds	
Essentia Health (TIF 1-10)	<u>\$ (277)</u>
RTO (TIF 1-11)	<u>\$ (4,378)</u>
Kloss Development (TIF 1-12)	<u>\$ (3,122)</u>

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

CITY OF PIERZ, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 3 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 1.2 percent for each of the first 10 years of service and 1.7 percent for each additional year. The rates are 2.2 percent and 2.7 percent, respectively, for Basic members. Under Method 2, the accrual rate for Coordinated members is 1.7 percent for all years of service, and 2.7 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.

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/about/financial/.

CITY OF PIERZ, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 3 DEFINED BENEFIT PENSION PLANS - STATEWIDE (Continued)

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 2021, Coordinated Plan members were required to contribute 6.5 percent of their annual covered salary and Police and Fire Plan members were required to contribute 11.8 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 2021, the City of Pierz was required to contribute the following percentages of annual covered payroll: 7.5 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, 2021, 2020, and 2019 were \$21,394, \$20,678, and \$18,520, respectively. The City of Pierz's contributions to the Police and Fire Fund for the years ending December 31, 2021, 2020, and 2019 were \$24,348, \$24,611, and \$23,024, respectively.

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.

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. RISKS AND UNCERTAINTIES

Public Health Emergency

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including geographical area in which the City operates. While it is unknown how long these conditions will last and what the complete financial effect will be to the City, to date, the City has not experienced any significant negative effects on its operations.

4.C. 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, 2021, outstanding Pay-as-You-Go debt approximates \$327,131 including accrued interest of \$89,764. 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.

**CITY OF PIERZ, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 4 OTHER NOTES (Continued)

4.C. COMMITMENTS (Continued)

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 expense for the year ended December 31, 2021 is \$1,042,472, which approximates future annual expenses 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 expense for the year ended December 31, 2021 is \$68,639, which approximates future annual expenses anticipated through the term of the contract.

4.D. 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:

	District #1-3	District #1-9
Business/Project Name	Red's Auto Project	Roach Housing Project
Purpose	Redevelopment	Redevelopment
Authorizing MN Statute	469.174	469.174
Year Established	1997	2010
Duration of District	Through 2024	Through 2037
Original Base Net Tax Capacity	<u>\$ 1,641</u>	<u>\$ 1,350</u>
Current Net Tax Capacity	<u>\$ 6,678</u>	<u>\$ 16,924</u>
Captured Net Tax Capacity	<u>\$ 5,037</u>	<u>\$ 15,574</u>
Abated in Current Year	<u>\$ 5,568</u>	<u>\$ 20,647</u>
Total Bonds/Notes Issued	<u>\$ 47,000</u>	<u>\$ 120,000</u>
Balance at 12/31/21	<u>\$ 47,000</u>	<u>\$ 51,309</u>

**CITY OF PIERZ, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 4 OTHER NOTES (Continued)

4.D. TAX INCREMENT FINANCING DISTRICTS (Continued)

	<u>District #1-10</u>	<u>District #1-11</u>
Business/Project Name	Essentia Health Project	RTO
Purpose	Economic Develop.	Redevelopment
Authorizing MN Statute	469.174	469.174
Year Established	2016	2019
Duration of District	Through 2025	Through 2046
Original Base Net Tax Capacity	\$ 2,886	\$ 1,754
Current Net Tax Capacity	<u>\$ 7,798</u>	<u>\$ 4,016</u>
Captured Net Tax Capacity	<u>\$ 4,912</u>	<u>\$ 2,262</u>
Abated in Current Year	<u>\$ 4,769</u>	<u>\$ 2,158</u>
Total Bonds/Notes Issued	<u>\$ 71,000</u>	<u>\$ 75,000</u>
Balance at 12/31/21	<u>\$ 66,452</u>	<u>\$ 72,842</u>

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.

4.E. 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, 2021, the conduit debt issued outstanding principal payable is \$2,090,860.

4.F. SUBSEQUENT EVENTS

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

- Bids for irrigation supplies and piping for its golf course expansion project at a total of \$178,834
- A bid for its 2022 street repairs at a total of \$80,737
- The purchase of automated irrigation improvements at a total of \$25,970

SUPPLEMENTARY INFORMATION

CITY OF PIERZ, MINNESOTA
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts Budgetary Basis	Variance with Final Budget Over (Under)
RECEIPTS			
Taxes			
Property Taxes	\$ 231,100	\$ 242,137	\$ 11,037
Licenses and Permits	29,000	71,149	42,149
Intergovernmental Receipts			
State Receipts			
Local Government Aid	456,686	456,686	-
Market Value Credit	80	155	75
PERA Aid	812	-	(812)
Transportation	-	32,302	32,302
Other State Grants and Aids	7,000	3,526	(3,474)
Local Receipts			
Other Local Grants	-	20,800	20,800
Total Intergovernmental Receipts	<u>464,578</u>	<u>513,469</u>	<u>48,891</u>
Charges for Services			
General Government	12,000	12,633	633
Streets and Highways	10,000	3,949	(6,051)
Other Service Charges	25,228	26,399	1,171
Total Charges for Services	<u>47,228</u>	<u>42,981</u>	<u>(4,247)</u>
Fines and Forfeitures	5,000	4,266	(734)
Miscellaneous Receipts			
Investment Earnings	9,365	9,877	512
Refunds and Reimbursements	600	68	(532)
Contributions and Donations	2,400	4,625	2,225
Other Miscellaneous	10,059	24,640	14,581
Total Miscellaneous Receipts	<u>22,424</u>	<u>39,210</u>	<u>16,786</u>
TOTAL RECEIPTS	799,330	913,212	113,882
DISBURSEMENTS			
General Government			
Mayor and Council	39,116	18,214	(20,902)
Administration and Finance	126,031	131,415	5,384
Other General Government	81,945	50,023	(31,922)
Capital Outlay	15,600	2,650	(12,950)
Total General Government	<u>262,692</u>	<u>202,302</u>	<u>(60,390)</u>

CITY OF PIERZ, MINNESOTA
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (Continued)
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts Budgetary Basis	Variance with Final Budget Over (Under)
Public Safety			
Police			
Current	\$ 219,267	\$ 229,836	\$ 10,569
Capital Outlay	14,768	-	(14,768)
Fire			
Current	5,075	58	(5,017)
Other Public Safety			
Current	<u>14,000</u>	<u>19,179</u>	<u>5,179</u>
Total Public Safety	253,110	249,073	(4,037)
Public Works			
Street Maintenance and Storm Sewers	142,270	104,149	(38,121)
Capital Outlay - Street Construction	181,000	53,685	(127,315)
Capital Outlay - Other	<u>50,000</u>	<u>-</u>	<u>(50,000)</u>
Total Public Works	373,270	157,834	(215,436)
Culture and Recreation			
Libraries			
Current	19,300	20,081	781
Parks and Recreation			
Capital Outlay	<u>1,500</u>	<u>410</u>	<u>(1,090)</u>
Total Culture and Recreation	<u>20,800</u>	<u>20,491</u>	<u>(309)</u>
TOTAL DISBURSEMENTS	<u>909,872</u>	<u>629,700</u>	<u>(280,172)</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	(110,542)	283,512	394,054
OTHER FINANCING SOURCES			
Transfers			
From Other Funds	<u>-</u>	<u>1,010</u>	<u>1,010</u>
NET CHANGE IN CASH FUND BALANCE	<u>\$ (110,542)</u>	284,522	<u>\$ 395,064</u>
CASH FUND BALANCE - BEGINNING		<u>958,436</u>	
CASH FUND BALANCE - ENDING		<u>\$ 1,242,958</u>	

**CITY OF PIERZ, MINNESOTA
BUDGETARY COMPARISON SCHEDULE – FIRE FUND
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Budgeted Amounts	Actual Amounts	Variance with Final Budget
	Original and Final	Budgetary Basis	Over (Under)
RECEIPTS			
Taxes			
Property Taxes	\$ 48,410	\$ 48,997	\$ 587
Intergovernmental Receipts			
State Receipts			
Police and Fire Aid	52,000	57,425	5,425
Other State Grants and Aids	6,000	11,339	5,339
Total Intergovernmental Receipts	58,000	68,764	10,764
Charges for Services			
Police and Fire Contracts	43,000	39,069	(3,931)
Miscellaneous Receipts			
Investment Earnings	720	815	95
Contributions and Donations	-	3,000	3,000
Other Miscellaneous	-	1,000	1,000
Total Miscellaneous Receipts	720	4,815	4,095
TOTAL RECEIPTS	150,130	161,645	11,515
DISBURSEMENTS			
Public Safety			
Fire			
Current	154,850	166,552	11,702
Capital Outlay	25,000	5,853	(19,147)
TOTAL DISBURSEMENTS	179,850	172,405	(7,445)
NET CHANGE IN CASH FUND BALANCE	\$ (29,720)	(10,760)	\$ 18,960
CASH FUND BALANCE - BEGINNING		143,599	
CASH FUND BALANCE - ENDING		\$ 132,839	

CITY OF PIERZ, MINNESOTA
COMBINING STATEMENT OF BALANCES ARISING FROM CASH TRANSACTIONS
ALL NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2021

	Robert/Park Fund	Total Nonmajor Debt Service Funds	Total Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash, Cash Equivalents, and Time Deposits	<u>\$ 104,822</u>	<u>\$ 4,258</u>	<u>\$ 229,365</u>	<u>\$ 338,445</u>
CASH FUND BALANCES				
Restricted	\$ -	\$ 12,035	\$ 229,365	\$ 241,400
Assigned	104,822	-	-	104,822
Unassigned	<u>-</u>	<u>(7,777)</u>	<u>-</u>	<u>(7,777)</u>
TOTAL CASH FUND BALANCES	<u>\$ 104,822</u>	<u>\$ 4,258</u>	<u>\$ 229,365</u>	<u>\$ 338,445</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, 2021

	Robert/Park Fund	Total Nonmajor Debt Service Funds	Total Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
RECEIPTS				
Property Taxes	\$ 23,012	\$ -	\$ -	\$ 23,012
Tax Increment	-	29,429	-	29,429
Special Assessments	34,086	-	-	34,086
Intergovernmental	-	-	74,585	74,585
Loan Repayments	-	-	30,716	30,716
Investment Income	357	-	675	1,032
Miscellaneous	-	7,278	15,473	22,751
TOTAL RECEIPTS	<u>57,455</u>	<u>36,707</u>	<u>121,449</u>	<u>215,611</u>
DISBURSEMENTS				
Current:				
General Government	-	13,304	-	13,304
Economic Development	-	26,215	64,437	90,652
Debt Service:				
Principal	25,000	-	21,531	46,531
Interest and Other Charges	2,266	-	54	2,320
TOTAL DISBURSEMENTS	<u>27,266</u>	<u>39,519</u>	<u>86,022</u>	<u>152,807</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	30,189	(2,812)	35,427	62,804
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	9,618	9,618
Transfers Out	-	(10,628)	-	(10,628)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(10,628)</u>	<u>9,618</u>	<u>(1,010)</u>
NET CHANGE IN CASH FUND BALANCES	30,189	(13,440)	45,045	61,794
CASH FUND BALANCES - BEGINNING	<u>74,633</u>	<u>17,698</u>	<u>184,320</u>	<u>276,651</u>
CASH FUND BALANCES - ENDING	<u>\$ 104,822</u>	<u>\$ 4,258</u>	<u>\$ 229,365</u>	<u>\$ 338,445</u>

**CITY OF PIERZ, MINNESOTA
 COMBINING STATEMENT OF BALANCES ARISING FROM CASH TRANSACTIONS
 NONMAJOR DEBT SERVICE GOVERNMENTAL FUNDS
 DECEMBER 31, 2021**

	Red's Auto (TIF 1-3)	Meadow Ponds (TIF 1-6)	Roach Rental Townhouse (TIF 1-9)	Essentia Health (TIF 1-10)	RTO (TIF 1- 11)	Kloss Development (TIF 1-12)	Total Nonmajor Debt Service Funds
ASSETS							
Cash, Cash Equivalents, and Time Deposits	\$ 3,597	\$ -	\$ 8,438	\$ (277)	\$ (4,378)	\$ (3,122)	\$ 4,258
CASH FUND BALANCES							
Restricted	\$ 3,597	\$ -	\$ 8,438	\$ -	\$ -	\$ -	\$ 12,035
Unassigned	-	-	-	(277)	(4,378)	(3,122)	(7,777)
TOTAL CASH FUND BALANCES	<u>\$ 3,597</u>	<u>\$ -</u>	<u>\$ 8,438</u>	<u>\$ (277)</u>	<u>\$ (4,378)</u>	<u>\$ (3,122)</u>	<u>\$ 4,258</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, 2021

	Red's Auto (TIF 1-3)	Meadow Ponds (TIF 1-6)	Roach Rental Townhouse (TIF 1-9)	Essentia Health (TIF 1-10)	RTO (TIF 1- 11)	Kloss Development (TIF 1-12)	Total Nonmajor Debt Service Funds
RECEIPTS							
Tax Increment	\$ 6,186	\$ -	\$ 15,548	\$ 5,298	\$ 2,397	\$ -	\$ 29,429
Miscellaneous	-	-	-	-	-	7,278	7,278
TOTAL RECEIPTS	<u>6,186</u>	<u>-</u>	<u>15,548</u>	<u>5,298</u>	<u>2,397</u>	<u>7,278</u>	<u>36,707</u>
DISBURSEMENTS							
Current:							
General Government	726	-	726	726	726	10,400	13,304
Economic Development	5,568	-	20,647	-	-	-	26,215
TOTAL DISBURSEMENTS	<u>6,294</u>	<u>-</u>	<u>21,373</u>	<u>726</u>	<u>726</u>	<u>10,400</u>	<u>39,519</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	(108)	-	(5,825)	4,572	1,671	(3,122)	(2,812)
OTHER FINANCING USES							
Transfers Out	-	(1,010)	-	(7,460)	(2,158)	-	(10,628)
NET CHANGE IN CASH FUND BALANCES	(108)	(1,010)	(5,825)	(2,888)	(487)	(3,122)	(13,440)
CASH FUND BALANCES - BEGINNING	<u>3,705</u>	<u>1,010</u>	<u>14,263</u>	<u>2,611</u>	<u>(3,891)</u>	<u>-</u>	<u>17,698</u>
CASH FUND BALANCES - ENDING	<u>\$ 3,597</u>	<u>\$ -</u>	<u>\$ 8,438</u>	<u>\$ (277)</u>	<u>\$ (4,378)</u>	<u>\$ (3,122)</u>	<u>\$ 4,258</u>

**CITY OF PIERZ, MINNESOTA
 COMBINING STATEMENT OF BALANCES ARISING FROM CASH TRANSACTIONS
 NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS
 DECEMBER 31, 2021**

	EDA Fund	MIF Loan Fund	Small Cities Development Grant Fund	American Rescue Plan Act Fund	Total Nonmajor Special Revenue Funds
ASSETS					
Cash, Cash Equivalents, and Time Deposits	<u>\$ 29,909</u>	<u>\$ 37,487</u>	<u>\$ 87,384</u>	<u>\$ 74,585</u>	<u>\$ 229,365</u>
CASH FUND BALANCES					
Restricted	<u>\$ 29,909</u>	<u>\$ 37,487</u>	<u>\$ 87,384</u>	<u>\$ 74,585</u>	<u>\$ 229,365</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, 2021

	EDA Fund	MIF Loan Fund	Small Cities Development Grant Fund	American Rescue Plan Act Fund	Total Nonmajor Special Revenue Funds
RECEIPTS					
Intergovernmental	\$ -	\$ -	\$ -	\$ 74,585	\$ 74,585
Loan Repayments	2,320	28,396	-	-	30,716
Investment Income	299	-	376	-	675
Miscellaneous	1,602	4,728	9,143	-	15,473
TOTAL RECEIPTS	<u>4,221</u>	<u>33,124</u>	<u>9,519</u>	<u>74,585</u>	<u>121,449</u>
DISBURSEMENTS					
Current:					
Economic Development	45,187	-	19,250	-	64,437
Debt Service:					
Principal	-	21,531	-	-	21,531
Interest and Other Charges	-	54	-	-	54
TOTAL DISBURSEMENTS	<u>45,187</u>	<u>21,585</u>	<u>19,250</u>	<u>-</u>	<u>86,022</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	(40,966)	11,539	(9,731)	74,585	35,427
OTHER FINANCING SOURCES (USES)					
Transfers In	<u>9,618</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,618</u>
NET CHANGE IN CASH FUND BALANCES	(31,348)	11,539	(9,731)	74,585	45,045
CASH FUND BALANCES - BEGINNING	<u>61,257</u>	<u>25,948</u>	<u>97,115</u>	<u>-</u>	<u>184,320</u>
CASH FUND BALANCES - ENDING	<u>\$ 29,909</u>	<u>\$ 37,487</u>	<u>\$ 87,384</u>	<u>\$ 74,585</u>	<u>\$ 229,365</u>

**CITY OF PIERZ, MINNESOTA
SCHEDULE OF INDEBTEDNESS
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)**

	<u>Issue Dates</u>	<u>Interest Rates</u>	<u>Maturity Dates</u>	<u>Initial Authorized Issue</u>	<u>Outstanding Balance 01/01/21</u>	<u>Paid</u>	<u>Outstanding Balance 12/31/21</u>	<u>Principal Due Within One Year</u>
GOVERNMENTAL INDEBTEDNESS								
2013A General Obligation Improvement Bonds	6/1/2013	2.45%	2/1/2024	\$ 246,000	\$ 105,000	\$ 25,000	\$ 80,000	\$ 26,000
MIF Loan - Notes Payable	3/1/2019	0.00%	3/1/2029	<u>231,248</u>	<u>196,467</u>	<u>21,531</u>	<u>174,936</u>	<u>19,875</u>
TOTAL GOVERNMENTAL DEBTS				477,248	301,467	46,531	254,936	45,875
PROPRIETARY INDEBTEDNESS								
2012A General Obligation Refunding Note	12/3/2012	2.50%	2/1/2022	<u>317,000</u>	<u>77,000</u>	<u>38,000</u>	<u>39,000</u>	<u>39,000</u>
TOTAL INDEBTEDNESS				<u>\$ 794,248</u>	<u>\$ 378,467</u>	<u>\$ 84,531</u>	<u>\$ 293,936</u>	<u>\$ 84,875</u>

**CITY OF PIERZ, MINNESOTA
SCHEDULE OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2021
(UNAUDITED)**

<u>Fund</u>	<u>Item and Purpose</u>	<u>Amount</u>
General	Accounts Receivable - Franchise Fees (Midco)	\$ 939
General	Trial Court Fees	220
General	RPSWD	553
Fire	DNR Reimbursement	500
Fire	PRAFPA	1,468
Fire	Paid Fire Calls - 2021	215
Third Ave N Project	RPSWD	16,958
Third Ave N Project	Morrison County	9,585
Electric	MN Power	13,143
Golf Course	RPSWD	351
General	Property Taxes	2,794
Fire	Property Taxes	565
Robert/Park	Property Taxes	265
Golf Course	Property Taxes	254
Red's Auto (TIF 1-3)	Property Taxes	2,890
Electric	Customer Charges	104,415
Storm Water	Customer Charges	2,161
Mosquito Spraying	Customer Charges	1,245
Solid Waste	Customer Charges	13,416
		<u>\$ 171,937</u>

CITY OF PIERZ, MINNESOTA
SCHEDULE OF ACCOUNTS PAYABLE AND CONTINGENT LIABILITIES
DECEMBER 31, 2021
(UNAUDITED)

<u>Fund</u>	<u>Vendor</u>	<u>Item and Purpose</u>	<u>Amount</u>	
General	Cardmember Services	Communications	\$ 16	
	Cardmember Services	Postage	8	
	Centerpoint Energy	Heating	1,025	
	Colonial Life Insurance	Insurance	502	
	Design Electronics, Radio Shack	Operating Supplies	340	
	ECM Publisher, Inc	Professional Services	73	
	Gaffke, Eric	Communications	120	
	Grace Heschke	Professional Services	260	
	Hartmann's	Operating Supplies	1,527	
	Hartmann's	Repairs and Maintenance	46	
	Initiative Foundation	Donation	1,450	
	Inspection Services of Central	Professional Services	9,851	
	MIDCO	Communications	252	
	MN Dept. of Labor and Industry	Operating Supplies	110	
	MN Peip	Insurance	491	
	Morrison County Attorney	Professional Services	110	
	Morrison County Public Works	Operating Supplies/Salt & Sand	3,450	
	Morrison County Sheriff's Dept.	Repairs and Maintenance	1,079	
	Northern Business Products	Office Supplies	173	
	Pierz Ballroom	Refunds	1,100	
	Pierz Sanitation, Inc.	Professional Services	59	
	Pierz Service	Repairs and Maintenance	136	
	PSN	Operating Supplies	95	
	Rasinski Total Door Service Llc	Professional Services	19	
	Red's Auto	Fuel	1,463	
	Saehr Backhoe and Gravel	Operating Supplies	288	
	Saehr Backhoe and Gravel	Professional Services	6,130	
	SEH	Professional Services	119	
	Shred-N-Go	Operating Supplies	108	
	Sourcewell	Professional Services	495	
	Sterling Water Culligan	Beverages	148	
	Streichers	Training	322	
	Sunrise Ag Coop	Repairs and Maintenance	210	
	Verizon Wireless	Communications	731	
	Wex	Fuel	596	
	Zarnoth Brush Works, Inc	Repairs and Maintenance	800	
			<u>33,702</u>	
			\$ 33,702	
	Fire	Centerpoint Energy	Heating	578
		Galls, LLC	Uniforms	104
Granite Electronics		Communications	289	
Midco		Communications	163	
Sunrise Ag Coop		Repairs and Maintenance	197	
Verizon		Communications	160	
Widseth		Professional Services	1,350	
		<u>2,841</u>		
		2,841		

CITY OF PIERZ, MINNESOTA
SCHEDULE OF ACCOUNTS PAYABLE AND CONTINGENT LIABILITIES (Continued)
DECEMBER 31, 2021
(UNAUDITED)

<u>Fund</u>	<u>Vendor</u>	<u>Item and Purpose</u>	<u>Amount</u>	
Electric	Border States Electric	Operating Supplies	\$ 2,059	
	Brausen, Pete	Receipts	4	
	Gopher State One Call	Professional Services	46	
	Hartmanns Inc	Repair and Maintenance	27	
	MN Dept. of Revenue	Sales Tax	5,851	
	MN Power	Merchandise for Resale	91,720	
	MN Power	Professional Services	22,835	
	Pelarske, Dylan	Refunds	29	
	USIC Locating Services, LLC	Professional Services	<u>500</u>	
				\$
Fiduciary	RPSWD	Water/Sewer	<u>73,452</u>	73,452
Golf Course	Bieganek, Daniel	Professional Services	1,200	
	Cardpointe	Bank Charges	45	
	Campspot	Fees and Licenses	20	
	Campspot	Advertising	44	
	Cardmember Services	Advertising	129	
	Design Electronics	Improv Other than Bldg	1,440	
	Design Electronics	Professional Services	200	
	Jovanovich, Dege, & Athmann	Professional Services	76	
	Midco	Communications	149	
	MN Dept. of Revenue	Sales Tax	374	
	Rardin Excavating, Inc	Professional Services	3,970	
	SEH	Professional Services	688	
	Srixon Cleveland	Merchandise for Resale	788	
	US Card Systems	Bank Charges	20	
	Verizon	Communications	40	
Ziegler	Communications	<u>710</u>		
				9,893
American Rescue Plan Act	Design Electronics	Communications	1,460	
	Northern Business Products	Communications	<u>289</u>	
				1,749
Third Ave North Project	Jovanovich, Dege, & Athmann	Professional Services	342	
	MN Power	Electric Relocate	<u>2,311</u>	
				2,653
Solid Waste	MN Dept. of Revenue	Sales Tax	559	
	Morrison County Auditor	Professional Services	2,230	
	Pierz Sanitation, Inc.	Professional Services	<u>3,787</u>	
				<u>6,576</u>
			\$	<u>253,937</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, 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 March 22, 2022.

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 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 22, 2022