

**City of Eden Valley
Meeker and Stearns Counties, Minnesota**

Financial Statements

December 31, 2016



**City of Eden Valley
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**City of Eden Valley
Elected Officials and Administration
December 31, 2016**

<u>Elected Officials</u>	<u>Position</u>	<u>Term Expires</u>
Brent Bengtson	Mayor	December 31, 2016
Janice Sheets	Council Member	December 31, 2018
Dan Thielen	Council Member	December 31, 2018
Jeff Bradshaw	Council Member	December 31, 2016
Mark Kern	Council Member	December 31, 2016
<u>Administration</u>		
Mona Haag	City Clerk/Treasurer	Appointed

Independent Auditor's Report

Honorable Mayor and Members
of the City Council
City of Eden Valley
Eden Valley, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the City of Eden Valley, Minnesota, as of and for the year ended December 31, 2016, and the related notes to financial statements, which collectively comprise the City's regulatory financial statements as listed in the Table of Contents. We have also audited the additional supplementary information as listed in the Table of Contents for the year ended December 31, 2016.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with regulatory basis of accounting discussed in Note 1. 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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 Accounting Principles Generally Accepted in the United States of America

As described in Note 1 of the financial statements, the financial statements are prepared by the City on the basis of the financial reporting provisions of the Minnesota Office of the State Auditor, 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 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on Accounting Principles Generally Accepted in the United States of America

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America" paragraph, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the City of Eden Valley, Minnesota, as of December 31, 2016, the changes in financial position, and, where applicable, cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective cash balances of each major fund and the aggregate remaining fund information of the City of Eden Valley, Minnesota, as of December 31, 2016, and the respective changes in cash balances and cash flows, where applicable, thereof for the year then ended in accordance with the regulatory basis of accounting discussed in Note 1. In addition, in our opinion, the additional supplementary information referred to in the first paragraph presents fairly, in all material respects, the accounts receivable and accounts payable balances of the City's funds as of December 31, 2016, in conformity with the regulatory basis of accounting discussed in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Eden Valley's regulatory financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the regulatory financial statements.



Other Matters

Other Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2017, on our consideration of the City of Eden Valley's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Eden Valley's internal control over financial reporting and compliance.

Bergan KDV, Ltd.

St. Cloud, Minnesota
March 17, 2017

REGULATORY BASIS FINANCIAL STATEMENTS

City of Eden Valley
Statement of Balances Arising from Cash Transactions -
Governmental Funds
December 31, 2016

		<u>Special Revenue</u>	<u>Capital Projects</u>
	General Fund (100)	Business Incentives (220)	HWY 22 Project (430)
Assets			
Cash and investments	\$ 356,846	\$ 154,387	\$ -
Due from other funds	310,247	-	-
	<u>667,093</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 667,093</u>	<u>\$ 154,387</u>	<u>\$ -</u>
Liabilities			
Due to other funds	\$ -	\$ -	\$ 310,122
Cash fund balances			
Restricted	-	-	-
Committed	-	154,387	-
Unassigned	667,093	-	(310,122)
	<u>667,093</u>	<u>154,387</u>	<u>(310,122)</u>
Total cash fund balances	<u>667,093</u>	<u>154,387</u>	<u>(310,122)</u>
Total liabilities and cash fund balances	<u>\$ 667,093</u>	<u>\$ 154,387</u>	<u>\$ -</u>

<u>Debt Service</u>		
<u>2012 MN HWY</u>		
<u>22</u>	<u>Other</u>	<u>Total</u>
<u>Improvement</u>	<u>Governmental</u>	<u>Governmental</u>
<u>(320)</u>	<u>Funds</u>	<u>Funds</u>
\$ 194,986	\$ 429,595	\$ 1,135,814
-	-	310,247
<u>\$ 194,986</u>	<u>\$ 429,595</u>	<u>\$ 1,446,061</u>
\$ -	\$ 125	\$ 310,247
194,986	230,988	425,974
-	198,607	352,994
-	(125)	356,846
<u>194,986</u>	<u>429,470</u>	<u>1,135,814</u>
<u>\$ 194,986</u>	<u>\$ 429,595</u>	<u>\$ 1,446,061</u>

City of Eden Valley
Statement of Cash Receipts, Disbursements, and
Changes in Cash Fund Balances -
Governmental Funds
Year Ended December 31, 2016

		<u>Special Revenue</u>	<u>Capital Projects</u>
	General Fund (100)	Business Incentives (220)	HWY 22 Project (430)
Receipts			
General property taxes	\$ 420,819	\$ -	\$ -
Tax increments	-	-	-
Special assessments	-	-	-
Licenses and permits	10,725	-	-
Intergovernmental	319,571	-	-
Charges for service	74,462	-	-
Fines and forfeitures	1,814	-	-
Investment earnings	16,384	2,429	-
Miscellaneous			
Refunds and reimbursements	34,786	11,349	-
Donations and contributions	6,095	-	-
Other	32,395	2,179	-
Total receipts	<u>917,051</u>	<u>15,957</u>	<u>-</u>
Disbursements			
Current			
General government	242,398	-	-
Public safety	303,118	-	-
Public works	170,449	-	21,481
Culture and recreation	26,467	-	-
Economic development	-	2,597	-
Debt service			
Principal	46,562	-	-
Interest and other charges	17,069	-	-
Capital outlay			
Public safety	6,035	-	-
Public works	30,000	-	169,869
Economic development	-	-	-
Total disbursements	<u>842,098</u>	<u>2,597</u>	<u>191,350</u>
Excess of receipts over (under) disbursements	74,953	13,360	(191,350)
Other Financing Sources (Uses)			
Proceeds from sale of capital asset	878	-	-
Transfers in	-	-	-
Transfers out	(45,700)	-	-
Total other financing sources (uses)	<u>(44,822)</u>	<u>-</u>	<u>-</u>
Net change in cash fund balances	30,131	13,360	(191,350)
Cash Fund Balances			
Beginning of year	<u>636,962</u>	<u>141,027</u>	<u>(118,772)</u>
End of year	<u>\$ 667,093</u>	<u>\$ 154,387</u>	<u>\$ (310,122)</u>

Debt Service		
2012 MN HWY	Other	Total
22 Improvement	Governmental	Governmental
(320)	Funds	Funds
\$ 59,400	\$ 791	\$ 481,010
-	23,286	23,286
25,730	19,307	45,037
-	-	10,725
-	-	319,571
-	40	74,502
-	-	1,814
(4,178)	2,812	17,447
-	-	46,135
-	85,497	91,592
-	49,015	83,589
80,952	180,748	1,194,708
-	-	242,398
-	2,756	305,874
-	-	191,930
-	34,231	60,698
-	43,441	46,038
40,000	80,000	166,562
33,281	13,224	63,574
-	-	6,035
-	-	199,869
-	44	44
73,281	173,696	1,283,022
7,671	7,052	(88,314)
-	-	878
-	55,200	55,200
-	-	(45,700)
-	55,200	10,378
7,671	62,252	(77,936)
187,315	367,218	1,213,750
\$ 194,986	\$ 429,470	\$ 1,135,814

City of Eden Valley
Statement of Balances Arising from Cash Transactions -
Proprietary Funds
December 31, 2016

	Enterprise Funds			Total
	Water (510)	Sewer (520)	Senior Housing (530)	
Assets				
Cash and investments	<u>\$ 316,824</u>	<u>\$ 334,156</u>	<u>\$ 31,767</u>	<u>\$ 682,747</u>
Net Cash Position				
Unrestricted	<u>\$ 316,824</u>	<u>\$ 334,156</u>	<u>\$ 31,767</u>	<u>\$ 682,747</u>

City of Eden Valley
Statement of Receipts, Disbursements, and
Changes in Net Cash Position - Proprietary Funds
December 31, 2016

	Enterprise Funds			
	Water (510)	Sewer (520)	Senior Housing	Total
Operating receipts				
Charges for services	\$ 348,888	\$ 162,828	\$ 122,180	\$ 633,896
Connection fees	4,324	-	-	4,324
Miscellaneous operating revenues	2,580	6,019	-	8,599
Total operating receipts	<u>355,792</u>	<u>168,847</u>	<u>122,180</u>	<u>646,819</u>
Operating disbursements				
Salaries and benefits	71,070	47,090	7,282	125,442
Operating supplies	7,690	7,182	3,920	18,792
Repairs and maintenance	18,863	11,690	14,574	45,127
Professional services	9,247	24,935	18,677	52,859
Utilities	18,707	9,255	13,293	41,255
Miscellaneous expenses	10,546	6,219	9,075	25,840
Total operating disbursements	<u>136,123</u>	<u>106,371</u>	<u>66,821</u>	<u>309,315</u>
Excess of operating receipts over operating disbursements	219,669	62,476	55,359	337,504
Nonoperating receipts (disbursements)				
Investment income	(2,897)	6,488	64	3,655
Other	64	8,915	5,508	14,487
Interest expense	(27,657)	(14,706)	(8,112)	(50,475)
Capital outlay	(8,108)	-	-	(8,108)
Total nonoperating receipts (disbursements)	<u>(38,598)</u>	<u>697</u>	<u>(2,540)</u>	<u>(40,441)</u>
Net income before debt and other items	181,071	63,173	52,819	297,063
Debt principal	(169,000)	(52,000)	(49,000)	(270,000)
Transfers out	<u>-</u>	<u>(9,500)</u>	<u>-</u>	<u>(9,500)</u>
Change in net cash position	12,071	1,673	3,819	17,563
Net cash position				
Beginning of year	<u>304,753</u>	<u>332,483</u>	<u>27,948</u>	<u>665,184</u>
End of year	<u>\$ 316,824</u>	<u>\$ 334,156</u>	<u>\$ 31,767</u>	<u>\$ 682,747</u>

City of Eden Valley
Statement of Cash Flows - Cash Basis -
Proprietary Funds
December 31, 2016

	Water (510)	Sewer (520)	Senior Housing	Total
Cash Flows - Operating Activities				
Receipts from customers	\$ 270,294	\$ 168,847	\$ 122,180	\$ 561,321
Payments to suppliers	(65,053)	(59,281)	(59,539)	(183,873)
Payments to employees	(71,070)	(47,090)	(7,282)	(125,442)
Net cash flows - operating activities	<u>134,171</u>	<u>62,476</u>	<u>55,359</u>	<u>252,006</u>
Cash Flows - Noncapital Financing Activities				
Miscellaneous revenue	64	8,915	5,508	14,487
Transfers to other funds	<u>-</u>	<u>(9,500)</u>	<u>-</u>	<u>(9,500)</u>
Net cash flows - noncapital financing activities	<u>64</u>	<u>(585)</u>	<u>5,508</u>	<u>4,987</u>
Cash Flows - Capital and Related Financing Activities				
Loan repayment proceeds	73,500	-	-	73,500
Acquisition of capital assets	(8,108)	-	-	(8,108)
Principal paid on capital debt	(169,000)	(52,000)	(49,000)	(270,000)
Interest paid on capital debt	<u>(15,659)</u>	<u>(14,706)</u>	<u>(8,112)</u>	<u>(38,477)</u>
Net cash flows - capital and related financing activities	<u>(119,267)</u>	<u>(66,706)</u>	<u>(57,112)</u>	<u>(243,085)</u>
Cash Flows - Investing Activities				
Interest and dividends	<u>(2,897)</u>	<u>6,488</u>	<u>64</u>	<u>3,655</u>
Net change in cash and cash equivalents	12,071	1,673	3,819	17,563
Cash and Cash Equivalents				
Beginning of year	<u>304,753</u>	<u>332,483</u>	<u>27,948</u>	<u>665,184</u>
End of year	<u><u>\$ 316,824</u></u>	<u><u>\$ 334,156</u></u>	<u><u>\$ 31,767</u></u>	<u><u>\$ 682,747</u></u>

City of Eden Valley
Statement of Fiduciary Net Position
December 31, 2016

	<u>Liquor Trust</u>
Assets	
Current	
Cash and investments	<u>\$ 231,727</u>
Net position	
Held in trust for benefits and other purposes	<u>\$ 231,727</u>

Statement of Changes in Fiduciary Net Position
Year Ended December 31, 2016

	<u>Liquor Trust</u>
Additions	
Investment interest	<u>\$ 3,837</u>
Change in net position	3,837
Net position	
Beginning of year	<u>227,890</u>
End of year	<u>\$ 231,727</u>

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City of Eden Valley
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Eden Valley is a statutory city governed by an elected mayor and four council members. The accompanying financial statements present the government entities for which the government is considered to be financially accountable.

The financial statements present the City and its component units. The City includes all funds, account groups, organizations, institutions, agencies, departments, and offices that are not legally separate from such. Component units are legally separate organizations for which the elected officials of the City are financially accountable and are included within the regulatory financial statements of the City because of the significance of their operational or financial relationships with the City.

The City is considered financially accountable for a component unit if it appoints a voting majority of the organization's governing body and it is able to impose its will on the organization by significantly influencing the programs, projects, activities, or level of services performed or provided by the organization or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on, the City.

As a result of applying the component unit definition criteria above, the following organization has been defined and is presented in this report as follows:

Blended Component Units – Reported as if they were part of the City.

For the above category, the specific entity is identified as follows:

1. Blended Component Unit

The Eden Valley Economic Development Authority (EDA) is a legal entity separate from the City. Although legally separate, the Eden Valley EDA is reported as if it were part of the primary government because it provides services exclusively for the City. Separate financial statements are not prepared for the Eden Valley EDA.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounts of the City are maintained and the accompanying financial statements have been prepared, on a regulatory basis of accounting prescribed by the Minnesota Office of the State Auditor. The regulatory basis of accounting is defined in the *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* issued by the State of Minnesota Office of the State Auditor on December 17, 2004. The regulatory basis allows revenues to be recognized when received rather than when earned, and expenditures to be recognized when paid rather than when the obligations are incurred.

Major proprietary funds are reported on an accrual basis of accounting in a separate report.

City of Eden Valley
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Description of Funds:

Major Governmental Funds:

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

Business Incentives Special Revenue Fund – This fund accounts for all the activity relating to the business loan program. It is funded by loan repayments.

HWY 22 Project Fund – This Fund is a Capital Project Fund and accounts for all of the activity related to the Highway 22 project.

2012 MN HWY 22 Improvement Debt Service Fund – This fund accounts for the debt associated with the 2012 improvement project.

Proprietary Funds:

Water Fund – This Fund accounts for the operations of the City's water utility.

Sewer Fund – This Fund accounts for the operations of the City's sewer utility.

Senior Housing – This Fund accounts for the activities and operation of the City's senior housing facility.

Fiduciary Fund:

Liquor Trust – This Fund is used to account for the proceeds received from the sale of the Municipal liquor store.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds repairs and maintenance are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

City of Eden Valley
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed. Further, the City applies unrestricted funds in this order if various levels of unrestricted fund balances exist: committed, assigned, and unassigned.

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

C. Cash, Cash Equivalents, and Investments

Cash and investments include balances from all funds that are combined and invested to the extent available in various securities as authorized by state law. Earnings from the pooled investments are allocated to the individual funds based on the average of month-end cash and investment balances.

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Minnesota Statutes authorizes the City to invest in obligations of the U.S. Treasury, agencies and instrumentalities, shares of investment companies whose only investments are in the aforementioned securities, obligations of the State of Minnesota or its municipalities, bankers' acceptances, future contracts, repurchase and reverse repurchase agreements, and commercial paper of the highest quality with a maturity of no longer than 270 days and in the Minnesota Municipal Investment Pool.

Certain investments for the City are reported at fair value as disclosed in Note 3. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

In accordance with GASB Statement No. 79, the Minnesota Municipal Investment Pool securities are valued at amortized cost, which approximates fair value. There are no restrictions or limitations on withdrawals from the 4M Liquid Asset 14-day restriction period will be subject to a penalty equal to seven days interest on the amount withdrawn. Seven days' notice of redemption is required for withdrawals of investments in the 4M Term Series withdrawn prior to the maturity date of that series. A penalty could be assessed as necessary to recoup the Series for any charges, losses, and other costs attributable to the early redemption.

**City of Eden Valley
Notes to Financial Statements**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Property Tax Collection Calendar

The City levies its property tax for the subsequent year during the month of December. December 28 is the last day the City can certify a tax levy to the County Auditors for collection the following year. Such taxes become a lien on January 1 and are recorded as receivables by the City at that date. The property tax is recorded as revenue when it becomes measurable and available. Meeker County and Stearns County are the collecting agencies for the levy and remits the collections to the City three times a year. The tax levy notice is mailed in March with the first half of the payment due on May 15 and the second half due on October 15.

The County Auditors prepare the tax list for all taxable property in the City, applying the applicable tax rate to the tax capacity of individual properties, to arrive at the actual tax for each property. The County Auditors also collect all special assessments, except for certain prepayments paid directly to the City.

The County Auditors submit the list of taxes and special assessments to be collected on each parcel of property to the County Treasurers in January of each year.

E. Vacation and Sick Leave

The City compensates employees who either retire or terminate for 100% of their accumulated unused vacation pay, and 50% of sick leave for this who have been employed for more than 15 years. As of December 31, 2016, the total liability for unused vacation and sick pay was approximately \$27,729.

F. Use of Estimates

The preparation of financial statements in conformity with the regulatory basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and disbursements during the reporting period. Actual results could differ from those estimates.

G. Cash Fund Balances

1. Classification

In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in those funds can be spent.

- **Restricted Fund Balance** – These are amounts that are restricted to specific purposes either by a) constraints placed on the use of resources by creditors, grantors, contributors or laws or regulations of other governments or b) imposed by law through enabling legislation.
- **Committed Fund Balance** – These are amounts that can only be used for specific purposes pursuant to constraints imposed by the City Council (highest level of decision making authority) through resolution.
- **Assigned Fund Balance** – These are amounts that are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed. Assignments are made by the City's Clerk/Treasurer based on the City Council's direction.

**City of Eden Valley
Notes to Financial Statements**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Cash Fund Balances (Continued)

1. Classification (Continued)

- Unassigned Fund Balance – These are residual amounts in the General Fund not reported in any other classification. The General Fund is the only fund that can report a positive unassigned fund balance. Other funds would report a negative unassigned fund balance should the total of nonspendable, restricted and committed fund balances exceed the total net resources of that fund.

If resources from more than one fund balance classification could be spent, the City will strive to spend resources from fund balance classifications in the following order, first to last: restricted, committed, assigned, and unassigned.

2. Minimum Fund Balance

The City strives to maintain a General Fund unassigned fund balance of 6 months of operating expenses.

H. Budgetary Information

1. In September of each year, City staff submits to the City Council, a proposed operating budget for the year commencing the following January 1. The operating budget includes proposed disbursements and the means of financing them for the upcoming year.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is legally enacted through passage of a resolution after obtaining taxpayer comments.
4. Budgets are adopted on a basis consistent with the regulatory basis of accounting.
5. Disbursements may not legally exceed budgeted appropriations at the fund level. No fund's budget can be increased without City Council approval. The City Council may authorize the transfer of budgeted amounts between departments within any fund. Management may amend budgets within a fund level, so long as the total fund budget is not changed.
6. Annual appropriated budgets are adopted during the year for the General, Enterprise, and most Special Revenue Funds.
7. Budgeted amounts are as originally adopted or as amended by the City Council. No amendments were made to the budget in 2016. Budgeted disbursement appropriations lapse at year-end.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Fund Balance Deficits

The following Funds had deficit cash fund balances at December 31, 2016:

Hwy 22 Project	\$ (310,122)
Nonmajor funds	
Hawks Athletic Field	(125)

City of Eden Valley
Notes to Financial Statements

NOTE 3 – DEPOSITS AND INVESTMENTS

A. Deposits

Custodial Credit Risk – Deposits: For deposits, this is the risk that in the event of bank failure the City's deposits may not be returned to it. The City has adopted a deposit policy to address custodial risk for deposits that matches *Minnesota Statutes* requirement that deposits are collateralized at 110% of excess over Federal Deposit Insurance Corporation (FDIC) insurance. As of December 31, 2016, the City's bank balance was not exposed to custodial credit risk because the balance was insured through the FDIC with collateral pledged by the depository for amounts exceeding FDIC coverage.

As of December 31, 2016, the City had deposits as follows:

Checking	<u><u>\$ 227,225</u></u>
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B. Investments

As of December 31, 2016, the City had the following investments:

Investment Type	Fair Value	Investment Maturities				Ratings
		1 Year or Less	1-2 Years	3-5 Years	6-10 Years	
Pooled						
Brokered certificate of deposits	\$ 1,365,851	\$ 297,896	\$ 135,670	\$ 654,160	\$ 278,125	N/A
Brokered money market	12,256	12,256	-	-	-	AAA
4M money market	417,358	417,358	-	-	-	N/A
Total pooled investments	1,795,465	727,510	135,670	654,160	278,125	
Capital projects non-pooled						
4M money market	27,298	27,298	-	-	-	N/A
Total	<u><u>\$ 1,822,763</u></u>	<u><u>\$ 754,808</u></u>	<u><u>\$ 135,670</u></u>	<u><u>\$ 654,160</u></u>	<u><u>\$ 278,125</u></u>	

<u>Maturity</u>	<u>Maximum Investments</u>
1 year or less	42 %
1-2 years	7
3-5 years	36
6-10 years	15

The City has a formal deposit and investment policy to address the following risks:

Interest Rate Risk: This is the risk that correlates with managing exposure to fair value arising from increasing interest rates. The City's policy manages this by giving guidance on the safety of investing and managing the liquidity of the portfolio.

City of Eden Valley
Notes to Financial Statements

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

Credit Risk: This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits investments in commercial paper and corporate bonds to be in the top two ratings issued by nationally recognized statistical rating organizations. The City's policy limits investments to shares of the 4M Fund, direct obligations of the Department of the Treasury of the U.S Government and federal agency issues which are guaranteed by the U.S Government or its agencies as to principal and interest and general obligations of the State of Minnesota and local governments with taxing powers, which is rated A or better by a nation bond rating service, provided no single issue exceeds \$200,000 with maturities not exceeding seven years.

Concentration of Credit Risk: This is the risk that limits the amount the City may invest in any one issuer. The City's investment policy states investments shall be diversified to minimize credit risk; specifically, no more than 5% of the investment portfolio will be invested in the securities of a single issuer. The City was exposed to this risk as all 12 of the brokered certificates of deposits exceeded 5% of total investments.

Custodial Credit Risk – Investments: For an investment, this is the risk that in the event of the failure of the counter party, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires all investments to be insured.

The City has the following recurring fair value measurements as of December 31, 2016:

- Investments of \$1,378,107 are valued using a quoted market prices (Level 1 inputs)

C. Deposits and Investments

Summary of cash deposits and investments as of December 31, 2016, were as follows:

Petty cash	\$ 300
Total deposits	227,225
Total investments	<u>1,822,763</u>
Total deposits and petty cash	<u><u>\$ 2,050,288</u></u>

City of Eden Valley
Notes to Financial Statements

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

C. Deposits and Investments (Continued)

Statement of balances arising from cash transactions - governmental funds	
Cash and investments	\$ 1,135,814
Statement of balances arising from cash transactions - proprietary funds	
Cash and investments	682,747
Statement of fiduciary net position	
Cash and investments	<u>231,727</u>
Total cash and investments	<u><u>\$ 2,050,288</u></u>

NOTE 4 – INTERFUND BALANCES AND TRANSFERS

A. Interfund Assets/Liabilities

At December 31, 2016, due from/to other funds for the City were as follows:

Fund Type and Fund	Due from Other Funds	Due to Other Funds
General fund	\$ 310,247	\$ -
Hwy 22 project	-	310,122
Other governmental funds	<u>-</u>	<u>125</u>
Total	<u><u>\$ 310,247</u></u>	<u><u>\$ 310,247</u></u>

The above interfund transactions were to cover deficit cash balances and will be repaid as funds become available.

B. Interfund Transfers

For the year ended December 31, 2016, interfund transfers were included in the following Funds:

	Transfers In Nonmajor Governmental Funds
Transfers out	
General fund	\$ 45,700
Sewer fund	<u>9,500</u>
Total	<u><u>\$ 55,200</u></u>

The purpose of the transfers was for debt service payments, setting up new capital project funds, and in accordance with fire contract agreements.

City of Eden Valley
Notes to Financial Statements

NOTE 5 – LONG-TERM PAYABLE

The City currently has a long-term payable to the Sauk River Watershed District for \$12,000. This payable is to pay costs for a project that was not completed at the City. The payable began in 2011 and is payable over ten years, with annual payments of \$3,000. Interest is being paid at 3.5%, or an annual interest payment of \$105.

NOTE 6 – LONG-TERM DEBT

A. Bonds Payable

	<u>Issue Year</u>	<u>Interest Rates</u>	<u>Original Issue</u>	<u>Final Maturity</u>	<u>Principal Outstanding</u>	<u>Due Within One Year</u>
Long-term liabilities						
Governmental activities						
General Obligation (G.O.)						
Bonds, including Refunding Bonds						
G.O. Improvement Bonds of 2003	2003	1.70%-4.10%	\$ 560,000	2019	\$ 105,000	\$ 35,000
G.O. Improvement Bonds of 2007	2007	4.3%	215,000	2018	50,000	25,000
G.O. Improvement Bonds of 2013B	2013	1.40% - 4.00%	1,050,000	2035	<u>1,010,000</u>	<u>40,000</u>
Total G.O. Bonds, including Refunding Bonds					1,165,000	100,000
USDA Rural Development Loan	2009	4.50%	400,000	2049	370,012	5,089
G.O. Equipment Certificate	2013	3.25%	175,000	2023	<u>120,000</u>	<u>20,000</u>
Total Governmental Activities Liabilities					<u>1,655,012</u>	<u>125,089</u>
Enterprise Funds						
G.O. Housing Development Revenue Refunding Bonds 2013C	2013	2.60%	406,000	2021	263,000	50,000
PFA G.O. Water Revenue Note/DWRF Loan	1999	3.16%	1,881,057	2020	481,000	115,000
PFA G.O. Water Revenue Note/DWRF Loan	2000	2.32%	644,890	2021	192,000	37,000
PFA G.O. Water Revenue Note/DWRF Loan	2009	1.00%	286,461	2029	193,000	14,000
PFA G.O. Sewer Revenue Note/CWRF Loan	2009	1.74%	660,457	2029	449,000	31,000
PFA Drinking Water Forgivable Grant	2013	0.00%	697,316	2033	697,316	-
PFA G.O. Water Revenue Note/DWRF Loan	2013	1.00%	174,329	2033	151,000	8,000
PFA G.O. Sewer Revenue Note/CWRF Loan	2013	1.46%	470,625	2033	<u>412,000</u>	<u>22,000</u>
Total Enterprise Fund Bonds					<u>2,838,316</u>	<u>277,000</u>
Total all long-term liabilities					<u>\$ 4,493,328</u>	<u>\$ 402,089</u>

On September 11, 2013, the City received a PFA Drinking Water Forgivable Grant that is not required to be repaid by the City except if conditions of the agreement are not met. At December 31, 2016, the City had expended the full grant. Since the City anticipates that this debt will be forgiven, it is not included in the amortization schedules.

City of Eden Valley
Notes to Financial Statements

NOTE 6 – LONG-TERM DEBT (CONTINUED)

A. Bonds Payable (Continued)

The following is a summary of bonds payable transactions of the City for the year ended 2016:

	Beginning Balance	Increases	Decreases	Ending Balance
G.O. special assessment bonds	\$ 1,265,000	\$ -	\$ (100,000)	\$ 1,165,000
G.O. revenue bonds	312,000	-	(49,000)	263,000
Stearns electric loan	36,000	-	(36,000)	-
USDA rural development loan	374,882	-	(4,870)	370,012
Equipment certificates	140,000	-	(20,000)	120,000
PFA forgivable grant	697,316	-	-	697,316
PFA G.O. revenue notes/loans	2,099,000	-	(221,000)	1,878,000
	<u>\$ 4,924,198</u>	<u>\$ -</u>	<u>\$ (430,870)</u>	<u>\$ 4,493,328</u>
Total long-term liabilities	<u>\$ 4,924,198</u>	<u>\$ -</u>	<u>\$ (430,870)</u>	<u>\$ 4,493,328</u>

B. Bonds, Certificates, and Loans Payable

The annual requirements to amortize all long-term debt outstanding are as follows:

Year Ending December 31,	Special Assessment Bonds			USDA Rural Development Loan		
	Principal	Interest	Total	Principal	Interest	Total
2017	\$ 100,000	\$ 37,230	\$ 137,230	\$ 5,089	\$ 16,651	\$ 21,740
2018	100,000	34,040	134,040	5,318	16,422	21,740
2019	80,000	31,405	111,405	5,557	16,183	21,740
2020	45,000	29,855	74,855	5,807	15,933	21,740
2021	45,000	28,899	73,899	6,069	15,671	21,740
2022-2026	240,000	125,706	365,706	34,694	74,006	108,700
2027-2031	285,000	82,220	367,220	43,235	65,465	108,700
2032-2036	270,000	22,000	292,000	53,880	54,820	108,700
2037-2041	-	-	-	67,143	41,557	108,700
2042-2046	-	-	-	83,673	25,027	108,700
2047-2049	-	-	-	59,547	5,428	64,975
Total	<u>\$ 1,165,000</u>	<u>\$ 391,355</u>	<u>\$ 1,556,355</u>	<u>\$ 370,012</u>	<u>\$ 347,163</u>	<u>\$ 717,175</u>

City of Eden Valley
Notes to Financial Statements

NOTE 6 – LONG-TERM DEBT (CONTINUED)

B. Bonds, Certificates, and Loans Payable (Continued)

Year Ended December 31,	Revenue Bonds			PFA Note		
	Principal	Interest	Total	Principal	Interest	Total
2017	\$ 50,000	\$ 6,838	\$ 56,838	\$ 227,000	\$ 37,074	\$ 264,074
2018	51,000	5,538	56,538	232,000	31,483	263,483
2019	53,000	4,212	57,212	236,000	25,771	261,771
2020	54,000	2,834	56,834	242,000	19,917	261,917
2021	55,000	1,430	56,430	120,000	13,913	133,913
2022-2026	-	-	-	414,000	47,185	461,185
2027-2031	-	-	-	333,000	16,903	349,903
2032-2033	-	-	-	74,000	1,486	75,486
Total	<u>\$ 263,000</u>	<u>\$ 20,852</u>	<u>\$ 283,852</u>	<u>\$ 1,878,000</u>	<u>\$ 193,732</u>	<u>\$ 2,071,732</u>

Year Ended December 31,	G.O. Equipment Certificate		
	Principal	Interest	Total
2017	\$ 20,000	\$ 3,900	\$ 23,900
2018	20,000	3,250	23,250
2019	20,000	2,600	22,600
2020	20,000	1,950	21,950
2021	20,000	1,300	21,300
2022	20,000	650	20,650
Total	<u>\$ 120,000</u>	<u>\$ 13,650</u>	<u>\$ 133,650</u>

The General Fund is responsible for the liquidation of the Stearns Electronic Loan, G.O. Equipment Certificate and the USDA Rural Development Loan, and the general government Debt Service Funds will pay for the outstanding principal and interest on the special assessment bonds. The Water and Sewer Funds are responsible for payment of their respective Public Facilities Authority (PFA) loans and the Senior Housing Fund is responsible for paying the revenue bond liability.

City of Eden Valley
Notes to Financial Statements

NOTE 7 – RECEIVABLES

A. Notes Receivable

Notes, loans, and lease receivables at December 31, 2016, are as follows:

Eden Valley Veterinary Services Promissory Note

\$50,000 promissory note, due in monthly installments
of \$530 through November 2018, with a final payment
of \$556 payment December 2018, interest at 5% \$ 11,631

Thielen Machine and Welding

\$15,000 promissory note, due in monthly installments
of \$159 through March 2017, with a balloon payment
of \$8,554 due April 2017, interest at 5% 4,736

Total notes receivable \$ 16,367

B. Long-Term Receivable

Loans receivable at December 31, 2016, is due from the City of Watkins, Minnesota, for their share of PFA water system improvements. The receivable scheduled maturity is half of the underlying 1999 and 2000 PFA debt obligations listed in Note 6. The balance at December 31, 2016, was \$336,500, and \$73,500 was collected on the receivable in 2016.

NOTE 8 – FUND BALANCE DETAIL

Fund equity balances are classified as follows on the chart below to reflect the limitations and restrictions of the respective funds.

	General	Business Incentives	HWY 22 Project	2012 MN HWY Improvement	Nonmajor Governmental Fund	Total
Restricted						
Housing rehabilitation	\$ -	\$ -	\$ -	\$ -	\$ 12,869	\$ 12,869
Tax increment financing	-	-	-	-	26,515	26,515
Park development	-	-	-	-	18,544	18,544
Debt service	-	-	-	194,986	173,060	368,046
Committed						
Economic development	-	154,387	-	-	-	154,387
Valley daze celebration	-	-	-	-	198	198
Community development	-	-	-	-	15,787	15,787
Parks	-	-	-	-	609	609
Capital projects	-	-	-	-	182,013	182,013
Unassigned	<u>667,093</u>	<u>-</u>	<u>(310,122)</u>	<u>-</u>	<u>(125)</u>	<u>356,846</u>
Total	<u><u>\$ 667,093</u></u>	<u><u>\$ 154,387</u></u>	<u><u>\$ (310,122)</u></u>	<u><u>\$ 194,986</u></u>	<u><u>\$ 429,470</u></u>	<u><u>\$ 1,135,814</u></u>

City of Eden Valley
Notes to Financial Statements

NOTE 9 – RISK MANAGEMENT

The City is exposed to various risk of loss related to torts: theft of, damage to and destruction of assets, errors, and omissions, injuries to employees and natural disasters. In order to protect against these risks of loss, the City purchases commercial insurance through the League of Minnesota Cities Insurance Trust (LMCIT), which is a public entity risk pool. This pool currently operates common risk management and insurance programs for municipal entities. The City pays an annual premium to the LMCIT for its insurance coverage. The LMCIT is self-sustaining through commercial companies for excess claims. The City is covered through the pool for any claims incurred but unreported, however, retains risk for the deductible portion of its insurance policies. The amounts of these deductibles are considered immaterial to the financial statements.

The City's workers' compensation insurance policy is retrospectively rated. With this type of policy, final premiums are determined after loss experience, workers' compensation rates and salaries are known for the year. The final premium adjustment was recorded in the year the adjustment was made.

During the year ended December 31, 2016, there were no significant reductions in insurance coverage from the prior year. Settled claims have not exceeded the City's commercial coverage in any of the past three years.

NOTE 10 – PENSION PLANS

Public Employees' Retirement Association

A. Plan Description

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

GERF members belong to either the Coordinated or 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 PEPFF.

PERA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by state statute and vest after five years of credited service. The defined retirement benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service.

City of Eden Valley
Notes to Financial Statements

NOTE 10 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association

A. Plan Description (Continued)

Two methods are used to compute benefits for PERA's Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2% of average salary for each of the first ten years of service and 2.7% for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2% of average salary for each of the first ten years and 1.7% for each remaining year. Under Method 2, the annuity accrual rate is 2.7% of average salary for Basic Plan members and 1.7% for Coordinated Plan members for each year of service. For PEPFF members, the annuity accrual rate is 3.0% for each year of service. For all GERP and PEPFF 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. Normal retirement age is 55 for PEPFF members and 65 for Basic and Coordinated Plan members hired prior to July 1, 1989. Normal retirement age is the age for unreduced Social Security benefits capped at 66 for Coordinated Plan members hired on or after July 1, 1989. A reduced retirement annuity is also available to eligible members seeking early retirement.

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, but before retirement benefits begin.

The benefit provisions stated in the previous 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 GERP and PEPFF. That report may be obtained on the Internet at www.mnpera.org, by writing to PERA at 60 Empire Drive, #200, St. Paul, Minnesota 55103-2088 or by calling (651) 296-7460 or (800) 652-9026.

B. Funding Policy

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. These Statutes are established and amended by the State Legislature. The City makes annual contributions to the pension plans equal to the amount required by state statutes. GERP Basic Plan members and Coordinated Plan members were required to contribute 9.1% and 6.5%, respectively, of their annual covered salary in 2016. PEPFF members were required to contribute 10.8% of their annual covered salary in 2016. In 2016, the City was required to contribute the following percentages of annual covered payroll: 11.78% for Basic Plan members, 7.5% for Coordinated Plan members and 16.2% for PEPFF members. The City's contributions to the Public Employees' Retirement Fund for the years ending December 31, 2016, 2015, and 2014 were \$15,590, \$13,238, and \$12,122, respectively. The City's contribution to the PEPFF for the years ended December 31, 2016, 2015, and 2014 were \$15,164, \$14,211, and \$12,543, respectively.

City of Eden Valley
Notes to Financial Statements

NOTE 10 – PENSION PLANS (CONTINUED)

Public Employees Defined Contribution Plan (Continued)

B. Funding Policy (Continued)

Four Council Members and 19 volunteer rescue squad members are covered by the Public Employee's Defined Contribution Plan (PEDCP), a multiple-employer deferred compensation plan administered by PERA. The Defined Contribution Plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. *Minnesota Statutes*, Chapter 353D.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5% of salary which is matched by the elected official's employer. For ambulance service personnel, employer contributions are determined by the employer, and for salaried employees must be a fixed percentage of salary. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2% of employer contributions and twenty-five hundredths of 1% (.0025) of the assets in each member's account annually.

Total contributions made by the City for elected officials during 2016 were:

Contribution Amount		Percentage of Covered Payroll		Required Rates
Employee	Employer	Employee	Employer	
\$ 276	\$ 276	5.0%	5.0%	5.0%

Total contributions made by the City for the volunteer rescue squad during fiscal year 2016 were:

Contribution Amount		Percentage of Covered Payroll		Total Required Rate
Employee	Employer	Employee	Employer	
\$ 9,485	\$ 11,400	131.6%	109.5%	At least 7.5%

City of Eden Valley
Notes to Financial Statements

NOTE 11 – NEW STANDARDS ISSUED BUT NOT YET IMPLEMENTED

GASB has issued GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits other than Pensions. The new statement requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information (RSI) about OPEB liabilities.

GASB has issued GASB statement 80 relating to blending requirements for certain component units. The new statement amends the blending requirements for financial statement presentation of component Units. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. This statement is effective for financial statements for fiscal years beginning after June 15, 2016.

NOTE 12 - TAX INCREMENT FINANCING

The City has entered into two Tax Increment Financing agreements which meet the criteria for disclosure under Governmental Accounting Standards Board Statement No. 77 Tax Abatement Disclosures. The City's authority to enter into these agreements comes from Minnesota Statute 469. The City entered into these agreements for the purpose of economic development.

Under each agreement, the City and developer agree on an amount of development costs to be reimbursed to the developer by the City through tax revenues from the additional taxable value of the property generated by the development (tax increment). A "pay-as-you-go" note is established for this amount, on which the City makes payments for a fixed period of time with available tax increment revenue after deducting for certain administrative costs.

During the year ended December 31, 2016, the City generated \$23,286 in tax increment revenue and made no payments to developers. There were no payments due to developers at December 31, 2016.

NOTE 13 – SUBSEQUENT EVENT

On January 11, 2017, the City Council approved the early redemption of the outstanding G.O. Improvement Bonds, Series 2003 totaling \$105,000. This bond was due in 2019.

**COMBINING AND INDIVIDUAL FUND FINANCIAL
STATEMENTS AND SCHEDULES**

City of Eden Valley
Schedule of Receipts, Disbursements, and Changes
in Cash Fund Balances - Budget and Actual -
General Fund
Year Ended December 31, 2016

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
Receipts			
Taxes			
Property taxes	\$ 420,000	\$ 420,819	\$ 819
Licenses and permits	17,350	10,725	(6,625)
Intergovernmental			
State grants and aids			
Local government aid	284,758	284,758	-
Market value credit	-	528	528
Police and fire relief aid	28,500	30,287	1,787
Pera aid	703	703	-
Other aids and grants	19,500	3,295	(16,205)
Federal grant	-	-	-
Total intergovernmental	<u>333,461</u>	<u>319,571</u>	<u>(13,890)</u>
Charges for services			
General government	9,200	8,071	(1,129)
Public safety			
Public safety fire protection	<u>68,550</u>	<u>66,391</u>	<u>(2,159)</u>
Total charges for services	<u>77,750</u>	<u>74,462</u>	<u>(3,288)</u>
Fines and forfeitures	1,650	1,814	164
Investment earnings	5,000	16,384	11,384
Miscellaneous revenue			
Refunds and reimbursements	33,820	34,786	966
Donations and contributions	6,250	6,095	(155)
Other	<u>16,450</u>	<u>32,395</u>	<u>15,945</u>
Total miscellaneous revenue	<u>56,520</u>	<u>73,276</u>	<u>16,756</u>
Total receipts	<u>911,731</u>	<u>917,051</u>	<u>5,320</u>
Disbursements			
General government			
Mayor and council			
Current	21,315	16,319	(4,996)
Clerk/treasurer			
Current	91,775	98,338	6,563

City of Eden Valley
Schedule of Receipts, Disbursements, and Changes
in Cash Fund Balances - Budget and Actual -
General Fund
Year Ended December 31, 2016

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
Disbursements (Continued)			
General government (continued)			
Elections			
Current	\$ 6,775	\$ 5,594	\$ (1,181)
Assessor			
Current	6,200	6,180	(20)
Audit and accounting			
Current	11,700	10,900	(800)
Legal			
Current	10,000	1,725	(8,275)
Planning and zoning			
Current	10,855	8,431	(2,424)
Other general government			
Current	97,320	94,911	(2,409)
Total general government	<u>255,940</u>	<u>242,398</u>	<u>(13,542)</u>
Public safety			
Police protection			
Current	163,840	165,113	1,273
Fire			
Current	143,535	132,148	(11,387)
Capital outlay	-	6,035	6,035
Building inspection			
Current	10,300	3,148	(7,152)
Animal control			
Current	1,300	36	(1,264)
Civil defense			
Current	2,780	2,673	(107)
Total public safety	<u>321,755</u>	<u>309,153</u>	<u>(12,602)</u>
Public works			
Streets and general maintenance			
Current	165,700	123,443	(42,257)
Capital outlay	-	30,000	30,000
Snow removal			
Current	31,265	14,659	(16,606)
Street lighting			
Current	29,955	26,057	(3,898)
Sanitation			
Current	6,115	6,290	175
Total public works	<u>233,035</u>	<u>200,449</u>	<u>(32,586)</u>

City of Eden Valley
Schedule of Receipts, Disbursements, and Changes
in Cash Fund Balances - Budget and Actual -
General Fund
Year Ended December 31, 2016

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
Disbursements (Continued)			
Culture and recreation			
Parks			
Current	\$ 44,335	\$ 26,467	\$ (17,868)
Debt service			
Certificate of indebtedness repayments			
Loan principal	46,565	46,562	(3)
Loan interest	17,160	17,069	(91)
Total debt service	<u>63,725</u>	<u>63,631</u>	<u>(94)</u>
Total disbursements	<u>918,790</u>	<u>842,098</u>	<u>(76,692)</u>
Excess of receipts over (under) disbursements	(7,059)	74,953	82,012
Other Financing Sources (Uses)			
Proceeds from sale of capital asset	-	878	878
Transfers out	<u>(22,334)</u>	<u>(45,700)</u>	<u>(23,366)</u>
Total other financing sources (uses)	<u>(22,334)</u>	<u>(44,822)</u>	<u>(22,488)</u>
Net change in cash fund balances	<u><u>\$ (29,393)</u></u>	30,131	<u><u>\$ 59,524</u></u>
Cash Fund Balances			
Beginning of year		<u>636,962</u>	
End of year		<u><u>\$ 667,093</u></u>	

City of Eden Valley
Meeker and Stearns County, Minnesota
Schedule of Receipts, Disbursements, and Changes
in Cash Fund Balances - Budget and Actual -
Business Incentives
Year Ended December 31, 2016

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
Receipts			
Investment earnings	\$ 1,500	\$ 2,429	\$ 929
Miscellaneous revenues			
Refunds and reimbursements	11,200	11,349	149
Other	<u>10,000</u>	<u>2,179</u>	<u>(7,821)</u>
Total receipts	22,700	15,957	(6,743)
Disbursements			
Economic development			
Current	<u>54,560</u>	<u>2,597</u>	<u>(51,963)</u>
Receipts over (under) disbursements	<u>\$ (31,860)</u>	13,360	<u>\$ 45,220</u>
Cash Fund Balances			
Beginning of year		<u>141,027</u>	
End of year		<u>\$ 154,387</u>	

**City of Eden Valley
Combining Balance Sheet -
Nonmajor Governmental Funds
December 31, 2016**

	Special Revenue		
	Housing Rehabilitation (225)	TIF Districts (240, 245, 250 and 280)	Valley Daze Celebration (260)
Assets			
Cash and investments	<u>\$ 12,869</u>	<u>\$ 26,515</u>	<u>\$ 198</u>
Liabilities			
Due to other funds	\$ -	\$ -	\$ -
Cash fund balances			
Restricted	12,869	26,515	-
Committed	-	-	198
Unassigned	-	-	-
Total cash fund balances	<u>12,869</u>	<u>26,515</u>	<u>198</u>
 Total liabilities and cash fund balances	<u>\$ 12,869</u>	<u>\$ 26,515</u>	<u>\$ 198</u>

Special Revenue				Debt Service
Park Dedication (265)	Healthy Communities (230)	Hawks Athletic Field (290)	Lions Park (295)	2007 Improvement Bonds (330)
<u>\$ 18,544</u>	<u>\$ 15,787</u>	<u>\$ -</u>	<u>\$ 609</u>	<u>\$ 47,749</u>
\$ -	\$ -	\$ 125	\$ -	\$ -
18,544	-	-	-	47,749
-	15,787	-	609	-
-	-	(125)	-	-
<u>18,544</u>	<u>15,787</u>	<u>(125)</u>	<u>609</u>	<u>47,749</u>
<u>\$ 18,544</u>	<u>\$ 15,787</u>	<u>\$ -</u>	<u>\$ 609</u>	<u>\$ 47,749</u>

**City of Eden Valley
Combining Balance Sheet -
Nonmajor Governmental Funds
December 31, 2016**

	Capital Projects		
	2003 Improvement Bonds (310)	Capital Improvement (410)	Police Equipment (421)
Assets			
Cash and investments	<u>\$ 125,311</u>	<u>\$ 1,472</u>	<u>\$ 21,033</u>
Liabilities			
Due to other funds	\$ -	\$ -	\$ -
Cash fund balances			
Restricted	125,311	-	-
Committed	-	1,472	21,033
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>
Total cash fund balances	<u>125,311</u>	<u>1,472</u>	<u>21,033</u>
 Total liabilities and cash fund balances	<u>\$ 125,311</u>	<u>\$ 1,472</u>	<u>\$ 21,033</u>

Capital Projects			
Streets & Parks Equipment (431)	Fire and Rescue Equipment (470 and 475)	Stormwater Maintenance (432)	Total Governmental Funds
<u>\$ 41,058</u>	<u>\$ 106,750</u>	<u>\$ 11,700</u>	<u>\$ 429,595</u>
\$ -	\$ -	\$ -	125
-	-	-	230,988
41,058	106,750	11,700	198,607
-	-	-	(125)
<u>41,058</u>	<u>106,750</u>	<u>11,700</u>	<u>429,470</u>
<u>\$ 41,058</u>	<u>\$ 106,750</u>	<u>\$ 11,700</u>	<u>\$ 429,595</u>

City of Eden Valley
Combining Statement of Cash Receipts, Disbursements,
and Changes in Cash Fund Balances -
Nonmajor Governmental Funds
Year Ended December 31, 2016

		Special Revenue	
	Police Forfeiture	Housing	TIF Districts
	(210)	Rehabilitation	(240, 245, 250
		(225)	and 280)
Receipts			
General property taxes	\$ -	\$ -	\$ -
Tax increments	-	-	23,286
Special assessments	-	-	-
Charges for services	-	-	-
Investment earnings	-	22	-
Miscellaneous			
Donations and contributions	-	-	-
Other	142	-	-
Total receipts	<u>142</u>	<u>22</u>	<u>23,286</u>
Disbursements			
Current			
Public safety	2,756	-	-
Culture and recreation	-	-	-
Economic development	-	-	587
Debt service			
Principal	-	-	-
Interest and other charges	-	-	-
Capital outlay			
Economic development	-	-	-
Total disbursements	<u>2,756</u>	<u>-</u>	<u>587</u>
Excess of receipts over (under) disbursements	(2,614)	22	22,699
Other Financing Sources (Uses)			
Transfers in	-	-	-
Net change in cash fund balances	(2,614)	22	22,699
Cash Fund Balances			
Beginning of year	<u>2,614</u>	<u>12,847</u>	<u>3,816</u>
End of year	<u>\$ -</u>	<u>\$ 12,869</u>	<u>\$ 26,515</u>

Special Revenue				
Valley Daze Celebration (260)	Park Dedication (265)	Healthy Communities (230)	Hawks Athletic Field (290)	Lions Park (295)
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	40	-	-
-	13	-	-	-
20,100	2,373	6,046	12,978	8,000
-	-	48,873	-	-
<u>20,100</u>	<u>2,386</u>	<u>54,959</u>	<u>12,978</u>	<u>8,000</u>
-	-	-	-	-
20,100	-	-	8,103	6,028
-	-	42,854	-	-
-	-	-	-	-
-	-	-	-	-
-	-	44	-	-
<u>20,100</u>	<u>-</u>	<u>42,898</u>	<u>8,103</u>	<u>6,028</u>
-	2,386	12,061	4,875	1,972
-	10,000	-	-	-
-	12,386	12,061	4,875	1,972
198	6,158	3,726	(5,000)	(1,363)
<u>\$ 198</u>	<u>\$ 18,544</u>	<u>\$ 15,787</u>	<u>\$ (125)</u>	<u>\$ 609</u>

City of Eden Valley
Combining Statement of Cash Receipts, Disbursements
and Changes in Cash Fund Balances -
Nonmajor Governmental Funds
Year Ended December 31, 2016

	Debt Service		Capital Projects
	2007	2003	Capital
	Improvement	Improvement	Improvement
	Bonds (330)	Bonds (310)	(410)
Receipts			
General property taxes	\$ 533	\$ 258	\$ -
Tax increments	-	-	-
Special assessments	6,939	12,368	-
Charges for services	-	-	-
Investment earnings	85	2,393	-
Miscellaneous			
Donations and contributions	-	-	-
Other	-	-	-
Total receipts	<u>7,557</u>	<u>15,019</u>	<u>-</u>
Disbursements			
Current			
Public safety	-	-	-
Culture and recreation	-	-	-
Economic development	-	-	-
Debt service			
Principal	25,000	35,000	-
Interest and other charges	3,237	5,437	-
Capital outlay			
Economic development	-	-	-
Total disbursements	<u>28,237</u>	<u>40,437</u>	<u>-</u>
Excess of receipts over (under) disbursements	(20,680)	(25,418)	-
Other Financing Sources (Uses)			
Transfers in	<u>9,500</u>	<u>-</u>	<u>-</u>
Net change in cash fund balances	(11,180)	(25,418)	-
Cash Fund Balances			
Beginning of year	<u>58,929</u>	<u>150,729</u>	<u>1,472</u>
End of year	<u>\$ 47,749</u>	<u>\$ 125,311</u>	<u>\$ 1,472</u>

Capital Projects				
Police Equipment (421)	Streets & Parks Equipment (431)	Fire and Rescue Equipment (470 and 475)	Stormwater Maintenance (432)	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 791
-	-	-	-	23,286
-	-	-	-	19,307
-	-	-	-	40
33	58	208	-	2,812
-	-	36,000	-	85,497
-	-	-	-	49,015
33	58	36,208	-	180,748
-	-	-	-	2,756
-	-	-	-	34,231
-	-	-	-	43,441
-	-	20,000	-	80,000
-	-	4,550	-	13,224
-	-	-	-	44
-	-	24,550	-	173,696
33	58	11,658	-	7,052
-	14,000	10,000	11,700	55,200
33	14,058	21,658	11,700	62,252
21,000	27,000	85,092	-	367,218
\$ 21,033	\$ 41,058	\$ 106,750	\$ 11,700	\$ 429,470

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SUPPLEMENTARY INFORMATION

City of Eden Valley
Schedule of Accounts Receivable
December 31, 2016

<u>Fund</u>	<u>Source of Revenue</u>	<u>Purpose</u>	<u>Amount</u>
2003 Improvement Bonds	Stearns County	January tax settlement	\$ 1
2003 Improvement Bonds	Meeker County	January tax settlement	103
2012 MN HWY 22 Improvement	Stearns County	January tax settlement	325
2012 MN HWY 22 Improvement	Meeker County	January tax settlement	1,097
2007B Improvements Bonds	Meeker County	January tax settlement	3
2007B Improvements Bonds	Stearns County	January tax settlement	3
General	Arvig	Franchise fees	3,803
General	State of Minnesota	Court fines	123
General	Heidi Donnay	Parking fine	35
General	Resource Training and Solutions	ACA reinsurance fee	399
General	Centerpoint Energy	Rebate from boiler	639
General	Stearns County	January tax settlement	2,082
General	Meeker County	January tax settlement	10,724
General	State of Minnesota	Fire training reimbursement	500
General	Eden Valley Area Library	Event center	300
Healthy Communities	Valley Inn	MSB donation	1,500
Sewer	Various	Utility billing	28,568
Senior Housing	Stearns County	January tax settlement	3,150
Water	Thielen Excavating	Water sales	632
Water	Underground Tech	Water sales	82
Water	Various	Utility billing	42,853
Total			<u>\$ 96,922</u>

City of Eden Valley
Schedule of Accounts Payable and Contingent Liabilities
December 31, 2016

Fund	Vendor Name	Item and Purpose	Amount
General	Ameripride	Uniform rental	\$ 155
General	Bolton and Menk	Engineering	1,085
General	Centracare	Physical	169
General	Central McGowan Inc	Rental	7
General	Eden Valley Lumber	Supplies	24
General	Heiman Fire Equip	Supplies	634
General	Jack's Oil Distributing	Gas & supplies	689
General	Jim Neumans	Supplies	15
General	K&B Solutions	Supplies	376
General	Landscaping Plus	Service	720
General	Lyle Signs	Supplies	242
General	Meeker County Auditor	Service	983
General	Meeker County Sheriff's Office	Services	220
General	MCSI	Copier services	31
General	MN Dept of Admin	Squad lease	441
General	Office Depot	Supplies	86
General	Paynesville Press	Advertising	91
General	Bob Peschon	Service	200
General	Rinke Noonan	Legal	267
General	Judy Thielen	Services	50
General	Thunder Valley	Repairs	46
General	Tri-County Humane Society	Services	50
General	US Dept HHSCMS	ACA transitional fee	243
General	Voss Plumbing	Testing	106
General	West Central	Services	68
General	City Utilities - Water/Sewer	City utilities	344
Healthy Communities	Valley Inn	MSB services	4,150
Hawks Athletic			
Field	City Utilities - Water/Sewer	City utilities	38
Lions Park	City Utilities - Water/Sewer	City utilities	38
Water	Bolton and Menk	Engineering	717
Water	City of Watkins	Treatment plant	1,667
Water	Eden Valley Lumber	Supplies	38
Water	Gopher State One-Call	Service	3
Water	MN Revenue	Sales tax	446
Water	Preferred Controls Corp	Repairs	3,995
Sewer	Bolton and Menk	Engineering	717
Sewer	Eden Valley Lumber	Supplies	6
Sewer	Gopher State One-Call	Service	3
Sewer	UC Lab	Sewer samples	109
Sewer	City Utilities - Water/Sewer	City utilities	61

City of Eden Valley
Schedule of Accounts Payable and Contingent Liabilities
December 31, 2016

<u>Fund</u>	<u>Vendor Name</u>	<u>Item and Purpose</u>	<u>Amount</u>
Senior Housing	Juanita Arens	Service	\$ 450
Senior Housing	Central Locksmith's	Repairs	132
Senior Housing	Eden Valley Lumber	Supplies	17
Senior Housing	Lyle Signs	Supplies	242
Senior Housing	Mary's Country Catering	Supplies	25
Senior Housing	West Central	Services	87
Senior Housing	City Utilities - Water/Sewer	City utilities	938
			<hr/>
Total			<u><u>\$ 21,221</u></u>