

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

**Regulatory Financial Statements**

**December 31, 2021**

**City of Eden Valley  
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**City of Eden Valley  
Elected Officials and Administration  
December 31, 2021**

<u>Elected Officials</u>	<u>Position</u>	<u>Term Expires</u>
Brent Bengtson	Mayor	December 31, 2022
Pat Becker	Council Member	December 31, 2024
Troy Huschle	Council Member	December 31, 2024
Janice Sheets	Council Member	December 31, 2022
Dan Thielen	Council Member	December 31, 2022
<u>Administration</u>		
Cindy Anderson	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, 2021, and the related notes to regulatory 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, 2021.

**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 Opinions" paragraphs, 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, 2021, the respective 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, 2021, 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, 2021, in conformity with the regulatory basis of accounting discussed in Note 1.

**Basis for Opinions**

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.

**Basis for Opinions (Continued)**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in General Auditing Standards issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Eden Valley and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Responsibilities of Management for the Financial Statements**

The City of Eden Valley's 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.

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 City of Eden Valley's ability to continue as a going concern for one year 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of City of Eden Valley's internal control. Accordingly, no such opinion is expressed.

## Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- 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 City of Eden Valley's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

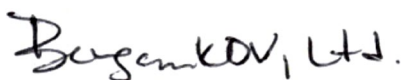
### Supplementary Information

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

This supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the regulatory financial statements. The 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 18, 2022, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.



St. Cloud, Minnesota  
March 18, 2022

## **REGULATORY BASIS FINANCIAL STATEMENTS**

**City of Eden Valley**  
**Statement of Balances Arising from Cash Transactions -**  
**Governmental Funds**  
**December 31, 2021**

		Capital Projects	
	General Fund (100)	2021 Improvement Project (412)	2018 Street Utility Projects Fund (418)
<b>Assets</b>			
Cash and investments	\$ 1,135,428	\$ 213,738	\$ -
Due from other funds	88,472	-	-
Total assets	<u>\$ 1,223,900</u>	<u>\$ 213,738</u>	<u>\$ -</u>
<b>Liabilities and Cash Fund Balances</b>			
Liabilities			
Due to other funds	\$ -	\$ -	\$ 84,005
Cash fund balances			
Restricted	56,772	-	-
Committed	-	213,738	-
Unassigned	1,167,128	-	(84,005)
Total cash fund balances	<u>1,223,900</u>	<u>213,738</u>	<u>(84,005)</u>
Total liabilities and cash fund balances	<u>\$ 1,223,900</u>	<u>\$ 213,738</u>	<u>\$ -</u>



Debt Service		
2012 MN HWY 22 Improvement (320)	Other Governmental Funds	Total Governmental Funds
\$ 967,739	\$ 1,130,828	\$ 3,447,733
-	-	88,472
<u>\$ 967,739</u>	<u>\$ 1,130,828</u>	<u>\$ 3,536,205</u>
\$ -	\$ 4,467	\$ 88,472
967,739	272,420	1,296,931
-	858,408	1,072,146
-	(4,467)	1,078,656
<u>967,739</u>	<u>1,126,361</u>	<u>3,447,733</u>
<u>\$ 967,739</u>	<u>\$ 1,130,828</u>	<u>\$ 3,536,205</u>

**City of Eden Valley**  
**Statement of Cash Receipts, Disbursements, and**  
**Changes in Cash Fund Balances -**  
**Governmental Funds**  
**Year Ended December 31, 2021**

		Capital Projects	
	General Fund (100)	2021 Improvement Project (412)	2018 Street Utility Projects Fund (418)
<b>Receipts</b>			
General property taxes	\$ 520,274	\$ -	\$ -
Tax increments	-	-	-
Special assessments	-	81,065	-
Licenses and permits	16,675	-	-
Intergovernmental	669,934	-	-
Charges for service	106,824	-	-
Fines and forfeitures	912	-	-
Investment earnings	2,601	-	-
Miscellaneous			
Refunds and reimbursements	34,128	-	-
Donations and contributions	15,837	-	-
Other	12,933	150	-
Total receipts	<u>1,380,118</u>	<u>81,215</u>	<u>-</u>
<b>Disbursements</b>			
Current			
General government	523,071	-	-
Public safety	338,640	-	-
Public works	148,351	63,348	-
Culture and recreation	53,524	-	-
Economic development	-	-	-
Debt service			
Principal	42,069	-	-
Interest and other charges	15,671	27,004	-
Capital outlay			
General government	5,340	-	-
Public safety	966	-	-
Public works	18,316	285,434	38,899
Total disbursements	<u>1,145,948</u>	<u>375,786</u>	<u>38,899</u>
Excess of receipts over (under) disbursements	234,170	(294,571)	(38,899)
<b>Other Financing Sources (Uses)</b>			
Bond premium issued	-	18,309	-
Bond issuance	-	490,000	-
Transfers in	14,963	-	-
Transfers out	(51,382)	-	-
Total other financing sources (uses)	<u>(36,419)</u>	<u>508,309</u>	<u>-</u>
Net change in cash fund balances	197,751	213,738	(38,899)
<b>Cash Fund Balances</b>			
Beginning of year	<u>1,026,149</u>	<u>-</u>	<u>(45,106)</u>
End of year	<u>\$ 1,223,900</u>	<u>\$ 213,738</u>	<u>\$ (84,005)</u>

See notes to financial statements.

Debt Service		
2012 MN HWY 22 Improvement (320)	Other Governmental Funds	Total Governmental Funds
\$ 60,623	\$ 5,671	\$ 586,568
-	16,249	16,249
9,417	4,054	94,536
-	-	16,675
-	-	669,934
-	-	106,824
-	-	912
(135)	(108)	2,358
-	7,181	41,309
-	234,749	250,586
-	1	13,084
<u>69,905</u>	<u>267,797</u>	<u>1,799,035</u>
-	-	523,071
-	-	338,640
-	-	211,699
-	42,718	96,242
-	157,226	157,226
45,000	53,000	140,069
62,557	4,937	110,169
-	-	5,340
-	-	966
-	-	342,649
<u>107,557</u>	<u>257,881</u>	<u>1,926,071</u>
(37,652)	9,916	(127,036)
48,183	-	66,492
735,000	-	1,225,000
-	51,382	66,345
-	(14,963)	(66,345)
<u>783,183</u>	<u>36,419</u>	<u>1,291,492</u>
745,531	46,335	1,164,456
<u>222,208</u>	<u>1,080,026</u>	<u>2,283,277</u>
<u>\$ 967,739</u>	<u>\$ 1,126,361</u>	<u>\$ 3,447,733</u>

**City of Eden Valley**  
**Statement of Balances Arising from Cash Transactions -**  
**Proprietary Funds**  
**December 31, 2021**

	Enterprise Funds		
	Water (510)	Sewer (520)	Total
<b>Assets</b>			
Cash and investments	<u>\$ 658,386</u>	<u>\$ 380,396</u>	<u>\$ 1,038,782</u>
<b>Net Cash Position</b>			
Unrestricted	<u>\$ 658,386</u>	<u>\$ 380,396</u>	<u>\$ 1,038,782</u>

**City of Eden Valley**  
**Statement of Receipts, Disbursements, and**  
**Changes in Net Cash Position - Proprietary Funds**  
**December 31, 2021**

	Enterprise Funds		
	Water (510)	Sewer (520)	Total
Operating receipts			
Charges for services	\$ 390,999	\$ 221,095	\$ 612,094
Connection fees	4,823	-	4,823
Miscellaneous operating revenues	757	2,371	3,128
Total operating receipts	<u>396,579</u>	<u>223,466</u>	<u>620,045</u>
Operating disbursements			
Salaries and benefits	66,774	46,353	113,127
Operating supplies	10,692	5,956	16,648
Repairs and maintenance	11,963	20,836	32,799
Professional services	59,683	64,924	124,607
Utilities	22,437	8,566	31,003
Miscellaneous expenses	14,692	6,074	20,766
Total operating disbursements	<u>186,241</u>	<u>152,709</u>	<u>338,950</u>
Excess of operating receipts over operating disbursements	210,338	70,757	281,095
Nonoperating receipts (disbursements)			
Investment income	(507)	(1,028)	(1,535)
Other	1,093	15,604	16,697
Loan principal and interest payment	40,000	-	40,000
Interest expense	(5,880)	(17,750)	(23,630)
Capital outlay	<u>(1,014,481)</u>	<u>(1,565,837)</u>	<u>(2,580,318)</u>
Total nonoperating receipts (disbursements)	<u>(979,775)</u>	<u>(1,569,011)</u>	<u>(2,548,786)</u>
Net income (loss) before debt principal and bond issuance	(769,437)	(1,498,254)	(2,267,691)
Debt principal	(84,000)	(106,000)	(190,000)
PFA issuance	<u>1,058,950</u>	<u>1,647,266</u>	<u>2,706,216</u>
Change in net cash position	205,513	43,012	248,525
Net cash position			
Beginning of year	<u>452,873</u>	<u>337,384</u>	<u>790,257</u>
End of year	<u>\$ 658,386</u>	<u>\$ 380,396</u>	<u>\$ 1,038,782</u>

**City of Eden Valley**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**December 31, 2021**

	Water (510)	Sewer (520)	Total
<b>Cash Flows - Operating Activities</b>			
Receipts from customers	\$ 396,579	\$ 223,466	\$ 620,045
Payments to suppliers	(119,467)	(106,356)	(225,823)
Payments to employees	(66,774)	(46,353)	(113,127)
Net cash flows - operating activities	<u>210,338</u>	<u>70,757</u>	<u>281,095</u>
<b>Cash Flows - Noncapital</b>			
<b>Financing Activities</b>			
Miscellaneous revenue	<u>1,093</u>	<u>15,604</u>	<u>16,697</u>
<b>Cash Flows - Capital and Related</b>			
<b>Financing Activities</b>			
Loan repayment proceeds	40,000	-	40,000
Acquisition of capital assets	(1,014,481)	(1,565,837)	(2,580,318)
Proceeds from long-term debt	1,058,950	1,647,266	2,706,216
Principal paid on capital debt	(84,000)	(106,000)	(190,000)
Interest paid on capital debt	(5,880)	(17,750)	(23,630)
Net cash flows - capital and related financing activities	<u>(5,411)</u>	<u>(42,321)</u>	<u>(47,732)</u>
<b>Cash Flows - Investing Activities</b>			
Interest and dividends	<u>(507)</u>	<u>(1,028)</u>	<u>(1,535)</u>
Net change in cash and cash equivalents	205,513	43,012	248,525
<b>Cash and Cash Equivalents</b>			
Beginning of year	<u>452,873</u>	<u>337,384</u>	<u>790,257</u>
End of year	<u><u>\$ 658,386</u></u>	<u><u>\$ 380,396</u></u>	<u><u>\$ 1,038,782</u></u>

**City of Eden Valley**  
**Notes to Regulatory 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 basic 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 Regulatory 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.

2021 Improvement Project Capital Projects Fund – This fund accounts for the activity related to the 2021 Improvement Project.

2018 Street Utility Projects Capital Projects Fund – This fund is a capital project fund and accounts for all of the activity related to the 2018 Street Utility project.

2012 MN HWY 22 Improvement Debt Service Fund – This fund accounts for resources available for the G.O. Improvement Bonds, 2013B Series.

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.

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.

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.



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

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Cash, Cash Equivalents, and Investments (Continued)**

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 Fund. Investments in the 4M Plus must be deposited for a minimum of 14 calendar days. Withdrawals prior to the 14-day restriction period will be subject to a penalty equal to seven days interest on the amount withdrawn.

**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 those who have been employed for more than 15 years. As of December 31, 2021, the total liability for unused vacation and sick pay was approximately \$45,492.

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

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 a majority vote.
- **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 Council, or City's Clerk/Treasurer as delegated by the City Council.
- **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 six 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.

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

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**H. Budgetary Information (Continued)**

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. Amendments were made to the budget in 2021. Budgeted disbursement appropriations lapse at year-end.

**NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**Deficit Fund Balances**

The following funds had deficit cash fund balances at December 31, 2021:

Major Funds	
2018 Street Utility Projects Fund	\$ 84,005
Non-major Governmental Funds	
Lions Park	4,467

**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, 2021, 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, 2021, the City had deposits as follows:

Checking	\$ 387,287
Certificates of Deposits	<u>202,511</u>
Total Deposits	<u><u>\$ 589,798</u></u>

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

**NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)**

**B. Investments**

As of December 31, 2021, the City had the following investments:

Investment Type	Fair Value	Investment Maturities			Ratings
		1 Year or Less	1-2 Years	3-5 Years	
Brokered certificate of deposits	\$ 1,218,317	\$ 263,034	\$ 292,340	\$ 662,943	N/A
Brokered money market	5,081	5,081	-	-	N/A
4M and 4M Plus Funds	2,673,019	2,673,019	-	-	N/A
Total investments	<u>\$ 3,896,417</u>	<u>\$ 2,941,134</u>	<u>\$ 292,340</u>	<u>\$ 662,943</u>	

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.

**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 the following brokered certificates of deposits exceeded 5% of total investments; Sallie Mae BK Murray Utah CD (5.2%).

**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, 2021:

- Investments of \$1,218,317 are valued using an IDC Market Closing Price 2 (Level 2 inputs) at RBC.

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

**NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)**

**C. Deposits and Investments**

Summary of cash deposits and investments as of December 31, 2021, were as follows:

Petty cash	\$ 300
Total deposits	589,798
Total investments	<u>3,896,417</u>
Total deposits and investments	<u><u>\$ 4,486,515</u></u>
Statement of Balances Arising from Cash Transactions - Governmental Funds	
Cash and investments	\$ 3,447,733
Statement of Balances Arising From Cash Transactions - Proprietary Funds	
Cash and investments	<u>1,038,782</u>
Total cash and investments	<u><u>\$ 4,486,515</u></u>

**NOTE 4 – INTERFUND BALANCES AND TRANSFERS**

**A. Interfund Assets/Liabilities**

At December 31, 2021, due from/to other funds for the City were as follows:

<u>Fund Type and Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 88,472	\$ -
2018 Street Utility Projects Fund	-	84,005
Other governmental funds	<u>-</u>	<u>4,467</u>
Total	<u><u>\$ 88,472</u></u>	<u><u>\$ 88,472</u></u>

The interfund transactions on the previous page were to cover deficit cash balances and will be repaid as funds become available.

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

**NOTE 4 – INTERFUND BALANCES AND TRANSFERS (CONTINUED)**

**B. Interfund Transfers**

For the year ended December 31, 2021, interfund transfers were included in the following funds:

	Transfers In		
	General Fund	Nonmajor Governmental Funds	Total
Transfers out			
General Fund	\$ -	\$ 51,382	\$ 51,382
Nonmajor governmental funds	14,963	-	14,963
Total	<u>\$ 14,963</u>	<u>\$ 51,382</u>	<u>\$ 66,345</u>

The purpose of the transfers was for debt service payments, equipment and other purchases, and in accordance with fire contract agreements.

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

**NOTE 5 – LONG-TERM DEBT**

**A. Bonds Payable**

	Issue Year	Interest Rates	Original Issue	Final Maturity	Principal Outstanding	Due Within One Year
Long-term liabilities						
Governmental activities						
General Obligation (G.O.)						
Bonds, including Refunding Bonds and Notes						
G.O. Improvement Note of 2018A	2018	3.8%	\$ 145,000	2029	\$ 122,000	\$ 13,000
G.O. Improvement Bonds of 2013B	2013	1.40% - 4.00%	1,050,000	2035	795,000	45,000
G.O. Improvement & Refunding Bonds 2021C	2021	2.00%-3.00%	1,225,000	2042	1,225,000	-
Total G.O. Bonds, including Refunding Bonds					2,142,000	58,000
USDA Rural Development Loan	2009	4.50%	400,000	2049	162,285	14,437
Total Governmental Activities Liabilities					2,304,285	72,437
Enterprise Funds						
Notes from Direct Borrowing						
PFA G.O. Drinking Water Revenue Note	2009	1.00%	286,461.00	2029	122,000	15,000
PFA G.O. Clean Water Sewer Revenue Note	2009	1.74%	660,457.00	2029	288,000	34,000
PFA Drinking Water Forgivable Grant	2013	0.00%	697,316.00	2033	697,316	-
PFA G.O. Drinking Water Revenue Note	2013	1.00%	174,329.00	2033	110,000	9,000
PFA G.O. Clean Water Sewer Revenue Note	2013	1.46%	470,625.00	2033	301,000	23,000
PFA G.O. Drinking Water Revenue Note	2018	1.00%	172,923.00	2038	108,002	8,000
PFA G.O. Clean Water Sewer Revenue Note	2018	1.00%	799,239.00	2038	599,255	38,000
PFA G.O. Drinking Water Revenue Note	2021	1.00%	1,285,832.00	2042	1,078,173	28,832
PFA G.O. Clean Water Sewer Revenue Note	2021	1.00%	1,925,380.00	2042	1,666,705	39,380
G.O. Utility Revenue Notes						
G.O. Sewer Revenue Note, Series 2017A	2017	2.75%	90,000.00	2025	44,000	12,000
G.O. Water Revenue Note, Series 2017A	2017	2.75%	90,000.00	2025	44,000	12,000
Total Enterprise Fund Bonds					5,058,451	219,212
Total all long-term liabilities					\$ 7,362,736	\$ 291,649

On September 11, 2013, the City received a PFA Drinking Water Forgivable Grant that is required to be repaid by the City if conditions of the agreement are not met. At December 31, 2021, 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.

On August 9, 2018, the City issued a \$172,923 G.O. Water Revenue Note through the Minnesota Public Facilities Authority (PFA). At December 31, 2021, the City had only expended \$127,924 of this PFA Drinking Water Revolving Loan. The amortization schedule included on page 23 represents the entire note liability of \$172,923. The remaining balance is expected to be drawn in 2022.

On August 9, 2018, the City issued a \$799,239 G.O. Sewer Revenue Note through the Minnesota PFA. At December 31, 2021, the City had only expended \$693,495 of this PFA Clean Water Revolving Loan. The amortization schedule included on page 23 represents the entire note liability of \$799,239. The remaining balance is expected to be drawn in 2022.

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

**NOTE 5 – LONG-TERM DEBT (CONTINUED)**

**A. Bonds Payable (Continued)**

On September 16, 2021, the City issued a \$1,925,380 G.O. Clean Water Revenue Note through the Minnesota PFA. At December 31, 2021, the City had only expended \$1,666,705 of this PFA Clean Water Revolving Loan. The amortization schedule included on page 23 represents the entire note liability of \$1,925,380. The remaining balance is expected to be drawn in 2022.

On September 16, 2021, the City issued a \$1,285,832 G.O. Drinking Water Revenue Note through the Minnesota PFA. At December 31, 2021, the City had only expended \$1,078,173 of this PFA Drinking Water Revolving Loan. The amortization schedule included on page 23 represents the entire note liability of \$1,285,832. The remaining balance is expected to be drawn in 2022.

In November 2021, the City issued \$1,225,000 General Obligation Improvement and Refunding Bonds, Series 2021C for an improvement project and for the current refunding of the General Obligation Improvement Bonds, Series 2013B. The refunding was done to take advantage of lower interest rates. The refunding resulted in a decrease in future debt service payments of \$103,369. The net present value cash flow savings from this transaction was \$93,145. The call date for the 2013B Bond is February 1, 2022.

The following is a summary of bonds payable transactions of the City for the year ended 2021:

	Beginning Balance	Increases	Decreases	Ending Balance
G.O. improvement bonds and notes	\$ 975,000	\$ 1,225,000	\$ (58,000)	\$ 2,142,000
USDA rural development loan	204,354	-	(42,069)	162,285
G.O. Equipment certificates	40,000	-	(40,000)	-
PFA forgivable grant	697,316	-	-	697,316
PFA notes from direct borrowing	1,600,777	2,838,358	(166,000)	4,273,135
G.O. utility revenue note	112,000	-	(24,000)	88,000
	<u>\$ 3,629,447</u>	<u>\$ 4,063,358</u>	<u>\$ (330,069)</u>	<u>\$ 7,362,736</u>
Total long-term liabilities				



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

**NOTE 5 – LONG-TERM DEBT (CONTINUED)**

**B. Bonds, Certificates, and Loans Payable**

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

Year Ending December 31,	G.O. Improvement Bonds and Notes			USDA Rural Development Loan		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 58,000	\$ 53,138	\$ 111,138	\$ 14,437	\$ 7,303	\$ 21,740
2023	119,000	59,431	178,431	15,087	6,653	21,740
2024	135,000	55,545	190,545	15,766	5,974	21,740
2025	135,000	51,275	186,275	16,475	5,265	21,740
2026	135,000	47,005	182,005	17,217	4,523	21,740
2027-2031	735,000	165,958	900,958	83,303	10,277	93,580
2032-2036	650,000	57,234	707,234	-	-	-
2037-2041	145,000	11,103	156,103	-	-	-
2042	30,000	319	30,319	-	-	-
Total	<u>\$ 2,142,000</u>	<u>\$ 501,008</u>	<u>\$ 2,643,008</u>	<u>\$ 162,285</u>	<u>\$ 39,995</u>	<u>\$ 202,280</u>

Year Ended December 31,	Notes from Direct Borrowing		
	Principal	Interest	Total
2022	\$ 195,212	\$ 43,059	\$ 238,271
2023	271,000	50,198	321,198
2024	275,000	47,109	322,109
2025	277,000	43,971	320,971
2026	281,000	40,821	321,821
2027-2031	1,341,000	156,153	1,497,153
2032-2036	1,134,000	89,326	1,223,326
2037-2041	944,000	35,450	979,450
2042	172,000	1,720	173,720
Total	<u>\$ 4,890,212</u>	<u>\$ 507,807</u>	<u>\$ 5,398,019</u>

Year Ended December 31,	G.O. Utility Revenue Note		
	Principal	Interest	Total
2022	\$ 24,000	\$ 2,255	\$ 26,255
2023	25,000	1,581	26,581
2024	26,000	894	26,894
2025	13,000	179	13,179
Total	<u>\$ 88,000</u>	<u>\$ 4,909</u>	<u>\$ 92,909</u>

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

**NOTE 5 – LONG-TERM DEBT (CONTINUED)**

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

The General Fund is responsible for the liquidation of the G.O. Equipment Certificate and the USDA Rural Development Loan, and the Debt Service Funds will pay for the outstanding principal and interest on the G.O. improvement bonds. The Water and Sewer Funds are responsible for payment of their respective Public Facilities Authority (PFA) loans and revenue notes.

**NOTE 6 – RECEIVABLES**

**A. Long-Term Receivable**

Loans receivable at December 31, 2021, 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 5. The balance at December 31, 2021, was \$0, and \$20,000 was collected on the receivable in 2021.

**B. Loan Receivable**

Loans Receivable at December 31, 2021, are as follows:

Eden Valley Leased Housing

\$150,000 loan agreement, due in annual installments of \$15,000  
from January 2027 through January 2037, interest at 0%.

\$ 150,000

**NOTE 7 – 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	2021 Improvement Project	2018 Street Utility Project	2012 MN HWY Improvement	Nonmajor Governmental Fund	Total
Restricted						
Henfling Trust	\$ -	\$ -	\$ -	\$ -	\$ 5,353	\$ 5,353
Housing Rehabilitation	-	-	-	-	13,369	13,369
Tax Increment Financing	-	-	-	-	100,736	100,736
Park Development	-	-	-	-	132,543	132,543
Debt Service	-	-	-	967,739	20,419	988,158
American Rescue Plan	56,772	-	-	-	-	56,772
Committed						
Business Incentives	-	-	-	-	337,486	337,486
Athletic Field Improvements	-	-	-	-	6,349	6,349
Capital Projects	-	213,738	-	-	514,573	728,311
Unassigned	1,167,128	-	(84,005)	-	(4,467)	1,078,656
Total	<u>\$ 1,223,900</u>	<u>\$ 213,738</u>	<u>\$ (84,005)</u>	<u>\$ 967,739</u>	<u>\$ 1,126,361</u>	<u>\$ 3,447,733</u>

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

**NOTE 8 – 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, 2021, 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 9 – PENSION PLANS**

**Public Employees' Retirement Association**

**A. Plan Description**

All full-time and certain part-time employees of the City of Eden Valley 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 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. 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 5 years of credited service. Benefits for the Police and Fire Plan vest on a prorated basis from 50% after 10 years up to 100% after 20 years. The defined retirement plan benefits are based on a member's highest average salary for any five years of allowable service, age, and years of credit at termination of service.

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

**NOTE 9 – PENSION PLANS (CONTINUED)**

**Public Employees' Retirement Association (Continued)**

**A. Plan Description (Continued)**

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 a Coordinated Plan member is 1.2 % for each of the first 10 years of service and 1.7% for each additional year. The rates are 2.2% and 2.7%, respectively, for Basic members. Under Method 2, the accrual rate is 1.7% for all years of service, and 2.7% for Basic members. The accrual rates for former MERF members is 2.0% for each of the first 10 years of service and 2.5% for each additional year. 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, 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 the General Employees and Police and Fire Plans. That report may be obtained on the Internet at [www.mnpera.org](http://www.mnpera.org).

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

**NOTE 9 – PENSION PLANS (CONTINUED)**

**Public Employees' Retirement Association (Continued)**

**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. In 2021, General Employees Coordinated Plan members were required to contribute 6.5% of their annual covered salary. Police and Fire Plan members were required to contribute 11.8% of their annual covered salary. In 2021, the City was required to contribute the following percentages of annual covered payroll: 7.5% for Coordinated Plan members, and 17.7% for Police and Fire Plan members.

The City's contributions to the Public Employees Fund for the years ending December 31, 2021, 2020, and 2019 were \$17,271, \$16,716, and \$15,760, respectively. The City's contributions to the Police and Fire Fund for the years ending December 31, 2021, 2020, and 2019 were \$19,413, \$19,049, and \$17,884, respectively.

**NOTE 10 – COMMITMENTS**

The City's remaining commitment related to the 2021 Improvement Project is \$307,910.

**NOTE 11 – NEW STANDARDS ISSUED BUT NOT YET IMPLEMENTED**

GASB Statement No. 87, Leases establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This statement will be effective for the year ending December 31, 2022.

**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, 2021, the City generated \$16,249 in tax increment revenue and made no payments to developers. There were no payments due to developers at December 31, 2021.

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

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**City of Eden Valley**  
**Schedule of Receipts, Disbursements, and Changes**  
**in Cash Fund Balances - Budget and Actual -**  
**General Fund**  
**Year Ended December 31, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
<b>Receipts</b>				
Taxes				
Property taxes	\$ 511,100	\$ 511,100	\$ 520,274	\$ 9,174
Licenses and permits	6,600	6,600	16,675	10,075
Intergovernmental				
Grants and aids				
Local government aid	328,066	328,066	328,066	-
Market value credit	-	-	789	789
Police and fire relief aid	28,000	28,000	34,040	6,040
Other aids and grants	-	289,071	307,039	17,968
Total intergovernmental	356,066	645,137	669,934	24,797
Charges for services				
General government	10,360	10,360	19,215	8,855
Public safety fire protection	79,862	86,162	85,609	(553)
Parks and recreation	1,000	1,000	2,000	1,000
Total charges for services	91,222	97,522	106,824	9,302
Fines and forfeitures	900	900	912	12
Investment earnings	500	500	2,601	2,101
Miscellaneous revenue				
Refunds and reimbursements	33,900	33,900	34,128	228
Donations and contributions	-	15,137	15,837	700
Other	7,800	1,500	12,933	11,433
Total miscellaneous revenue	41,700	50,537	62,898	12,361
Total receipts	1,008,088	1,312,296	1,380,118	67,822
<b>Disbursements</b>				
General government				
Mayor and council				
Current	47,303	331,153	319,294	(11,859)
Clerk/treasurer				
Current	82,698	82,698	83,071	373
Capital outlay	2,000	2,000	1,538	(462)

**City of Eden Valley**  
**Schedule of Receipts, Disbursements, and Changes**  
**in Cash Fund Balances - Budget and Actual -**  
**General Fund**  
**Year Ended December 31, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
<b>Disbursements (Continued)</b>				
General government (continued)				
Elections				
Current	\$ 2,500	\$ 2,500	\$ 1,722	\$ (778)
Planning and zoning				
Current	12,653	12,653	10,617	(2,036)
Other general government				
Current	109,749	115,749	108,367	(7,382)
Capital outlay	10,000	4,000	3,802	(198)
Total general government	<u>266,903</u>	<u>550,753</u>	<u>528,411</u>	<u>(22,342)</u>
Public safety				
Police protection				
Current	193,788	193,788	193,140	(648)
Capital outlay	5,500	5,500	966	(4,534)
Fire				
Current	145,781	145,781	139,841	(5,940)
Building inspection				
Current	10,700	10,700	3,251	(7,449)
Civil defense				
Current	3,966	3,966	2,408	(1,558)
Total public safety	<u>359,735</u>	<u>359,735</u>	<u>339,606</u>	<u>(20,129)</u>
Public works				
Streets and general maintenance				
Current	123,032	113,032	94,890	(18,142)
Capital outlay	9,000	19,000	18,316	(684)
Snow removal				
Current	29,207	29,207	25,011	(4,196)
Street lighting				
Current	31,195	31,195	25,144	(6,051)
Sanitation				
Current	4,109	4,109	3,306	(803)
Total public works	<u>196,543</u>	<u>196,543</u>	<u>166,667</u>	<u>(29,876)</u>

**City of Eden Valley**  
**Schedule of Receipts, Disbursements, and Changes**  
**in Cash Fund Balances - Budget and Actual -**  
**General Fund**  
**Year Ended December 31, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
<b>Disbursements (Continued)</b>				
Culture and recreation				
Parks				
Current	\$ 61,101	\$ 61,101	\$ 53,524	\$ (7,577)
Total culture and recreation	<u>61,101</u>	<u>61,101</u>	<u>53,524</u>	<u>(7,577)</u>
Debt service				
Principal	42,069	42,069	42,069	-
Interest	<u>15,671</u>	<u>15,671</u>	<u>15,671</u>	<u>-</u>
Total debt service	<u>57,740</u>	<u>57,740</u>	<u>57,740</u>	<u>-</u>
Total disbursements	<u>942,022</u>	<u>1,225,872</u>	<u>1,145,948</u>	<u>(79,924)</u>
Excess of receipts over (under) disbursements	66,066	86,424	234,170	147,746
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	7,048	14,963	7,915
Transfers out	<u>(55,000)</u>	<u>(55,000)</u>	<u>(51,382)</u>	<u>3,618</u>
Total other financing sources (uses)	<u>(55,000)</u>	<u>(47,952)</u>	<u>(36,419)</u>	<u>11,533</u>
Net change in cash fund balances	<u>\$ 11,066</u>	<u>\$ 38,472</u>	197,751	<u>\$ 159,279</u>
<b>Cash Fund Balances</b>				
Beginning of year			<u>1,026,149</u>	
End of year			<u>\$ 1,223,900</u>	

**City of Eden Valley  
Combining Balance Sheet -  
Nonmajor Governmental Funds  
December 31, 2021**

	Special Revenue		
	Housing Rehabilitation (225)	Art & Lorraine Henfling Trust (271)	TIF Districts (240, 245, 250 and 280)
<b>Assets</b>			
Cash and investments	<u>\$ 13,369</u>	<u>\$ 5,353</u>	<u>\$ 100,736</u>
<b>Liabilities and Cash Fund Balances</b>			
<b>Liabilities</b>			
Due to other funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Cash fund balances</b>			
Restricted	13,369	5,353	100,736
Committed	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>
Total cash fund balances	<u>13,369</u>	<u>5,353</u>	<u>100,736</u>
 Total liabilities and cash fund balances	 <u>\$ 13,369</u>	 <u>\$ 5,353</u>	 <u>\$ 100,736</u>

Special Revenue				Debt Service	Capital Projects	
Park Dedication (265)	Business Incentives (220)	Hawks Athletic Field (290)	Lions Park (295)	2018 Improvement Bonds (340)	Capital Improvement (410)	Police Equipment (421)
<u>\$ 132,543</u>	<u>\$ 337,486</u>	<u>\$ 6,349</u>	<u>\$ -</u>	<u>\$ 20,419</u>	<u>\$ 17,470</u>	<u>\$ 27,035</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,467</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
132,543	-	-	-	20,419	-	-
-	337,486	6,349	-	-	17,470	27,035
-	-	-	(4,467)	-	-	-
<u>132,543</u>	<u>337,486</u>	<u>6,349</u>	<u>(4,467)</u>	<u>20,419</u>	<u>17,470</u>	<u>27,035</u>
<u>\$ 132,543</u>	<u>\$ 337,486</u>	<u>\$ 6,349</u>	<u>\$ -</u>	<u>\$ 20,419</u>	<u>\$ 17,470</u>	<u>\$ 27,035</u>

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**City of Eden Valley  
Combining Balance Sheet -  
Nonmajor Governmental Funds  
December 31, 2021**

	Capital Projects				
	Streets & Parks Equipment (431)	Fire and Rescue Equipment (470 and 475)	Stormwater Maintenance (432)	Friederichs Park Project Fund (451)	Total Governmental Funds
<b>Assets</b>					
Cash and investments	<u>\$ 148,992</u>	<u>\$ 256,419</u>	<u>\$ 37,545</u>	<u>\$ 27,112</u>	<u>\$ 1,130,828</u>
<b>Liabilities and Cash Fund Balances</b>					
Liabilities					
Due to other funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>4,467</u>
Cash fund balances					
Restricted	-	-	-	-	272,420
Committed	148,992	256,419	37,545	27,112	858,408
Unassigned	-	-	-	-	(4,467)
Total cash fund balances	<u>148,992</u>	<u>256,419</u>	<u>37,545</u>	<u>27,112</u>	<u>1,126,361</u>
Total liabilities and cash fund balances	<u>\$ 148,992</u>	<u>\$ 256,419</u>	<u>\$ 37,545</u>	<u>\$ 27,112</u>	<u>\$ 1,130,828</u>

**City of Eden Valley**  
**Combining Statement of Cash Receipts, Disbursements,**  
**and Changes in Cash Fund Balances -**  
**Nonmajor Governmental Funds**  
**Year Ended December 31, 2021**

	Special Revenue			
	Housing Rehabilitation (225)	Art & Lorraine Henfling Trust (271)	TIF Districts (240, 245, 250 and 280)	Valley Daze Celebration (260)
<b>Receipts</b>				
General property taxes	\$ -	\$ -	\$ -	\$ -
Tax increments	-	-	16,249	-
Special assessments	-	-	-	-
Investment earnings	4	-	12	-
Miscellaneous				
Donations and contributions	-	-	-	-
Refunds and reimbursements	-	-	-	-
Other	-	-	-	-
Total receipts	<u>4</u>	<u>-</u>	<u>16,261</u>	<u>-</u>
<b>Disbursements</b>				
Current				
Culture and recreation	-	-	-	300
Economic development	-	-	1,914	-
Debt service				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Total disbursements	<u>-</u>	<u>-</u>	<u>1,914</u>	<u>300</u>
Excess of receipts over (under) disbursements	4	-	14,347	(300)
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	-	1,382
Transfers out	-	(11,276)	-	-
Total other financing sources (uses)	<u>-</u>	<u>(11,276)</u>	<u>-</u>	<u>1,382</u>
Net change in cash fund balances	4	(11,276)	14,347	1,082
<b>Cash Fund Balances</b>				
Beginning of year	<u>13,365</u>	<u>16,629</u>	<u>86,389</u>	<u>(1,082)</u>
End of year	<u>\$ 13,369</u>	<u>\$ 5,353</u>	<u>\$ 100,736</u>	<u>\$ -</u>



Special Revenue				Debt Service	Capital Projects	
Park Dedication (265)	Business Incentives (220)	Hawks Athletic Field (290)	Lions Park (295)	2018 Improvement Bonds (340)	Capital Improvement (410)	Police Equipment (421)
\$ -	\$ -	\$ -	\$ -	\$ 5,546	\$ 125	\$ -
-	-	-	-	-	-	-
-	-	-	-	4,054	-	-
19	(114)	-	-	-	1	4
-	-	30,000	14,300	-	-	-
-	7,181	-	-	-	-	-
-	-	-	-	-	-	-
19	7,067	30,000	14,300	9,600	126	4
-	-	23,651	18,767	-	-	-
-	155,312	-	-	-	-	-
-	-	-	-	13,000	-	-
-	-	-	-	4,883	-	-
-	155,312	23,651	18,767	17,883	-	-
19	(148,245)	6,349	(4,467)	(8,283)	126	4
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
19	(148,245)	6,349	(4,467)	(8,283)	126	4
132,524	485,731	-	-	28,702	17,344	27,031
<u>\$ 132,543</u>	<u>\$ 337,486</u>	<u>\$ 6,349</u>	<u>\$ (4,467)</u>	<u>\$ 20,419</u>	<u>\$ 17,470</u>	<u>\$ 27,035</u>

**City of Eden Valley**  
**Combining Statement of Cash Receipts, Disbursements**  
**and Changes in Cash Fund Balances -**  
**Nonmajor Governmental Funds**  
**Year Ended December 31, 2021**

	Capital Projects		
	Streets & Parks Equipment (431)	Fire and Rescue Equipment (470 and 475)	Stormwater Maintenance (432)
<b>Receipts</b>			
General property taxes	\$ -	\$ -	\$ -
Tax increments	-	-	-
Special assessments	-	-	-
Investment earnings	(71)	31	6
Miscellaneous			
Donations and contributions	-	164,379	-
Refunds and reimbursements	-	-	-
Other	-	1	-
Total receipts	<u>(71)</u>	<u>164,411</u>	<u>6</u>
<b>Disbursements</b>			
Current			
Culture and recreation	-	-	-
Economic development	-	-	-
Debt service			
Principal	-	40,000	-
Interest and other charges	-	54	-
Total disbursements	<u>-</u>	<u>40,054</u>	<u>-</u>
Excess of receipts over (under) disbursements	(71)	124,357	6
<b>Other Financing Sources (Uses)</b>			
Transfers in	35,000	10,000	5,000
Transfers out	(3,687)	-	-
Total other financing sources (uses)	<u>31,313</u>	<u>10,000</u>	<u>5,000</u>
Net change in cash fund balances	31,242	134,357	5,006
<b>Cash Fund Balances</b>			
Beginning of year	<u>117,750</u>	<u>122,062</u>	<u>32,539</u>
End of year	<u>\$ 148,992</u>	<u>\$ 256,419</u>	<u>\$ 37,545</u>

<u>Capital Projects</u>	
<u>Friederichs Park Project Fund (451)</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ 5,671
-	16,249
-	4,054
-	(108)
26,070	234,749
-	7,181
-	1
<u>26,070</u>	<u>267,797</u>
-	42,718
-	157,226
-	53,000
-	4,937
<u>-</u>	<u>257,881</u>
26,070	9,916
-	51,382
-	(14,963)
<u>-</u>	<u>36,419</u>
26,070	46,335
<u>1,042</u>	<u>1,080,026</u>
<u>\$ 27,112</u>	<u>\$ 1,126,361</u>

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## **ADDITIONAL SUPPLEMENTARY INFORMATION**

**City of Eden Valley**  
**Schedule of Accounts Receivable**  
**December 31, 2021**

<u>Fund</u>	<u>Source of Revenue</u>	<u>Purpose</u>	<u>Amount</u>
2012 MN HWY 22 Improvement Debt Service	Meeker County	Taxes 2021	\$ 83
2012 MN HWY 22 Improvement Debt Service	Stearns County	Taxes 2021	589
2012 MN HWY 22 Improvement Debt Service	Eden Valley Lumber Co	Special assessments	4,961
2018 Improvement Bonds	Stearns County	Taxes 2021	27
2021C GO & Refunding	Meeker County	Taxes 2021	555
Capital Improvement	Stearns County	Taxes 2021	2
Fire and Rescue Equipment	Stearns County	Taxes 2021	293
General	Meeker County	Taxes 2021	4,730
General	Stearns County	Taxes 2021	1,957
General	Eden Valley Watkins School	Services	1,992
Sewer	Various	Utility billing	18,086
Sewer	PFA	Proceeds	80,240
Water	Utility customer	Water leak fees	220
Water	Alliance Building Corp	Water usage	1,245
Water	City of Watkins	Water sales	10,000
Water	PFA	Proceeds	51,901
Water	Various	Utility billing	21,559
Total			<u>\$ 198,440</u>

**City of Eden Valley**  
**Schedule of Accounts Payable**  
**December 31, 2021**

<u>Fund</u>	<u>Vendor Name</u>	<u>Item and Purpose</u>	<u>Amount</u>
General	Aramark	Supplies	\$ 163
General	Comodata	Services	600
General	Eden Valley Lumber	Supplies	12
General	Ertl Hardware	Supplies	48
General	Landscaping Plus	Snow Removal	900
General	Marco	Services	92
General	Paynesville Press	Services	23
General	Xcel Energy	Services	2,915
General	Bolton & Menk	Services	5,445
General	Bureau of Crim. Apprehension	Services	150
General	Central McGowan	Services	7
General	Energy Medical Products	Supplies	316
General	Jack's of Eden Valley Inc	Services	337
General	Jack's Oil Distributing	Services	913
General	Paynesville Auto Parts	Supplies	20
General	Theilen Excavating	Services	2,550
General	CenterPoint Energy	Services	1,526
General	MN Dept of Administration	Services	625
General	GD Minnesota (Nextra)	Services	259
General	Rinke Noonan	Services	1,267
General	Schellenner Wenner & CO.	Services	1,090
Hawks Athletic Field	CenterPoint Energy	Services	220
Hawks Athletic Field	GD Minnesota (Nextra)	Services	15
Hawks Athletic Field	Xcel Energy	Services	52
Lions Park	GD Minnesota (Nextra)	Services	13
Lions Park	Xcel Energy	Services	194
Improvement Project 2021	Bolton & Menk	Services	2,324
Improvement Project 2021	Braun Intertec	Services	15,310
Water	City of Watkins	Services	1,538
Water	Comdata	Services	2
Water	Marco	Services	46
Water	UC Laboratory	Services	109
Water	Bolton & Menk	Services	6,833
Water	Braun Intertec	Services	45,068
Water	Gopher State One-Call	Services	22
Water	Center Point Energy	Services	400
Water	GD Minnesota (Nextra)	Services	223
Water	Xcel Energy	Services	1,048
Sewer	Comdata	Services	2
Sewer	Marco	Services	46
Sewer	Bolton & Menk	Services	10,535
Sewer	Braun Intertec	Services	69,705
Sewer	Gopher State One-Call	Services	22
Sewer	GD Minnesota (Nextra)	Services	202
Sewer	Xcel Energy	Services	455
Total			<u>\$ 173,642</u>