

CITY OF WAITE PARK, MINNESOTA
AUDITED FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

DECEMBER 31, 2021

CONWAY, DEUTH & SCHMIESING, PLLP
CPAS & ADVISORS
LITCHFIELD, MINNESOTA

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CITY OF WAITE PARK, MINNESOTA

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CITY OF WAITE PARK, MINNESOTA

ELECTED OFFICIALS AND ADMINISTRATION
DECEMBER 31, 2021

<u>Elected Officials</u>	<u>Position</u>	<u>Term Expires</u>
Richard E. Miller	Mayor	December 31, 2022
Vic Schulz	Council Member	December 31, 2022
Ken Schmitt	Council Member	December 31, 2024
Michael J. Linquist	Council Member	December 31, 2024
Frank Theisen	Council Member	December 31, 2022
<u>Administration</u>		
Shaunna Johnson	City Administrator	
Karla Virnig	Finance Director	
Adri Brenny	City Clerk	

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the City Council
City of Waite Park
Waite Park, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Waite Park, Minnesota, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City of Waite Park, Minnesota, as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and Local Sales Tax Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 *Government 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, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibilities of Management for the Financial Statements (Cont'd)

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 the City's internal control. Accordingly, no such opinion is expressed.

Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Proportionate Share of the Net Pension Liability, Schedules of Employer Contributions, the Schedule of Changes in the City Fire Relief Association's Net Pension Liability and Related Ratios, the Schedule of Changes in the City's Total OPEB Liability, and related notes as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The statements and schedules listed in the table of contents as supplementary information is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Elected and Appointed Officials section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 15, 2022, on our consideration of the City'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 the City's 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 City's internal control over financial reporting and compliance.

Conway, Deuth & Schmiesing, PLLP

CONWAY, DEUTH & SCHMIESING, PLLP
CPAS & ADVISORS
LITCHFIELD, MINNESOTA

August 15, 2022

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REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF WAITE PARK, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021

This section of the basic financial statements of the City of Waite Park, Minnesota (the City) presents a discussion and analysis of the City's financial performance during the fiscal year ended December 31, 2021. Please read it in conjunction with the City's basic financial statements following this section.

Financial Highlights

- The assets and deferred outflows of the City of Waite Park exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$82,616,146. Of this amount, \$8,830,800 may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designations and fiscal policies.
- The City's total net position increased by \$2,254,020 from normal operations.
- The City's governmental funds reported combined ending fund balances of \$12,653,463. This represents a decrease of \$1,346,635 compared to 2020.
- The City's outstanding long-term liabilities decreased by \$2,835,876.

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements are presented after the Statement of Activities. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's funds. The notes to the basic financial statements provide information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. This report also contains other supplementary information in addition to the basic financial statements.

The City as a Whole: Statement of Net Position and Statement of Activities

Our analysis of the City of Waite Park begins with the Statement of Net Position and the Statement of Activities. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities both report information about the City as a whole and about its activities in a way that helps answer this question. The Statement of Net Position includes all assets and deferred outflows of resources, and liabilities and deferred inflows of resources using the accrual basis of accounting. In the Statement of Activities, all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the City's net position and changes in them. You can think of the City's net position—the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources—as one way to measure the City's financial health. Over time, increases or decreases in the City's net position are one indicator of whether the City's financial health is improving or deteriorating.

You will need to consider other nonfinancial factors, however, to assess the overall health of the City.

In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

Governmental Activities - Most of the City's basic services are reported here, including public safety, public works, sanitation, recreation and parks and general administration. Property taxes, franchise fees, state and federal grants, and charges for services finance most of these activities.

CITY OF WAITE PARK, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021

The City as a Whole: Statement of Net Position and Statement of Activities (Cont'd)

Business-Type Activities - The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's Water, Sewer, and Stormwater funds are reported here.

The City's Most Significant Funds: Fund Financial Statements

Our analysis of the City's major funds begins with the fund financial statements. These statements provide detailed information about the most significant funds, not the City as a whole. Some funds are required to be established by state law and by bond covenants. However, the City Council establishes other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The City's two kinds of funds-governmental and proprietary-use different accounting approaches.

Governmental Funds - Most of the City's basic services are reported in governmental funds. Governmental funds focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps the reader of the statements determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation after the fund financial statements.

The governmental fund financial statements can be found on pages 15-23 of this report.

Proprietary Funds - When the City charges customers for the services it provides—whether to outside customers or to other units of the City—these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

The proprietary fund financial statements can be found on pages 24-27 of this report.

Fiduciary Funds - The City is the trustee, or fiduciary, for resources collected to provide equipment, books and library supplies as determined by the library board. The City is also the trustee, or fiduciary, for an endowment received for the operation, maintenance, and improvement of Anderson Gardens and Lake Ripley Cemetery. The resources held in a fiduciary capacity are reported in separate Statements of Fiduciary Net Position. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The fiduciary fund financial statements can be found on pages 28 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 29-66 of this report.

CITY OF WAITE PARK, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021

Statement of Net Position

The City of Waite Park's overall net position increased from a year ago. Our analysis focuses on the net position of the City's governmental (Table 1) and business-type activities (Table 2).

Table 1 Comparative Condensed Statement of Net Position			
	Governmental Activities		Change
	2021	2020	
Current and Other Assets	\$ 15,798,207	\$ 17,397,093	\$ (1,598,886)
Net Capital Assets	58,346,681	57,371,910	974,771
Total Assets	<u>74,144,888</u>	<u>74,769,003</u>	(624,115)
Deferred Outflows of Resources	<u>2,294,473</u>	<u>1,103,776</u>	1,190,697
Total Assets and Deferred Outflows of Resources	<u>\$ 76,439,361</u>	<u>\$ 75,872,779</u>	<u>\$ 566,582</u>
Current Liabilities	\$ 829,587	\$ 895,140	\$ (65,553)
Long-Term Liabilities	20,672,450	24,018,483	(3,346,033)
Total Liabilities	<u>21,502,037</u>	<u>24,913,623</u>	(3,411,586)
Deferred Inflows of Resources	3,218,284	1,405,638	1,812,646
Net Position			
Net Investment in Capital Assets	41,117,969	37,754,893	3,363,076
Restricted for Economic Development	2,088	2,087	1
Restricted for Debt Service	4,481,713	4,814,798	(333,085)
Restricted for Tax Increment	1,470,201	2,247,590	(777,389)
Restricted for Capital Projects	961,881	877,788	84,093
Unrestricted	3,685,188	3,856,362	(171,174)
Total Net Position	<u>51,719,040</u>	<u>49,553,518</u>	<u>2,165,522</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 76,439,361</u>	<u>\$ 75,872,779</u>	<u>\$ 566,582</u>

CITY OF WAITE PARK, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021

Statement of Net Position (Cont'd)

Table 2 Comparative Condensed Statement of Net Position			
	<u>Business-Type Activities</u>		Change
	<u>2021</u>	<u>2020</u>	
Current and Other Assets	\$ 6,326,314	\$ 5,656,099	\$ 670,215
Net Capital Assets	27,028,904	27,794,054	(765,150)
Total Assets	<u>33,355,218</u>	<u>33,450,153</u>	(94,935)
Deferred Outflows of Resources	211,752	58,021	153,731
Total Assets and Deferred Outflows of Resources	<u>\$ 33,566,970</u>	<u>\$ 33,508,174</u>	<u>\$ 58,796</u>
Current Liabilities	\$ 341,595	\$ 115,162	\$ 226,433
Long-Term Liabilities	2,084,046	2,569,600	(485,554)
Total Liabilities	<u>2,425,641</u>	<u>2,684,762</u>	(259,121)
Deferred Inflows of Resources	244,223	14,804	229,419
Net Position			
Net Investment in Capital Assets	25,751,494	26,112,110	(360,616)
Unrestricted	5,145,612	4,696,498	449,114
Total Net Position	<u>30,897,106</u>	<u>30,808,608</u>	88,498
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 33,566,970</u>	<u>\$ 33,508,174</u>	<u>\$ 58,796</u>

Governmental Activities

Net position of the City's governmental activities increased by \$2,165,522, this is a decrease from the prior year by \$4,794,827. The decrease is due to a decrease in capital grants and contributions.

Business-Type Activities

The net position of the business-type activities increased by \$88,498. The increase is attributable to the following funds increase in net position: Water - \$185,109 and Stormwater - \$29,864. The increase was off set by a decrease in net position in the Sewer Fund - \$126,475.

CITY OF WAITE PARK, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021

Statement of Activities

The following tables indicate the changes in net position for the City's governmental (Table 3) and business-type activities (Table 4):

Table 3 Comparative Condensed Statement of Activities			
	Governmental Activities		Change
	2021	2020	
REVENUES			
Program Revenues			
Fees, Fines, and Charges for Services	\$ 481,475	\$ 326,508	\$ 154,967
Operating Grants and Contributions	285,214	177,315	107,899
Capital Grants and Contributions	82,892	5,532,479	(5,449,587)
General Revenues			
Taxes			
Property	8,459,797	8,241,741	218,056
Increment	410,926	407,637	3,289
Gravel	146,892	178,124	(31,232)
Franchise	452,934	454,315	(1,381)
Local Sales and Use	1,600,330	1,351,331	248,999
Grants and Contributions			
Not Restricted to Specific Programs	486,090	1,078,145	(592,055)
Refunds and Reimbursements	219,568	419,407	(199,839)
Unrestricted Investment Earnings	2,456	81,764	(79,308)
Other	121,273	122,363	(1,090)
Gain on Sale of Assets	12,619	290,338	(277,719)
Total Revenues	12,762,466	18,661,467	(5,899,001)
EXPENSES			
General Government	1,601,893	2,207,442	(605,549)
Public Safety	3,618,574	3,882,839	(264,265)
Public Works	2,840,672	3,409,822	(569,150)
Sanitation	446,849	419,206	27,643
Culture and Recreation	1,176,369	865,941	310,428
Economic Development	372,288	328,368	43,920
Interest on Long-Term Debt	540,299	587,500	(47,201)
Total Expenses	10,596,944	11,701,118	(1,104,174)
Change in Net Position	2,165,522	6,960,349	(4,794,827)
NET POSITION, BEGINNING OF YEAR	49,553,518	42,593,169	6,960,349
NET POSITION, END OF YEAR	\$ 51,719,040	\$ 49,553,518	\$ 2,165,522

CITY OF WAITE PARK, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021

Statement of Activities (Cont'd)

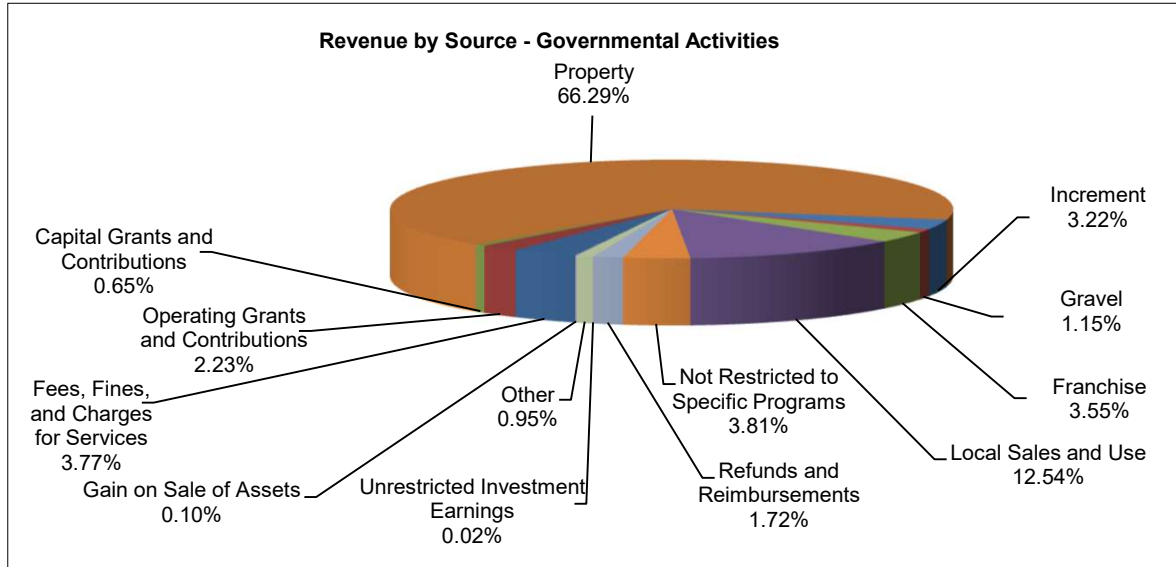
Table 4 Comparative Condensed Statement of Activities			
	Business-Type Activities		Change
	2021	2020	
REVENUES			
Program Revenues			
Fees, Fines, and Charges for Services	\$ 3,820,787	\$ 3,660,991	\$ 159,796
Operating Grants and Contributions			
General Revenues			
Grants and Contributions not Restricted		10,794	(10,794)
Refunds and Reimbursements	6,773	4,061	2,712
Unrestricted Investment Earnings	1,288	28,883	(27,595)
Total Revenues	<u>3,828,848</u>	<u>3,704,729</u>	<u>124,119</u>
EXPENSES			
Water	1,892,369	2,058,047	(165,678)
Sewer	1,830,311	1,697,817	132,494
Stormwater	17,670	10,635	7,035
Total Expenses	<u>3,740,350</u>	<u>3,766,499</u>	<u>(26,149)</u>
Change in Net Position	88,498	(61,770)	150,268
NET POSITION, BEGINNING OF YEAR	<u>30,808,608</u>	<u>30,870,378</u>	<u>(61,770)</u>
NET POSITION, END OF YEAR	<u>\$ 30,897,106</u>	<u>\$ 30,808,608</u>	<u>\$ 88,498</u>

CITY OF WAITE PARK, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021

Governmental Activities

Revenues - The following chart visually illustrates the City's revenue by source for its governmental activities:



Financial Analysis of the City's Funds

General Fund - The City's General Fund balance decreased by \$428,219. This is mainly due to a decrease in intergovernmental revenues, while the City experienced increases in public safety, public works and culture and recreation current expenditures.

Special Revenue Funds - The City's Special Revenue fund balances decreased by \$1,126,707. This is mainly due to the transfer to the Amphitheater capital project fund for expenditures related to building the Amphitheater.

Debt Service Funds - The Debt Service fund balances decreased by \$58,279. This decrease was due to less special assessment revenues received in the current year.

Capital Project Funds - The Capital Project fund balance increased by \$266,570. This was due to the transfer in and off set by the costs incurred in the current year for the Amphitheater project.

Water Fund - The Water Fund net position increased \$185,109 due to an increase in charges for services and service availability charges and a decrease in wages and salaries expenses.

Sewer Fund - The Sewer Fund net position decreased \$126,475 due to an increase in repairs and maintenance expenses.

Stormwater Fund - The Stormwater Fund net position increased \$29,864 from charges for services revenue.

CITY OF WAITE PARK, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021

General Fund Budgetary Highlights

Over the course of the year, the City of Waite Park Council did not revise the budget. The General Fund budget included revenues over expenditures, resulting in a budgeted increase in fund balance of \$300,000. The actual fund balance decreased by \$428,219. The General Fund actual revenues were over budgeted amounts by \$584,896 consisting of additional taxes, intergovernmental, contributions and donations, refunds and reimbursements and event reimbursement revenue. Expenditures were over budgeted amounts by \$1,273,097. This was due to the City spending more for public works, culture and recreation and capital outlay expenditures than what was budgeted.

Capital Assets

At the end of 2021, the City of Waite Park had \$133,955,245 invested in a broad range of capital assets. Refer to Note 5 of the Notes to the Financial Statements for a schedule showing the City's capital asset activity.

Long-Term Liabilities

At year-end of the year, the City of Waite Park had \$19,650,440 in bonds and other long-term liabilities outstanding. Refer to Note 7 of the Notes to the Financial Statements for a schedule showing the City's long-term liability activity.

Economic Factors and Next Year's Budget

The City of Waite Park's appointed officials considered many factors when setting the fiscal year 2022 budget, rates, and fees that will be charged by the funds of the City. The major factor accounted for when adopting the General Fund budget is to hold all line items as much as possible to the 2021 final Budget.

Contacting the City's Financial Management

This financial report is designed to provide our residents, customers, and creditors with a general overview of the City of Waite Park's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional information, contact the City of Waite Park, 19 13th Avenue North, PO Box 339, Waite Park, Minnesota 56387, (320) 252-6822, or Karla.Virnig@ci.waitepark.mn.us.

BASIC FINANCIAL STATEMENTS

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CITY OF WAITE PARK, MINNESOTA

STATEMENT OF NET POSITION
DECEMBER 31, 2021

	Governmental Activities	Business-Type Activities	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Cash and Investments	\$ 12,703,587	\$ 5,475,702	\$ 18,179,289
Receivables			
Accounts	130,000	4,641	134,641
Utilities		816,245	816,245
Interest	780		780
Delinquent Taxes	43,417		43,417
Special Assessments Receivable			
Delinquent	18,141		18,141
Deferred	1,911,724		1,911,724
Inventories	33,559	3,033	36,592
Prepaid Items	224,698	26,693	251,391
Due from Other Governments	359,622		359,622
Capital Assets			
Assets Not Being Depreciated	4,832,358	1,421,032	6,253,390
Other Capital Assets, Net of Depreciation	53,514,323	25,607,872	79,122,195
Net Pension Asset	372,679		372,679
Total Assets	<u>74,144,888</u>	<u>33,355,218</u>	<u>107,500,106</u>
Deferred Outflows of Resources	<u>2,294,473</u>	<u>211,752</u>	<u>2,506,225</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 76,439,361</u>	<u>\$ 33,566,970</u>	<u>\$ 110,006,331</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION			
Liabilities			
Current Liabilities			
Accounts Payable	\$ 380,647	\$ 332,629	\$ 713,276
Contracts Payable	329,969		329,969
Salaries and Benefits Payable	57,358	7,421	64,779
Interest Payable	30,804	1,545	32,349
Due to Other Governments	30,809		30,809
Long-Term Liabilities			
Net Pension Liability	1,619,707	265,552	1,885,259
Total OPEB Liability	908,395	312,402	1,220,797
Other Long-Term Liabilities Due Within One Year	1,530,991	414,534	1,945,525
Other Long-Term Liabilities Due in More Than One Year	16,613,357	1,091,558	17,704,915
Total Liabilities	<u>21,502,037</u>	<u>2,425,641</u>	<u>23,927,678</u>
Deferred Inflows of Resources	3,218,284	244,223	3,462,507
Net Position			
Net Investment in Capital Assets	41,117,969	25,751,494	66,869,463
Restricted for			
Economic Development	2,088		2,088
Debt Service	4,481,713		4,481,713
Tax Increment	1,470,201		1,470,201
Regional Capital Improvement Projects	961,881		961,881
Unrestricted	3,685,188	5,145,612	8,830,800
Total Net Position	<u>51,719,040</u>	<u>30,897,106</u>	<u>82,616,146</u>
Total Liabilities, Deferred Inflows of Resources and Net Pension	<u>\$ 76,439,361</u>	<u>\$ 33,566,970</u>	<u>\$ 110,006,331</u>

See Accompanying Notes to the Financial Statements

CITY OF WAITE PARK, MINNESOTA

STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES							
General Government	\$ 1,601,893	\$ 184,453	\$	\$	\$ (1,417,440)	\$	\$ (1,417,440)
Public Safety	3,618,574	224,725	217,064		(3,176,785)		(3,176,785)
Public Works	2,840,672	2,801		60,434	(2,777,437)		(2,777,437)
Sanitation	446,849	3,300			(443,549)		(443,549)
Culture and Recreation	1,176,369	66,196	68,150		(1,042,023)		(1,042,023)
Economic Development	372,288				(372,288)		(372,288)
Interest on Long-Term Debt	540,299			22,458	(517,841)		(517,841)
Total Governmental Activities	10,596,944	481,475	285,214	82,892	(9,747,363)	0	(9,747,363)
BUSINESS-TYPE ACTIVITIES							
Water	1,892,369	2,072,124				179,755	179,755
Sewer	1,830,311	1,701,160				(129,151)	(129,151)
Stormwater	17,670	47,503				29,833	29,833
Total Business-Type Activities	3,740,350	3,820,787	0	0	0	80,437	80,437
Total	\$ 14,337,294	\$ 4,302,262	\$ 285,214	\$ 82,892	(9,747,363)	80,437	(9,666,926)
GENERAL REVENUES							
Taxes							
Property					8,459,797		8,459,797
Increment					410,926		410,926
Gravel					146,892		146,892
Franchise					452,934		452,934
Local Sales and Use					1,600,330		1,600,330
Grants and Contributions Not Restricted to Specific Programs					486,090		486,090
Refunds and Reimbursements					219,568	6,773	226,341
Unrestricted Investment Earnings					2,456	1,288	3,744
Other					121,273		121,273
Gain on Sale of Assets					12,619		12,619
Total General Revenues					11,912,885	8,061	11,920,946
Change in Net Position					2,165,522	88,498	2,254,020
NET POSITION, BEGINNING OF YEAR					49,553,518	30,808,608	80,362,126
NET POSITION, END OF YEAR					\$ 51,719,040	\$ 30,897,106	\$ 82,616,146

See Accompanying Notes to the Financial Statements

CITY OF WAITE PARK, MINNESOTA

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2021

	General (101)	Local Sales Tax (221)	\$6,885,000 G.O. Improvement Crossover Refunding Bonds of 2010A (320)	\$4,720,000 G.O. Improvement Bonds of 2013B (324)
ASSETS				
Cash and Investments	\$ 6,919,614	\$ 317,857	\$ 358,306	\$ 434,125
Receivables				
Accounts	130,000			
Interest	780			
Delinquent Taxes	37,843		156	1,332
Special Assessments Receivable				
Delinquent			18,141	
Deferred	560,531		283,804	363,617
Inventory	33,559			
Prepaid Items	224,698			
Due from Other Governments	55,979	298,498	2,736	812
	<u>55,979</u>	<u>298,498</u>	<u>2,736</u>	<u>812</u>
Total Assets	<u>\$ 7,963,004</u>	<u>\$ 616,355</u>	<u>\$ 663,143</u>	<u>\$ 799,886</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE				
Liabilities				
Accounts Payable	\$ 202,560	\$	\$	\$
Contracts Payable	320,984			
Salaries and Benefits Payable	57,358			
Due to Other Governments	30,809			
Total Liabilities	<u>611,711</u>	<u>0</u>	<u>0</u>	<u>0</u>
Deferred Inflows of Resources				
Unavailable Revenue				
Delinquent Taxes	37,843		156	1,332
Special Assessments	560,531		301,945	363,617
Total Deferred Inflows of Resources	<u>598,374</u>	<u>0</u>	<u>302,101</u>	<u>364,949</u>
Fund Balance				
Nonspendable				
Inventory	33,559			
Prepays	224,698			
Restricted				
Tax Increment				
Loan Program				
Debt Service			361,042	434,937
Regional Capital Improvement Projects		616,355		
Assigned				
Capital Outlay	854,599			
Park Land Development				
Fund Operations				
Unassigned				
Total Fund Balance	<u>5,640,063</u>	<u>616,355</u>	<u>361,042</u>	<u>434,937</u>
	<u>6,752,919</u>	<u>616,355</u>	<u>361,042</u>	<u>434,937</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 7,963,004</u>	<u>\$ 616,355</u>	<u>\$ 663,143</u>	<u>\$ 799,886</u>

See Accompanying Notes to the Financial Statements

CITY OF WAITE PARK, MINNESOTA

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2021

	\$1,685,000 G.O. Tax Increment Crossover Refunding Bonds of 2014A (374)	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and Investments	\$ 364	\$ 4,673,321	\$ 12,703,587
Receivables			
Accounts			130,000
Interest			780
Delinquent Taxes		4,086	43,417
Special Assessments Receivable			
Delinquent			18,141
Deferred	293,025	410,747	1,911,724
Inventory			33,559
Prepaid Items			224,698
Due from Other Governments		1,597	359,622
	<u>293,389</u>	<u>5,089,751</u>	<u>15,425,528</u>
Total Assets	<u>\$ 293,389</u>	<u>\$ 5,089,751</u>	<u>\$ 15,425,528</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE			
Liabilities			
Accounts Payable	\$	\$ 178,087	\$ 380,647
Contracts Payable		8,985	329,969
Salaries and Benefits Payable			57,358
Due to Other Governments			30,809
Total Liabilities	<u>0</u>	<u>187,072</u>	<u>798,783</u>
Deferred Inflows of Resources			
Unavailable Revenue			
Delinquent Taxes		4,086	43,417
Special Assessments	293,025	410,747	1,929,865
Total Deferred Inflows of Resources	<u>293,025</u>	<u>414,833</u>	<u>1,973,282</u>
Fund Balance			
Nonspendable			
Inventory			33,559
Prepays			224,698
Restricted			
Tax Increment		1,470,201	1,470,201
Loan Program		2,088	2,088
Debt Service	364	2,341,266	3,137,609
Regional Capital Improvement Projects		345,526	961,881
Assigned			
Capital Outlay		168	854,767
Park Land Development		235,705	235,705
Fund Operations		93,041	93,041
Unassigned			
Total Fund Balance	<u>364</u>	<u>(149)</u>	<u>5,639,914</u>
	<u>364</u>	<u>4,487,846</u>	<u>12,653,463</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 293,389</u>	<u>\$ 5,089,751</u>	<u>\$ 15,425,528</u>

See Accompanying Notes to the Financial Statements

CITY OF WAITE PARK, MINNESOTA

RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2021

	<u>2021</u>
Total Fund Balances - Governmental Funds	\$ 12,653,463
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets and net pension assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.	
Capital Assets	87,810,729
Less: Accumulated Depreciation	(29,464,048)
Net Pension Asset	372,679
Certain receivables will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.	
Delinquent Taxes	43,417
Special Assessments	
Delinquent	18,141
Deferred	1,911,724
Deferred outflows and inflows of resources related to pensions and other post employment benefits are applicable to future periods and, therefore, are not reported in the funds.	
Deferred Outflows of Resources Related to Pensions	2,243,765
Deferred Inflows of Resources Related to Pensions	(3,218,284)
Deferred Outflows of Resources Related to OPEB	50,708
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	
Bonds Payable	(16,300,000)
Capital Lease	(346,720)
Bond Premium	(581,992)
Net Pension Liability	(1,619,707)
Compensated Absences Payable	(915,636)
Other Postemployment Benefits Payable	(908,395)
Interest Payable	<u>(30,804)</u>
Total Net Position - Governmental Activities	<u>\$ 51,719,040</u>

See Accompanying Notes to the Financial Statements

CITY OF WAITE PARK, MINNESOTA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 YEAR ENDED DECEMBER 31, 2021

	General (101)	Local Sales Tax (221)	\$6,885,000 G.O. Improvement Crossover Refunding Bonds of 2010A (320)	\$4,720,000 G.O. Improvement Bonds of 2013B (324)
REVENUES				
Taxes	\$ 7,939,341	\$	\$ 24,999	\$ 299,952
Sales Tax		1,595,727		
Tax Increment	5,873			
Special Assessments			168,430	99,390
Licenses and Permits	143,559			
Intergovernmental	701,548			
Charges for Services	264,705			
Fines and Forfeitures	65,689			
Miscellaneous				
Investment Income	972	59	99	129
Contributions and Donations	55,580			
Refunds and Reimbursements	214,203			
Event Reimbursements	68,149			
Other	13,413			
Total Revenues	<u>9,473,032</u>	<u>1,595,786</u>	<u>193,528</u>	<u>399,471</u>
EXPENDITURES				
Current				
General Government	1,475,518			
Public Safety	3,689,283			
Public Works	1,584,033			
Sanitation	449,994			
Culture and Recreation	997,605			
Economic Development				
Debt Service				
Principal	50,267		225,000	400,000
Interest and Other Charges	9,580		23,270	64,695
Capital Outlay				
General Government	65,176			
Public Safety	249,675			
Public Works	1,272,620			
Culture and Recreation	21,482			
Total Expenditures	<u>9,865,233</u>	<u>0</u>	<u>248,270</u>	<u>464,695</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(392,201)	1,595,786	(54,742)	(65,224)
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Capital Assets	12,619			
Transfers In	3,348	51,796		
Transfers Out	(51,985)	(1,833,405)		
Total Other Financing Sources (Uses)	<u>(36,018)</u>	<u>(1,781,609)</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	(428,219)	(185,823)	(54,742)	(65,224)
FUND BALANCE, BEGINNING OF YEAR	<u>7,181,138</u>	<u>802,178</u>	<u>415,784</u>	<u>500,161</u>
FUND BALANCE, END OF YEAR	<u>\$ 6,752,919</u>	<u>\$ 616,355</u>	<u>\$ 361,042</u>	<u>\$ 434,937</u>

See Accompanying Notes to the Financial Statements

CITY OF WAITE PARK, MINNESOTA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2021

	\$1,685,000 G.O. Tax Increment Crossover Refunding Bonds of 2014A (374)	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	\$	\$ 790,971	\$ 9,055,263
Sales Tax			1,595,727
Tax Increment		405,053	410,926
Special Assessments		26,729	294,549
Licenses and Permits			143,559
Intergovernmental			701,548
Charges for Services			264,705
Fines and Forfeitures		2,057	67,746
Miscellaneous			
Investment Income		1,197	2,456
Contributions and Donations		101,803	157,383
Refunds and Reimbursements		5,365	219,568
Event Reimbursements			68,149
Other			13,413
Total Revenues	<u>0</u>	<u>1,333,175</u>	<u>12,994,992</u>
EXPENDITURES			
Current			
General Government			1,475,518
Public Safety		1,455	3,690,738
Public Works			1,584,033
Sanitation			449,994
Culture and Recreation		60,660	1,058,265
Economic Development		372,288	372,288
Debt Service			
Principal	790,000	710,000	2,175,267
Interest and Other Charges	19,930	503,863	621,338
Capital Outlay			
General Government			65,176
Public Safety		5,582	255,257
Public Works		1,312,270	2,584,890
Culture and Recreation			21,482
Total Expenditures	<u>809,930</u>	<u>2,966,118</u>	<u>14,354,246</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(809,930)	(1,632,943)	(1,359,254)
OTHER FINANCING SOURCES (USES)			
Proceeds from Sale of Capital Assets			12,619
Transfers In	810,658	2,033,594	2,899,396
Transfers Out		(1,014,006)	(2,899,396)
Total Other Financing Sources (Uses)	<u>810,658</u>	<u>1,019,588</u>	<u>12,619</u>
Net Change in Fund Balances	728	(613,355)	(1,346,635)
FUND BALANCE, BEGINNING OF YEAR	<u>(364)</u>	<u>5,101,201</u>	<u>14,000,098</u>
FUND BALANCE, END OF YEAR	<u>\$ 364</u>	<u>\$ 4,487,846</u>	<u>\$ 12,653,463</u>

See Accompanying Notes to the Financial Statements

CITY OF WAITE PARK, MINNESOTA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021

	<u>2021</u>
Total Net Change in Fund Balances - Governmental Funds	\$ (1,346,635)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.	
Asset Additions	2,625,419
Asset Disposals	(444,876)
Depreciation Expense	(1,650,648)
Accumulated Depreciation of Disposed Assets	444,876
Certain receivables will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.	
Delinquent Taxes	4,359
Special Assessments	
Delinquent	(934)
Deferred	(271,156)
Postemployment benefits payable in the Statement of Activities differs from the amount reported in the governmental funds because this benefit is recognized as an expenditure in the funds when due. In the Statement of Activities, postemployment benefits payable is recognized when accrued.	
Compensated Absences	51,174
Other Postemployment Benefits Payable	(57,325)
In the Statement of Activities, pension expenses are measured by the amounts earned during the year. In governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).	
	419,150
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore not reported as liabilities in the funds.	
Amortization of Bond Premium	67,646
Principal Retirement of Long-Term Debt	2,320,659
Change in Accrued Interest Payable	<u>3,813</u>
Change in Net Position - Governmental Activities	<u>\$ 2,165,522</u>

CITY OF WAITE PARK, MINNESOTA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 GENERAL FUND
 YEAR ENDED DECEMBER 31, 2021

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 7,907,100	\$ 7,907,100	\$ 7,939,341	\$ 32,241
Tax Increment			5,873	5,873
Licenses and Permits	138,350	138,350	143,559	5,209
Intergovernmental	350,386	350,386	701,548	351,162
Charges for Services	275,300	275,300	264,705	(10,595)
Fines and Forfeitures	68,500	68,500	65,689	(2,811)
Miscellaneous				
Investment Income	20,000	20,000	972	(19,028)
Contributions and Donations	7,000	7,000	55,580	48,580
Refunds and Reimbursements	117,000	117,000	214,203	97,203
Event Reimbursements			68,149	68,149
Other	4,500	4,500	13,413	8,913
Total Revenues	<u>8,888,136</u>	<u>8,888,136</u>	<u>9,473,032</u>	<u>584,896</u>
EXPENDITURES				
Current				
General Government	1,322,907	1,322,907	1,475,518	152,611
Public Safety	3,930,055	3,930,055	3,689,283	(240,772)
Public Works	1,408,975	1,408,975	1,584,033	175,058
Sanitation	439,000	439,000	449,994	10,994
Culture and Recreation	569,415	569,415	997,605	428,190
Debt Service				
Principal	50,267	50,267	50,267	
Interest and Other Charges	9,579	9,579	9,580	1
Capital Outlay				
General Government	105,500	105,500	65,176	(40,324)
Public Safety	334,138	334,138	249,675	(84,463)
Public Works	312,300	312,300	1,272,620	960,320
Culture and Recreation	110,000	110,000	21,482	(88,518)
Total Expenditures	<u>8,592,136</u>	<u>8,592,136</u>	<u>9,865,233</u>	<u>1,273,097</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	296,000	296,000	(392,201)	(688,201)

See Accompanying Notes to the Financial Statements

CITY OF WAITE PARK, MINNESOTA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 GENERAL FUND
 YEAR ENDED DECEMBER 31, 2021

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Capital Assets	\$ 4,000	\$ 4,000	\$ 12,619	\$ 8,619
Transfers In			3,348	3,348
Transfers Out			(51,985)	(51,985)
Total Other Financing Sources (Uses)	<u>4,000</u>	<u>4,000</u>	<u>(36,018)</u>	<u>(40,018)</u>
Net Change in Fund Balances	<u>\$ 300,000</u>	<u>\$ 300,000</u>	(428,219)	<u>\$ (728,219)</u>
FUND BALANCE, BEGINNING OF YEAR			<u>7,181,138</u>	
FUND BALANCE, END OF YEAR			<u>\$ 6,752,919</u>	

See Accompanying Notes to the Financial Statements

CITY OF WAITE PARK, MINNESOTA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 LOCAL SALES TAX SPECIAL REVENUE FUND
 YEAR ENDED DECEMBER 31, 2021

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
REVENUES				
Sales Tax	\$ 880,000	\$ 880,000	\$ 1,595,727	\$ 715,727
Miscellaneous				
Investment Income	20,000	20,000	59	(19,941)
Total Revenues	<u>900,000</u>	<u>900,000</u>	<u>1,595,786</u>	<u>695,786</u>
EXPENDITURES				
Excess (Deficiency) of Revenues Over (Under) Expenditures	900,000	900,000	1,595,786	695,786
OTHER FINANCING SOURCES (USES)				
Transfers In			51,796	51,796
Transfers Out	<u>(1,200,000)</u>	<u>(1,200,000)</u>	<u>(1,833,405)</u>	<u>(633,405)</u>
Total Other Financing Sources (Uses)	<u>(1,200,000)</u>	<u>(1,200,000)</u>	<u>(1,781,609)</u>	<u>(581,609)</u>
Net Change in Fund Balances	<u>\$ (300,000)</u>	<u>\$ (300,000)</u>	<u>(185,823)</u>	<u>\$ 114,177</u>
FUND BALANCE, BEGINNING OF YEAR			<u>802,178</u>	
FUND BALANCE, END OF YEAR			<u>\$ 616,355</u>	

See Accompanying Notes to the Financial Statements

CITY OF WAITE PARK, MINNESOTA

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 DECEMBER 31, 2021

	Business-Type Activities - Enterprise Funds			Total
	Water (601)	Sewer (605)	Stormwater (609)	
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Assets				
Current Assets				
Cash and Investments	\$ 2,016,575	\$ 3,307,079	\$ 152,048	\$ 5,475,702
Receivables				
Accounts	4,641			4,641
Utilities	405,221	399,475	11,549	816,245
Inventory	2,076	957		3,033
Prepaid Items	16,201	9,791	701	26,693
Total Current Assets	<u>2,444,714</u>	<u>3,717,302</u>	<u>164,298</u>	<u>6,326,314</u>
Noncurrent Assets				
Capital Assets				
Assets Not Being Depreciated	645,831	775,201		1,421,032
Other Capital Assets, Net of Depreciation	13,802,336	11,805,536		25,607,872
Total Noncurrent Assets	<u>14,448,167</u>	<u>12,580,737</u>	<u>0</u>	<u>27,028,904</u>
Total Assets	<u>16,892,881</u>	<u>16,298,039</u>	<u>164,298</u>	<u>33,355,218</u>
Deferred Outflows of Resources				
Related to OPEB	14,897	2,542		17,439
Related to Pensions	165,990	28,323		194,313
Total Deferred Outflows of Resources	<u>180,887</u>	<u>30,865</u>	<u>0</u>	<u>211,752</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 17,073,768</u>	<u>\$ 16,328,904</u>	<u>\$ 164,298</u>	<u>\$ 33,566,970</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION				
Liabilities				
Current Liabilities				
Accounts Payable	\$ 37,670	\$ 294,935	\$ 24	\$ 332,629
Salaries and Benefits Payable	4,441	2,621	359	7,421
Interest Payable	1,545			1,545
Bonds Payable Due Within One Year	414,534			414,534
Total Current Liabilities	<u>458,190</u>	<u>297,556</u>	<u>383</u>	<u>756,129</u>
Noncurrent Liabilities				
Net Pension Liability	226,845	38,707		265,552
Compensated Absences	143,963	79,294	5,425	228,682
Other Postemployment Benefits Payable	266,866	45,536		312,402
Bonds Payable, Net of Current Amount	862,876			862,876
Total Noncurrent Liabilities	<u>1,500,550</u>	<u>163,537</u>	<u>5,425</u>	<u>1,669,512</u>
Total Liabilities	<u>1,958,740</u>	<u>461,093</u>	<u>5,808</u>	<u>2,425,641</u>
Deferred Inflows of Resources				
Related to Pensions	208,625	35,598		244,223
Net Position				
Net Investment in Capital Assets	13,170,757	12,580,737		25,751,494
Unrestricted	1,735,646	3,251,476	158,490	5,145,612
Total Net Position	<u>14,906,403</u>	<u>15,832,213</u>	<u>158,490</u>	<u>30,897,106</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 17,073,768</u>	<u>\$ 16,328,904</u>	<u>\$ 164,298</u>	<u>\$ 33,566,970</u>

See Accompanying Notes to the Financial Statements

CITY OF WAITE PARK, MINNESOTA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 YEAR ENDED DECEMBER 31, 2021

	Business-Type Activities - Enterprise Funds			Total
	Water (601)	Sewer (605)	Stormwater (609)	
OPERATING REVENUES				
Charges for Services	\$ 2,036,124	\$ 1,665,160	\$ 47,503	\$ 3,748,787
Service Availability Charge	36,000	36,000		72,000
Total Operating Revenues	2,072,124	1,701,160	47,503	3,820,787
OPERATING EXPENSES				
Wages and Salaries	501,385	109,590	7,694	618,669
Supplies	6,683	4,932	95	11,710
Repairs and Maintenance	163,898	174,796	5,742	344,436
Utilities	159,278	5,274		164,552
Contractual Services	10,952	1,022,122	215	1,033,289
Depreciation	451,304	476,681		927,985
Professional Services	500,184	10,674	393	511,251
Miscellaneous	60,756	26,242	3,531	90,529
Total Operating Expenses	1,854,440	1,830,311	17,670	3,702,421
Operating Income (Loss)	217,684	(129,151)	29,833	118,366
NONOPERATING REVENUES (EXPENSES)				
Refunds and Reimbursements	4,790	1,983		6,773
Investment Income	564	693	31	1,288
Interest and Fiscal Agent Fees	(37,929)			(37,929)
Total Nonoperating Revenues (Expenses)	(32,575)	2,676	31	(29,868)
Change in Net Position	185,109	(126,475)	29,864	88,498
NET POSITION, BEGINNING OF YEAR	14,721,294	15,958,688	128,626	30,808,608
NET POSITION, END OF YEAR	\$ 14,906,403	\$ 15,832,213	\$ 158,490	\$ 30,897,106

See Accompanying Notes to the Financial Statements

CITY OF WAITE PARK, MINNESOTA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED DECEMBER 31, 2021

	Business-Type Activities - Enterprise Funds			
	Water (601)	Sewer (605)	Stormwater (609)	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers and Users	\$ 2,039,715	\$ 1,680,350	\$ 47,468	\$ 3,767,533
Payments to Suppliers	(890,826)	(1,040,690)	(10,011)	(1,941,527)
Payments to Employees	(509,782)	(105,672)	(6,514)	(621,968)
Net Cash Provided (Used) by Operating Activities	639,107	533,988	30,943	1,204,038
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Interfund Activity	(300,000)			(300,000)
Other Income	4,790	1,983		6,773
Net Cash Provided (Used) by Noncapital Financing Activities	(295,210)	1,983	0	(293,227)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of Capital Assets	(162,835)			(162,835)
Principal Paid on Debt	(395,000)			(395,000)
Interest Paid on Debt	(47,870)			(47,870)
Net Cash Provided (Used) by Capital and Related Financing Activities	(605,705)	0	0	(605,705)
CASH FLOW FROM INVESTING ACTIVITIES				
Interest and Dividends Received	564	693	31	1,288
Net Increase (Decrease) in Cash and Cash Equivalents	(261,244)	536,664	30,974	306,394
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR				
	2,277,819	2,770,415	121,074	5,169,308
CASH AND CASH EQUIVALENTS, END OF YEAR				
	<u>\$ 2,016,575</u>	<u>\$ 3,307,079</u>	<u>\$ 152,048</u>	<u>\$ 5,475,702</u>

See Accompanying Notes to the Financial Statements

CITY OF WAITE PARK, MINNESOTA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED DECEMBER 31, 2021

	Business-Type Activities - Enterprise Funds			Total
	Water (601)	Sewer (605)	Stormwater (609)	
RECONCILIATION OF OPERATING INCOME (LOSS) TO CASH FLOWS FROM OPERATING ACTIVITIES				
Operating Income (Loss)	\$ 217,684	\$ (129,151)	\$ 29,833	\$ 118,366
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Depreciation	451,304	476,681		927,985
Pension Related Adjustments	(26,671)	(2,158)		(28,829)
Other Postemployment Benefits Payable	11,461	3,899		15,360
(Increase) Decrease in Assets				
Accounts Receivable	(4,641)			(4,641)
Utilities Receivable	(27,768)	(20,810)	(35)	(48,613)
Inventory	(2,076)	(957)		(3,033)
Prepaid Items	(4,706)	(2,778)	(50)	(7,534)
Increase (Decrease) in Liabilities				
Accounts Payable	17,707	207,085	15	224,807
Salaries and Benefits Payable	1,213	631	189	2,033
Compensated Absences	5,600	1,546	991	8,137
Net Cash Provided (Used) by Operating Activities	<u>\$ 639,107</u>	<u>\$ 533,988</u>	<u>\$ 30,943</u>	<u>\$ 1,204,038</u>

See Accompanying Notes to the Financial Statements

CITY OF WAITE PARK, MINNESOTA
STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2021

	Custodial Fund
ASSETS	
Cash and Investments	\$ 33,451
	33,451
LIABILITIES AND NET POSITION	
Liabilities	
Accounts Payable	\$ 5,894
NET POSITION	
Held for Other Purposes	27,557
	27,557
Total Liabilities and Net Position	\$ 33,451
	33,451

CITY OF WAITE PARK, MINNESOTA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
DECEMBER 31, 2021

	Custodial Fund
ADDITIONS	
Earnings from Other Taxes	\$ 151,364
Earnings from Investments	9
Total Additions	151,373
	151,373
DEDUCTIONS	
Professional Services	148,043
Net Change in Net Position	3,330
	3,330
NET POSITION, BEGINNING OF YEAR	24,227
NET POSITION, END OF YEAR	\$ 27,557

See Accompanying Notes to the Financial Statements

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

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

The financial statements present the City and its component units. The City includes all funds, organizations, institutions, agencies, departments and offices that are not legally separate from such. Component units are legally separate entities for which the City is financially accountable, or for which the exclusion of the component unit would render the financial statements of the City misleading.

The criteria used to determine if the City is financially accountable for a component unit includes whether or not 1) the City appoints the voting majority of the potential component unit's governing body and is able to impose its will on the potential component unit or is in a relationship of financial benefit or burden with the potential component unit, or 2) the potential component unit is fiscally dependent on and there is a potential for the potential component unit 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, certain organizations have been defined and are presented in this report as follows:

Blended Component Unit - Reported as if they were part of the City.

Blended Component Unit

The Waite Park Economic Development Authority (EDA) is a legal entity separate from the City. Although legally separate, the Waite Park EDA is reported as if it were part of the primary government because its governing body is substantially the same as the governing body of the primary government. Separate financial statements are not prepared for the Waite Park EDA.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the City. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Interest on general long-term debt is considered an indirect expense and is reported separately in the Statement of Activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. Internally dedicated revenues are reported as general revenues rather than program revenues.

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Cont'd)

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

The Custodial Fund is presented in the fiduciary fund financial statements. Since, by definition, these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the City, this fund is not incorporated into the government-wide statements.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days after the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, special assessments, intergovernmental revenue, charges for services, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

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

The Local Sales Tax Special Revenue Fund is used to account for the accumulation of local sales and use tax revenue.

The \$6,885,000 G.O. Improvement Crossover Refunding Bonds of 2010A Debt Service Fund is used to account for the accumulation of resources for, and the payment of the debt principal, interest, and related costs.

The \$4,720,000 G.O. Improvement Bonds of 2013B Debt Service Fund is used to account for the accumulation of resources for, and the payment of the debt principal, interest, and related costs.

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION
(Cont'd)

The \$1,685,000 G.O. Tax Increment Crossover Refunding Bonds of 2014A Debt Service Fund is used to account for the accumulation of resources for, and the payment of the debt principal, interest, and related costs.

The City reports the following major enterprise funds:

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

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

The Stormwater Fund accounts for the operations related to protecting and improving the quality of local water resources and to maintain compliance with requirements of the Federal Clean Water Act.

Additionally, the City reports the following fiduciary fund:

The Custodial Fund is custodial in nature and does not present results of operations or have a measurement focus. This fund accounts for assets the City holds for others in an agent capacity.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's utility functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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 enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

It is generally the City's policy to use restricted resources first, then unrestricted resources as they are needed when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. DEPOSITS AND INVESTMENTS

The City's cash and cash equivalents are considered to be cash on hand, deposits and highly liquid debt instruments purchased with original maturities of three months or less from the date of acquisition.

The City may invest in the following types of investments as authorized by Minn. Stat. §§118A.04 and 118A.05:

- (1) securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, except mortgage-backed securities defined as "high risk" by Minn. Stat. §118A.04, subd. 6;
- (2) mutual funds through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments;
- (3) general obligations of the State of Minnesota and its municipalities, and in certain state agency and local obligations of Minnesota and other states provided such obligations have certain specified bond ratings by a national bond rating service;
- (4) time deposits that are fully insured by the Federal Deposit Insurance Corporation or bankers acceptances of United States bank;
- (5) commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by at least two nationally recognized rating agencies and matures in 270 days or less; and
- (6) with certain restrictions, in repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts.

Cash and investments were comprised of deposits, brokered certificates of deposit and money market accounts, and the 4M Fund.

The City invests in an external investment pool, the Minnesota Municipal Money Market Fund (4M Fund), which is created under a joint powers agreement pursuant to Minn. Stat. §471.59. The 4M Fund is not registered with the Securities Exchange Commission (SEC), but does satisfy the requirements of Rule 2a-7 prescribed by the SEC pursuant to the Investment Company Act of 1940 (17 CFR §270.2a-7), as amended. The investment in the pool is measured at the net asset value per share provided by the pool.

The City has an investment policy in place that addresses interest rate risk, credit risk, concentration of credit risk and custodial credit risk as follows:

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 minimizes custodial credit risk by obtaining collateral or bonds for all uninsured amounts on deposit and by obtaining necessary documentation to show compliance with state law and a perfected security interest under federal law.

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. DEPOSITS AND INVESTMENTS (Cont'd)

Interest Rate Risk: This is the risk that market values of securities in a portfolio would decrease due to changes in market interest rates. The City minimizes interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations thereby avoiding the need to sell securities on the open market prior to maturity.

Credit Risk: Credit risk 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 the top two ratings issued by nationally recognized statistical rating organizations. The City's investment policy states it will comply with Minnesota Statutes Chapter 118A.

Concentration of Credit Risk: This is the risk of loss attributed to the magnitude of an investment in a single issuer. Investments should be diversified to avoid incurring unreasonable risk inherent in over investing in specific instruments, individual financial institutions or maturities. The City's investment policy states the City will attempt to diversify their investments according to type and maturity.

Custodial Credit Risk - Investments: For an investment, this is the risk that in the event of the failure of the counterparty, 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 states when investments purchased by the City are held in safekeeping by a broker/dealer, they must provide insurance through the Securities Investor Protection Corporation (SIPC).

The City categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation of 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.

E. RECEIVABLES AND PAYABLES

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

All trade and property tax receivables are shown at a gross amount since both are assessable to the property and are collectible upon the sale of the property.

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

E. RECEIVABLES AND PAYABLES (Cont'd)

The City levies its property tax for the subsequent year during the month of December. December 30th is the last day the City can certify a tax levy to the County Auditor 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. Stearns County is the collecting agency 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 payment due on May 15 and the second half payment is due on October 15. Taxes not collected as of December 31 each year are shown as delinquent taxes receivable.

The County Auditor prepares 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 Auditor also collects all special assessments, except for certain prepayments paid directly to the City.

The County Auditor submits the list of taxes and special assessments to be collected on each parcel of property to the County Treasurer in January of each year.

F. PREPAID ITEMS

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

G. INVENTORIES

Inventories are valued at cost, using the first in, first out method of accounting.

H. CAPITAL ASSETS

Capital assets, both tangible and intangible, which include property, plant, equipment and infrastructure assets (e.g., roads, sidewalks and similar items) and easements, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Tangible and intangible capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years.

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded as capital assets at their estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

H. CAPITAL ASSETS (Cont'd)

Tangible and intangible assets of the City are depreciated using the straight-line, full month convention method over the following estimated useful lives:

Assets	Years
Buildings	5-30
Land Improvements	10-60
Vehicles	5-10
Machinery and Equipment	3-15
Infrastructure	10-50

Capital assets not being depreciated include land, easements and construction in progress, if any.

I. DEFERRED OUTFLOWS OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represents a consumption of net position that applies to a future reporting period. During that future period, it will be recognized as an outflow of resources (expense/expenditure). The City has items that qualify for reporting in this category on the government-wide Statement of Net Position related to pensions and OPEB.

J. COMPENSATED ABSENCES

The liability for compensated absences reported in the financial statements consists of unpaid, accumulated vacation and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. The liability for compensated absences is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Compensated absences are accrued when incurred in the government-wide and proprietary fund financial statements. The government-wide and proprietary funds Statement of Net Position reports both current and noncurrent portions of compensated absences using full accrual accounting. The current portion consists of an amount based on expected or known retirements coming in the next fiscal year. The noncurrent portion consists of the remaining amount of vacation and total vested sick leave.

Employees are granted vacation based on their years of service. Maximum vacation accumulation shall be equal to the number of hours earned in the preceding year plus hours earned to date in the current year.

Employees hired as of December 12, 1989, can accumulate up to 10 days of unused sick leave in the first year of employment and 15 days thereafter, not to exceed 150 days. Subsequent to having accumulated 150 days, they are reimbursed in the year the sick leave is earned, for half of the days accrued in excess of 150 days up to a maximum of 165 days. Nonunion employees hired after December 12, 1989, are not entitled to payment of sick leave upon retirement.

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

J. COMPENSATED ABSENCES (Cont'd)

Unpaid sick and vacation pay earned, is estimated to be approximately \$915,636 in the governmental funds and \$228,682 in the enterprise funds.

K. PENSIONS

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and the City of Waite Park's Fire Relief Association and additions to/deductions from PERA's and the City of Waite Park's Fire Relief Association's fiduciary net position have been determined on the same basis as they are reported by PERA and the City of Waite Park's Fire Relief Association. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The City participates in various pension plans; total pension expense for the year ended December 31, 2021, was \$3,826. The components of pension expense are noted in the plan summaries.

L. OTHER POSTEMPLOYMENT BENEFITS

Employees of the City pay premiums based on amounts negotiated in union contracts. Since the insurance rates are not age based, the City has an implicit rate subsidy factor in postemployment health care expenses. Additionally, Minnesota Statutes require the City to allow retired employees to stay on the health care plan with the retiree responsible to pay the entire premium for continuation coverage. The City's personnel policy and union contracts do not provide for any contributions upon employee retirement.

M. LONG-TERM OBLIGATIONS

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type Statement of Net Position.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

N. DEFERRED INFLOWS OF RESOURCES

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represents an acquisition of net position that applies to a future reporting period. During that future period, it will be recognized as an inflow of resources (revenue). The City has items that qualify for reporting in this category on both the government-wide Statement of Net Position and the governmental fund financial statements related to property taxes, special assessments and pensions.

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

O. FUND BALANCE

In the governmental fund financial statements, fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of resources reported in governmental funds. These classifications are as follows:

Nonspendable - consists of amounts that cannot be spent because it is not in spendable form or are legally or contractually required to be maintained intact, such as inventories and prepaid items.

Restricted - consists of amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions.

Committed - consists of amounts that are constrained for specific purposes that are internally imposed by formal action of the City Council. Those committed amounts cannot be used for any other purpose unless the Council removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. These constraints are established by Resolution of the City Council.

Assigned - consists of amounts intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the governing body itself or by an official to which the governing body delegates the authority. Pursuant to City Council Resolution, the Finance Director and City Administrator are authorized to establish assignments of fund balance.

Unassigned - is the residual classification for the General Fund and also reflects negative residual amounts in the remaining governmental funds.

The City requires restricted amounts to be spent first when both restricted and unrestricted fund balance is available. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

P. NET POSITION

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources in the government-wide, proprietary fund, and fiduciary fund financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted in the government-wide, proprietary fund, and fiduciary fund financial statements when there are limitations on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position consists of all other net position that does not meet the definition of restricted or net investment in capital assets.

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Q. USE OF ESTIMATES

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and deferred outflows of resources and liabilities and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

The City Council adopts an annual budget. The amounts shown in the financial statements as "budget" represent the original budgeted amounts and all revisions made during the year. The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Budget requests are submitted by all department heads to the City finance department and City Administrator. The finance department and City Administrator compile the budget requests into an overall preliminary City budget, balancing budget requests with available revenue.
2. In August, the finance department and City Administrator present the proposed budget for the fiscal year commencing the following January 1 to the City Council which in turn holds a public hearing on the proposed budget. The budget resolution adopted by the City Council sets forth the budget at the function level for the General and Special Revenue Funds prior to December 31.
3. Formal budgetary integration is employed as a management control device during the year for the General and Special Revenue Funds. Formal budgetary integration is not employed for Debt Service Funds because effective budgetary control is alternatively achieved through general obligation bond indenture provisions. Budgetary control for Capital Projects Funds is accomplished through the use of project controls.
4. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America. The budget presented is the original budget; there were no amendments during the year. Annual appropriations lapse at year-end.

Encumbrances outstanding at year-end expire and outstanding purchase orders are canceled and not reported in the financial statements.

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Cont'd)

B. DEFICIT FUND BALANCES AND NET POSITION

The following funds had deficit fund balances/net position:

DWI Forfeiture	\$	(149)
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Deficit will be eliminated by future revenues.

C. EXPENDITURES EXCEEDING APPROPRIATIONS

The following funds had expenditures that exceeded appropriations:

	<u>Appropriations</u>	<u>Expenditures</u>
General Fund	<u>\$ 8,592,136</u>	<u>\$ 9,865,233</u>

NOTE 3. DEPOSITS AND INVESTMENTS

A. DEPOSITS

In accordance with applicable Minnesota Statutes, the City maintains deposits at depository banks authorized by the City Council.

Custodial Credit Risk - Deposits: The City's bank balances were not exposed to custodial credit risk because they were fully insured through the FDIC as well as collateralized with securities held by the pledging financial institution's trust department or agent and in the City's name.

Checking	\$	117,068
Flex Account		9,004
Petty Cash		<u>400</u>
Total Deposits	<u>\$</u>	<u>126,472</u>

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 3. DEPOSITS AND INVESTMENTS (Cont'd)

B. INVESTMENTS

The City had the following investments:

	<u>Concentration Risk</u>	<u>Interest Rate Risk</u>	<u>Credit Risk</u>	<u>Fair Value or Amortized Cost</u>
	Over 5 Percent of Portfolio	Weighted Average Maturity Years	Credit Rating	
Brokered Certificates of Deposit	9.69%	0.74	N/A	\$ 1,753,054
External Investment Pool				
4M	0.58%	N/A	Not Rated	104,386
4M Plus	83.95%	N/A	Not Rated	15,183,209
4M Limited Term Duration	2.76%	N/A	Not Rated	498,950
4M Term Series	2.76%	0.98	Not Rated	500,000
Money Market Accounts	0.26%	N/A	N/A	<u>46,669</u>
 Total Investments				 <u>\$ 18,086,268</u>

	<u>Fair Value</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments at fair value:				
Brokered Certificates of Deposit	\$ 1,753,054	<u>\$ 1,753,054</u>	<u>\$ 0</u>	<u>\$ 0</u>
Investments at amortized cost:				
External Investment Pool	16,286,545			
Money Market Accounts	<u>46,669</u>			
Total Investments at Amortized Cost	<u>16,333,214</u>			
 Total Investments	 <u>\$ 18,086,268</u>			

The following is a summary of total deposits and investments:

Deposits (Note 3.A.)	\$ 126,472
Investments (Note 3.B.)	<u>18,086,268</u>
 Total Deposits and Investments	 <u>\$ 18,212,740</u>

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 3. DEPOSITS AND INVESTMENTS (Cont'd)

B. INVESTMENTS (Cont'd)

Deposits and investments are presented in the basic financial statements as follows:

Statement of Net Position	
Cash and Investments	\$ 18,179,289
Statement of Fiduciary Net Position	
Cash and Investments	<u>33,451</u>
	<u><u>\$ 18,212,740</u></u>

NOTE 4. RECEIVABLES

Receivables are as follows:

	<u>Total Receivables</u>	<u>Amounts not Scheduled for Collection During the Subsequent Year</u>
Governmental Activities		
Accounts	\$ 130,000	\$
Interest	780	
Delinquent Taxes	43,417	
Special Assessments	<u>1,929,865</u>	<u>1,646,590</u>
Total Governmental Activities	<u><u>\$ 2,104,062</u></u>	<u><u>\$ 1,646,590</u></u>
Business-Type Activities		
Accounts	\$ 4,641	\$
Utilities	<u>816,245</u>	
Total Business-Type Activities	<u><u>\$ 820,886</u></u>	<u><u>\$ 0</u></u>

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 5. CAPITAL ASSETS

Capital asset activity is as follows:

Governmental Activities	Beginning Balance	Increase	Decrease	Ending Balance
Capital Assets, Not Being Depreciated				
Land	\$ 1,098,918	\$	\$	\$ 1,098,918
Easements	900,143			900,143
Construction in Progress	14,578,413	1,441,027	(13,186,143)	2,833,297
Total Capital Assets, Not Being Depreciated	16,577,474	1,441,027	(13,186,143)	4,832,358
Capital Assets, Being Depreciated				
Buildings	15,382,398	11,223,391		26,605,789
Improvements Other than Buildings	45,895,418	2,988,170		48,883,588
Machinery and Equipment	7,774,896	158,974	(444,876)	7,488,994
Total Capital Assets, Being Depreciated	69,052,712	14,370,535	(444,876)	82,978,371
Less Accumulated Depreciation for				
Buildings	3,676,209	264,681		3,940,890
Improvements Other than Buildings	19,804,378	926,366		20,730,744
Machinery and Equipment	4,777,689	459,601	(444,876)	4,792,414
Total Accumulated Depreciation	28,258,276	1,650,648	(444,876)	29,464,048
Total Capital Assets, Being Depreciated, Net	40,794,436	12,719,887	0	53,514,323
Governmental Activities Net Capital Assets	<u>\$ 57,371,910</u>	<u>\$ 14,160,914</u>	<u>\$ (13,186,143)</u>	<u>\$ 58,346,681</u>

Depreciation expense was charged to functions/programs as follows:

Governmental Activities	
General Government	\$ 85,304
Public Safety	191,262
Public Works	1,283,643
Culture and Recreation	90,439
Total Depreciation Expense - Governmental Activities	<u>\$ 1,650,648</u>

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 5. CAPITAL ASSETS (Cont'd)

Business-Type Activities	Beginning Balance	Increase	Decrease	Ending Balance
Capital Assets, Not Being Depreciated				
Land	\$ 22,000	\$	\$	\$ 22,000
Easement	1,399,032			1,399,032
Total Capital Assets, Not Being Depreciated	1,421,032	0	0	1,421,032
Capital Assets, Being Depreciated				
Improvements Other than Buildings	43,972,036	162,835		44,134,871
Machinery and Equipment	629,149		(40,536)	588,613
Total Capital Assets, Being Depreciated	44,601,185	162,835	(40,536)	44,723,484
Less Accumulated Depreciation for				
Improvements Other than Buildings	17,691,362	911,321		18,602,683
Machinery and Equipment	536,801	16,664	(40,536)	512,929
Total Accumulated Depreciation	18,228,163	927,985	(40,536)	19,115,612
Total Capital Assets, Being Depreciated, Net	26,373,022	(765,150)	0	25,607,872
Business-Type Activities Net Capital Assets	<u>\$ 27,794,054</u>	<u>\$ (765,150)</u>	<u>\$ 0</u>	<u>\$ 27,028,904</u>

Depreciation expense was charged to functions/programs as follows:

Business-Type Activities	
Water	\$ 451,304
Sewer	476,681
Total Depreciation Expense - Business-Type Activities	<u>\$ 927,985</u>

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 6. INTERFUND ACTIVITY

The composition of interfund transfers is as follows:

	Transfers Out			Total
	General	Local Sales Tax	Nonmajor Governmental Funds	
Transfers In				
General	\$	\$	\$ 3,348	\$ 3,348
Local Sales Tax	51,796			51,796
\$1,685,000 G.O. Tax Increment Crossover Refunding Bonds of 2014A			810,658	810,658
Nonmajor Governmental Funds	189	1,833,405	200,000	2,033,594
Total Interfund Transfers	<u>\$ 51,985</u>	<u>\$ 1,833,405</u>	<u>\$ 1,014,006</u>	<u>\$ 2,899,396</u>

The purpose of the transfers was to provide funding for capital improvement projects, capital outlay, and operating purposes.

NOTE 7. LONG-TERM LIABILITIES

A. GENERAL OBLIGATION BONDS

The City issues General Obligation (G.O.) Bonds to provide financing for street improvements, facility construction and tax increment projects. Debt service is covered respectively by special assessments, property taxes and tax increments against benefited properties with any shortfalls being paid from general taxes.

G.O. Bonds are direct obligations and pledge the full faith and credit of the City. These bonds generally are issued as 15 year Serial Bonds with equal debt service payments each year.

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 7. LONG-TERM LIABILITIES(Cont'd)

B. COMPONENTS OF LONG-TERM LIABILITIES

	<u>Interest Rates</u>	<u>Final Maturity</u>	<u>Balance Outstanding</u>
<u>Governmental Activities</u>			
Tax Abatement Bonds			
G.O. Tax Abatement Bonds, Series 2016A	2.00%-3.00%	12/15/31	\$ 1,575,000
G.O. Tax Abatement Bonds, Series 2018A	2.85%-4.15%	12/15/33	4,295,000
Special Assessment Bonds			
G.O. Improvement Crossover Refunding Bonds, Series 2010A	3.00%-3.50%	12/01/23	445,000
G.O. Improvement Bonds, Series 2013B	2.00%-3.10%	12/01/26	1,800,000
CIP Bonds			
G.O. Capital Improvement Plan Bonds, Series 2016B	2.00%-3.00%	12/15/41	8,185,000
Capital Lease			
Fire Truck Capital Lease	2.95%	02/01/26	274,472
Small Wheel Loader Capital Lease	2.99%	12/10/22	72,248
Compensated Absences			915,636
Unamortized Bond Premium			<u>581,992</u>
Total Governmental Activities			<u>\$ 18,144,348</u>
	<u>Interest Rates</u>	<u>Final Maturity</u>	<u>Balance Outstanding</u>
<u>Business-Type Activities</u>			
G.O. Revenue Bonds			
G.O. Refunding Bonds, Series 2013A	2.00%-3.00%	12/01/24	\$ 1,250,000
Unamortized Bond Premium			27,410
Compensated Absences			<u>228,682</u>
			<u>\$ 1,506,092</u>

On April 1, 2010, the City issued \$6,885,000 G.O. Improvement Crossover Refunding Bonds, Series 2010A, with an interest rate of 3.00% to 3.50%. The City issued the Bonds to crossover refund the G.O. Improvement Bonds, Series 2008A, totaling \$6,760,000. The City completed the refunding to reduce its debt service payment over the next 13 years by \$286,836. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$237,608.

On November 15, 2013, the City issued \$4,170,000 G.O. Refunding Bonds, Series 2013A, with an interest rate of 2.00% to 3.00%. The City issued the bonds to refund the G.O. Refunding Bonds of 2005, totaling \$4,205,000. The City completed the refunding to limit the annual increases in the debt service payments over the next 11 years. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$189,360.

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 7. LONG-TERM LIABILITIES (Cont'd)

B. COMPONENTS OF LONG-TERM LIABILITIES (Cont'd)

On November 15, 2013, the City issued \$4,720,000 G.O. Improvement Bonds, Series 2013B, with an interest rate of 2.00% to 3.10%. The City issued the Bonds to fund street improvements.

On August 13, 2014, the City issued \$1,685,000 G.O. Tax Increment Crossover Refunding Bonds, Series 2014A, with an interest rate of 2.00% to 2.50%. The City issued the Bonds to crossover refund the G.O TIF Bonds of 2009C, totaling \$1,615,000. The City completed the refunding to reduce its debt service payment over the next 10 years by \$70,394. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$63,067.

On May 1, 2016, the City issued \$2,275,000 G.O. Tax Abatement Bonds, Series 2016A, with an interest rate of 2.00% to 3.00%. The City issued the bonds to fund street improvements.

On October 15, 2016, the City issued \$9,505,000 G.O. Capital Improvement Plan Bonds, Series 2016B, with an interest rate of 2.00% to 3.00%. The City issued the Bonds to construct a new public works facility.

On December 6, 2018, the City issued \$5,115,000 G.O. Tax Abatement Bonds, Series 2018A, with an interest rate of 2.85% to 4.15%. The City issued the Bonds to fund the amphitheater project.

Debt service funds are used to liquidate the governmental activities outstanding bonded indebtedness. The General Fund has historically been used to liquidate the outstanding governmental activities compensated absences. The Water, Sewer, and Stormwater Funds are used to liquidate the outstanding business-type activities compensated absences.

C. MINIMUM DEBT PAYMENTS

Annual debt service requirements to maturity for all bonded debt, loan and certificates of indebtedness outstanding are as follows:

Year Ending December 31	Governmental Activities			
	G.O. Tax Abatement Bonds		Special Assessment Bonds	
	Principal	Interest	Principal	Interest
2022	\$ 435,000	\$ 210,150	\$ 625,000	\$ 69,550
2023	445,000	197,100	620,000	49,900
2024	460,000	183,425	400,000	30,200
2025	475,000	168,230	400,000	18,200
2026	490,000	152,192	200,000	6,200
2027-2031	2,710,000	486,675		
2032-2033	855,000	53,534		
	<u>\$ 5,870,000</u>	<u>\$ 1,451,306</u>	<u>\$ 2,245,000</u>	<u>\$ 174,050</u>

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 7. LONG-TERM LIABILITIES (Cont'd)

C. MINIMUM DEBT PAYMENTS (Cont'd)

Year Ending December 31	Governmental Activities			
	C.I.P. Bonds		Capital Lease Payable	
	Principal	Interest	Principal	Interest
2022	\$ 290,000	\$ 274,750	\$ 123,998	\$ 10,680
2023	300,000	263,150	53,276	6,570
2024	315,000	251,150	54,848	4,999
2025	320,000	241,700	56,466	3,381
2026	330,000	232,100	58,132	1,715
2027-2031	1,830,000	983,800		
2032-2036	2,220,000	604,300		
2037-2041	2,580,000	237,000		
	<u>\$ 8,185,000</u>	<u>\$ 3,087,950</u>	<u>\$ 346,720</u>	<u>\$ 27,345</u>
	Business-Type Activities			
	G.O. Revenue Bonds			
Year Ending December 31	Principal	Interest		
2022	\$ 405,000	\$ 37,500		
2023	415,000	25,350		
2024	430,000	12,900		
	<u>\$ 1,250,000</u>	<u>\$ 75,750</u>		

Assets under the capital lease total \$864,549 with current year depreciation expense of \$86,455.

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 7. LONG-TERM LIABILITIES (Cont'd)

D. CHANGES IN LONG-TERM LIABILITIES

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental Activities</u>					
G.O. Tax Abatement					
Bonds	\$ 6,295,000	\$	\$ (425,000)	\$ 5,870,000	\$ 435,000
G.O. Tax Increment					
Bonds	790,000		(790,000)		
Special					
Assessment Bonds	2,870,000		(625,000)	2,245,000	625,000
C.I.P. Bonds	8,470,000		(285,000)	8,185,000	290,000
Total Bonds Payable	<u>18,425,000</u>	<u>0</u>	<u>(2,125,000)</u>	<u>16,300,000</u>	<u>1,350,000</u>
Capital Leases Payable	542,379		(195,659)	346,720	123,998
Compensated					
Absences	966,810	362,433	(413,607)	915,636	
Unamortized Bond					
Premium	649,638		(67,646)	581,992	56,993
Total Governmental Activities	<u>\$ 20,583,827</u>	<u>\$ 362,433</u>	<u>\$ (2,801,912)</u>	<u>\$ 18,144,348</u>	<u>\$ 1,530,991</u>
<u>Business-Type Activities</u>					
Bonds Payable					
G.O. Water Revenue					
Bonds, Net of Premium	\$ 1,681,944	\$	\$ (404,534)	\$ 1,277,410	\$ 414,534
Compensated					
Absences	220,545	66,815	(58,678)	228,682	
Total Business-Type Activities	<u>\$ 1,902,489</u>	<u>\$ 66,815</u>	<u>\$ (463,212)</u>	<u>\$ 1,506,092</u>	<u>\$ 414,534</u>

E. CONDUIT DEBT OBLIGATIONS

Conduit debt obligations are certain limited-obligation revenue bonds or similar debt instruments issued for the express purpose of providing capital financing for a specific third party. The City has issued various revenue bonds to provide funding to private-sector entities for projects deemed to be in the public interest. Although these bonds bear the name of the City, the City has no obligation for such debt. Accordingly, the bonds are not reported as liabilities in the financial statements of the City.

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 7. LONG-TERM LIABILITIES (Cont'd)

E. CONDUIT DEBT OBLIGATIONS (Cont'd)

The City's conduit debt consisted of the following:

Name	Date of Issue	Original Amount of Issue	Balance as of December 31, 2021
WACOSA			
Commercial Development Revenue Note, Series 2012	09/17/12	\$ 1,500,000	\$ 939,098
McDowall Company			
Industrial Development Revenue Bonds, Series 2006	10/03/06	3,485,000	850,000
Goodwill Industries, Inc.			
Revenue Note, Series 2007	01/29/07	2,053,000	745,089
Park Villa Apartments			
Multifamily Housing Revenue Bonds, Series 2007	10/17/07	5,550,000	4,958,016

NOTE 8. RISK MANAGEMENT

The City purchases commercial insurance coverage through the League of Minnesota Cities Insurance Trust (LMCIT), which is a public entity risk pool currently operating as a common risk management and insurance program, with other cities in the state. 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, but retains risk for the deductible portion of its insurance policies. The amount of these deductibles is considered immaterial to the financial statements.

There were no significant reductions in insurance from the previous year or settlements in excess of insurance coverage for any of the past three fiscal years.

The City's workers' compensation insurance policy is retrospectively rated. With this type of policy, final premiums are determined after loss experience is known. The amount of premium adjustment is estimated to be immaterial based on workers' compensation rates and salaries for the year.

There are no other claims liabilities reported in the funds based on the requirements of accounting standards, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 9. CITY OF WAITE PARK FIRE RELIEF ASSOCIATION - SUPPLEMENTAL PENSION PLAN

A. PLAN DESCRIPTION

The Fire Department of the City participates in the Statewide Volunteer Firefighting Retirement Plan (accounted for in the Volunteer Firefighter Fund), an agent multiple-employer lump-sum defined benefit pension plan administered by the Public Employees Retirement Association of Minnesota (PERA). The Volunteer Firefighter Plan covers volunteer firefighters of municipal fire departments or independent nonprofit firefighting corporations that have elected to join the plan. As of December 31, 2021, the plan covered 27 active firefighters and 6 vested terminated fire fighters whose pension benefits are deferred. The plan is established and administered in accordance with Minnesota Statutes, Chapter 353G.

B. BENEFITS PROVIDED

The Volunteer Firefighter Plan provides retirement, death, and supplemental benefits to covered firefighters and survivors. Benefits are paid based on the number of years of service multiplied by a benefit level approved by the City. Members are eligible for a lump-sum retirement benefit at 50 years of age with five years of service. Plan provisions include a pro-rated vesting schedule that increases from 5 years at 40 percent through 20 years at 100 percent.

C. CONTRIBUTIONS

The Volunteer Firefighter Plan is funded by fire state aid, investment earnings and, if necessary, employer contributions as specified in Minnesota Statutes, and voluntary City contributions. The State of Minnesota contributed \$44,309 in fire state aid to the fund for the year ended December 31, 2021. Required employer contributions are calculated annually based on statutory provisions. The City's statutorily-required contributions to the Volunteer Firefighter Fund for the year ended December 31, 2021, were \$12,480.

D. PENSION COSTS

At December 31, 2021, the City reported a net pension liability (asset) of (\$372,679) for the Volunteer Firefighter Fund. The net pension liability (asset) was measured as of December 31, 2021. The total pension liability used to calculate the net pension liability (asset) in accordance with GASB 68 was determined by PERA applying an actuarial formula to specific census data certified by the fire department. The following table presents the changes in net pension liability (asset) during the year.

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 9. CITY OF WAITE PARK FIRE RELIEF ASSOCIATION - SUPPLEMENTAL PENSION PLAN (Cont'd)

D. PENSION COSTS (Cont'd)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
	<u> </u>	<u> </u>	<u> </u>
Beginning Balance 12/31/2021	\$ 690,244	\$ 985,703	\$ (295,459)
Changes for the Year:			
Service Cost	32,582		32,582
Interest	34,841		34,841
Changes in Benefit Terms	90,625		90,625
Differences Between Expected and Actual Experience	(78,696)		(78,696)
Contributions - Employer		12,480	(12,480)
Contributions - State		44,309	(44,309)
Net Investment Income		100,676	(100,676)
Benefit Payments	(284,300)	(284,300)	
Administrative Expense		(893)	893
Net Change	<u>(204,948)</u>	<u>(127,728)</u>	<u>(77,220)</u>
Balance End of Year 12/31/2021	<u>\$ 485,296</u>	<u>\$ 857,975</u>	<u>\$ (372,679)</u>

Benefit levels increased to \$3,300 from \$2,900 during the measurement period.

For the year ended December 31, 2021, the City recognized pension expense of \$24,401.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Changes in Actuarial Assumptions	\$	\$ 144,042
Differences Between Projected and Actual Investment Earnings		70,394
Contributions Paid to Plan Subsequent to Measurement Date	58,853	
State Revenue Received for the Plan Subsequent to Measurement Date		46,123
Totals	<u>\$ 58,853</u>	<u>\$ 260,559</u>

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 9. CITY OF WAITE PARK FIRE RELIEF ASSOCIATION - SUPPLEMENTAL PENSION PLAN (Cont'd)

D. PENSION COSTS (Cont'd)

\$58,853 reported as deferred outflows of resources related to pensions resulting from City contributions (both statutorily-required and voluntary, as applicable) subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2022. \$46,123 reported as deferred inflows of resources related to pensions resulting from state contributions subsequent to the measurement date will be recognized as an increase of the net pension liability (asset) in the year ended December 31, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended December 31,</u>	<u>Pension Expense Amount</u>
2022	\$ (78,570)
2023	(64,844)
2024	(46,982)
2025	(24,040)

E. ACTUARIAL ASSUMPTIONS

The total pension liability at December 31, 2021, was determined using the entry age normal actuarial cost method and the following actuarial assumptions:

- Retirement eligibility at the later of age 50 or 20 years of service
- Investment rate of return of 6.00 percent
- Inflation rate of 3.00 percent

No actuarial assumptions changes were made during the measurement period.

F. DISCOUNT RATE

The discount rate used to measure the total pension liability was 6 percent. The projection of cash flows used to determine the discount rate assumed that contributions to the Volunteer Firefighter Fund will be made as specified in statute. Based on that assumption and considering the funding ratio of the plan, the fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 9. CITY OF WAITE PARK FIRE RELIEF ASSOCIATION - SUPPLEMENTAL PENSION PLAN (Cont'd)

G. PENSION LIABILITY (ASSET) SENSITIVITY

The following presents the City's net pension liability (asset) for the Volunteer Firefighter Fund, calculated using the assumed discount rate as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease in Discount Rate (5.00%)	Discount Rate (6.00%)	1% Increase in Discount Rate (7.00%)
City's Net Pension Liability (Asset)	\$ (353,763)	\$ (372,679)	\$ (390,700)

H. PLAN INVESTMENTS/INVESTMENT POLICY:

The Minnesota State Board of Investment (SBI) is established by Article XI of the Minnesota Constitution to invest all state funds. Its membership as specified in the Constitution is comprised of the governor (who is designated as chair of the board), state auditor, secretary of state and state attorney general.

All investments undertaken by the SBI are governed by the prudent person rule and other standards codified in Minnesota Statutes, Chapter 11A and Chapter 353G.

Within the requirements defined by state law, the SBI, with assistance of the SBI staff and the Investment Advisory Council, establishes investment policy for all funds under its control. These investments policies are tailored to the particular needs of each fund and specify investment objectives, risk tolerance, asset allocation, investment management structure and specific performance standards. Studies guide the ongoing management of the funds and are updated periodically.

I. ASSET ALLOCATION

To match the long-term nature of the pension obligations, the SBI maintains a strategic asset allocation for the Volunteer Firefighter Plan that includes allocations to domestic equity, international equity, bonds and cash equivalents. The long-term target asset allocation and long-term expected real rate of return is the following:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Stocks	35.00%	5.10%
International Stocks	15.00%	5.30%
Bonds	45.00%	0.75%
Cash	5.00%	0.00%
	100.00%	

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 9. CITY OF WAITE PARK FIRE RELIEF ASSOCIATION - SUPPLEMENTAL PENSION PLAN (Cont'd)

I. ASSET ALLOCATION (Cont'd)

The six percent long-term expected rate of return on pension plan investments was determined using a building-block method. Best estimates for expected future real rates of return (expected returns, net of inflation) were developed for each asset class using both long-term historical returns and long-term capital market expectations from a number of investment management and consulting organizations. The asset class estimates and the target allocations were then combined to produce a geometric, long-term expected real rate of return for the portfolio. Inflation expectations were applied to derive the nominal rate of return for the portfolio.

The SBI made no significant changes to their investment policy during 2021 for the Volunteer Firefighter Fund.

J. PENSION PLAN FIDUCIARY NET POSITION

Detailed information about the Volunteer Firefighter Fund's fiduciary net position as of June 30, 2021, is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the internet at www.mnpera.org.

NOTE 10. DEFINED BENEFIT PENSION PLAN - STATEWIDE

A. PLAN DESCRIPTION

The City participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

General Employees Retirement Plan (GERP; General Employees Plan; accounted for in the General Employees Fund):

All full-time and certain part-time employees of the City are covered by the General Employees Plan. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

Public Employees Police and Fire Plan (PEFP; Police and Fire Plan; accounted for in the Police and Fire Fund):

The Police and Fire Plan, originally established for police officers and firefighters not covered by a local relief association, now covers all police officers and firefighters hired since 1980. Effective July 1, 1999, the Police and Fire Plan also covers police officers and firefighters belonging to local relief associations that elected to merge with and transfer assets and administration to PERA.

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 10. DEFINED BENEFIT PENSION PLAN - STATEWIDE (Cont'd)

B. BENEFITS PROVIDED

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state Legislature. Vested, terminated employees who are entitled to benefits, but are not receiving them yet, are bound by the provisions in effect at the time they last terminated their public service.

GERP Benefits:

General Employees Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2% of average salary for each of the first 10 years of service and 1.7% of average salary for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7% of average salary for all years of service. For members hired prior to July 1, 1989 a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989 normal retirement age is the age for unreduced Social Security benefits capped at 66.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

PEPFP Benefits:

Benefits for Police and Fire Plan members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50 percent after five years up to 100 percent after ten years of credited service. Benefits for Police and Fire Plan members first hired after June 30, 2014, vest on a prorated basis from 50 percent after ten years up to 100 percent after twenty years of credited service. The annuity accrual rate is 3 percent of average salary for each year of service. A full, unreduced pension is earned when members are age 55 and vested, or for members who were first hired prior to July 1, 1989, when age plus years of service equal at least 90.

Benefit increases are provided to benefit recipients each January. The postretirement increase is fixed at 1 percent. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 10. DEFINED BENEFIT PENSION PLAN - STATEWIDE (Cont'd)

C. CONTRIBUTIONS

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature.

GERP Contributions:

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2021 and the City was required to contribute 7.50 percent for Coordinated Plan members. The City's contributions to the General Employees Fund for the year ended December 31, 2021, were \$137,169. The City's contributions were equal to the required contributions as set by state statute.

PEPFP Contributions:

Police and Fire Plan member's were required to contribute 11.80 percent of their annual covered salary in fiscal year 2021 and the City was required to contribute 17.70 percent for Police and Fire Plan members. The City's contributions to the Police and Fire Fund for the year ended December 31, 2021, were \$248,505. The City's contributions were equal to the required contributions as set by state statute.

D. PENSION COSTS

GERP Pension Costs:

At December 31, 2021, the City reported a liability of \$1,037,719 for its proportionate share of the General Employees Fund's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$31,763. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2020, through June 30, 2021, relative to the total employer contributions received from all of PERA's participating employers. The City's proportion share was 0.0243 percent at the end of the measurement period and 0.0236 percent for the beginning of the period.

City's Proportionate Share of the Net Pension Liability	\$ 1,037,719
State of Minnesota's Proportionate Share of the Net Pension Liability Associated With the City	<u>31,763</u>
Total	<u><u>\$ 1,069,482</u></u>

There were no provision changes during the measurement period.

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 10. DEFINED BENEFIT PENSION PLAN - STATEWIDE (Cont'd)

D. PENSION COSTS (Cont'd)

GERP Pension Costs: (Cont'd)

For the year ended December 31, 2021, the City recognized pension expense of \$87,181 for its proportionate share of GERP's pension expense. In addition, the City recognized an additional \$2,563 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

At December 31, 2021, the City reported its proportionate share of GERP's deferred outflows of resources and deferred inflows of resources from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Economic Experience	\$ 6,061	\$ 31,651
Changes in Actuarial Assumptions	633,610	22,144
Net Collective Difference Between Projected and Actual Investment Earnings		900,575
Changes in Proportion	45,297	
Contributions Paid to GERP Subsequent to Measurement Date	<u>74,364</u>	
Totals	<u>\$ 759,332</u>	<u>\$ 954,370</u>

The \$74,364 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended December 31,</u>	<u>Pension Expense Amount</u>
2022	\$ (26,648)
2023	977
2024	1,395
2025	(245,126)

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 10. DEFINED BENEFIT PENSION PLAN - STATEWIDE (Cont'd)

D. PENSION COSTS (Cont'd)

PEPFP Pension Costs:

At December 31, 2021, the City reported a liability of \$847,540 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2020, through June 30, 2021, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.1098 percent at the end of the measurement period and 0.1157 percent for the beginning of the period.

The State of Minnesota also contributed \$18 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2021. The contribution consisted of \$9 million in direct state aid that does meet the definition of a special funding situation and \$9.0 million in supplemental state aid that does not meet the definition of a special funding situation. The \$9 million direct state was paid on October 1, 2020. Thereafter, by October 1 of each year, the state will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90 percent funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later. Strong asset returns for the fiscal year ended 2021 will accelerate the phasing out of these state contributions, although we do not anticipate them to be phased out during the fiscal year ending 2022.

The State of Minnesota is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$9 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the State of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended December 31, 2021, the City recognized pension expense of \$42,179 for its proportionate share of the Police and Fire Plan's pension expense. In addition, the City recognized an additional \$6,943 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$9 million to the Police and Fire Fund.

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in supplemental state aid. The City recognized \$9,882 for the year ended December 31, 2021 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund.

There were no provision changes during the measurement period.

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 10. DEFINED BENEFIT PENSION PLAN - STATEWIDE (Cont'd)

D. PENSION COSTS (Cont'd)

PEPFP Pension Costs: (Cont'd)

At December 31, 2021, the City reported its proportionate share of the Police and Fire Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Economic Experience	\$ 165,459	\$
Changes in Actuarial Assumptions	1,245,662	466,036
Net Collective Difference Between Projected and Actual Investment Earnings		1,612,125
Changes in Proportion	66,701	169,417
Contributions Paid to PERA Subsequent to Measurement Date	<u>142,071</u>	
Totals	<u>\$ 1,619,893</u>	<u>\$ 2,247,578</u>

The \$142,071 reported as deferred outflows of resources related to pensions resulting from the City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended December 31,</u>	<u>Pension Expense Amount</u>
2022	\$ (617,820)
2023	(99,154)
2024	(119,353)
2025	(193,168)
2026	259,739

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 10. DEFINED BENEFIT PENSION PLAN - STATEWIDE (Cont'd)

E. LONG-TERM EXPECTED RETURN ON INVESTMENT

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	33.50%	5.10%
International Equity	16.50%	5.30%
Fixed Income	25.00%	0.75%
Private Markets	25.00%	5.90%
	100.00%	

F. ACTUARIAL METHODS AND ASSUMPTIONS

The total pension liability in the June 30, 2021, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 6.5 percent. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 6.5 percent was deemed to be within that range of reasonableness for financial reporting purposes.

Inflation is assumed to be 2.25 percent for the General Employees Plan and 2.25 percent for the Police and Fire Plan. Benefit increases after retirement are assumed to be 1.25 percent for the General Employees Plan. The Police and Fire Plan benefit increase is fixed at 1 percent per year and that increase was used in the valuation.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25 percent after one year of service to 3.0 percent after 29 years of service and 6.0 percent per year thereafter. In the Police and Fire Plan, salary growth assumptions range from 11.75 percent after one year of service to 3.0 percent after 24 years of service.

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. Mortality rates for the Police and Fire Plan are based on the Pub-2010 Public Safety Employee Mortality tables. The tables are adjusted slightly to fit PERA's experience.

Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study for the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and became effective with the July 1, 2020 actuarial valuation. The most recent four-year experience studies for the Police and Fire Plan were completed in 2020 were adopted by the Board and became effective with the July 1, 2021 actuarial valuation.

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 10. DEFINED BENEFIT PENSION PLAN - STATEWIDE (Cont'd)

F. ACTUARIAL METHODS AND ASSUMPTIONS (Cont'd)

The following changes in actuarial assumptions occurred in 2021:

GERP

The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes.

The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

PEPFP

The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes.

The inflation assumption was changed from 2.50 percent to 2.25 percent.

The payroll growth assumption was changed from 3.25 percent to 3.00 percent.

The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MP-2020.

The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020).

Assumed rates of salary increase were modified as recommended in the July 14, 2020 experience study. The overall impact is a decrease in gross salary increase rates.

Assumed rates of retirement were changed as recommended in the July 14, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.

Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations.

Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities.

Assumed percent married for active female members was changed from 60 percent to 70 percent. Minor changes to form of payment assumptions were applied.

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 10. DEFINED BENEFIT PENSION PLAN - STATEWIDE (Cont'd)

G. DISCOUNT RATE

The discount rate used to measure the total pension liability in 2021 was 6.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net positions of the General Employees Fund, and the Police and Fire Fund were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

H. PENSION LIABILITY SENSITIVITY

The following presents the City's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

	<u>GERP</u>		<u>PEFP</u>	
1% Lower	5.50%	\$ 2,116,417	5.50%	\$ 2,690,795
Current Discount Rate	6.50%	1,037,719	6.50%	847,540
1% Higher	7.50%	152,581	7.50%	(663,473)

I. PENSION PLAN FIDUCIARY NET POSITION

Detailed information about each pension plan's fiduciary net position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at www.mnpera.org.

NOTE 11. OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN

A. PLAN DESCRIPTION

The City operates a single-employer retiree benefit plan (the Plan) that provides health, dental, and life insurance to eligible employees and their spouses through the District's commercial insurance plans. There are 40 active participants and 4 retired participants. Benefit and eligibility provisions are established through negotiations between the City and employee groups including a union. The union contract is renegotiated each two-year bargaining period. The Plan does not issue a publicly available financial report. No assets are accumulated in a trust that meets all of the criteria in GASB Statement No. 75, paragraph 4.

B. TOTAL OPEB LIABILITY

The City's total OPEB liability of \$1,220,797 was measured as of December 31, 2020, and was determined by an actuarial valuation as of that date. Update procedures were used to roll forward the total OPEB liability to December 31, 2021.

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 11. OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (Cont'd)

C. CHANGES IN TOTAL OPEB LIABILITY

Changes in the total OPEB liability were as follows:

	<u>Total OPEB Liability</u>
Balance at December 31, 2020	\$ 1,161,789
Changes for the Year:	
Service Cost	43,662
Interest	32,006
Differences between expected and actual experience	1,403
Changes of Assumptions or Other Inputs	65,145
Benefit Payments	<u>(83,208)</u>
Net Changes	<u>59,008</u>
Balance at December 31, 2021	<u>\$ 1,220,797</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.75% in 2020 to 2.00% in 2021.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.00%) or 1-percentage-point higher (3.00%) than the current discount rate:

	<u>1.0% Decrease in Discount Rate (1.00%)</u>	<u>Discount Rate (2.00%)</u>	<u>1.0% Increase in Discount Rate (3.00%)</u>
Total OPEB Liability	<u>\$ 1,315,648</u>	<u>\$ 1,220,797</u>	<u>\$ 1,134,998</u>

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 11. OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (Cont'd)

C. CHANGES IN TOTAL OPEB LIABILITY (Cont'd)

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.70% decreasing to 2.80%) or 1-percentage-point higher (7.70% decreasing to 4.80%) than the current healthcare cost trend rates:

	1.0% Decrease (5.70% decreasing to 2.80%)	Healthcare Cost Trend Rates (6.70% decreasing to 3.80%)	1.0% Increase (7.70% decreasing to 4.80%)
Total OPEB Liability	\$ 1,117,403	\$ 1,220,797	\$ 1,338,139

D. OPEB EXPENSE, DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB

For the year ended December 31, 2021, the City recognized OPEB expense of \$72,684. At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources
Contributions Paid Subsequent to Measurement Date	\$ 68,147

\$68,147 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended December 31, 2021.

E. ACTUARIAL METHODS AND ASSUMPTIONS

The total OPEB liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25%
Salary Increases	Based on the most recently disclosed assumptions for the pension plan in which the employee participates.
Healthcare Cost Trend Rates	6.70% for 2020, decreasing gradually per year to an ultimate rate of 3.80% for 2075 and later years.
Retiree's Share of Benefit-Related Costs	Assumed to increase with healthcare trend rates.

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 11. OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (Cont'd)

E. ACTUARIAL METHODS AND ASSUMPTIONS (Cont'd)

A discount rate of 2.00% was applied in the measurement of the total OPEB liability. The discount rate is based on the index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Mortality rates were based on the RP-2014 Healthy Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2020–December 31, 2020.

NOTE 12. PUBLIC EMPLOYEES DEFINED CONTRIBUTION PLAN

5 council members of the City are covered by the Defined Contribution Plan, 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 five percent of salary which is matched by the elected official's employer. 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 two percent of employer contributions and twenty-five hundredths of one percent (0.25 percent) of the assets in each member's account annually.

Total contributions made by the City during the year were:

	Contribution Amount		Percentage of Covered Payroll		Required Rate
	Employee	Employer	Employee	Employer	
Elected Officials	\$ 1,440	\$ 1,440	5.00%	5.00%	5.00%

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 13. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

The following is a summary of the major components of deferred outflows and inflows as presented in the Statement of Net Position:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Related to Pensions	\$ 2,438,078	\$ 3,462,507
Related to OPEB	<u>68,147</u>	
Total	<u>\$ 2,506,225</u>	<u>\$ 3,462,507</u>

NOTE 14. COMMITMENTS

The City has the following projects in progress:

<u>Project</u>	<u>Contract Amount</u>	<u>Remaining Commitment</u>
2020 Street Improvements - Section B Granit view	\$ 577,762	\$ 39,567
2020 Street Improvements - Section C Parkway Drive Bus Bay	74,602	74,602
2020 Street Improvements - Alternate 1 Bus Bay Turnaround	12,988	12,988
Amphitheater - East Parking Lot	191,698	20,991
2021 Street Improvements - Frontage Rd N Overlay	93,864	5,149
2021 Street Improvements - 6th Ave Alley Removal	14,564	999
2021 Street Improvements - 3rd Ave NE Drainage	48,082	8,865
2021 Street Improvements - 1st St S Overlay	124,756	9,463
2021 Street Improvements - 8th St S Culvert	9,575	479

NOTE 15. COVID 19

In March 2020, the World Health Organization declared the novel coronavirus disease (COVID-19) a pandemic, and the United States declared a national emergency. Various governmental measures to control the spread of the virus have been implemented throughout the country, including temporary closure of businesses, restrictions on travel, and other limitations on the conduct of business. The pandemic is disrupting supply chains and affecting production and sales across a range of industries. The continued spread of the coronavirus globally could have an effect on the City's business, net position, and results of operations in the next year.

NOTE 16. PRIOR PERIOD ADJUSTMENT

During the current year, it was determined that a capital lease applicable to the fiscal year ending December 31, 2020, totaling \$217,640, was incorrectly omitted in the Governmental Activities. To correct this error, the beginning capital assets and capital lease payable balances of the City's Governmental Activities has been increased by \$217,640. There was no affect on the prior year net position or fund balance.

REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF WAITE PARK, MINNESOTA

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
DECEMBER 31, 2021

Fiscal Year Ending	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	State's Proportionate Share of the Net Pension Liability (Asset) Associated with the Employer (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) and the State's Proportionate Share of the Net Pension Liability (Asset) Associated with the Employer (a+b)	Employer's Covered Payroll (c)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
<u>Pensions</u>							
<u>GERP</u>							
June 30, 2021	0.0243%	\$ 1,037,719	\$ 31,763	\$ 1,069,482	\$ 1,717,068	62.29%	87.00%
June 30, 2020	0.0236%	1,414,928	43,582	1,458,510	1,709,331	85.33%	79.06%
June 30, 2019	0.0231%	1,277,147	39,665	1,316,812	1,630,444	80.76%	80.23%
June 30, 2018	0.0231%	1,281,493	42,110	1,323,603	1,442,589	91.75%	79.53%
June 30, 2017	0.0223%	1,423,617	17,890	1,441,507	1,435,757	100.40%	75.90%
June 30, 2016	0.0214%	1,737,574	22,610	1,760,184	1,325,400	132.80%	68.91%
June 30, 2015	0.0223%	1,155,702		1,155,702	1,303,378	88.67%	78.19%
<u>PEPFP</u>							
June 30, 2021	0.1098%	847,540	38,124	885,664	1,300,580	68.10%	93.66%
June 30, 2020	0.1157%	1,525,050	35,950	1,561,000	1,305,922	119.53%	87.19%
June 30, 2019	0.1229%	1,308,395		1,308,395	1,297,126	100.87%	89.26%
June 30, 2018	0.1179%	1,256,693		1,256,693	1,154,287	108.87%	88.84%
June 30, 2017	0.1090%	1,471,630		1,471,630	1,121,553	131.21%	85.43%
June 30, 2016	0.1170%	4,695,414		4,695,414	1,124,159	417.68%	63.88%
June 30, 2015	0.1110%	1,261,220		1,261,220	1,012,580	124.56%	86.61%

The City implemented GASB Statement No. 68 for fiscal year ended December 31, 2015. Information for prior years is not available.

See Accompanying Notes to the Required Supplementary Information

CITY OF WAITE PARK, MINNESOTA

SCHEDULE OF EMPLOYER CONTRIBUTIONS
DECEMBER 31, 2021

Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (d)	Contributions as a Percentage of Covered Payroll (b/d)
<u>Pensions</u>					
<u>GERP</u>					
12/31/2021	\$ 137,169	\$ 137,169	\$	\$ 1,828,919	7.50%
12/31/2020	132,117	132,117		1,762,032	7.50%
12/31/2019	124,326	124,326		1,657,959	7.50%
12/31/2018	120,208	120,208		1,602,780	7.50%
12/31/2017	108,187	108,187		1,442,503	7.50%
12/31/2016	101,440	101,440		1,352,532	7.50%
12/31/2015	99,153	99,153		1,322,038	7.50%
<u>PEFP</u>					
12/31/2021	248,505	248,505		1,403,983	17.70%
12/31/2020	239,408	239,408		1,352,588	17.70%
12/31/2019	216,840	216,840		1,279,292	16.95%
12/31/2018	212,342	212,342		1,310,753	16.20%
12/31/2017	179,876	179,876		1,110,344	16.20%
12/31/2016	182,244	182,244		1,124,964	16.20%
12/31/2015	174,007	174,007		1,074,120	16.20%

The City implemented GASB Statement No. 68 for fiscal year ended December 31, 2015. Information for prior years is not available.

CITY OF WAITE PARK, MINNESOTA

SCHEDULE OF CHANGES IN THE CITY FIRE RELIEF ASSOCIATION'S
NET PENSION LIABILITY AND RELATED RATIOS
DECEMBER 31, 2021

	Measurement Date						
	December 31,						
	2020	2019	2018	2017	2016	2015	2014
Service Cost	\$ 32,582	\$ 26,782	\$ 28,447	\$ 22,341	\$ 21,771	\$ 22,624	\$ 18,618
Interest	34,841	37,573	34,879	36,241	34,552	33,909	38,625
Change in Benefit Terms	90,625	42,082	149,515				
Differences Between Expected and Actual Experience	(78,696)	(15,628)	(166,268)	(26,019)	70,464	45,272	(38,070)
Benefit Payments	(284,300)			(122,784)	(75,600)	(104,900)	(98,344)
Net Change in Total Pension Liability	(204,948)	90,809	46,573	(90,221)	51,187	(3,095)	(79,171)
Total Pension Liability - Beginning of Year	690,244	599,435	552,862	643,083	591,896	594,991	674,162
Total Pension Liability - End of Year	\$ 485,296	\$ 690,244	\$ 599,435	\$ 552,862	\$ 643,083	\$ 591,896	\$ 594,991
Contributions - Employer & State	\$ 56,789	\$ 54,221	\$ 51,272	\$ 45,642	\$ 45,862	\$ 52,470	\$ 40,066
Net Investment Income	100,676	146,223	(30,944)	88,023	48,575	4,014	51,482
Benefit Payments	(284,300)			(122,784)	(75,600)	(104,900)	(98,344)
Administrative Expense	(893)	(981)	(974)	(912)	(985)	(863)	(2,380)
Other					1,932		
Net Change in Plan Fiduciary Net Position	(127,728)	199,463	19,354	9,969	19,784	(49,279)	(9,176)
Total Plan Fiduciary Net Position - Beginning of Year	985,703	786,240	766,886	756,917	737,133	786,412	795,588
Total Plan Fiduciary Net Position - End of Year	\$ 857,975	\$ 985,703	\$ 786,240	\$ 766,886	\$ 756,917	\$ 737,133	\$ 786,412
Fire Relief Association's Net Pension Liability (Asset)	\$ (372,679)	\$ (295,459)	\$ (186,805)	\$ (214,024)	\$ (113,834)	\$ (145,237)	\$ (191,421)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	176.79%	142.81%	131.16%	138.71%	117.70%	124.54%	132.17%

The City implemented GASB Statement No. 68 for the year ended December 31, 2015. Information for prior years is not available.

See Accompanying Notes to the Required Supplementary Information

CITY OF WAITE PARK, MINNESOTA

SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY
DECEMBER 31, 2021

	Measurement Date			
	December 31,			
	2020	2019	2018	2017
Service Cost	\$ 43,662	\$ 41,623	\$ 42,085	\$ 36,892
Interest	32,006	24,024	21,895	23,215
Differences Between Expected and Actual Experience	1,403	453,591		
Changes in Assumptions	65,145	69,377	(17,916)	21,456
Benefit Payments	(83,208)	(65,497)	(53,570)	(15,601)
Net Change in Total OPEB Liability	59,008	523,118	(7,506)	65,962
Total OPEB Liability - Beginning of Year	1,161,789	638,671	646,177	580,215
Total OPEB Liability - End of Year	\$ 1,220,797	\$ 1,161,789	\$ 638,671	\$ 646,177
Covered Employee Payroll	\$ 3,043,556	\$ 2,820,216	\$ 2,954,909	\$ 2,680,922
Total OPEB Liability as a % of Covered Employee Payroll	40.11%	41.20%	21.61%	24.10%

The City implemented GASB Statement No. 75 for the year ended December 31, 2018. Information for prior years is not available.

CITY OF WAITE PARK, MINNESOTA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2021

NOTE 1. CHANGES IN PLAN PROVISIONS

A. GENERAL EMPLOYEE RETIREMENT PLAN (GERP)

2021 Changes:

There have been no changes since the prior valuation.

2020 Changes:

Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023 and 0.0% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2019 Changes:

The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The State's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

2018 Changes:

The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.

Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.

Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.

Contribution stabilizer provisions were repealed.

Postretirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90.00 percent funding ratio to 50.00 percent of the Social Security Cost of Living Adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019.

For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.

Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 Changes:

The State's contribution for the Minneapolis Employees Retirement Fund equals \$16,000,000 in 2017 and 2018, and \$6,000,000 thereafter.

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

CITY OF WAITE PARK, MINNESOTA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2021

NOTE 1. CHANGES IN PLAN PROVISIONS (Cont'd)

A. GENERAL EMPLOYEE RETIREMENT PLAN (GERP) (Cont'd)

2016 Changes:

There have been no changes since the prior valuation.

2015 Changes:

On January 1, 2015 the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised; the State's contribution of \$6.0 million, which meets the special funding situation definition, was due September 2015.

B. PUBLIC EMPLOYEES POLICE AND FIRE PLAN (PEPFP)

2021 Changes:

There have been no changes since the prior valuation.

2020 Changes:

There have been no changes since the prior valuation.

2019 Changes:

There have been no changes since the prior valuation.

2018 Changes:

Postretirement benefit increases were changed to 1.00 percent for all years, with no trigger.

An end date of July 1, 2048 was added to the existing \$9.0 million state contribution.

New annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9.0 million thereafter until the plan reaches 100 percent funding, or July 1, 2048, if earlier.

Member contributions were changed from 10.80 percent to 11.30 percent of pay, effective January 1, 2019 and 11.80 percent of pay, effective January 1, 2020.

Employer contributions were changed from 16.20 percent to 16.95 percent of pay, effective January 1, 2019 and 17.70 percent of pay, effective January 1, 2020.

Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.

CITY OF WAITE PARK, MINNESOTA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2021

NOTE 1. CHANGES IN PLAN PROVISIONS (Cont'd)

B. PUBLIC EMPLOYEES POLICE AND FIRE PLAN (PEFPF) (Cont'd)

2018 Changes: (Cont'd)

Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.

Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 Changes:

There have been no changes since the prior valuation.

2016 Changes:

There have been no changes since the prior valuation.

2015 Changes:

The post-retirement benefit increase to paid after attainment of the 90 percent funding threshold was changed, from inflation up to 2.5 percent, to a fixed rate of 2.5 percent.

C. CITY OF WAITE PARK'S FIREMAN'S RELIEF ASSOCIATION

2021 Changes:

Benefit levels increased from \$2,900 to \$3,300 during the measurement period.

2020 Changes:

There have been no changes since the prior valuation.

2019 Changes:

There have been no changes since the prior valuation.

2018 Changes:

There have been no changes since the prior valuation.

2017 Changes:

There have been no changes since the prior valuation.

2016 Changes:

There have been no changes since the prior valuation.

CITY OF WAITE PARK, MINNESOTA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2021

NOTE 1. CHANGES IN PLAN PROVISIONS (Cont'd)

C. CITY OF WAITE PARK'S FIREMAN'S RELIEF ASSOCIATION (Cont'd)

2015 Changes:

There have been no changes since the prior valuation.

D. OTHER POST EMPLOYMENT BENEFITS PLAN NOT ADMINISTERED IN A TRUST

2021 Changes:

There have been no changes since the prior valuation.

2020 Changes:

Retiree premiums were updated to current levels.

2019 Changes:

There have been no changes since the prior valuation.

2018 Changes:

Retiree premiums were updated to current levels.

NOTE 2. CHANGES IN ACTUARIAL ASSUMPTIONS

A. GENERAL EMPLOYEE RETIREMENT PLAN (GERP)

2021 Changes:

The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes.

The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

2020 Changes:

The price inflation assumption was decreased from 2.50% to 2.25%.

The payroll growth assumption was decreased from 3.25% to 3.00%.

Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.

Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.

CITY OF WAITE PARK, MINNESOTA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2021

NOTE 2. CHANGES IN ACTUARIAL ASSUMPTIONS (Cont'd)

A. GENERAL EMPLOYEE RETIREMENT PLAN (GERP) (Cont'd)

2020 Changes: (Cont'd)

Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.

Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.

The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.

The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.

The assumed spouse age difference was changed from two years older for females to one year older.

The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

2019 Changes:

The mortality projection scale was changed from MP-2017 to MP-2018.

2018 Changes:

The mortality projection was changed from MP-2015 to MP-2017.

The assumed benefit increase was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

2017 Changes:

The combined service annuity (CSA) loads were changed from 0.8 percent for active members and 60 percent for vested and non-vested deferred members. The revised CSA loads are now 0.0 percent for active member liability, 15.0 percent for vested deferred member liability and 3.0 percent for non-vested deferred member liability.

The assumed post-retirement benefit increase rate was changed from 1.0 percent per year for all years to 1.0 percent per year through 2044 and 2.5 percent per year thereafter.

CITY OF WAITE PARK, MINNESOTA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2021

NOTE 2. CHANGES IN ACTUARIAL ASSUMPTIONS (Cont'd)

A. GENERAL EMPLOYEE RETIREMENT PLAN (GERP) (Cont'd)

2016 Changes:

The assumed post-retirement benefit increase rate was changed for 1.0 percent per year through 2035 and 2.5 percent per year thereafter to 1.0 percent per year for all years.

The assumed investment return was changed from 7.9 percent to 7.5 percent. The single discount rate was changed from 7.9 percent to 7.5 percent.

Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

2015 Changes:

The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2030 and 2.5 percent per year thereafter to 1.0 percent per year through 2035 and 2.5 percent per year thereafter.

B. PUBLIC EMPLOYEES POLICE AND FIRE PLAN (PEPFP)

2021 Changes:

The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes.

The inflation assumption was changed from 2.50 percent to 2.25 percent.

The payroll growth assumption was changed from 3.25 percent to 3.00 percent.

The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MP-2020.

The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020).

Assumed rates of salary increase were modified as recommended in the July 14, 2020 experience study. The overall impact is a decrease in gross salary increase rates.

Assumed rates of retirement were changed as recommended in the July 14, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.

CITY OF WAITE PARK, MINNESOTA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2021

NOTE 2. CHANGES IN ACTUARIAL ASSUMPTIONS (Cont'd)

B. PUBLIC EMPLOYEES POLICE AND FIRE PLAN (PEPFP) (Cont'd)

2021 Changes: (Cont'd)

Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations.

Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities.

Assumed percent married for active female members was changed from 60 percent to 70 percent. Minor changes to form of payment assumptions were applied.

2020 Changes:

The mortality projection was changed from MP-2018 to MP-2019.

2019 Changes:

The mortality projection was changed from MP-2017 to MP-2018.

2018 Changes:

The mortality projection was changed from MP-2016 to MP-2017.

2017 Changes:

Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates.

Assumed rates of retirement were changed, resulting in fewer retirements.

The combined service annuity (CSA) load was 30 percent for vested and non-vested deferred members. The CSA has been changed to 33 percent for vested members and 2 percent for non-vested members.

The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.

Assumed termination rates were decreased to 3.0 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.

Assumed percentage of married female members was decreased from 65 percent to 60 percent.

CITY OF WAITE PARK, MINNESOTA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2021

NOTE 2. CHANGES IN ACTUARIAL ASSUMPTIONS (Cont'd)

B. PUBLIC EMPLOYEES POLICE AND FIRE PLAN (PEPFP) (Cont'd)

2017 Changes: (Cont'd)

Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.

The assumed percentage of female members electing joint and survivor annuities was increased.

The assumed post-retirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter.

The single discount rate was changed from 5.60 percent per annum to 7.50 percent per annum.

2016 Changes:

The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2037 and 2.5 percent thereafter to 1.0 percent per year for all future years.

The assumed investment return was changed from 7.9 percent to 7.5 percent.

The single discount rate changed from 7.90 percent to 5.60 percent.

The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

2015 Changes:

The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2030 and 2.5 percent per year thereafter to 1.0 percent per year through 2037 and 2.5 percent per year thereafter.

C. CITY OF WAITE PARK'S FIREMAN'S RELIEF ASSOCIATION

2021 Changes:

There have been no changes since the prior valuation.

2020 Changes:

There have been no changes since the prior valuation.

2019 Changes:

There have been no changes since the prior valuation.

CITY OF WAITE PARK, MINNESOTA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2021

NOTE 2. CHANGES IN ACTUARIAL ASSUMPTIONS (Cont'd)

C. CITY OF WAITE PARK'S FIREMAN'S RELIEF ASSOCIATION (Cont'd)

2018 Changes:

There have been no changes since the prior valuation.

2017 Changes:

There have been no changes since the prior valuation.

2016 Changes:

There have been no changes since the prior valuation.

2015 Changes:

There have been no changes since the prior valuation.

D. OTHER POST EMPLOYMENT BENEFITS PLAN NOT ADMINISTERED IN A TRUST

2021 Changes:

The discount rate was changed from 2.75% as of 12/31/2019 to 2.00% as of 12/31/2020 based on updated 20-year municipal bond rates as of each measurement date.

2020 Changes:

The discount rate was changed from 3.71% as of 12/31/2018 to 2.75% as of 12/31/2019 based on updated 20-year municipal bond rates as of each measurement date.

Healthcare trend rates were reset to reflect updated cost increase expectations, including the repeal of the Affordable Care Act's Excise Tax on high-cost health insurance plans.

Medical per capita claims costs were updated to reflect recent experience.

Withdrawal, mortality, and salary increase rates were updated from the rates used in the 7/1/2018 PERA General Employees Plan and 7/1/2018 PERA Police & Fire Plan valuations to the rates used in the 7/1/2020 valuations.

The inflation assumption was changed from 2.50% to 2.25% based on an updated historical analysis of inflation rates and forward-looking market expectations.

2019 Changes:

The discount rate was changed from 3.31% as of 12/31/2017 to 3.71% as of 12/31/2018 based on updated 20-year municipal bond rates as of each measurement date.

CITY OF WAITE PARK, MINNESOTA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2021

NOTE 2. CHANGES IN ACTUARIAL ASSUMPTIONS (Cont'd)

D. OTHER POST EMPLOYMENT BENEFITS PLAN NOT ADMINISTERED IN A TRUST (Cont'd)

2018 Changes:

The discount rate was changed from 3.81% as of 12/31/2016 to 3.31% as of 12/31/2017 based on updated 20-year municipal bond rates as of each measurement date.

SUPPLEMENTARY INFORMATION

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CITY OF WAITE PARK, MINNESOTA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2021

	Special Revenue	Debt Service	Capital Projects	Total
ASSETS				
Cash and Investments	\$ 1,979,141	\$ 2,339,669	\$ 354,511	\$ 4,673,321
Receivables				
Delinquent Taxes		4,086		4,086
Special Assessments				
Deferred		410,747		410,747
Due from Other Governments		1,597		1,597
	<u>1,979,141</u>	<u>2,756,099</u>	<u>354,511</u>	<u>5,089,751</u>
Total Assets	\$ 1,979,141	\$ 2,756,099	\$ 354,511	\$ 5,089,751
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE				
Liabilities				
Accounts Payable	\$ 178,087	\$	\$	\$ 178,087
Contracts Payable			8,985	8,985
Total Liabilities	<u>178,087</u>	<u></u>	<u>8,985</u>	<u>187,072</u>
Deferred Inflows of Resources				
Unavailable Revenue				
Delinquent Taxes		4,086		4,086
Special Assessments		410,747		410,747
Total Deferred Inflows of Resources	<u>0</u>	<u>414,833</u>	<u>0</u>	<u>414,833</u>
Fund Balance				
Restricted				
Tax Increment	1,470,201			1,470,201
Loan Program	2,088			2,088
Debt Service		2,341,266		2,341,266
Regional Capital Improvement Projects			345,526	345,526
Assigned				
Capital Outlay	168			168
Park Land Development	235,705			235,705
Fund Operations	93,041			93,041
Unassigned	(149)			(149)
Total Fund Balance	<u>1,801,054</u>	<u>2,341,266</u>	<u>345,526</u>	<u>4,487,846</u>
	<u>\$ 1,979,141</u>	<u>\$ 2,756,099</u>	<u>\$ 354,511</u>	<u>\$ 5,089,751</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 1,979,141	\$ 2,756,099	\$ 354,511	\$ 5,089,751

CITY OF WAITE PARK, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED DECEMBER 31, 2021

	Special Revenue	Debt Service	Capital Projects	Total
REVENUES				
Property Taxes	\$	\$ 790,971	\$	\$ 790,971
Tax Increments	405,053			405,053
Special Assessments		26,729		26,729
Fines and Forfeitures	2,057			2,057
Miscellaneous				
Investment Income	657	538	2	1,197
Contributions and Donations	101,803			101,803
Refunds and Reimbursements			5,365	5,365
Total Revenues	<u>509,570</u>	<u>818,238</u>	<u>5,367</u>	<u>1,333,175</u>
EXPENDITURES				
Current				
Public Safety	1,455			1,455
Culture and Recreation	60,660			60,660
Economic Development	372,288			372,288
Debt Service				
Principal		710,000		710,000
Interest and Other Charges		503,863		503,863
Capital Outlay				
Public Safety	5,582			5,582
Public Works			1,312,270	1,312,270
Total Expenditures	<u>439,985</u>	<u>1,213,863</u>	<u>1,312,270</u>	<u>2,966,118</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	69,585	(395,625)	(1,306,903)	(1,632,943)
OTHER FINANCING SOURCES (USES)				
Transfers In	189	456,584	1,576,821	2,033,594
Transfers Out	(1,010,658)		(3,348)	(1,014,006)
Total Other Financing Sources (Uses)	<u>(1,010,469)</u>	<u>456,584</u>	<u>1,573,473</u>	<u>1,019,588</u>
Net Change in Fund Balances	(940,884)	60,959	266,570	(613,355)
FUND BALANCE, BEGINNING OF YEAR	<u>2,741,938</u>	<u>2,280,307</u>	<u>78,956</u>	<u>5,101,201</u>
FUND BALANCE, END OF YEAR	<u>\$ 1,801,054</u>	<u>\$ 2,341,266</u>	<u>\$ 345,526</u>	<u>\$ 4,487,846</u>

CITY OF WAITE PARK, MINNESOTA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
DECEMBER 31, 2021

	2022 DTED Rehabilitation Grant (203)	Park Land Development (205)	Charitable Gambling (207)	Drug Forfeiture (212)	DWI Forfeiture (213)
ASSETS					
Cash and Investments	\$ 2,088	\$ 235,705	\$ 93,041	\$ 102	\$ 0
LIABILITIES AND FUND BALANCE					
Liabilities					
Accounts Payable	\$	\$	\$	\$	\$ 149
Fund Balance					
Restricted					
Tax Increment Loan Program	2,088				
Assigned					
Capital Outlay				102	
Park Land Development Fund Operations		235,705	93,041		
Unassigned					(149)
Total Fund Balance	<u>2,088</u>	<u>235,705</u>	<u>93,041</u>	<u>102</u>	<u>(149)</u>
Total Liabilities And Fund Balance	<u>\$ 2,088</u>	<u>\$ 235,705</u>	<u>\$ 93,041</u>	<u>\$ 102</u>	<u>\$ 0</u>

CITY OF WAITE PARK, MINNESOTA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
DECEMBER 31, 2021

	Forfeitures (211, 214)	Tax Increment District No. 2 (271)	Tax Increment District No. 2-1 (272)	Tax Increment District No. 3-1 (273)	Total
ASSETS					
Cash and Investments	\$ 66	\$ 1,352,774	\$ 284,178	\$ 11,187	\$ 1,979,141
LIABILITIES AND FUND BALANCE					
Liabilities					
Accounts Payable	\$	\$	\$ 167,618	\$ 10,320	\$ 178,087
Fund Balance					
Restricted					
Tax Increment		1,352,774	116,560	867	1,470,201
Loan Program					2,088
Assigned					
Capital Outlay	66				168
Park Land Development					235,705
Fund Operations					93,041
Unassigned					
Total Fund Balance	66	1,352,774	116,560	867	1,801,054
Total Liabilities And Fund Balance					
	\$ 66	\$ 1,352,774	\$ 284,178	\$ 11,187	\$ 1,979,141

CITY OF WAITE PARK, MINNESOTA

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE
 DECEMBER 31, 2021

	\$215,000 G.O. Equipment Certificates of Indebtedness of 2010B (321)	\$1,810,000 G.O. Improvement Refunding Bonds of 2010C (322)	\$1,395,000 G.O. Improvement Crossover Refunding Bonds of 2011A (323)	G.O. Equipment Certificates of 2013C (325)
ASSETS				
Cash and Investments	\$ 5,477	\$ 769,372	\$ 482,405	\$ 10,738
Receivables				
Delinquent Taxes	63	291	279	
Special Assessments				
Deferred		273,524	137,223	
Due from Other Governments		1	4	3
	<u>5,477</u>	<u>769,373</u>	<u>482,409</u>	<u>10,741</u>
Total Assets	\$ 5,540	\$ 1,043,188	\$ 619,911	\$ 10,741
DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE				
Deferred Inflows of Resources				
Unavailable Revenue				
Delinquent Taxes	\$ 63	\$ 291	\$ 279	\$
Special Assessments		273,524	137,223	
Total Deferred Inflows of Resources	63	273,815	137,502	0
Fund Balance				
Restricted				
Debt Service	5,477	769,373	482,409	10,741
	<u>5,477</u>	<u>769,373</u>	<u>482,409</u>	<u>10,741</u>
Total Deferred Inflows of Resources and Fund Balance	\$ 5,540	\$ 1,043,188	\$ 619,911	\$ 10,741

CITY OF WAITE PARK, MINNESOTA

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE
 DECEMBER 31, 2021

	\$2,275,000 G.O. Tax Abatement Bonds of 2016A (326)	\$9,505,000 G.O. Improvement Bonds of 2016B (327)	Total
ASSETS			
Cash and Investments	\$ 351,472	\$ 720,205	\$ 2,339,669
Receivables			
Delinquent Taxes	865	2,588	4,086
Special Assessments Deferred			410,747
Due from Other Governments		1,589	1,597
	<u>352,337</u>	<u>724,382</u>	<u>2,756,099</u>
Total Assets	<u>\$ 352,337</u>	<u>\$ 724,382</u>	<u>\$ 2,756,099</u>
DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE			
Deferred Inflows of Resources			
Unavailable Revenue			
Delinquent Taxes	\$ 865	\$ 2,588	\$ 4,086
Special Assessments			410,747
Total Deferred Inflows of Resources	<u>865</u>	<u>2,588</u>	<u>414,833</u>
Fund Balance			
Restricted			
Debt Service	<u>351,472</u>	<u>721,794</u>	<u>2,341,266</u>
	<u>\$ 352,337</u>	<u>\$ 724,382</u>	<u>\$ 2,756,099</u>
Total Deferred Inflows of Resources and Fund Balance	<u>\$ 352,337</u>	<u>\$ 724,382</u>	<u>\$ 2,756,099</u>

CITY OF WAITE PARK, MINNESOTA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS
DECEMBER 31, 2021

	<u>Amphitheater (444)</u>
ASSETS	
Cash and Investments	<u>\$ 354,511</u>
LIABILITIES AND FUND BALANCE	
Liabilities	
Contracts Payable	\$ 8,985
Fund Balance	
Restricted	
Regional Capital Improvement Projects	<u>345,526</u>
Total Liabilities and Fund Balance	<u>\$ 354,511</u>

CITY OF WAITE PARK, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
 YEAR ENDED DECEMBER 31, 2021

	2002 DTED Rehabilitation Grant (203)	Park Land Development (205)	Charitable Gambling (207)	Drug Forfeiture (212)	DWI Forfeiture (213)
REVENUES					
Tax Increments	\$	\$	\$	\$	\$
Fines and Forfeitures				1,355	702
Miscellaneous					
Investment Income	1	93	56	2	
Contributions and Donations		27,220	74,583		
Total Revenues	<u>1</u>	<u>27,313</u>	<u>74,639</u>	<u>1,357</u>	<u>702</u>
EXPENDITURES					
Current					
Public Safety			108	222	706
Culture and Recreation			60,660		
Economic Development					
Capital Outlay					
Public Safety				4,308	318
Total Expenditures	<u>0</u>	<u>0</u>	<u>60,768</u>	<u>4,530</u>	<u>1,024</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1	27,313	13,871	(3,173)	(322)
OTHER FINANCING SOURCES (USES)					
Transfers In					
Transfers Out					
Total Other Financing Sources (Uses)	<u>0</u>	<u>(200,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	1	(172,687)	13,871	(3,173)	(322)
FUND BALANCE, BEGINNING OF YEAR	<u>2,087</u>	<u>408,392</u>	<u>79,170</u>	<u>3,275</u>	<u>173</u>
FUND BALANCE, END OF YEAR	<u>\$ 2,088</u>	<u>\$ 235,705</u>	<u>\$ 93,041</u>	<u>\$ 102</u>	<u>\$ (149)</u>

CITY OF WAITE PARK, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
 YEAR ENDED DECEMBER 31, 2021

	Forfeitures (211, 214)	Tax Increment District No. 2 (271)	Tax Increment District No. 2-1 (272)	Tax Increment District No. 3-1 (273)	Total
REVENUES					
Tax Increments	\$	\$	\$ 382,119	\$ 22,934	\$ 405,053
Fines and Forfeitures					2,057
Miscellaneous					
Investment Income	1	474	27	3	657
Contributions and Donations					101,803
Total Revenues	<u>1</u>	<u>474</u>	<u>382,146</u>	<u>22,937</u>	<u>509,570</u>
EXPENDITURES					
Current					
Public Safety	419				1,455
Culture and Recreation					60,660
Economic Development		1,800	346,202	24,286	372,288
Capital Outlay					
Public Safety	956				5,582
Total Expenditures	<u>1,375</u>	<u>1,800</u>	<u>346,202</u>	<u>24,286</u>	<u>439,985</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,374)	(1,326)	35,944	(1,349)	69,585
OTHER FINANCING SOURCES (USES)					
Transfers In	189				189
Transfers Out		(810,658)			(1,010,658)
Total Other Financing Sources (Uses)	<u>189</u>	<u>(810,658)</u>	<u>0</u>	<u>0</u>	<u>(1,010,469)</u>
Net Change in Fund Balances	(1,185)	(811,984)	35,944	(1,349)	(940,884)
FUND BALANCE, BEGINNING OF YEAR	<u>1,251</u>	<u>2,164,758</u>	<u>80,616</u>	<u>2,216</u>	<u>2,741,938</u>
FUND BALANCE, END OF YEAR	<u>\$ 66</u>	<u>\$ 1,352,774</u>	<u>\$ 116,560</u>	<u>\$ 867</u>	<u>\$ 1,801,054</u>

CITY OF WAITE PARK, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE
 YEAR ENDED DECEMBER 31, 2021

	\$215,000 G.O. Equipment Certificates of Indebtedness of 2010B (321)	\$1,810,000 G.O. Improvement Refunding Bonds of 2010C (322)	\$1,395,000 G.O. Improvement Crossover Refunding Bonds of 2011A (323)	G.O. Equipment Certificates of 2013C (325)
REVENUES				
Property Taxes	\$ 16	\$ 56	\$ 76	\$ 31
Special Assessments			26,729	
Miscellaneous				
Investment Income	3	174	103	5
Total Revenues	<u>19</u>	<u>230</u>	<u>26,908</u>	<u>36</u>
EXPENDITURES				
Debt Service				
Principal				
Interest and Other Charges				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	19	230	26,908	36
OTHER FINANCING SOURCES (USES)				
Transfers In				
Net Change in Fund Balances	<u>19</u>	<u>230</u>	<u>26,908</u>	<u>36</u>
FUND BALANCE, BEGINNING OF YEAR	<u>5,458</u>	<u>769,143</u>	<u>455,501</u>	<u>10,705</u>
FUND BALANCE, END OF YEAR	<u>\$ 5,477</u>	<u>\$ 769,373</u>	<u>\$ 482,409</u>	<u>\$ 10,741</u>

CITY OF WAITE PARK, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE
 YEAR ENDED DECEMBER 31, 2021

	\$2,275,000 G.O. Tax Abatement Bonds of 2016A (326)	\$9,505,000 G.O. Improvement Bonds of 2016B (327)	\$5,115,000 G.O. Tax Abatement Bonds of 2018A (328)	Total
REVENUES				
Property Taxes	\$ 197,398	\$ 593,394	\$	\$ 790,971
Special Assessments				26,729
Miscellaneous				
Investment Income	84	169		538
Total Revenues	<u>197,482</u>	<u>593,563</u>	<u>0</u>	<u>818,238</u>
EXPENDITURES				
Debt Service				
Principal	140,000	285,000	285,000	710,000
Interest and Other Charges	49,095	280,945	173,823	503,863
Total Expenditures	<u>189,095</u>	<u>565,945</u>	<u>458,823</u>	<u>1,213,863</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	8,387	27,618	(458,823)	(395,625)
OTHER FINANCING SOURCES (USES)				
Transfers In			456,584	456,584
Net Change in Fund Balances	<u>8,387</u>	<u>27,618</u>	<u>(2,239)</u>	<u>60,959</u>
FUND BALANCE, BEGINNING OF YEAR	<u>343,085</u>	<u>694,176</u>	<u>2,239</u>	<u>2,280,307</u>
FUND BALANCE, END OF YEAR	<u>\$ 351,472</u>	<u>\$ 721,794</u>	<u>\$ 0</u>	<u>\$ 2,341,266</u>

CITY OF WAITE PARK, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS
 YEAR ENDED DECEMBER 31, 2021

	River's Edge (434)	Amphitheater (444)	Total
REVENUES			
Investment Income	\$ 2	\$	\$ 2
Refunds and Reimbursements		5,365	5,365
Total Revenues	<u>2</u>	<u>5,365</u>	<u>5,367</u>
EXPENDITURES			
Capital Outlay			
Public Works		1,312,270	1,312,270
OTHER FINANCING SOURCES (USES)			
Transfers In		1,576,821	1,576,821
Transfers Out	(3,348)		(3,348)
Total Other Financing Sources (Uses)	<u>(3,348)</u>	<u>1,576,821</u>	<u>1,573,473</u>
Net Change in Fund Balances	(3,346)	269,916	266,570
FUND BALANCE, BEGINNING OF YEAR	<u>3,346</u>	<u>75,610</u>	<u>78,956</u>
FUND BALANCE, END OF YEAR	<u>\$ 0</u>	<u>\$ 345,526</u>	<u>\$ 345,526</u>

CITY OF WAITE PARK, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 GENERAL FUND
 YEAR ENDED DECEMBER 31, 2021

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
REVENUES				
Taxes				
Property	\$ 7,342,100	\$ 7,342,100	\$ 7,339,515	\$ (2,585)
Gravel	120,000	120,000	146,892	26,892
Franchise	445,000	445,000	452,934	7,934
Total Taxes	<u>7,907,100</u>	<u>7,907,100</u>	<u>7,939,341</u>	<u>32,241</u>
Tax Increment			5,873	5,873
Licenses and Permits	138,350	138,350	143,559	5,209
Intergovernmental				
Police Aid	194,000	194,000	153,209	(40,791)
Highway Maintenance Aid	32,000	32,000	34,564	2,564
PERA Aid	3,052	3,052		(3,052)
Other Grants and Aids	121,334	121,334	513,775	392,441
Total Intergovernmental	<u>350,386</u>	<u>350,386</u>	<u>701,548</u>	<u>351,162</u>
Charges for Services				
General Government	116,500	116,500	29,528	(86,972)
Public Safety	158,800	158,800	169,112	10,312
Culture and Recreation			66,065	66,065
Total Charges for Services	<u>275,300</u>	<u>275,300</u>	<u>264,705</u>	<u>(10,595)</u>
Fines and Forfeitures	68,500	68,500	65,689	(2,811)
Miscellaneous				
Investment Income	20,000	20,000	972	(19,028)
Contributions and Donations	7,000	7,000	55,580	48,580
Refunds and Reimbursements	117,000	117,000	214,203	97,203
Event Reimbursements			68,149	68,149
Other	4,500	4,500	13,413	8,913
Total Miscellaneous	<u>148,500</u>	<u>148,500</u>	<u>352,317</u>	<u>203,817</u>
Total Revenues	<u>8,888,136</u>	<u>8,888,136</u>	<u>9,473,032</u>	<u>584,896</u>
EXPENDITURES				
Current				
General Government				
Mayor and Council	49,050	49,050	46,355	(2,695)
Administrative and Finance	1,163,327	1,163,327	1,334,616	171,289
Elections	7,300	7,300	7,187	(113)
Other	103,230	103,230	87,360	(15,870)
Total General Government	<u>1,322,907</u>	<u>1,322,907</u>	<u>1,475,518</u>	<u>152,611</u>

CITY OF WAITE PARK, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 GENERAL FUND
 YEAR ENDED DECEMBER 31, 2021

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
EXPENDITURES (Cont'd)				
Current (Cont'd)				
Public Safety				
Police	\$ 3,330,500	\$ 3,330,500	\$ 3,141,447	\$ (189,053)
Fire	310,305	310,305	271,169	(39,136)
Other	289,250	289,250	276,667	(12,583)
Total Public Safety	<u>3,930,055</u>	<u>3,930,055</u>	<u>3,689,283</u>	<u>(240,772)</u>
Public Works				
Streets and Highways	1,408,975	1,408,975	1,584,033	175,058
Sanitation				
Garbage and Other Refuse	416,000	416,000	429,120	13,120
Weed Control	23,000	23,000	20,874	(2,126)
Total Sanitation	<u>439,000</u>	<u>439,000</u>	<u>449,994</u>	<u>10,994</u>
Culture and Recreation	569,415	569,415	997,605	428,190
Total Current	<u>7,670,352</u>	<u>7,670,352</u>	<u>8,196,433</u>	<u>526,081</u>
Debt Service				
Principal	50,267	50,267	50,267	
Interest and Other Charges	9,579	9,579	9,580	1
Total Debt Service	<u>59,846</u>	<u>59,846</u>	<u>59,847</u>	<u>1</u>
Capital Outlay				
General Government	105,500	105,500	65,176	(40,324)
Public Safety	334,138	334,138	249,675	(84,463)
Public Works	312,300	312,300	1,272,620	960,320
Culture and Recreation	110,000	110,000	21,482	(88,518)
Total Capital Outlay	<u>861,938</u>	<u>861,938</u>	<u>1,608,953</u>	<u>747,015</u>
Total Expenditures	<u>8,592,136</u>	<u>8,592,136</u>	<u>9,865,233</u>	<u>1,273,097</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	296,000	296,000	(392,201)	(688,201)
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Capital Assets	4,000	4,000	12,619	8,619
Transfers In			3,348	3,348
Transfers Out			(51,985)	(51,985)
Total Other Financing Sources (Uses)	<u>4,000</u>	<u>4,000</u>	<u>(36,018)</u>	<u>(40,018)</u>
Net Change in Fund Balances	<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>(428,219)</u>	<u>\$ (728,219)</u>
FUND BALANCE, BEGINNING OF YEAR			<u>7,181,138</u>	
FUND BALANCE, END OF YEAR			<u>\$ 6,752,919</u>	

COMPLIANCE SECTION

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INDEPENDENT AUDITOR'S REPORT ON MINNESOTA LEGAL COMPLIANCE

Honorable Mayor and Members of the City Council
City of Waite Park
Waite Park, Minnesota

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Waite Park, Minnesota, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated August 15, 2022.

In connection with our audit, nothing came to our attention that caused us to believe that the City failed to comply with the provisions of the contract and bid laws, depositories of public funds and public investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing sections of the *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. Accordingly, this communication is not suitable for any other purpose.

Conway, Deuth & Schmiesing, PLLP

CONWAY, DEUTH & SCHMIESING, PLLP
CPAS & ADVISORS
LITCHFIELD, MINNESOTA

August 15, 2022

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Mayor and Members of the City Council
City of Waite Park
Waite Park, Minnesota

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Waite Park, Minnesota, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated August 15, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified a deficiency in internal control, described in the accompanying Schedule of Findings as items 2021-001 that we consider to be a material weakness.

Willmar Office 331 Third St SW, Ste 2 PO Box 570 Willmar, MN 56201 (320) 235-3311 (888) 388-1040	Benson Office 1209 Pacific Ave, Ste 3 Benson, MN 56215 (320) 843-2302	Morris Office 401 Atlantic Ave Morris, MN 56267 (320) 589-2602	Litchfield Office 820 Sibley Ave N Litchfield, MN 55355 (320) 693-7975	Sartell Office Ste 110 2351 Connecticut Ave Sartell, MN 56377 (320) 252-7565 (800) 862-1337
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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying Schedule of Findings. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Conway, Deuth & Schmiesing, PLLP

CONWAY, DEUTH & SCHMIESING, PLLP
CPAS & ADVISORS
LITCHFIELD, MINNESOTA

August 15, 2022

CITY OF WAITE PARK, MINNESOTA

SCHEDULE OF FINDINGS
DECEMBER 31, 2021

I. FINDINGS RELATED TO FINANCIAL STATEMENTS AUDITED IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS

FINDING: 2021-001 AUDITOR PREPARED FINANCIAL STATEMENTS

Condition: The City does not have an internal control system designed to provide for the preparation of the financial statements and the related notes being audited. However, based on the degree of complexity and level of detail needed to prepare the financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP), the City has requested the auditors to prepare them.

Criteria: The preparation of the financial statements and the related notes are the responsibility of management.

Cause: There are a limited number of office employees and resources available to allow for the adequate preparation of the financial statements and related notes by the City.

Effect: This could result in a material misstatement to the financial statements and related notes that would not be prevented, or detected and corrected as a result of the City's current internal control.

Recommendation: The City should continue to request the assistance to draft the financial statements and related notes and thoroughly review these financial statements after they have been prepared so the City can take responsibility for them.

CORRECTIVE ACTION PLAN (CAP):
Explanation of Disagreement with Audit Finding:
None

Actions Planned in Response to Finding:
The City is aware of this; however, due to significant cost and a limited number of employees, it is in the City's best financial interest to contract for the preparation of the financial statements.

Official Responsible for Ensuring CAP:
Karla Virnig, Finance Director

Planned Completion Date for CAP:
December 31, 2022

Plan to Monitor Completion of CAP:
City Council

CITY OF WAITE PARK, MINNESOTA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2021

<u>Finding Reference</u>	<u>Finding Title</u>	<u>Status</u>	<u>Year Finding Initially Occurred</u>	<u>If not corrected, Provide Planned Corrective Action or Other Explanation</u>
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Financial Statement Findings:

None

Minnesota Legal Compliance Findings:

None