

# City of Maple Lake, Minnesota

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## Audited Financial Statements

December 31, 2020

**SCHLENNER  
WENNER & Co.**  
CPAs

**CITY OF MAPLE LAKE, MINNESOTA  
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## **INTRODUCTORY SECTION**

**CITY OF MAPLE LAKE, MINNESOTA  
CITY COUNCIL AND OFFICIALS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**CITY COUNCIL**

Term Expires

Todd Borell	Mayor	December 31, 2022
Deb Geyen	Council Member	December 31, 2022
Heather Kadlec	Council Member	December 31, 2020
Kirk Larson	Council Member	December 31, 2020
Kristen Logas	Council Member	December 31, 2022

**CITY OFFICIALS**

Sabrina Hille	City Administrator
Elizabeth Borell	Deputy City Clerk

**FINANCIAL  
SECTION**

## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council  
City of Maple Lake, Minnesota

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Maple Lake, Minnesota (the City) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility 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; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Annandale-Maple Lake-Howard Lake Wastewater Commission, which represents 56 percent, 70 percent, and 17 percent of the assets, net position, and expenses of the Sewer Fund, respectively, and 35 percent, 46 percent, and 5 percent of the assets, net position, and expenses of the business-type activities, respectively. The financial statements of this entity were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Annandale-Maple Lake-Howard Lake Wastewater Commission, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, based on our audit and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Maple Lake, Minnesota as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedules, Schedule of City's Proportionate Share of the Net Pension Liability, Schedule of City Pension Contributions and Schedule of Changes in Net Pension Liability (Asset) – Fire Relief Association be presented to supplement the basic financial statements. Such information, 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 Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor funds financial statements, and schedule of indebtedness, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory section, combining and individual nonmajor funds financial statements, and schedule of indebtedness have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2021 on our consideration of the City of Maple Lake's internal control over financial reporting and 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 the City of Maple Lake's internal control over financial reporting and compliance.



**SCHLENNER WENNER & CO.**

St. Cloud, Minnesota

June 28, 2021



**REQUIRED SUPPLEMENTARY  
INFORMATION**

**CITY OF MAPLE LAKE, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2020**

Our discussion and analysis of the City of Maple Lake's financial performance provides an overview of the City's financial activities for the year ended December 31, 2020. Please read it in conjunction with the independent auditor's report on page four and the City's financial statements, which begin on page seventeen.

**FINANCIAL HIGHLIGHTS**

- The assets and deferred outflows of resources of the City of Maple Lake exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$25,556,100 (net position).
- The City's net position increased \$128,053 compared to the prior year as a result of this year's operations.
- In the City's business-type activities, revenues increased \$766,629 (or 25.41 percent) and program expenses increased \$648,010 (or 20.24 percent). The increase in revenues is due primarily to an increase in charges for services and special assessments in the current year. The increase in expenses is primarily due to increases in water and wastewater system improvement costs and liquor store product cost of sales in the current year, as compared to the prior year.
- Total cost of all of the City's programs increased \$828,194 (or 15.47 percent).
- The City of Maple Lake received local government aid in the amount of \$517,463.
- In the current year, the City's General Fund generated less revenue than budgeted by \$16,812, excluding transfers in from other funds, primarily due to fewer collections of special assessments and licenses and permit fees than budgeted. Expenditures were less than budgeted by \$312,012, excluding transfers to other funds, due primarily to excess amounts budgeted for general government administration and public works capital outlay.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages seventeen and eighteen) 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 start on page nineteen. These statements tell how governmental activity services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

**Reporting the City as a Whole**

Our analysis of the City as a whole begins page nine. 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 report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets, deferred outflows/inflows of resources, and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. 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 net position. You can think of the City's net position (assets plus deferred outflows, less liabilities plus deferred inflows) as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the City's property tax base, costs associated with current and future construction projects, and the condition of the City's roads, to assess the overall health of the City.

**CITY OF MAPLE LAKE, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2020**

**USING THIS ANNUAL REPORT (Continued)**

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 the police, fire, ambulance, public works, parks departments, and general administration. Property taxes, special assessments, licenses, permits and fees, charges for services, and state aids finance most of these activities.
- **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 and sewer systems, liquor store, and airport activities are reported here.

**Reporting the City's Most Significant Funds**

Our analysis of the City's funds begins on page eleven. The fund financial statements begin on page nineteen and 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 may establish 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, which 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 you 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 reconciliations following the governmental fund financial statements.
- **Proprietary Funds** – When the City charges customers for the services it provides, 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 proprietary 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.

**CITY OF MAPLE LAKE, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2020**

**THE CITY AS A WHOLE**

The City's combined net position increased \$128,053 from a year ago. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the City's governmental and business-type activities.

**Table 1  
Net Position**

	Governmental Activities		Business-Type Activities		Total Government	
	2020	2019	2020	2019	2020	2019
Current Assets	\$ 4,762,453	\$ 5,176,188	\$ 2,928,762	\$ 2,259,159	\$ 7,691,215	\$ 7,435,347
Noncurrent Assets	10,171,635	9,578,621	16,218,569	15,948,306	26,390,204	25,526,927
Total Assets	14,934,088	14,754,809	19,147,331	18,207,465	34,081,419	32,962,274
Deferred Outflows of Resources	55,779	152,778	25,187	23,964	80,966	176,742
Current Liabilities	96,725	310,942	146,036	211,184	242,761	522,126
Noncurrent Liabilities	3,854,264	4,093,171	4,428,452	2,971,569	8,282,716	7,064,740
Total Liabilities	3,950,989	4,404,113	4,574,488	3,182,753	8,525,477	7,586,866
Deferred Inflows of Resources	70,639	83,372	10,169	40,731	80,808	124,103
Net Position:						
Net Investment in						
Capital Assets	6,248,073	5,550,055	5,355,290	6,313,384	11,603,363	11,863,439
Restricted	1,288,948	828,472	-	-	1,288,948	828,472
Unrestricted	3,431,218	4,041,575	9,232,571	8,694,561	12,663,789	12,736,136
Total Net Position	<u>\$ 10,968,239</u>	<u>\$ 10,420,102</u>	<u>\$ 14,587,861</u>	<u>\$ 15,007,945</u>	<u>\$ 25,556,100</u>	<u>\$ 25,428,047</u>

The net position of the City's governmental activities increased by \$548,137 (5.26 percent). Unrestricted net position (the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements) decreased by \$609,306 (15.08 percent) compared to the prior year.

The net position of the City's business-type activities decreased by \$420,084 (2.80 percent). Operations were comparable to the prior year, with the exception of increases in water and wastewater system improvement costs and liquor store sales and product cost of sales in the current year.

**CITY OF MAPLE LAKE, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2020**

**THE CITY AS A WHOLE (Continued)**

**Table 2  
Changes in Net Position**

	Governmental Activities		Business-Type Activities		Total Government	
	2020	2019	2020	2019	2020	2019
<b>REVENUE</b>						
Charges for Services	\$ 602,161	\$ 565,554	\$ 3,425,312	\$ 2,678,610	\$ 4,027,473	\$ 3,244,164
Operating Grants and Contributions	13,219	8,993	48,220	57,885	61,439	66,878
Capital Grants and Contributions	43,112	102,108	110,475	1,121	153,587	103,229
Taxes	1,037,325	941,916	263,179	263,008	1,300,504	1,204,924
Tax Increment	110,119	101,409	-	-	110,119	101,409
Intergovernmental	793,459	579,714	-	-	793,459	579,714
Franchise Taxes	9,950	17,101	-	-	9,950	17,101
Investment Income	7,487	11,188	4,321	4,495	11,808	15,683
Miscellaneous	81,708	112,869	10,447	11,584	92,155	124,453
Total Revenues	2,698,540	2,440,852	3,861,954	3,016,703	6,560,494	5,457,555
<b>PROGRAM EXPENSES</b>						
General Government	426,568	378,424	-	-	426,568	378,424
Public Safety	727,309	637,489	-	-	727,309	637,489
Public Works	594,632	698,541	-	-	594,632	698,541
Sanitation	142,988	116,462	-	-	142,988	116,462
Parks and Recreation	130,647	109,709	-	-	130,647	109,709
Economic Development	216,519	107,217	-	-	216,519	107,217
Debt Service	94,067	104,704	-	-	94,067	104,704
Water	-	-	583,731	342,546	583,731	342,546
Sewer	-	-	861,751	988,201	861,751	988,201
Liquor	-	-	2,139,817	1,663,373	2,139,817	1,663,373
Airport	-	-	263,621	206,790	263,621	206,790
Total Expenses	2,332,730	2,152,546	3,848,920	3,200,910	6,181,650	5,353,456
Gain (Loss) on Disposal of Assets	27,193	-	(78,622)	-	(51,429)	-
Change in Equity Investment	-	-	(199,362)	(75,844)	(199,362)	(75,844)
Capital Asset Transfers	115,134	26,404	(115,134)	(26,404)	-	-
Transfers	40,000	12,000	(40,000)	(12,000)	-	-
Change in Net Position	548,137	326,710	(420,084)	(298,455)	128,053	28,255
Net Position - Beginning of Year	10,420,102	10,093,392	15,007,945	15,306,400	25,428,047	25,399,792
Net Position - End of Year	\$ 10,968,239	\$ 10,420,102	\$ 14,587,861	\$ 15,007,945	\$ 25,556,100	\$ 25,428,047

The City's total revenues increased by \$1,102,939 (20.21 percent) from the prior year, primarily due to the Coronavirus Relief Fund grant received in the current year as well as increases in property tax collections and City charges for services. The total cost of all programs and services increased by \$828,194 (or 15.47 percent), primarily due to the increased costs as noted on the previous page, as well as costs incurred in response to the pandemic, using coronavirus relief funding received from the State.

Our analysis on the next page separately considers the operations of governmental and business-type activities.

**CITY OF MAPLE LAKE, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2020**

**THE CITY AS A WHOLE (Continued)**

**Governmental Activities**

Revenue for the City's governmental activities increased by \$257,688 (10.56 percent), primarily due to increased revenues from property tax collections, and the Coronavirus Relief Fund grant received in 2020. Total expenses increased \$180,184 (8.37 percent), primarily due to increased expenses for general government administration, public safety, and economic development.

Table 3 presents the cost of each of the City's programs (general government, public safety, public works, sanitation, parks and recreation, economic development, and debt service) as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the City's taxpayers by each of these functions. Activities (net of capital outlay which is excluded from Table 3) were generally comparable to the prior year as operations remained fairly consistent with the prior year, with the exception of:

- Economic development total and net costs of services increased significantly due to Coronavirus Relief dollars being spent on grants and other economic development items to support area businesses.
- Public works net cost of services decreased significantly due to fewer expenses incurred for street improvement repair and maintenance compared to the prior year.

**Table 3  
Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2020	2019	2020	2019
General Government	\$ 426,568	\$ 378,424	\$ 367,964	\$ 323,921
Public Safety	727,309	637,489	310,553	255,692
Public Works	594,632	698,541	551,520	670,662
Sanitation	142,988	116,462	3,098	(21,640)
Parks and Recreation	130,647	109,709	130,517	35,335
Economic Development	216,519	107,217	216,519	107,217
Debt Service	94,067	104,704	94,067	104,704
Totals	<u>\$ 2,332,730</u>	<u>\$ 2,152,546</u>	<u>\$ 1,674,238</u>	<u>\$ 1,475,891</u>

**Business-type Activities**

Revenues of the City's business-type activities (see Table 2) increased by \$845,251 (or 28.02 percent) and program expenses increased by \$648,010 (or 20.24 percent). Increase in revenues is due primarily to an increase in charges for services and capital grants and contributions due to an increase in special assessments in the current year. Increase in expenses is primarily due to an increase in water system improvement costs and liquor store product cost of sales (due to a corresponding increase in sales) in the current year.

**THE CITY'S FUNDS**

**Governmental Funds**

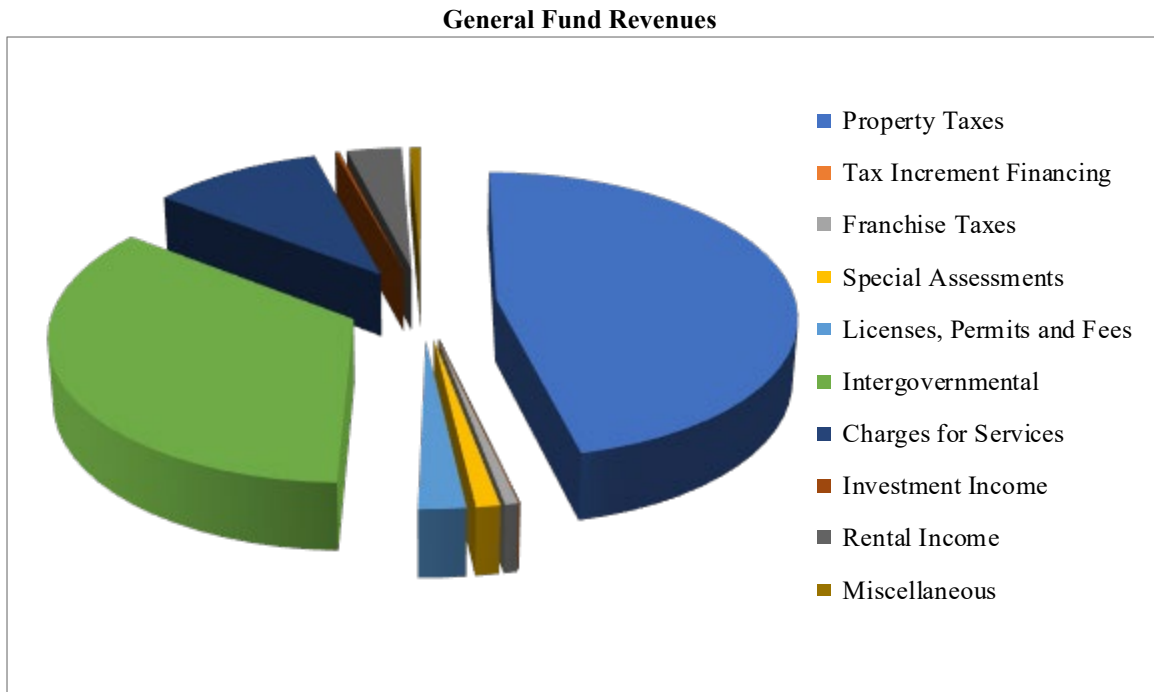
As the City completed the year, its governmental funds (as presented in the balance sheet on page nineteen) reported a combined fund balance of \$4,198,533. This is a decrease of \$75,919 from the prior year. Operations were comparable to the prior year, with the exception of increases in taxes, intergovernmental and charges for services revenues and increases in general government, public safety, and economic development expenditures in the current year.

**CITY OF MAPLE LAKE, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2020**

**THE CITY'S FUNDS (Continued)**

Major Funds	Fund Balance December 31,		Increase (Decrease)
	2020	2019	
<b>General</b>	\$ 2,323,213	\$ 2,004,437	\$ 318,776

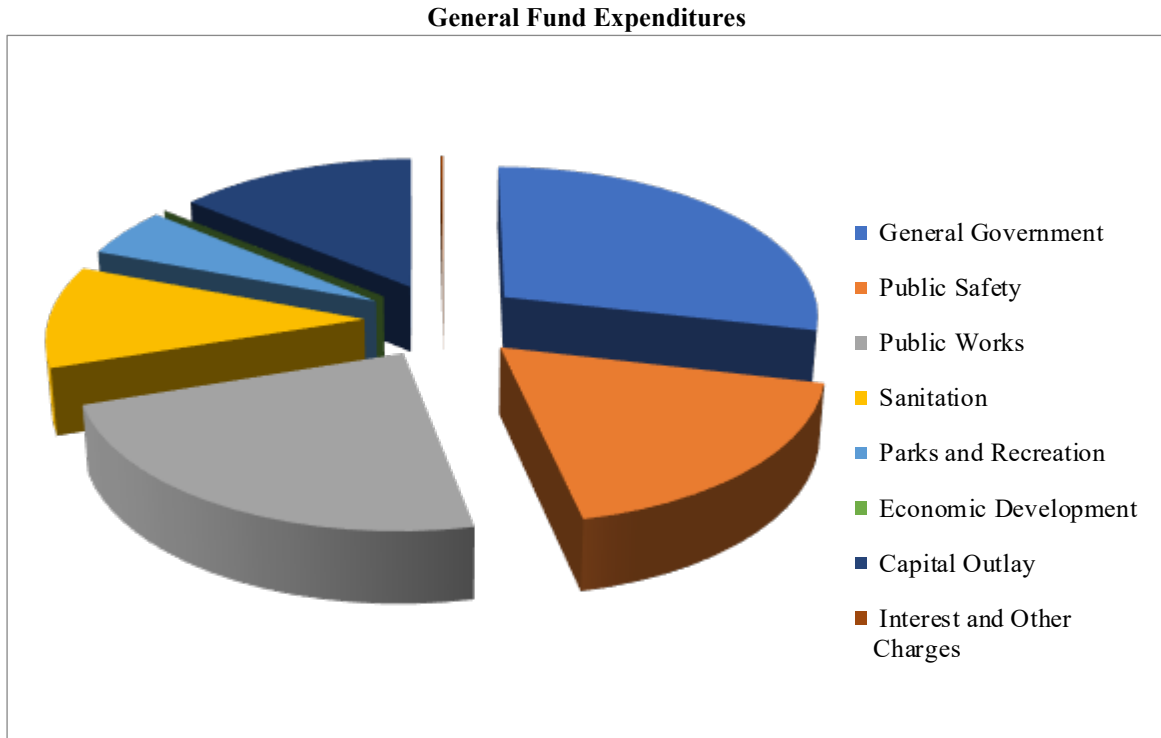
The fund balance of the General Fund increased by \$318,776 compared to 2019. Details of the General Fund's revenues and expenditures are displayed below:



The City received the majority of its funding in the General Fund in the form of grants and funding received from other governmental agencies (34.96 percent) and taxes (46.35 percent). Overall, the City's General Fund revenues were comparable to the prior year, with the exception of increases in property tax revenues.

**CITY OF MAPLE LAKE, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2020**

**THE CITY'S FUNDS (Continued)**



A significant portion of the City's General Fund expenditures are used for public works and sanitation (34.11 percent) and general government operations (28.61 percent). Remaining expenditures are used primarily for public safety (18.04 percent), parks and recreation (5.25 percent), interest and other charges (0.16 percent), and capital outlay (13.83 percent). Expenditures have decreased from the prior year, largely due to expenditures incurred in 2019 for capital outlay.

Major Funds	Fund Balance December 31,		Increase (Decrease)
	2020	2019	
<b>Fire Department Fund</b>	\$ 476,718	\$ 857,211	\$ (380,493)

The Fire Department fund balance decreased by \$380,493 during current year. The decrease in fund balance is the result of an increase in capital outlay expenditures from the purchase of a fire truck in the current year.

**General Fund Budgetary Highlights**

The City's General Fund generated less revenue than budgeted by \$16,812, excluding transfers in from other funds. Expenditures were also less than those budgeted by \$312,012, excluding transfers to other funds.

**Proprietary Funds**

As the City completed the year, its business-type activities reported a combined net position of \$14,587,861. This is a decrease of \$420,084 from the prior year. Operations were generally comparable to the prior year with the exception of items discussed on the next page. The following is a summary of the City's major proprietary funds:

Major Funds	Net Position December 31,		Increase (Decrease)
	2020	2019	
<b>Water</b>	\$ 2,562,270	\$ 2,663,977	\$ (101,707)



**CITY OF MAPLE LAKE, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2020**

**THE CITY'S FUNDS (Continued)**

The Water Fund net position decreased \$101,707 primarily due to an increase in water system improvement expenses in the current year.

Major Funds	Fund Balance December 31,		Increase (Decrease)
	2020	2019	
<b>Sewer</b>	\$ 9,603,792	\$ 9,959,370	\$ (355,578)

The Sewer Fund net position decreased \$355,578 due to the loss on the sale of assets along with the decrease in the change in equity investment in the current year.

Major Funds	Fund Balance December 31,		Increase (Decrease)
	2020	2019	
<b>Liquor</b>	\$ 1,210,396	\$ 1,035,308	\$ 175,088

The Liquor Fund net position increased \$175,088. Operations were generally comparable to the prior year, with the exception of increases in both liquor store sales and related cost of sales in the current year.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of 2020, the City had \$19,357,318 net investment in a broad range of capital assets, including machinery and equipment, buildings, improvements, infrastructure, and water and sewer infrastructure. This amount represents a net increase of \$913,046 (4.95 percent) compared to the prior year.

More detailed information about the City's capital assets is presented in the notes to the financial statements beginning on page thirty-eight.

**Table 4  
Capital Assets Net of Depreciation**

	Governmental Activities		Business-Type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Land	\$ 1,301,699	\$ 1,301,699	\$ 709,012	\$ 791,738	\$ 2,010,711	\$ 2,093,437
Construction In Progress	-	582,172	1,076,810	34,994	1,076,810	617,166
Buildings and Improvements	781,123	792,152	1,740,115	1,977,466	2,521,238	2,769,618
Motor Vehicles	1,383,762	751,380	-	-	1,383,762	751,380
Machinery and Equipment	273,789	304,040	152,691	174,597	426,480	478,637
Infrastructure	6,128,068	5,693,577	-	-	6,128,068	5,693,577
Water and Sewer Systems	-	-	5,810,249	6,040,457	5,810,249	6,040,457
<b>Totals</b>	<b>\$ 9,868,441</b>	<b>\$ 9,425,020</b>	<b>\$ 9,488,877</b>	<b>\$ 9,019,252</b>	<b>\$19,357,318</b>	<b>\$18,444,272</b>

**CITY OF MAPLE LAKE, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2020**

**CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)**

**Debt**

At year-end, the City had \$7,597,000 in gross debt (excluding bond premiums of \$156,955) versus \$6,529,000 in the prior year (an increase of 16.36 percent), as shown in Table 5.

**Table 5  
Outstanding Debt at Year-End**

	Governmental Activities		Business-Type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Bonds Payable	<u>\$ 3,575,000</u>	<u>\$ 3,825,000</u>	<u>\$ 4,022,000</u>	<u>\$ 2,704,000</u>	<u>\$ 7,597,000</u>	<u>\$ 6,529,000</u>

More detailed information regarding the City's indebtedness can be found in the notes to the financial statements beginning on page thirty-nine.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The City's elected and appointed officials considered many factors when setting the year 2021 budget, tax rates, and fees that will be charged for the business-type activities. The Council elected to increase the 2021 tax levy by five percent from the 2020 amount. The increase was due to an increase in expenditures for road construction projects and related improvements, and savings for future capital improvements. The Council expects operations to remain fairly consistent with 2020 for 2021. Overall budget amounts for 2021 are consistent with 2020's budget and operations.

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact City Hall at City of Maple Lake, 10 Maple Avenue, P.O. Box 757, Maple Lake, MN 55358.

## **BASIC FINANCIAL STATEMENTS**

**CITY OF MAPLE LAKE, MINNESOTA**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2020**

	Governmental Activities	Business-Type Activities	Totals
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 3,783,520	\$ 2,665,643	\$ 6,449,163
Property Taxes Receivable	47,231	4,702	51,933
Assessments Receivable	492,355	83,856	576,211
Accounts Receivable	113,045	99,236	212,281
Due from Other Governments	62,967	7,243	70,210
Internal Balances	134,090	(134,090)	-
Inventory	-	181,342	181,342
Prepays	29,245	20,830	50,075
Investment Held for Sale	100,000	-	100,000
Noncurrent Assets:			
Capital Assets Not Being Depreciated	1,301,699	1,785,822	3,087,521
Capital Assets Being Depreciated (Net)	8,566,742	7,703,055	16,269,797
Notes Receivable	95,616	-	95,616
Investment in Joint Venture	-	6,729,692	6,729,692
Net Pension Asset	207,578	-	207,578
<b>TOTAL ASSETS</b>	<b>14,934,088</b>	<b>19,147,331</b>	<b>34,081,419</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pensions	55,779	25,187	80,966
<b>LIABILITIES</b>			
Accounts Payable	34,219	35,982	70,201
Salaries Payable	14,282	13,634	27,916
Construction Contracts Payable	-	49,577	49,577
Other Current Liabilities	1	44	45
Accrued Interest Payable	36,875	30,616	67,491
Unearned Revenue	-	2,970	2,970
Compensated Absences	11,348	13,213	24,561
Noncurrent Liabilities:			
Amount Due Within One Year	279,567	262,000	541,567
Amount Due After One Year	3,366,216	3,913,283	7,279,499
Net Pension Liability	208,481	253,169	461,650
<b>TOTAL LIABILITIES</b>	<b>3,950,989</b>	<b>4,574,488</b>	<b>8,525,477</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pensions	70,639	10,169	80,808
<b>NET POSITION</b>			
Net Investment in Capital Assets	6,248,073	5,355,290	11,603,363
Restricted	1,287,897	-	1,287,897
Unrestricted	3,432,269	9,232,571	12,664,840
<b>TOTAL NET POSITION</b>	<b>\$ 10,968,239</b>	<b>\$ 14,587,861</b>	<b>\$ 25,556,100</b>

**CITY OF MAPLE LAKE, MINNESOTA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2020**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General Government	\$ 426,568	\$ 58,047	\$ 557	\$ -	\$ (367,964)	\$ -	\$ (367,964)
Public Safety	727,309	404,094	12,662	-	(310,553)	-	(310,553)
Public Works	594,632	-	-	43,112	(551,520)	-	(551,520)
Sanitation	142,988	139,890	-	-	(3,098)	-	(3,098)
Parks and Recreation	130,647	130	-	-	(130,517)	-	(130,517)
Economic Development	216,519	-	-	-	(216,519)	-	(216,519)
Debt Service	94,067	-	-	-	(94,067)	-	(94,067)
Total Governmental Activities	2,332,730	602,161	13,219	43,112	(1,674,238)	-	(1,674,238)
Business-Type Activities:							
Water	583,731	371,530	-	93,735	-	(118,466)	(118,466)
Sewer	861,751	622,182	-	16,740	-	(222,829)	(222,829)
Liquor	2,139,817	2,359,008	-	-	-	219,191	219,191
Airport	263,621	72,592	48,220	-	-	(142,809)	(142,809)
Total Business-Type Activities	3,848,920	3,425,312	48,220	110,475	-	(264,913)	(264,913)
<b>TOTALS</b>	<b>\$ 6,181,650</b>	<b>\$ 4,027,473</b>	<b>\$ 61,439</b>	<b>\$ 153,587</b>	<b>(1,674,238)</b>	<b>(264,913)</b>	<b>(1,939,151)</b>
General Revenues:							
Property Taxes					1,037,325	263,179	1,300,504
Tax Increment					110,119	-	110,119
Franchise Taxes					9,950	-	9,950
Intergovernmental					793,459	-	793,459
Investment Income					7,487	4,321	11,808
Gain (Loss) on Sale of Assets					27,193	(78,622)	(51,429)
Rental Income					52,149	-	52,149
Miscellaneous					29,559	10,447	40,006
Total General Revenues					2,067,241	199,325	2,266,566
Change in Equity Investment					-	(199,362)	(199,362)
Capital Asset Transfers					115,134	(115,134)	-
Transfers					40,000	(40,000)	-
Total General Revenues, Change in Equity Investment and Transfers					2,222,375	(155,171)	2,067,204
<b>CHANGE IN NET POSITION</b>					548,137	(420,084)	128,053
<b>NET POSITION - BEGINNING OF YEAR</b>					10,420,102	15,007,945	25,428,047
<b>NET POSITION - END OF YEAR</b>					<u>\$ 10,968,239</u>	<u>\$ 14,587,861</u>	<u>\$ 25,556,100</u>

See accompanying notes.

**CITY OF MAPLE LAKE, MINNESOTA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2020**

	General Fund	Fire Department Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 2,091,388	\$ 414,114	\$ 1,278,018	\$ 3,783,520
Property Taxes Receivable	42,101	1,055	4,075	47,231
Assessments Receivable	50,992	-	441,363	492,355
Accounts Receivable	15,891	-	97,154	113,045
Due from Other Governments	1,420	61,547	-	62,967
Due from Other Funds	192,212	-	-	192,212
Prepays	25,861	2,842	542	29,245
Notes Receivable	10,000	-	85,616	95,616
Investment Held for Sale	100,000	-	-	100,000
Advances to Other Funds	-	-	26,000	26,000
<b>TOTAL ASSETS</b>	<u>\$ 2,529,865</u>	<u>\$ 479,558</u>	<u>\$ 1,932,768</u>	<u>\$ 4,942,191</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 25,563	\$ 2,261	\$ 6,395	\$ 34,219
Salaries Payable	14,027	11	244	14,282
Other Current Liabilities	1	-	-	1
Due to Other Funds	-	-	84,122	84,122
Total Liabilities	<u>39,591</u>	<u>2,272</u>	<u>90,761</u>	<u>132,624</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue:				
Property Taxes	6,254	568	2,042	8,864
Special Assessments	50,807	-	441,363	492,170
Notes Receivable	10,000	-	-	10,000
Investment Held for Sale	100,000	-	-	100,000
Total Deferred Inflows of Resources	<u>167,061</u>	<u>568</u>	<u>443,405</u>	<u>611,034</u>
<b>FUND BALANCES</b>				
Nonspendable	25,861	2,842	112,158	140,861
Restricted	-	-	881,823	881,823
Committed	1,320,151	15,191	372,507	1,707,849
Assigned	-	458,685	137,888	596,573
Unassigned	977,201	-	(105,774)	871,427
Total Fund Balances	<u>2,323,213</u>	<u>476,718</u>	<u>1,398,602</u>	<u>4,198,533</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u>\$ 2,529,865</u>	<u>\$ 479,558</u>	<u>\$ 1,932,768</u>	<u>\$ 4,942,191</u>

**CITY OF MAPLE LAKE, MINNESOTA**  
**RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**DECEMBER 31, 2020**

Total Fund Balances - Governmental Funds \$ 4,198,533

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds:

Capital Assets	\$ 15,500,931	
Accumulated Depreciation	(5,632,490)	
Capital Assets (Net)		9,868,441

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds Balance Sheet:

Bond Principal Payable	(3,575,000)	
Bond Premium, Net of Accumulated Amortization	(45,368)	
Compensated Absences	(11,348)	
Severance Payable	(25,415)	
		(3,657,131)

The net pension asset (liability) and related deferred outflows/inflows represent the allocation of the pension obligations to the City. Such balances are not reported in the governmental funds:

Net Pension Asset	207,578	
Net Pension Liability	(208,481)	
Deferred Outflows - Pensions	55,779	
Deferred Inflows - Pensions	(70,639)	
		(15,763)

Interest on long-term debt is recognized as an expenditure when due and payable in the governmental funds. Therefore, interest is not accrued in the governmental funds Balance Sheet, but is accrued in the Statement of Net Position:

(36,875)

Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable in the governmental funds:

Property Taxes Receivable	8,864	
Special Assessments Receivable	492,170	
Notes Receivable	10,000	
Investment Held for Sale	100,000	
		611,034

<b>TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$ <u>10,968,239</u></b>
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**CITY OF MAPLE LAKE, MINNESOTA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	General Fund	Fire Department Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Property Taxes	\$ 724,725	\$ 60,195	\$ 254,242	\$ 1,039,162
Tax Increment	34	-	110,085	110,119
Franchise Taxes	9,950	-	-	9,950
Special Assessments	17,816	-	148,176	165,992
Licenses, Permits, and Fees	35,239	-	-	35,239
Intergovernmental	546,627	62,438	197,077	806,142
Charges for Services	162,828	180,651	223,443	566,922
Investment Income	4,156	1,531	1,800	7,487
Rental Income	52,149	-	-	52,149
Miscellaneous	10,194	18,325	4,445	32,964
<b>TOTAL REVENUES</b>	<b>1,563,718</b>	<b>323,140</b>	<b>939,268</b>	<b>2,826,126</b>
<b>EXPENDITURES</b>				
Current:				
General Government	375,888	-	10,657	386,545
Public Safety	237,088	177,812	269,258	684,158
Public Works	305,173	-	5,624	310,797
Sanitation	142,988	-	-	142,988
Parks and Recreation	69,027	-	500	69,527
Economic Development	34	-	216,019	216,053
Capital Outlay	181,657	530,821	100,505	812,983
Debt Service:				
Principal	-	-	250,000	250,000
Interest and Other Charges	2,069	-	95,907	97,976
<b>TOTAL EXPENDITURES</b>	<b>1,313,924</b>	<b>708,633</b>	<b>948,470</b>	<b>2,971,027</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>249,794</b>	<b>(385,493)</b>	<b>(9,202)</b>	<b>(144,901)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of Assets	28,982	-	-	28,982
Transfers In	40,000	5,000	-	45,000
Transfers Out	-	-	(5,000)	(5,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>68,982</b>	<b>5,000</b>	<b>(5,000)</b>	<b>68,982</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>318,776</b>	<b>(380,493)</b>	<b>(14,202)</b>	<b>(75,919)</b>
<b>FUND BALANCES - BEGINNING</b>	<b>2,004,437</b>	<b>857,211</b>	<b>1,412,804</b>	<b>4,274,452</b>
<b>FUND BALANCES - ENDING</b>	<b>\$ 2,323,213</b>	<b>\$ 476,718</b>	<b>\$ 1,398,602</b>	<b>\$ 4,198,533</b>



**CITY OF MAPLE LAKE, MINNESOTA**  
**RECONCILIATION OF CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

Net Change in Fund Balances - Total Governmental Funds \$ (75,919)

Amounts reported for governmental activities in the Statement of Activities are different due to the following:

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:

Capital Outlay Capitalized	\$ 751,080	
Capital Assets Acquired via Trade-in	108,687	
Depreciation Expense	(417,599)	
Transfer of Capital Assets	115,134	
Loss on Disposal of Assets	<u>(113,881)</u>	
		443,421

The issuance of long-term debt provides current financial resources to governmental funds while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. The amounts below detail the effects of these differences in the treatment of long-term debt and related items:

Bond Principal Repayments	250,000	
Amortization of Bond Premium	<u>4,597</u>	
		254,597

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds only when it is due. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due: (688)

Under the modified accrual basis of accounting, certain revenues cannot be recognized until they are available to liquidate liabilities of the current period:

Property Taxes	(1,837)	
Special Revenues	<u>(122,880)</u>	
		(124,717)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:

Compensated Absences	(1,959)	
Severance Payable	<u>3,757</u>	
		1,798

Net pension asset and liability do not represent the impending use of current resources. Therefore, the change in such liabilities and related deferrals are not reported in the governmental funds:

Net Pension Asset/Liability and Deferred Outflows/Inflows of Resources		<u>49,645</u>
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<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>		<b><u>\$ 548,137</u></b>
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**CITY OF MAPLE LAKE, MINNESOTA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2020**

	Water Fund	Sewer Fund	Liquor Fund	Nonmajor Airport Fund	Totals
<b>ASSETS</b>					
Current Assets					
Cash and Cash Equivalents	\$ 1,578,354	\$ 570,798	\$ 516,479	\$ 12	\$ 2,665,643
Property Taxes Receivable	490	4,212	-	-	4,702
Assessments Receivable	60,019	23,837	-	-	83,856
Accounts Receivable	30,666	61,461	7,109	-	99,236
Due from Other Governments	-	-	-	7,243	7,243
Inventory	-	-	181,342	-	181,342
Prepays	4,162	4,967	9,790	1,911	20,830
Total Current Assets	1,673,691	665,275	714,720	9,166	3,062,852
Noncurrent Assets					
Capital Assets Not Being Depreciated	863,451	242,558	-	679,813	1,785,822
Capital Assets Being Depreciated (Net)	1,880,967	4,484,989	660,798	676,301	7,703,055
Investment in Joint Venture	-	6,729,692	-	-	6,729,692
Total Noncurrent Assets	2,744,418	11,457,239	660,798	1,356,114	16,218,569
<b>TOTAL ASSETS</b>	4,418,109	12,122,514	1,375,518	1,365,280	19,281,421
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pensions	5,886	4,587	13,151	1,563	25,187
<b>LIABILITIES</b>					
Current Liabilities					
Accounts Payable	1,459	3,931	28,903	1,689	35,982
Salaries Payable	3,273	2,639	6,902	820	13,634
Construction Contracts Payable	49,577	-	-	-	49,577
Other Current Liabilities	44	-	-	-	44
Due to Other Funds	-	-	-	108,090	108,090
Accrued Interest	21,928	8,688	-	-	30,616
Unearned Revenue	-	-	2,970	-	2,970
Compensated Absences	5,292	3,652	3,021	1,248	13,213
Bonds Due Within One Year	155,000	107,000	-	-	262,000
Total Current Liabilities	236,573	125,910	41,796	111,847	516,126

**CITY OF MAPLE LAKE, MINNESOTA**  
**STATEMENT OF NET POSITION (Continued)**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2020**

	Water Fund	Sewer Fund	Liquor Fund	Nonmajor Airport Fund	Totals
Noncurrent Liabilities					
Severance Due After One Year	\$ 20,848	\$ 20,848	\$ -	\$ -	\$ 41,696
Bonds Due After One Year	1,541,760	2,329,827	-	-	3,871,587
Advances from Other Funds	-	-	-	26,000	26,000
Net Pension Liability	60,129	44,920	131,206	16,914	253,169
Total Noncurrent Liabilities	<u>1,622,737</u>	<u>2,395,595</u>	<u>131,206</u>	<u>42,914</u>	<u>4,192,452</u>
<b>TOTAL LIABILITIES</b>	1,859,310	2,521,505	173,002	154,761	4,708,578
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Pensions	2,415	1,804	5,271	679	10,169
<b>NET POSITION</b>					
Net Investment in Capital Assets	1,047,658	2,290,720	660,798	1,356,114	5,355,290
Unrestricted	<u>1,514,612</u>	<u>7,313,072</u>	<u>549,598</u>	<u>(144,711)</u>	<u>9,232,571</u>
<b>TOTAL NET POSITION</b>	<u>\$ 2,562,270</u>	<u>\$ 9,603,792</u>	<u>\$ 1,210,396</u>	<u>\$ 1,211,403</u>	<u>\$ 14,587,861</u>

**CITY OF MAPLE LAKE, MINNESOTA**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	Water Fund	Sewer Fund	Liquor Fund	Nonmajor Airport Fund	Totals
<b>SALES AND COST OF SALES</b>					
Sales	\$ -	\$ -	\$ 2,359,008	\$ 72,592	\$ 2,431,600
Cost of Sales	-	-	(1,779,342)	(30,752)	(1,810,094)
<b>GROSS PROFIT</b>	-	-	579,666	41,840	621,506
<b>OPERATING REVENUES</b>					
Charges for Services	371,530	622,182	-	-	993,712
<b>TOTAL GROSS PROFIT AND OPERATING REVENUES</b>	371,530	622,182	579,666	41,840	1,615,218
<b>OPERATING EXPENSES</b>					
Wages and Benefits	114,052	90,235	209,701	31,073	445,061
Materials and Supplies	20,471	22,293	5,475	575	48,814
Repairs and Maintenance	41,695	12,477	5,908	102,241	162,321
Professional Services	199,876	21,439	17,668	12,592	251,575
Sewer Flow Charges	-	435,694	-	-	435,694
Insurance	5,561	6,740	13,908	2,215	28,424
Utilities	15,796	5,278	16,852	1,871	39,797
Rent	-	-	-	6,000	6,000
Miscellaneous	9,631	10,887	57,479	225	78,222
Depreciation and Amortization	105,648	199,025	33,484	76,052	414,209
<b>TOTAL OPERATING EXPENSES</b>	512,730	804,068	360,475	232,844	1,910,117
<b>NET OPERATING INCOME (LOSS)</b>	(141,200)	(181,886)	219,191	(191,004)	(294,899)
<b>NONOPERATING INCOME (EXPENSE)</b>					
Property Taxes	25,015	238,164	-	-	263,179
Special Assessments	93,735	16,740	-	-	110,475
Intergovernmental	-	-	-	48,220	48,220
Investment Income	2,558	1,205	557	1	4,321
Change in Equity Investment	-	(199,362)	-	-	(199,362)
Gain (Loss) on Sale of Assets	-	(78,542)	-	(80)	(78,622)
Miscellaneous	1,763	1,089	5,340	2,255	10,447
Interest and Other Charges	(71,001)	(57,683)	-	(25)	(128,709)
<b>NET NONOPERATING INCOME (EXPENSE)</b>	52,070	(78,389)	5,897	50,371	29,949

See accompanying notes.

**CITY OF MAPLE LAKE, MINNESOTA**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (Continued)**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	Water Fund	Sewer Fund	Liquor Fund	Nonmajor Airport Fund	Totals
<b>CHANGE IN NET POSITION PRIOR TO TRANSFERS</b>	\$ (89,130)	\$ (260,275)	\$ 225,088	\$ (140,633)	\$ (264,950)
<b>TRANSFERS</b>					
Capital Asset Transfers	(12,577)	(95,303)	-	(7,254)	(115,134)
Operating Transfers In	-	-	-	10,000	10,000
Operating Transfers Out	-	-	(50,000)	-	(50,000)
<b>NET TRANSFERS</b>	<u>(12,577)</u>	<u>(95,303)</u>	<u>(50,000)</u>	<u>2,746</u>	<u>(155,134)</u>
<b>CHANGE IN NET POSITION</b>	(101,707)	(355,578)	175,088	(137,887)	(420,084)
<b>NET POSITION - BEGINNING OF YEAR</b>	<u>2,663,977</u>	<u>9,959,370</u>	<u>1,035,308</u>	<u>1,349,290</u>	<u>15,007,945</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 2,562,270</u></u>	<u><u>\$ 9,603,792</u></u>	<u><u>\$ 1,210,396</u></u>	<u><u>\$ 1,211,403</u></u>	<u><u>\$ 14,587,861</u></u>

**CITY OF MAPLE LAKE, MINNESOTA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Water Fund	Sewer Fund	Liquor Fund	Nonmajor Airport Fund	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash Received from Customers	\$ 373,006	\$ 618,806	\$ 2,354,248	\$ 72,592	\$ 3,418,652
Cash Paid to Suppliers	(293,778)	(552,755)	(1,949,791)	(163,974)	(2,960,298)
Cash Paid to Employees	(112,607)	(88,920)	(206,908)	(31,559)	(439,994)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	(33,379)	(22,869)	197,549	(122,941)	18,360
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Taxes and Intergovernmental	25,422	239,380	(17,254)	61,771	309,319
Other Receipts	1,763	1,089	5,340	2,255	10,447
Net Operating Subsidies and Transfers from (to) Other Funds	-	-	(50,000)	66,205	16,205
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	27,185	240,469	(61,914)	130,231	335,971
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Special Assessments	35,635	941	-	-	36,576
Purchases of Capital Assets	(772,335)	(242,558)	(8,418)	-	(1,023,311)
Capital Contribution to Governmental Activities	(12,577)	(12,577)	-	(7,254)	(32,408)
Payments on Bond Principal	(65,000)	(82,000)	-	-	(147,000)
Proceeds from Debt Issuance	1,223,865	355,906	-	-	1,579,771
Cash Paid for Interest	(52,606)	(52,460)	-	(25)	(105,091)
<b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	356,982	(32,748)	(8,418)	(7,279)	308,537
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Investment Income	2,558	1,205	557	1	4,321
Net Change in Cash and Cash Equivalents	353,346	186,057	127,774	12	667,189
Cash and Cash Equivalents - Beginning of Year	1,225,008	384,741	388,705	-	1,998,454
Cash and Cash Equivalents - End of Year	<u>\$ 1,578,354</u>	<u>\$ 570,798</u>	<u>\$ 516,479</u>	<u>\$ 12</u>	<u>\$ 2,665,643</u>

See accompanying notes.

**CITY OF MAPLE LAKE, MINNESOTA**  
**STATEMENT OF CASH FLOWS (Continued)**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	Water Fund	Sewer Fund	Nonmajor Liquor Fund	Nonmajor Airport Fund	Totals
<b>RECONCILIATION OF NET OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>					
Net Operating Income (Loss)	\$ (141,200)	\$ (181,886)	\$ 219,191	\$ (191,004)	\$ (294,899)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation and Amortization Expense	105,648	199,025	33,484	76,052	414,209
Changes in Assets, Liabilities, and Deferred Outflows/Inflows of Resources:					
Accounts Receivable	1,476	(3,376)	(5,794)	-	(7,694)
Inventory	-	-	3,326	-	3,326
Prepays	632	845	3,119	(122)	4,474
Accounts Payable	(1,424)	(38,792)	(59,604)	(7,381)	(107,201)
Salaries Payable	1,092	1,043	2,064	193	4,392
Other Current Liabilities	44	-	-	-	44
Net Pension Liability	5,767	4,356	16,045	1,376	27,544
Deferred Outflows of Resources - Pensions	(160)	(319)	(823)	79	(1,223)
Deferred Inflows of Resources - Pensions	(7,399)	(5,519)	(15,518)	(2,126)	(30,562)
Compensated Absences	1,335	944	1,025	(8)	3,296
Severance Payable	810	810	-	-	1,620
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ (33,379)</u>	<u>\$ (22,869)</u>	<u>\$ 197,549</u>	<u>\$ (122,941)</u>	<u>\$ 18,360</u>

**CITY OF MAPLE LAKE, MINNESOTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the City of Maple Lake (the City) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The City has a mayor-council form of government that is governed by an elected mayor and four-member council. The City provides the following services: water, sewer, sanitation, a municipal liquor store, recreation, public improvements, public safety, planning and zoning, and general administrative services.

**1.A. FINANCIAL REPORTING ENTITY**

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

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

**Blended Component Units**

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

Economic Development Authority

The Authority was established pursuant to the provisions of Minnesota Statutes Section 469.090 through 469.108 to promote and provide incentives for economic development, and to preserve and create jobs, enhance the City's tax base and promote the general welfare of the people.

The financial activity of the Authority is performed by the City of Maple Lake and treated as routine City business.

**Discretely Presented Component Units**

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

**Related Organizations**

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

**1.B. BASIS OF PRESENTATION**

**Government-Wide Financial Statements**

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds (of which, the City has none). The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services.



**CITY OF MAPLE LAKE, MINNESOTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

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

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

**Fund Financial Statements**

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

- Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues or expenditures/expenses of that individual governmental or proprietary fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues or expenditures/expenses of that individual governmental or proprietary fund are at least 5 percent of the corresponding total for all governmental and proprietary funds combined.

The City reports the following major governmental funds:

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

The *Fire Department Fund* is a special revenue fund used to account for funds received by the City for fire department expenditures.

The City reports the following major and nonmajor proprietary funds:

The *Proprietary Funds* are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges, and the measurement of financial activity focuses on net income measurement similar to the private sector. The City maintains Water, Sewer, Liquor, and Airport Proprietary Funds. The Airport Fund is classified as nonmajor in the current year.

The City reports the following nonmajor governmental fund types:

The *Debt Service Funds* account for the accumulation of financial resources for the payment of interest and principal on general long-term debt of the City other than debt service payments made by proprietary funds. Tax levies and special assessments are used for the payment of principal and interest on the City's indebtedness. These funds also account for the receipt of tax increment financing dollars and the use of such dollars for pay-as-you-go debt or eligible administrative costs incurred by the City.

The *Special Revenue Funds* account for funds received by the City with a specific purpose.

The *Capital Project Funds* are used to account for financial resources to be used for the acquisition or construction of capital projects (other than those financed by proprietary funds).

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

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

**CITY OF MAPLE LAKE, MINNESOTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

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

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

**Measurement Focus**

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-type activities are presented using the *economic resources* measurement focus as defined in the second bullet point below.

In the fund financial statements, the *current financial resources* measurement focus or the *economic resources* measurement focus is used as appropriate:

- All governmental funds utilize a *current financial resources* measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- The government-wide financial statements and proprietary funds utilize an *economic resources* measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position and cash flows. All assets, deferred outflows, liabilities, and deferred inflows (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

**Basis of Accounting**

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-type activities are presented using the *accrual* basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, liabilities, and deferred outflows/inflows resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the *modified accrual* basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

All proprietary funds utilize the accrual basis of accounting.

**1.D. USE OF ESTIMATES**

The preparation of 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 amounts of assets, deferred outflows, liabilities, and deferred inflows, and disclosure of contingent assets, liabilities and deferred outflows/inflows at the date of the financial statements. Estimates also affect reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**1.E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND EQUITY**

**Cash and Cash Equivalents**

For purposes of the Statement of Net Position and proprietary fund Statement of Cash Flows, “cash and cash equivalents” includes all demand and money market savings accounts for the City.

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

**CITY OF MAPLE LAKE, MINNESOTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

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

**1.E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND EQUITY (Continued)**

**Interfund Receivables and Payables**

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Those related to good and services type transactions are classified as “due to and from other funds.” Short-term interfund loans are reported as “due to and from other fund.” Long-term interfund loans are reported as “advances from and to other funds.” Interfund receivables and payables between funds within governmental activities, as well as interfund receivables and payables between funds within business-type activities, are eliminated in the Statement of Net Position. See Note 2.D. for details of interfund transactions, including receivables and payables at year-end.

**Receivables**

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable and are not deemed necessary at year end. Major receivable balances for the governmental activities include taxes, special assessments and charges for services. Business-type activities report utility charges and assessments as their major receivables.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as taxes, assessments, other intergovernmental revenues, fines and charges for services since they are usually both measurable and available. Revenues collectible but not available are deferred in the fund financial statements in accordance with the modified accrual basis, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Utility accounts receivable compose the majority of proprietary fund receivables. Allowance for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. No allowances are deemed necessary at year end.

**Prepays**

Prepays represent expenditures/expenses paid during the current year to be recognized in future periods.

**Inventories**

The Liquor Fund carries inventory that consists of items held for resale. Inventory is recognized on the first in, first out (FIFO) method.

**Notes Receivable**

Notes receivable consists of a non-interest bearing note due from a local organization to reimburse the City for capital improvements completed by the City. Remaining balance of such note amounts to \$10,000 at December 31, 2020, and is payable to the City in annual installments of \$2,500 through April 1, 2023.

A note receivable in the amount of \$20,000 was made to a local organization on November 3, 2017. Terms call for 60 monthly principal and interest payments of approximately \$368 with interest of four percent. The principal balance at December 31, 2020 amounts to \$11,162. The activity for the note receivable is accounted for in the Revolving Loan Fund.

A note receivable in the amount of \$58,540 was made to a local organization on June 19, 2018. Terms call for 120 monthly principal and interest payments of approximately \$622 with interest of five percent. The principal balance at December 31, 2020 amounts to \$50,682. The activity for the note receivable is accounted for in the Revolving Loan Fund.

A note receivable in the amount of \$25,000 was made to a local organization on November 14, 2019. Terms call for 60 monthly principal and interest payments of approximately \$460 with interest of four percent. The principal balance at December 31, 2020 amounts to \$23,772. The activity for the note receivable is accounted for in the Revolving Loan Fund.

**CITY OF MAPLE LAKE, MINNESOTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

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

**1.E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND EQUITY (Continued)**

**Capital Assets**

The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Capital assets are defined by the City based on each individual asset's initial cost and must have an estimated useful life in excess of one year. The City's cost thresholds for capitalization of acquisitions are as follows:

Vehicles and Equipment	\$ 5,000
Land and Land Improvements	10,000
Buildings and Improvements	25,000
Infrastructure	50,000

The range of estimated useful lives by type of asset is as follows:

Buildings	40 years
Infrastructure	25-40 years
Furniture	15 years
Office and Computer Equipment	5-10 years
Vehicles and Equipment	5-20 years

**Government-wide Statements**

In the government-wide financial statements, capital outlay expenditures are accounted for as capital assets. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated acquisition value at the date of donation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation.

**Fund Financial Statements**

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

**Accounts Payable**

Payables in the governmental and proprietary funds are composed almost entirely of payables to vendors.

**Compensated Absences**

It is the City's policy to permit employees to accumulate a limited amount of earned but unused vacation leave. All vacation pay and compensatory pay are accrued when incurred in the government-wide and proprietary fund financial statements.

A liability for these amounts is reported in governmental funds only if they have matured, for example, as the result of an employee's resignation or retirement. In the event a liability is recorded in the governmental funds, General Fund resources would be used to liquidate the compensated absences.

**CITY OF MAPLE LAKE, MINNESOTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

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

**1.E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND EQUITY (Continued)**

**Accrued Severance**

Upon retirement, eligible employees with a minimum of fifteen years of full-time employment with the City are entitled to severance pay up to a maximum of 960 hours of accrued sick leave to be deposited to the employee's Health Care Savings Plan. All severance pay is accrued when incurred in the government-wide and proprietary fund financial statements.

A liability for these amounts is reported in governmental funds only if they have matured, for example, as the result of an employee's retirement. In the event a liability is recorded in the governmental funds, General Fund resources would be used to liquidate the accrued severance.

**Noncurrent Liabilities**

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of general obligation bonds.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest are reported as expenditures. The accounting for proprietary funds is the same in the fund statements as it is in the government-wide statements.

**Net Pension Asset/Liability**

The net pension asset represents the Maple Lake Firemen's Relief Association's net pension asset as of the most recent actuarial valuation date. The net pension liability represents the City's allocation of its pro-rata share of the net pension liabilities of the Statewide pension plans administered by the Public Employees Retirement Administration (PERA).

**PERA**

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA except that PERA's fiscal year end is June 30. 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.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the Statements of Net Position report a separate section for deferred outflows of resources. This element represents a consumption of net position that applies to future periods and, therefore, will not be recognized as an outflow of resources (expense) until then. The City reports deferred outflows of resources in the government-wide and proprietary fund Statements of Net Position in relation to the activity of the pension funds in which City employees participate.

In addition to liabilities, the Statements of Net Position and Balance Sheet report a separate section for deferred inflows of resources. This element represents an acquisition of net position or fund balance that applies to future periods and, therefore, will not be recognized as an inflow of resources (revenue) until that time. The City reports taxes, special assessments, notes receivable, and investments held for sale as deferred inflows of resources in the governmental fund financial statements, in accordance with the modified accrual basis of accounting. Accordingly, such amounts are deferred and recognized as inflows of resources in the period that they become available. In addition, the City reports deferred inflows of resources in the government-wide and proprietary fund Statements of Net Position in relation to the activity of pension fund plans in which City employees participate.

**CITY OF MAPLE LAKE, MINNESOTA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

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

**1.E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND EQUITY (Continued)**

See Notes 3 and 4 for additional information pertaining to the deferred outflows and deferred inflows recorded to account for pension activities.

**Equity Classifications**

Government-wide Statements

Equity is classified as net position and displayed in three components:

Net Investment in Capital Assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – The portion of net position for which use is constrained by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or 2) law through constitutional provisions or enabling legislation.

Unrestricted – Remaining balance of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

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

Fund Statements

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

Nonspendable – Includes amounts that cannot be spent because they are either not in spendable form, or legally or contractually required to be maintained intact. The nonspendable fund balances at December 31, 2020 consist of prepaid expenditures, advances to other funds, and notes receivable.

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

Committed – Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council which is the highest level of decision making authority. Committed amounts cannot be used for any other purpose unless the City Council modifies or rescinds the commitment by resolution.

Assigned – Amounts that are constrained by the City’s intent to be used for specific purposes, but are neither restricted nor committed. The City Council has adopted a fund balance policy which delegates the authority to assign amounts for specific purposes to the City Administrator.

Unassigned – This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The City has formally adopted a policy under which it strives to maintain a minimum unassigned General Fund balance of not less than 35 percent of the following year’s budgeted operating expenditures.

See Note 2.E. for additional disclosures.

Proprietary Fund Financial Statements – Proprietary fund equity is classified the same as in the government-wide statements, as described above.

**CITY OF MAPLE LAKE, MINNESOTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

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

**1.F. REVENUES, EXPENDITURES AND EXPENSES**

**Property Tax**

Under State law, municipalities are limited in their ability to levy a property tax. The City levies its property tax for the subsequent year during the month of December. Wright County is the collecting agency for the levy and remits the collections to the City. In the fund financial statements, property taxes are recorded as revenue in the period levied to the extent they are collected within 60 days of year-end.

November 30<sup>th</sup> is the last day the City can certify a tax levy to the County for collection the following year. The County creates the tax list for all taxable property in the City and applies the applicable tax rate to the tax capacity of individual properties to arrive at the actual tax for each property. The County also collects all special assessments, except for certain prepayments paid directly to the City. The County collects all taxes and assessments, except as noted above. The County mails copies of all real estate and personal property tax statements. Each year, property owners are required to pay one half of their real estate taxes by May 15 and the balance by October 15. Penalties and interest are assessed to property owners who do not pay their property taxes and special assessments by the due dates.

Delinquent taxes receivable includes the past six years' uncollected taxes. Delinquent taxes have been offset by deferred inflows of resources for taxes not received within 60 days after year end in the fund financial statements.

**Operating Revenues and Expenses**

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and noncapital financing or investing activities.

**Expenditures/Expenses**

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

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

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

Proprietary Fund - By Operating and Nonoperating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

**Interfund Transfers**

Permanent reallocation of resources between funds of the reporting entity are classified as interfund transfers. For the purpose of the Statement of Activities, all interfund transfers between individual governmental funds, as well as all interfund transfers between individual proprietary funds, have been eliminated. See additional information at Note 2.D.

**1.F. RECLASSIFICATIONS**

Certain prior year amounts have been reclassified to conform to the current year presentation in the City's Management's Discussion and Analysis. Such reclassifications have no impact on the change in net position.

**CITY OF MAPLE LAKE, MINNESOTA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

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

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, deferred outflows/inflows of resources, equity, revenues and expenditures/expenses.

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

**Deposits**

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

Authorized collateral in lieu of a corporate surety bond includes:

- United States Government Treasury bills, Treasury notes, Treasury bonds;
- Issues of United States government agencies and instrumentalities as quoted by a recognized industry quotation service available to the government entity;
- A general obligation of a state or local government, with taxing powers, rated “A” or better;
- A revenue obligation of a state or local government, with taxing powers, rated “AA” or better;
- Unrated general obligation securities of a local government, with taxing powers, pledged as collateral against funds deposited by that same local government entity;
- Irrevocable standby letter of credit issued by a Federal Home Loan Bank accompanied by written evidence that the Federal Home Loan Bank’s public debt is rated “AA” or better by Moody’s or Standard and Poor’s; or
- Time deposits insured by any federal agency.

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

At December 31, 2020, the City’s deposits were not exposed to custodial credit risk. The City’s deposits were sufficiently covered by federal depository insurance or by collateral held by the City’s agent in the City’s name.

At December 31, 2020, the City has the following deposits:

Cash in Checking Accounts	\$ 996,442
Money Market Accounts	<u>5,452,721</u>
Total Carrying Amount of Deposits Balance	<u>\$ 6,449,163</u>



**CITY OF MAPLE LAKE, MINNESOTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

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

**2.B.     CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2020 is as follows:

	Balance at 01/01/20	Additions	Disposals	Transfers	Balance at 12/31/20
Governmental Activities:					
Capital Assets not Being Depreciated					
Land	\$ 1,301,699	\$ -	\$ (82,726)	\$ 82,726	\$ 1,301,699
Construction In Progress	582,172	64,094	-	(646,266)	-
Total Capital Assets not Being Depreciated	1,883,871	64,094	(82,726)	(563,540)	1,301,699
Capital Assets Being Depreciated					
Buildings and Improvements	1,454,964	54,237	-	-	1,509,201
Motor Vehicles	1,838,180	730,236	(221,976)	32,408	2,378,848
Machinery and Equipment	705,448	11,200	-	-	716,648
Infrastructure	8,948,269	-	-	646,266	9,594,535
Total Capital Assets Being Depreciated	12,946,861	795,673	(221,976)	678,674	14,199,232
Less: Accumulated Depreciation					
Buildings and Improvements	(662,812)	(65,266)	-	-	(728,078)
Motor Vehicles	(1,086,800)	(99,107)	190,821	-	(995,086)
Machinery and Equipment	(401,408)	(41,451)	-	-	(442,859)
Infrastructure	(3,254,692)	(211,775)	-	-	(3,466,467)
Total Accumulated Depreciation	(5,405,712)	(417,599)	190,821	-	(5,632,490)
Total Capital Assets Being Depreciated, Net	7,541,149	378,074	(31,155)	678,674	8,566,742
Capital Assets, Net	<u>\$ 9,425,020</u>	<u>\$ 442,168</u>	<u>\$ (113,881)</u>	<u>\$ 115,134</u>	<u>\$ 9,868,441</u>

Depreciation is charged to governmental activities as follows:

General Government	\$ 11,950
Public Safety	72,073
Public Works	280,674
Parks and Recreation	52,902
Total Depreciation Expense	<u>\$ 417,599</u>

Excluded from the above tables is an investment held for sale, which consists of land valued at \$100,000. This land is not measured at fair value on an ongoing basis; however, it is subject to fair value adjustments in certain circumstances such as there is evidence of impairment or a change in the amount of previously recognized impairment. Because of the nature of this valuation, it is considered a level 3 investment (based on significant unobservable inputs).

**CITY OF MAPLE LAKE, MINNESOTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

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

**2.B.     CAPITAL ASSETS (Continued)**

	Balance at 01/01/20	Additions	Disposals	Transfers	Balance at 12/31/20
Business-Type Activities:					
Capital Assets not Being					
Depreciated					
Land	\$ 791,738	\$ -	\$ -	\$ (82,726)	\$ 709,012
Construction In Progress	34,994	1,041,816	-	-	1,076,810
Total Capital Assets not Being					
Depreciated	826,732	1,041,816	-	(82,726)	1,785,822
Capital Assets Being					
Depreciated					
Water and Sewer Systems	9,753,216	-	-	-	9,753,216
Buildings and Improvements	4,989,612	-	(325,000)	-	4,664,612
Machinery and Equipment	484,502	40,826	(1,289)	(32,408)	491,631
Total Capital Assets Being					
Depreciated	15,227,330	40,826	(326,289)	(32,408)	14,909,459
Less: Accumulated Depreciation					
Water and Sewer Systems	(3,712,759)	(230,208)	-	-	(3,942,967)
Buildings and Improvements	(3,012,146)	(158,809)	246,458	-	(2,924,497)
Machinery and Equipment	(309,905)	(30,244)	1,209	-	(338,940)
Total Accumulated					
Depreciation	(7,034,810)	(419,261)	247,667	-	(7,206,404)
Total Capital Assets Being					
Depreciated, Net	8,192,520	(378,435)	(78,622)	(32,408)	7,703,055
Capital Assets, Net	<u>\$ 9,019,252</u>	<u>\$ 663,381</u>	<u>\$ (78,622)</u>	<u>\$ (115,134)</u>	<u>\$ 9,488,877</u>

**2.C.     NONCURRENT LIABILITIES**

The reporting entity's long-term debt is segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities. All bonds set forth on the next page are direct obligations of the City and pledge the full faith and credit of the City.

**CITY OF MAPLE LAKE, MINNESOTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

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

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

**Debt Detail**

As of December 31, 2020, the long-term debt of the financial reporting entity, excluding the bond premium of \$156,955, consists of the following:

Governmental Activities

General Obligation Bonds					
Issue Date	Original Amount	Annual Principal Payment	Interest Rate(s)	Maturity Date	Remaining Amount
12/12	\$ 1,030,000	\$100,000 - 110,000	1.10% - 2.20%	04/25	\$ 530,000
06/14	1,440,000	\$80,000 - 115,000	2.00% - 3.00%	02/30	1,020,000
09/16	610,000	\$25,000 - 55,000	1.30% - 3.00%	02/32	465,000
08/18	920,000	\$10,000 - 150,000	2.00% - 4.00%	02/33	910,000
10/19	650,000	\$10,000 - 90,000	2.00%	02/30	650,000
Total Governmental Activities Bonds Payable					3,575,000
Bonds Due Within One Year					275,000
Bonds Due After One Year					<u>\$ 3,300,000</u>

Business-Type Activities

General Obligation Bonds					
Issue Date	Original Amount	Annual Principal Payment	Interest Rate(s)	Maturity Date	Remaining Amount
08/10	\$ 1,314,000	\$4,000 - 60,000	3.25%	01/50	\$ 1,220,000
07/13	1,273,927	\$38,800 - 70,000	1.00%	08/33	862,000
12/15	715,000	\$55,000 - 70,000	1.50% - 2.50%	03/27	475,000
06/20	1,465,000	\$105,000 - \$140,000	2.00% - 4.00%	02/32	1,465,000
Total Business-Type Activities Bonds Payable					4,022,000
Bonds Due Within One Year					262,000
Bonds Due After One Year					<u>\$ 3,760,000</u>

**CITY OF MAPLE LAKE, MINNESOTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

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

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

**Changes in Noncurrent Liabilities**

The following is a summary of changes in noncurrent liabilities, excluding the net pension liability, for the year ended December 31, 2020:

Type of Debt	Balance 1/1/2020	Additions	Deductions	Balance 12/31/2020	Amounts Due Within One Year
<u>Governmental Activities:</u>					
Bonds	\$ 3,825,000	\$ -	\$ (250,000)	\$ 3,575,000	\$ 275,000
Unamortized Bond Premium	49,965	-	(4,597)	45,368	-
Accrued Severance	29,172	809	(4,566)	25,415	4,567
Total	<u>\$ 3,904,137</u>	<u>\$ 809</u>	<u>\$ (259,163)</u>	<u>\$ 3,645,783</u>	<u>\$ 279,567</u>
<u>Business-Type Activities:</u>					
Bonds	\$ 2,704,000	\$ 1,465,000	\$ (147,000)	\$ 4,022,000	\$ 262,000
Unamortized Bond Premium	1,868	114,771	(5,052)	111,587	-
Accrued Severance	40,076	1,620	-	41,696	-
Total	<u>\$ 2,745,944</u>	<u>\$ 1,581,391</u>	<u>\$ (152,052)</u>	<u>\$ 4,175,283</u>	<u>\$ 262,000</u>

Governmental activity debt is typically funded through Debt Service Funds. Business-Type activity debt is typically funded through the Water and Sewer Funds. Accrued severance is funded through the funds to which the respective employees' wages are allocated.

**Annual Debt Service Requirements**

At December 31, 2020, the estimated annual debt service requirements to maturity, including principal and interest, and excluding accrued severance and net pension liability are as follows:

Years Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2021	\$ 275,000	\$ 90,173	\$ 365,173
2022	360,000	83,930	443,930
2023	415,000	75,421	490,421
2024	380,000	66,406	446,406
2025	380,000	57,554	437,554
2026-2030	1,335,000	167,925	1,502,925
2031-2033	430,000	25,800	455,800
Totals	<u>\$ 3,575,000</u>	<u>\$ 567,209</u>	<u>\$ 4,142,209</u>

**CITY OF MAPLE LAKE, MINNESOTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

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

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

Years Ending December 31,	Business-Type Activities		
	Principal	Interest	Total
2021	\$ 262,000	\$ 105,706	\$ 367,706
2022	253,000	93,598	346,598
2023	254,000	87,013	341,013
2024	269,000	80,238	349,238
2025	275,000	72,713	347,713
2026-2030	1,265,000	260,580	1,525,580
2031-2035	684,000	153,474	837,474
2036-2040	240,000	111,507	351,507
2041-2045	280,000	66,657	346,657
2046-2049	240,000	19,510	259,510
Totals	<u>\$ 4,022,000</u>	<u>\$ 1,050,996</u>	<u>\$ 5,072,996</u>

Interest expense totals \$176,389 in the Statement of Activities (included in Debt Service, Water, and Sewer lines). Interest expenditures/expenses total \$92,430 for the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds (included in the line Interest and Other Charges) and \$83,271 in the Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds (included in the line Interest and Other Charges).

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

Operating transfers consist of the following for the year ended December 31, 2020:

Major Fund	Transfers Out	Transfers In			
		Major Funds		Nonmajor	Total
		General	Fire	Airport	
Liquor	\$ (50,000)	\$ 40,000	\$ -	\$ 10,000	\$ 50,000
<u>Nonmajor Fund</u>					
Governmental	(5,000)	-	5,000	-	5,000
	<u>\$ (55,000)</u>	<u>\$ 40,000</u>	<u>\$ 5,000</u>	<u>\$ 10,000</u>	<u>\$ 55,000</u>

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

**CITY OF MAPLE LAKE, MINNESOTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

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

**2.D.     INTERFUND TRANSACTIONS AND BALANCES (Continued)**

The interfund balances at December 31, 2020 are as follows:

Long-Term Advances		Amount	Reason
Advances Due To	Advances Due From		
Community Development	Airport	\$ 26,000	Finance property purchase
Short-Term Balances			
Due To Fund	Due From Fund		
General	Airport	108,090	Eliminate negative cash
General	Municipal Improvements	49,793	Eliminate negative cash
General	COVID Relief Aid	4,292	Eliminate negative cash
General	2019 Street Improvements	14,413	Eliminate negative cash
General	2014 Street Improvements	15,624	Eliminate negative cash
Total Interfund Balances		218,212	
Governmental fund elimination		(84,122)	
Total government-wide internal balances		<u>\$ 134,090</u>	

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

**2.E.     FUND EQUITY**

At December 31, 2020, governmental fund equity consists of the following:

General Fund		
Nonspendable - Prepaids	\$ 25,861	
Committed for City Hall	497,999	
Committed for Maintenance	74,514	
Committed for Streets	717,270	
Committed for Parks	30,368	
Unassigned	<u>977,201</u>	
Total General Fund Balance	<u>\$ 2,323,213</u>	
Fire Department Fund		
Nonspendable - Prepaids	\$ 2,842	
Committed for Fire Department	15,191	
Assigned for Fire Department	<u>458,685</u>	
Total Fire Department Fund Balance	<u>\$ 476,718</u>	

**CITY OF MAPLE LAKE, MINNESOTA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

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

**2.E.     FUND EQUITY (Continued)**

Nonmajor Governmental Funds	
Nonspendable - Prepaids	\$            542
Nonspendable - Advance to Other Funds	26,000
Nonspendable - Notes Receivable	85,616
Restricted for Debt Service	551,436
Restricted for Revolving Loan	211,469
Restricted for Park Dedication	31,497
Restricted for EDA	87,421
Committed for Capital Projects	63,788
Committed for Capital Outlay	308,719
Assigned for Ambulance	94,767
Assigned for Community Development	43,121
Unassigned	<u>(105,774)</u>
 Total Nonmajor Governmental Funds Balance	 <u><u>\$        1,398,602</u></u>

**2.F.     DEFICIT FUND EQUITY**

Deficit fund balance in individual funds at December 31, 2020 consists of the following:

Nonmajor Governmental Fund	Fund Deficit
Debt Service Funds	
TIF Districts Fund	<u>\$        (21,655)</u>
Special Revenue Funds	
COVID Relief Aid Fund	<u>\$            (4,292)</u>
Capital Project Funds	
2014 Street Improvements Fund	<u>\$        (15,621)</u>
2019 Street Improvements Fund	<u>\$        (14,413)</u>
Municipal Improvements Fund	<u>\$        (49,793)</u>

These fund deficits are expected to be covered by future revenues, tax levies or transfers.

**CITY OF MAPLE LAKE, MINNESOTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

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

**2.G.     DESIGNATED NET POSITION**

The City Council has designated a portion of its unrestricted proprietary fund net position. Designated amounts consist of the following:

Water Fund	
Designated for Capital Improvements	\$     1,097,014
Undesignated	<u>          417,598</u>
Total Water Fund Unrestricted Net Position	<u><u>\$     1,514,612</u></u>
 Sewer Fund	
Designated for Capital Improvements	\$        662,308
Undesignated	<u>          6,650,764</u>
Total Sewer Fund Unrestricted Net Position	<u><u>\$     7,313,072</u></u>
 Liquor Fund	
Designated for Capital Improvements	\$        22,790
Undesignated	<u>          526,808</u>
Total Liquor Fund Unrestricted Net Position	<u><u>\$        549,598</u></u>
 Airport Fund	
Undesignated	<u><u>\$       (144,711)</u></u>

**NOTE 3     PENSION PLANS**

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

**Plan Description**

The City participates in the following cost-sharing multiple-employer defined benefit pension plan 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

The General Employees Retirement Plan covers certain full time and part-time employees of the City of Maple Lake. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

**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.



**CITY OF MAPLE LAKE, MINNESOTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 3 PENSION PLANS (Continued)**

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

General Employees Plan 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 percent for each of the first 10 years of service and 1.7 percent for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7 percent 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.

**Contributions**

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

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2020 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, 2020 were \$42,880. The City's contributions were equal to the required contributions as set by State Statute.

**Pension Costs**

General Employees Fund Pension Costs

At December 31, 2020, the City reported a liability of \$461,650 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 \$14,168. The net pension liability was measured as of June 30, 2020, 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, 2019 through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0077 percent at the end of the measurement period and 0.0075 percent for the beginning of the period.

**CITY OF MAPLE LAKE, MINNESOTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 3 PENSION PLANS (Continued)**

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

City's proportionate share of the net pension liability	\$461,650
State of Minnesota's proportionate share of the net pension liability associated with the City	<u>14,168</u>
Total	<u>\$475,818</u>

For the year ended December 31, 2020, the City recognized pension expense of \$43,760 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized an additional \$1,233 as grant revenue for its proportionate share of the State of Minnesota's pension expense for the annual \$16 million contribution.

At December 31, 2020, the City reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 4,097	\$ 1,746
Changes in actuarial assumptions	-	16,798
Differences between projected and actual investment earnings	9,430	-
Changes in proportion	11,067	-
Contributions paid to PERA subsequent to the measurement date	<u>21,180</u>	<u>-</u>
Total Deferred Outflows/Inflows	<u>\$ 45,774</u>	<u>\$ 18,544</u>

The \$21,180 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, 2021.

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,	Pension Expense
2021	\$ (20,685)
2022	\$ 4,057
2023	\$ 11,524
2024	\$ 11,154

Total Pension Expense

The total pension expense for all plans recognized by the City for the year ended December 31, 2020 was \$43,760.

**CITY OF MAPLE LAKE, MINNESOTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 3 PENSION PLANS (Continued)**

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

**Actuarial Assumptions**

The total pension liability in the June 30, 2020 actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

<u>Assumptions</u>	<u>Rates</u>
Inflation	2.25 percent per year
Active Member Payroll Growth	3.00 percent per year
Investment Rate of Return	7.50 percent

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants were based on Pub-2010 General Employee Mortality table for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases after retirement for retirees are assumed to be 1.25 percent per year for the General Employees Plan.

Actuarial assumptions used in the June 30, 2020 valuation were based on the results of actuarial experience studies. The most recent four-year experience study in 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 following changes in actuarial assumptions and plan provisions occurred in 2020:

General Employees Fund

Changes in Actuarial Assumptions:

- The price inflation assumption was decreased from 2.50 percent to 2.25 percent.
- The payroll growth assumption was decreased from 3.25 percent to 3.00 percent.
- 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 percent 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.
- 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 percent Joint & Survivor option changed from 35 percent to 45 percent. The assumed number of married female new retirees electing the 100 percent Joint & Survivor option changed from 15 percent to 30 percent. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions:

- Augmentation for current privatized members was reduced to 2.00 percent for the period July 1, 2020 through December 31, 2023 and 0.00 percent after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

**CITY OF MAPLE LAKE, MINNESOTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 3 PENSION PLANS (Continued)**

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

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 Stocks	35.5%	5.10%
International Stocks	17.5%	5.30%
Bonds (Fixed Income)	20.0%	0.75%
Alternative Assets (Private Markets)	25.0%	5.90%
Cash	2.0%	0.00%
Total	<u>100%</u>	

**Discount Rate**

The discount rate used to measure the total pension liability in 2020 was 7.50 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 position of the General Employees Fund was 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.

**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:

	1% Decrease in Discount Rate (6.5%)	Discount Rate (7.5%)	1% Increase in Discount Rate (8.5%)
Net Pension Liability	\$ 739,865	\$ 461,650	\$ 232,145

**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](http://www.mnpera.org).

**3.B. DEFINED CONTRIBUTION PENSION PLANS – STATEWIDE**

A total of five council members of the City of Maple Lake 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.

**CITY OF MAPLE LAKE, MINNESOTA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 3 PENSION PLANS (Continued)**

**3.B. DEFINED CONTRIBUTION PENSION PLANS – STATEWIDE (Continued)**

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 fiscal year 2020 were:

Contribution Amount		Percentage of Covered Payroll		Required Rate
Employee	Employer	Employee	Employer	
\$524	\$524	5%	5%	5%

**NOTE 4 DEFINED BENEFIT PENSION PLAN – FIRE RELIEF ASSOCIATION**

**Plan Description**

Firefighters of the City of Maple Lake are members of the Maple Lake Firemen's Relief Association. The Association is the administrator of a single-employer defined benefit pension plan available to firefighters. The plan operates under the provisions of Minnesota laws 1965 Ch. 446 as amended, and the applicable provisions of *Minnesota Statute* Chs. 69 and 424 and 424A. It is governed by a Board of Trustees consisting of six members elected by the members of the Association, and the Mayor, a City Council member, and Fire Chief, who serve as ex-officio members of the Board.

**Benefits Provided**

After the age of 50 and upon retirement, each member who has served as an active firefighter in the Association is eligible for varying levels of pension benefits, dependent upon the individual's years of service. In addition, members or their beneficiaries may qualify for death or disability benefits.

**Contributions**

The Volunteer Firefighter's Relief Association Financing Guidelines Act of 1971 (Chapter 261 as amended by Chapter 509 of Minnesota Statute 1980) specifies minimum contributions required on an annual basis. The minimum support rates from the municipality and state aid are determined in the amount required to meet the normal cost plus amortizing any existing prior year service costs over a 10-year period. The City's contributions to the Association for the year ended December 31, 2020 total \$33,000.

**Pension Costs**

At December 31, 2020, the City of Maple Lake reported a net pension asset of \$207,578 for the Fire Relief Association's plan. The net pension asset was measured as of December 31, 2019, as determined by an actuarial valuation as of January 1, 2019.

For the year ended December 31, 2020, the City recognized pension expense of negative \$42,514 for the Association. The City also recognized \$56,418 for the year ended December 31, 2020, as pension expense (and grant revenue) for State of Minnesota's contributions to the Association.

**CITY OF MAPLE LAKE, MINNESOTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 4     DEFINED BENEFIT PENSION PLAN – FIRE RELIEF ASSOCIATION (Continued)**

The following table presents the changes in net pension asset during the measurement period.

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Beginning Balance 12/31/18	\$ 848,301	\$ 902,521	\$ (54,220)
Service Cost	25,006	-	25,006
Interest on Pension Liability	42,383	-	42,383
Projected Investment Earnings	-	46,233	(46,233)
Contributions (Employer)	-	33,000	(33,000)
Contributions (State)	-	56,397	(56,397)
Asset (Gain)/Loss	-	92,947	(92,947)
Benefit Payouts	(205,400)	(205,400)	-
PERA Administrative Fee	-	(7,830)	7,830
Net Changes	<u>(138,011)</u>	<u>15,347</u>	<u>(153,358)</u>
Balance End of Year 12/31/19	<u>\$ 710,290</u>	<u>\$ 917,868</u>	<u>\$ (207,578)</u>

At December 31, 2020, the City of Maple Lake reported deferred outflows of resources and deferred inflows of resources related to the pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 41,730
Changes in actuarial assumptions	2,192	-
Difference between projected and actual investment earnings	-	20,534
Contributions paid to PERA subsequent to the measurement date	<u>33,000</u>	<u>-</u>
Total Deferred Outflows/Inflows	<u>\$ 35,192</u>	<u>\$ 62,264</u>

A total of \$33,000 reported as deferred outflows of resources related to the pension resulting from City contributions subsequent to the measurement date will be recognized as an addition to the net pension asset in the year ended December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to the pension will be recognized in pension expense as follows:

Year ended December 31,	Pension Expense
2021	\$ (3,942)
2022	\$ (14,667)
2023	\$ (4,243)
2024	\$ (25,558)
2025	\$ (3,887)
2026 - 2027	\$ (7,775)

**CITY OF MAPLE LAKE, MINNESOTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 4     DEFINED BENEFIT PENSION PLAN – FIRE RELIEF ASSOCIATION (Continued)**

**Actuarial Assumptions**

The net pension asset at December 31, 2019, was determined using the entry age normal actuarial cost method and the following actuarial assumptions:

Assumptions	Rates
Investment Rate of Return (Discount)	5.50%
Expected Long-Term Rate of Return	5.50%
20-Year Municipal Bond Yield	3.50%
Salary Increases	2.50%
Interest on Deferred Amounts	0.00%

There were no changes made to actuarial assumptions during 2019.

**Pension Liability Sensitivity**

The following presents the City's net pension asset for the Fire Relief Association's plan, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City's net pension asset would be if it were calculated using a discount rate one percent lower or one percent higher than the current discount rate:

	1% Decrease in Discount Rate (4.50%)	Discount Rate (5.50%)	1% Increase in Discount Rate (6.50%)
Net Pension Asset	\$ 191,343	\$ 207,578	\$ 223,578

**Plan Investments**

Asset Allocation

The long-term expected rate of return on pension plan investments is 5.50 percent. The asset allocation and best estimates of arithmetic real rates of return for each major asset class of the Association's pension fund investments are summarized in the following table:

Asset Class	Portfolio Weight	Expected Class Return
Cash	14%	2.25%
Fixed Income	35%	3.80%
Equities	51%	7.40%

Description of significant investment policy changes during the year

The Association made no significant changes to their investment policy during 2019.

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's net position is available in a separately-issued financial report that includes financial statements and required supplementary information. That report may be obtained by contacting the City Clerk's Office at City of Maple Lake, 10 Maple Avenue, P.O. Box 757, Maple Lake, MN 55358.

**CITY OF MAPLE LAKE, MINNESOTA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 5 OTHER NOTES**

**5.A. RISK MANAGEMENT**

**Claims and Judgements**

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

Liabilities are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. Liabilities, if any, include an amount for claims that have been incurred but not reported. The City's management is not aware of any incurred but not reported claims.

**Public Health Emergency**

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

**5.B. JOINT POWERS AGREEMENT**

The City has a joint powers agreement with the City of Annandale and the City of Howard Lake to establish the Annandale-Maple Lake-Howard Lake Wastewater Commission (the Commission). The purpose of the Commission is to provide wastewater treatment services within the present and future boundaries of the cities and serve such other areas as the Commission approves. Each city pays user fees to the commission based on usage, and remits sewer access charges collected. The fee paid by the City to the Commission for usage for the year ended December 31, 2020 totals \$435,694. Because the City has one third ownership share, an explicit measurable equity investment in the joint venture, this dollar amount of the equity investment has been reported in both the government-wide and fund financial statements.

The following is the net change in the City's equity investment during the current year:

	<u>2020</u>
Joint Venture Equity Investment at January 1st	\$ 6,929,054
Change in Equity Investment	<u>(199,362)</u>
Joint Venture Equity Investment at December 31st	<u>\$ 6,729,692</u>

The Commission has issued its own separate audited financial statements for the year ended December 31, 2020.

**5.C. TAX INCREMENT DISTRICTS**

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



**CITY OF MAPLE LAKE, MINNESOTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 5    OTHER NOTES (Continued)**

**5.C.    TAX INCREMENT DISTRICTS (Continued)**

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

Name of District:	Economic Development District #5-1
Business Name:	Cedar Lake Engineering
Purpose:	Economic Development
Authorizing Law:	MN Statutes Sections 469.174, Subd. 12 MN Statutes Sections 469.176, Subd. 4c.
Year Established:	2019
Duration of District:	10 Years
Original Base Net Tax Capacity:	\$ 35,154
Current Net Tax Capacity:	<u>\$ 51,536</u>
Captured Net Tax Capacity:	
Retained by City	<u>\$ 16,382</u>
Shared with Other Taxing Districts	<u>\$ -</u>
Taxes Abated in 2020:	<u>\$ 5,999</u>
Balance at 12/31/2020:	<u>\$ 185,733</u>

**5.D.    COMMITMENTS**

The City entered into various contracts during the year for construction services. Remaining commitments under these contracts at December 31, 2020 totals \$26,284, not including retainage which has been accrued in the financial statements.

**5.E.    SUBSEQUENT EVENTS**

**Construction**

Subsequent to year end and prior to the issuance of these financial statements, the City entered into contracts for construction services with an estimated cost of \$2,565,835. Additionally, the City approved the issuance of G.O. Improvement and Refunding Bonds in the amount of \$3,915,000 to refinance the existing 2014 G.O. Improvement Bonds and to finance the 2021 street improvements project.

**REQUIRED SUPPLEMENTARY  
INFORMATION**

**CITY OF MAPLE LAKE, MINNESOTA**  
**BUDGETARY COMPARISON SCHEDULE – GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	Budget Amounts- Original and Final	Actual Amounts Budgetary Basis	Variance with Budget Over (Under)
<b>REVENUES</b>			
<b>Taxes</b>			
Property Taxes	\$ 692,271	\$ 724,725	\$ 32,454
Tax Increment Financing	-	34	34
Franchise Taxes	15,000	9,950	(5,050)
<b>Total Taxes</b>	<u>707,271</u>	<u>734,709</u>	<u>27,438</u>
<b>Special Assessments</b>	55,000	17,816	(37,184)
<b>Licenses and Permits</b>	44,500	35,239	(9,261)
<b>Intergovernmental Revenue</b>			
State Revenue			
Local Government Aid	516,532	517,463	931
Market Value Credit	225	252	27
PERA Aid	1,018	-	(1,018)
Police and Fire Aid	21,750	21,981	231
Other State Grants and Aids	-	187	187
County Revenue			
Highways	1,500	3,054	1,554
Other County Grants and Aids	5,500	3,690	(1,810)
<b>Total Intergovernmental Revenue</b>	<u>546,525</u>	<u>546,627</u>	<u>102</u>
<b>Charges for Services</b>			
General Government	15,225	20,753	5,528
Sanitation	139,294	139,890	596
Parks and Recreation	135	130	(5)
Other Service Charges	52,630	54,204	1,574
<b>Total Charges for Services</b>	<u>207,284</u>	<u>214,977</u>	<u>7,693</u>
<b>Miscellaneous Revenue</b>			
Investment Earnings	3,000	4,156	1,156
Contributions and Donations	5,000	2,425	(2,575)
Other Miscellaneous	11,950	7,769	(4,181)
<b>Total Miscellaneous Revenue</b>	<u>19,950</u>	<u>14,350</u>	<u>(5,600)</u>
<b>TOTAL REVENUES</b>	1,580,530	1,563,718	(16,812)
<b>EXPENDITURES</b>			
<b>General Government</b>			
Mayor and Council	45,307	33,624	(11,683)
Administration and Finance	262,980	218,244	(44,736)
Other General Government	148,356	124,020	(24,336)
Capital Outlay	53,210	1,711	(51,499)
<b>Total General Government</b>	<u>509,853</u>	<u>377,599</u>	<u>(132,254)</u>

**CITY OF MAPLE LAKE, MINNESOTA**  
**BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (Continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	Budget Amounts- Original and Final	Actual Amounts Budgetary Basis	Variance with Budget Over (Under)
<b>Public Safety</b>			
Police			
Current	\$ 235,454	\$ 237,088	\$ 1,634
<b>Public Works</b>			
Street Maintenance and Storm Sewers	307,744	270,962	(36,782)
Street Engineering	6,500	3,418	(3,082)
Street Lighting	32,000	30,793	(1,207)
Capital Outlay - Street Construction	180,150	-	(180,150)
Capital Outlay - Other	92,825	107,304	14,479
<b>Total Public Works</b>	619,219	412,477	(206,742)
<b>Sanitation</b>			
Garbage and Other Refuse	84,600	97,333	12,733
Other Sanitation	40,526	45,655	5,129
<b>Total Sanitation</b>	125,126	142,988	17,862
<b>Culture and Recreation</b>			
Parks and Recreation			
Current	73,363	69,027	(4,336)
Capital Outlay	62,815	72,642	9,827
<b>Total Culture and Recreation</b>	136,178	141,669	5,491
<b>Housing and Economic Development</b>			
Economic Development			
Current	-	34	34
<b>Debt Service</b>			
Interest and Other Fiscal Charges	106	2,069	1,963
<b>TOTAL EXPENDITURES</b>	1,625,936	1,313,924	(312,012)
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(45,406)	249,794	295,200
<b>OTHER FINANCING SOURCES (USES)</b>			
Sale of Assets	-	28,982	28,982
Transfers			
From Other Funds	25,000	40,000	15,000
To Other Funds	(60,000)	-	60,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	(35,000)	68,982	103,982
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (80,406)</u>	318,776	<u>\$ 399,182</u>
<b>FUND BALANCE - BEGINNING</b>		2,004,437	
<b>FUND BALANCE - ENDING</b>		<u>\$ 2,323,213</u>	

**CITY OF MAPLE LAKE, MINNESOTA**  
**BUDGETARY COMPARISON SCHEDULE – FIRE DEPARTMENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	Budget Amounts- Original and Final	Actual Amounts Budgetary Basis	Variance with Budget Over (Under)
<b>REVENUES</b>			
<b>Taxes</b>			
Property Taxes	\$ 60,000	\$ 60,195	\$ 195
<b>Intergovernmental Revenue</b>			
State Revenue			
Police and Fire Aid	-	56,418	56,418
Other State Grants and Aids	-	6,020	6,020
<b>Total Intergovernmental Revenue</b>	-	62,438	62,438
<b>Charges for Services</b>			
Police and Fire Contracts	179,750	180,651	901
<b>Miscellaneous Revenue</b>			
Investment Earnings	1,500	1,531	31
Sale of Assets	-	3,405	3,405
Refunds and Reimbursements	-	7,213	7,213
Contributions and Donations	5,000	6,225	1,225
Other Miscellaneous	1,000	1,482	482
<b>Total Miscellaneous Revenue</b>	7,500	19,856	12,356
<b>TOTAL REVENUES</b>	247,250	323,140	75,890
<b>EXPENDITURES</b>			
<b>Public Safety</b>			
Fire			
Current	119,230	177,812	58,582
Capital Outlay	111,520	530,821	419,301
<b>Total Public Safety</b>	230,750	708,633	477,883
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	16,500	(385,493)	(401,993)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers			
From Other Funds	-	5,000	5,000
To Other Funds	(16,500)	-	16,500
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	(16,500)	5,000	21,500
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	(380,493)	<u>\$ (380,493)</u>
<b>FUND BALANCE - BEGINNING</b>		857,211	
<b>FUND BALANCE - ENDING</b>		<u>\$ 476,718</u>	

**CITY OF MAPLE LAKE, MINNESOTA**  
**SCHEDULE OF CITY'S PROPORTIONATE**  
**SHARE OF THE NET PENSION LIABILITY**  
**LAST TEN YEARS** (Presented Prospectively)

For the Measurement Year Ended June 30	City's Proportion of the Net Pension Liability (Asset)	City's Proportionate Share of the Net Pension Liability (Asset) (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	City's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with the City (a+b)	City's Covered Payroll (c)	City'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
<b><i>General Employees Retirement Pension Plan</i></b>							
2020	0.0077%	\$ 461,650	\$ 14,168	\$ 475,818	\$ 556,067	85.6%	79.1%
2019	0.0075%	\$ 414,659	\$ 12,833	\$ 427,492	\$ 527,333	81.1%	80.2%
2018	0.0074%	\$ 410,521	\$ 13,391	\$ 423,912	\$ 499,973	84.8%	79.5%
2017	0.0074%	\$ 472,411	\$ 5,970	\$ 478,381	\$ 479,093	99.9%	75.9%
2016	0.0070%	\$ 568,365	\$ 7,432	\$ 575,797	\$ 454,120	126.8%	68.9%
2015	0.0067%	\$ 347,229	\$ -	\$ 347,229	\$ 394,830	87.9%	78.2%

Note: The schedule is provided prospectively beginning with the City's fiscal year ended December 31, 2015 and is intended to show a ten-year trend. Additional years will be reported as they become available.

**CITY OF MAPLE LAKE, MINNESOTA**  
**SCHEDULE OF CITY PENSION CONTRIBUTIONS**  
**LAST TEN YEARS** (Presented Prospectively)

<u>For the Fiscal Year Ended December 31</u>	<u>Statutorily Required Contribution</u>	<u>Contributions in Relation to the Statutorily Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>City's Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
<b><i>General Employees Retirement Pension Plan</i></b>					
2020	\$ 42,880	\$ 42,880	\$ -	\$ 571,733	7.50%
2019	\$ 40,571	\$ 40,571	\$ -	\$ 540,947	7.50%
2018	\$ 38,463	\$ 38,463	\$ -	\$ 512,840	7.50%
2017	\$ 37,008	\$ 37,008	\$ -	\$ 493,440	7.50%
2016	\$ 32,800	\$ 32,800	\$ -	\$ 437,333	7.50%
2015	\$ 32,251	\$ 32,251	\$ -	\$ 430,701	7.49%
<b><i>Volunteer Fire Relief Association</i></b>					
2020	\$ -	\$ 33,000	\$ (33,000)	N/A	N/A
2019	\$ -	\$ 33,000	\$ (33,000)	N/A	N/A
2018	\$ -	\$ 13,000	\$ (13,000)	N/A	N/A
2017	\$ -	\$ 13,000	\$ (13,000)	N/A	N/A
2016	\$ -	\$ 13,000	\$ (13,000)	N/A	N/A
2015	\$ -	\$ 13,000	\$ (13,000)	N/A	N/A

Note: The schedule is provided prospectively beginning with the City's fiscal year ended December 31, 2015 and is intended to show a ten-year trend. Additional years will be reported as they become available.

**CITY OF MAPLE LAKE, MINNESOTA**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET)**  
**FIRE RELIEF ASSOCIATION**  
**LAST TEN YEARS (Presented Prospectively)**

	Measurement Year Ended December 31,					
	2019	2018	2017	2016	2015	2014
<b>Changes in Total Pension Liability (TPL)</b>						
Balance at January 1st	\$ 848,301	\$ 937,495	\$ 921,105	\$ 932,360	\$ 935,823	\$ 966,743
Service Cost	25,006	23,757	22,074	23,260	23,998	23,413
Interest on the TPL	42,383	48,367	49,070	53,137	51,539	55,667
Assumption Changes	-	-	-	4,384	-	-
Plan Changes	-	37,369	47,246	-	-	-
Gain or Loss	-	(34,987)	-	(29,036)	-	-
Benefit Payments	(205,400)	(163,700)	(102,000)	(63,000)	(79,000)	(110,000)
Balance at December 31st	<u>\$ 710,290</u>	<u>\$ 848,301</u>	<u>\$ 937,495</u>	<u>\$ 921,105</u>	<u>\$ 932,360</u>	<u>\$ 935,823</u>
<b>Plan Fiduciary Net Position (PFNP)</b>						
Balance at January 1st	\$ 902,521	\$ 1,057,439	\$ 995,649	\$ 997,419	\$ 1,068,309	\$ 1,083,082
Fire State Aid	56,397	53,800	52,464	51,144	50,397	48,752
Municipal Contributions	33,000	13,000	13,000	13,000	13,000	13,000
Projected Investment Income	46,233	55,309	53,554	57,198	60,787	60,738
Gain or Loss	92,947	(106,577)	52,119	(53,624)	(109,299)	(21,988)
Total Additions	228,577	15,532	171,137	67,718	14,885	100,502
Benefit Payments	(205,400)	(163,700)	(102,000)	(63,000)	(79,000)	(110,000)
Administrative Expenses	(7,830)	(6,750)	(7,347)	(6,485)	(6,775)	(5,275)
Total Reductions	(213,230)	(170,450)	(109,347)	(69,485)	(85,775)	(115,275)
Balance at December 31st	<u>\$ 917,868</u>	<u>\$ 902,521</u>	<u>\$ 1,057,439</u>	<u>\$ 995,649</u>	<u>\$ 997,419</u>	<u>\$ 1,068,309</u>
Net Pension Liability (Asset) - December 31st	<u>\$ (207,578)</u>	<u>\$ (54,220)</u>	<u>\$ (119,944)</u>	<u>\$ (74,544)</u>	<u>\$ (65,056)</u>	<u>\$ (132,486)</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability (Asset)	129%	106%	113%	108%	107%	114%

Note: The schedule is provided prospectively beginning with the City's fiscal year ended December 31, 2015 (December 31, 2014 measurement date) and is intended to show a ten-year trend. Additional years will be reported as they become available.



**CITY OF MAPLE LAKE, MINNESOTA  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2020**

**NOTE 1 BUDGETARY COMPARISON SCHEDULE**

Actual expenditures exceeded total budgeted expenditures for the current year end as follows:

Fund	Budgeted Expenditures	Actual Expenditures
Fire Department Fund	\$ 230,750	\$ 708,633

The expenditures in excess of budget are primarily due to unbudgeted capital outlay costs. The expenditures in excess of budget were funded by available fund balance.

**NOTE 2 PUBLIC EMPLOYEES RETIREMENT PLAN – GENERAL EMPLOYEES FUND**

**2020 Changes**

Changes in Actuarial Assumptions

- The price inflation assumption was decreased from 2.50 percent to 2.25 percent.
- The payroll growth assumption was decreased from 3.25 percent to 3.00 percent.
- 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 percent 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.
- 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 percent Joint & Survivor option changed from 35 percent to 45 percent. The assumed number of married female new retirees electing the 100 percent Joint & Survivor option changed from 15 percent to 30 percent. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions

- Augmentation for current privatized members was reduced to 2.00 percent for the period July 1, 2020 through December 31, 2023 and 0.00 percent after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

**2019 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- 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.

**CITY OF MAPLE LAKE, MINNESOTA**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2020**

**NOTE 2 PUBLIC EMPLOYEES RETIREMENT PLAN – GENERAL EMPLOYEES FUND (Continued)**

**2018 Changes**

Changes in Actuarial Assumptions

- The mortality projection scale 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.

Changes in Plan Provisions

- 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**

Changes in Actuarial Assumptions

- The Combined Service Annuity (CSA) loads were changed from 0.80 percent for active members and 60.00 percent for vested and non-vested deferred members. The revised CSA loads are now 0.00 percent for active member liability, 15.00 percent for vested deferred member liability and 3.00 percent for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year for all years to 1.00 percent per year through 2044 and 2.50 percent per year thereafter.

Changes in Plan Provisions

- 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.

**2016 Changes**

Changes in Actuarial Assumptions

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2035 and 2.50 percent per year thereafter to 1.00 percent per year for all years.
- The assumed investment return was changed from 7.90 percent to 7.50 percent. The single discount rate was changed from 7.90 percent to 7.50 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.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**CITY OF MAPLE LAKE, MINNESOTA**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2020**

**NOTE 2 PUBLIC EMPLOYEES RETIREMENT PLAN – GENERAL EMPLOYEES FUND (Continued)**

**2015 Changes**

Changes in Actuarial Assumptions

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2030 and 2.50 percent per year thereafter to 1.00 percent per year through 2035 and 2.50 percent per year thereafter.

Changes in Plan Provisions

- 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.

**NOTE 3 DEFINED BENEFIT PENSION PLAN – FIRE RELIEF ASSOCIATION**

**2019 Changes**

There were no significant changes made to actuarial assumptions or plan provisions during 2019.

**2018 Changes**

Changes in Actuarial Assumptions

- There have been no changes since the prior valuation.

Changes in Plan Provisions

- Benefit level changed from \$2,100 to \$2,200.

**2017 Changes**

Changes in Actuarial Assumptions

- There have been no changes since the prior valuation.

Changes in Plan Provisions

- A benefit level increase from \$2,000 to \$2,100 was reflected in the active liability.

**2016 Changes**

There were no significant changes made to actuarial assumptions or plan provisions during 2016.

**2015 Changes**

There were no significant changes made to actuarial assumptions or plan provisions during 2015.

## **SUPPLEMENTARY INFORMATION**

**CITY OF MAPLE LAKE, MINNESOTA  
COMBINING BALANCE SHEET  
ALL NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2020**

	Nonmajor Debt Service Funds	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 531,402	\$ 682,825	\$ 63,791	\$ 1,278,018
Property Taxes Receivable	3,145	930	-	4,075
Assessments Receivable	441,363	-	-	441,363
Accounts Receivable	-	97,154	-	97,154
Prepays	-	542	-	542
Notes Receivable	-	85,616	-	85,616
Advances to Other Funds	-	26,000	-	26,000
<b>TOTAL ASSETS</b>	<u>\$ 975,910</u>	<u>\$ 893,067</u>	<u>\$ 63,791</u>	<u>\$ 1,932,768</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 3,180	\$ 3,215	\$ -	\$ 6,395
Salaries Payable	-	244	-	244
Due to Other Funds	-	4,292	79,830	84,122
Total Liabilities	3,180	7,751	79,830	90,761
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue:				
Property Taxes	1,586	456	-	2,042
Special Assessments	441,363	-	-	441,363
Total Deferred Inflows of Resources	442,949	456	-	443,405
<b>FUND BALANCES</b>				
Nonspendable	-	112,158	-	112,158
Restricted	551,436	330,387	-	881,823
Committed	-	308,719	63,788	372,507
Assigned	-	137,888	-	137,888
Unassigned	(21,655)	(4,292)	(79,827)	(105,774)
Total Fund Balances	<u>529,781</u>	<u>884,860</u>	<u>(16,039)</u>	<u>1,398,602</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u>\$ 975,910</u>	<u>\$ 893,067</u>	<u>\$ 63,791</u>	<u>\$ 1,932,768</u>

**CITY OF MAPLE LAKE, MINNESOTA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
ALL NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Nonmajor Debt Service Funds	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
<b>REVENUES</b>				
Property Taxes	\$ 194,564	\$ 59,678	\$ -	\$ 254,242
Tax Increment	110,085	-	-	110,085
Special Assessments	148,176	-	-	148,176
Intergovernmental	-	197,077	-	197,077
Charges for Services	-	223,443	-	223,443
Investment Income	687	1,113	-	1,800
Miscellaneous	-	3,395	1,050	4,445
<b>TOTAL REVENUES</b>	<u>453,512</u>	<u>484,706</u>	<u>1,050</u>	<u>939,268</u>
<b>EXPENDITURES</b>				
Current:				
General Government	-	10,657	-	10,657
Public Safety	-	269,258	-	269,258
Public Works	2,090	1,495	2,039	5,624
Parks and Recreation	-	500	-	500
Economic Development	115,214	100,805	-	216,019
Capital Outlay	-	32,976	67,529	100,505
Debt Service:				
Principal	250,000	-	-	250,000
Interest and Other Charges	95,907	-	-	95,907
<b>TOTAL EXPENDITURES</b>	<u>463,211</u>	<u>415,691</u>	<u>69,568</u>	<u>948,470</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(9,699)	69,015	(68,518)	(9,202)
<b>OTHER FINANCING USES</b>				
Transfers Out	-	(5,000)	-	(5,000)
<b>NET CHANGE IN FUND BALANCES</b>	(9,699)	64,015	(68,518)	(14,202)
<b>FUND BALANCES - BEGINNING</b>	<u>539,480</u>	<u>820,845</u>	<u>52,479</u>	<u>1,412,804</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 529,781</u>	<u>\$ 884,860</u>	<u>\$ (16,039)</u>	<u>\$ 1,398,602</u>

**CITY OF MAPLE LAKE, MINNESOTA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS – DEBT SERVICE FUNDS  
DECEMBER 31, 2020**

	TIF District 2-1 Fund	TIF Districts Fund	2014 G.O. Improvement Bonds Fund	2016 G.O. Improvement Bonds Fund
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 7,186	\$ (18,655)	\$ 158,506	\$ 97,371
Property Taxes Receivable	-	-	837	501
Assessments Receivable	-	-	109,914	48,367
<b>TOTAL ASSETS</b>	<u>\$ 7,186</u>	<u>\$ (18,655)</u>	<u>\$ 269,257</u>	<u>\$ 146,239</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ 3,000	\$ -	\$ 180
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue:				
Property Taxes	-	-	407	240
Special Assessments	-	-	109,914	48,367
Total Deferred Inflows of Resources	-	-	110,321	48,607
<b>FUND BALANCES</b>				
Restricted	7,186	-	158,936	97,452
Unassigned	-	(21,655)	-	-
Total Fund Balances	<u>7,186</u>	<u>(21,655)</u>	<u>158,936</u>	<u>97,452</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u>\$ 7,186</u>	<u>\$ (18,655)</u>	<u>\$ 269,257</u>	<u>\$ 146,239</u>

**CITY OF MAPLE LAKE, MINNESOTA**  
**COMBINING BALANCE SHEET (Continued)**  
**NONMAJOR GOVERNMENTAL FUNDS – DEBT SERVICE FUNDS**  
**DECEMBER 31, 2020**

	2018 G.O. Improvement Bonds Fund	2019 G.O. Improvement Bonds Fund	2008 Birch Ave Improvement Bonds Fund	Total Nonmajor Debt Service Funds
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 145,195	\$ 2,446	\$ 139,353	\$ 531,402
Property Taxes Receivable	116	321	1,370	3,145
Assessments Receivable	<u>140,102</u>	<u>81,162</u>	<u>61,818</u>	<u>441,363</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 285,413</u></u>	<u><u>\$ 83,929</u></u>	<u><u>\$ 202,541</u></u>	<u><u>\$ 975,910</u></u>
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ -	\$ -	\$ 3,180
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue:				
Property Taxes	56	154	729	1,586
Special Assessments	<u>140,102</u>	<u>81,162</u>	<u>61,818</u>	<u>441,363</u>
Total Deferred Inflows of Resources	140,158	81,316	62,547	442,949
<b>FUND BALANCES</b>				
Restricted	145,255	2,613	139,994	551,436
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>(21,655)</u>
Total Fund Balances	<u>145,255</u>	<u>2,613</u>	<u>139,994</u>	<u>529,781</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u><u>\$ 285,413</u></u>	<u><u>\$ 83,929</u></u>	<u><u>\$ 202,541</u></u>	<u><u>\$ 975,910</u></u>



**CITY OF MAPLE LAKE, MINNESOTA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS – DEBT SERVICE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	TIF District 2-1 Fund	TIF Districts Fund	2014 G.O. Improvement Bonds Fund	2016 G.O. Improvement Bonds Fund
<b>REVENUES</b>				
Property Taxes	\$ -	\$ -	\$ 54,421	\$ 32,572
Tax Increment	103,417	6,668	-	-
Special Assessments	-	-	40,280	22,374
Investment Income	-	-	453	-
<b>TOTAL REVENUES</b>	<u>103,417</u>	<u>6,668</u>	<u>95,154</u>	<u>54,946</u>
<b>EXPENDITURES</b>				
Current:				
Public Works	-	-	-	180
Economic Development	107,545	7,669	-	-
Debt Service:				
Principal	-	-	90,000	50,000
Interest and Other Charges	-	-	31,596	11,231
<b>TOTAL EXPENDITURES</b>	<u>107,545</u>	<u>7,669</u>	<u>121,596</u>	<u>61,411</u>
<b>NET CHANGE IN FUND BALANCES</b>	(4,128)	(1,001)	(26,442)	(6,465)
<b>FUND BALANCES - BEGINNING</b>	<u>11,314</u>	<u>(20,654)</u>	<u>185,378</u>	<u>103,917</u>
<b>FUND BALANCES - ENDING</b>	<u><u>\$ 7,186</u></u>	<u><u>\$ (21,655)</u></u>	<u><u>\$ 158,936</u></u>	<u><u>\$ 97,452</u></u>

**CITY OF MAPLE LAKE, MINNESOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES (Continued)**  
**NONMAJOR GOVERNMENTAL FUNDS – DEBT SERVICE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	2018 G.O. Improvement Bonds Fund	2019 G.O. Improvement Bonds Fund	2008 Birch Ave Improvement Bonds Fund	Total Nonmajor Debt Service Funds
<b>REVENUES</b>				
Property Taxes	\$ 7,542	\$ 20,852	\$ 79,177	\$ 194,564
Tax Increment	-	-	-	110,085
Special Assessments	50,147	-	35,375	148,176
Investment Income	-	-	234	687
<b>TOTAL REVENUES</b>	<u>57,689</u>	<u>20,852</u>	<u>114,786</u>	<u>453,512</u>
<b>EXPENDITURES</b>				
Current:				
Public Works	-	1,910	-	2,090
Economic Development	-	-	-	115,214
Debt Service:				
Principal	10,000	-	100,000	250,000
Interest and Other Charges	<u>29,945</u>	<u>11,329</u>	<u>11,806</u>	<u>95,907</u>
<b>TOTAL EXPENDITURES</b>	<u>39,945</u>	<u>13,239</u>	<u>111,806</u>	<u>463,211</u>
<b>NET CHANGE IN FUND BALANCES</b>	17,744	7,613	2,980	(9,699)
<b>FUND BALANCES - BEGINNING</b>	<u>127,511</u>	<u>(5,000)</u>	<u>137,014</u>	<u>539,480</u>
<b>FUND BALANCES - ENDING</b>	<u><u>\$ 145,255</u></u>	<u><u>\$ 2,613</u></u>	<u><u>\$ 139,994</u></u>	<u><u>\$ 529,781</u></u>

**CITY OF MAPLE LAKE, MINNESOTA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE FUNDS**  
**DECEMBER 31, 2020**

	Ambulance Fund	Community Development Fund	Revolving Loan Fund	Park Dedication Fund
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 309,791	\$ 42,911	\$ 211,469	\$ 31,497
Property Taxes Receivable	-	666	-	-
Accounts Receivable	97,154	-	-	-
Prepays	542	-	-	-
Notes Receivable	-	-	85,616	-
Advances to Other Funds	-	26,000	-	-
<b>TOTAL ASSETS</b>	<u>\$ 407,487</u>	<u>\$ 69,577</u>	<u>\$ 297,085</u>	<u>\$ 31,497</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 3,215	\$ -	\$ -	\$ -
Salaries Payable	244	-	-	-
Due to Other Funds	-	-	-	-
Total Liabilities	3,459	-	-	-
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue:				
Property Taxes	-	456	-	-
<b>FUND BALANCES</b>				
Nonspendable	542	26,000	85,616	-
Restricted	-	-	211,469	31,497
Committed	308,719	-	-	-
Assigned	94,767	43,121	-	-
Unassigned	-	-	-	-
Total Fund Balances	<u>404,028</u>	<u>69,121</u>	<u>297,085</u>	<u>31,497</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u>\$ 407,487</u>	<u>\$ 69,577</u>	<u>\$ 297,085</u>	<u>\$ 31,497</u>

**CITY OF MAPLE LAKE, MINNESOTA**  
**COMBINING BALANCE SHEET (Continued)**  
**NONMAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE FUNDS**  
**DECEMBER 31, 2020**

	EDA Fund	COVID Relief Aid Fund	Total Nonmajor Special Revenue Funds
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 87,157	\$ -	\$ 682,825
Property Taxes Receivable	264	-	930
Accounts Receivable	-	-	97,154
Prepays	-	-	542
Notes Receivable	-	-	85,616
Advances to Other Funds	-	-	26,000
<b>TOTAL ASSETS</b>	<u>\$ 87,421</u>	<u>\$ -</u>	<u>\$ 893,067</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ -	\$ -	\$ 3,215
Salaries Payable	-	-	244
Due to Other Funds	-	4,292	4,292
Total Liabilities	-	4,292	7,751
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Revenue:			
Property Taxes	-	-	456
<b>FUND BALANCES</b>			
Nonspendable	-	-	112,158
Restricted	87,421	-	330,387
Committed	-	-	308,719
Assigned	-	-	137,888
Unassigned	-	(4,292)	(4,292)
Total Fund Balances	<u>87,421</u>	<u>(4,292)</u>	<u>884,860</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u>\$ 87,421</u>	<u>\$ -</u>	<u>\$ 893,067</u>

**CITY OF MAPLE LAKE, MINNESOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	Ambulance Fund	Community Development Fund	Revolving Loan Fund	Park Dedication Fund	EDA Fund	COVID Relief Aid Fund	Total Nonmajor Special Revenue Funds
<b>REVENUES</b>							
Property Taxes	\$ -	\$ 26,479	\$ -	\$ -	\$ 33,199	\$ -	\$ 59,678
Intergovernmental	10,360	-	-	-	-	186,717	197,077
Charges for Services	223,443	-	-	-	-	-	223,443
Investment Income	437	37	559	80	-	-	1,113
Miscellaneous	97	2,247	1,051	-	-	-	3,395
<b>TOTAL REVENUES</b>	<u>234,337</u>	<u>28,763</u>	<u>1,610</u>	<u>80</u>	<u>33,199</u>	<u>186,717</u>	<u>484,706</u>
<b>EXPENDITURES</b>							
Current:							
General Government	-	-	-	-	-	10,657	10,657
Public Safety	202,586	-	-	-	-	66,672	269,258
Public Works	-	-	-	-	-	1,495	1,495
Parks and Recreation	-	-	-	500	-	-	500
Economic Development	-	12,513	501	-	6,791	81,000	100,805
Capital Outlay	1,325	466	-	-	-	31,185	32,976
<b>TOTAL EXPENDITURES</b>	<u>203,911</u>	<u>12,979</u>	<u>501</u>	<u>500</u>	<u>6,791</u>	<u>191,009</u>	<u>415,691</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	30,426	15,784	1,109	(420)	26,408	(4,292)	69,015
<b>OTHER FINANCING USES</b>							
Transfers Out	(5,000)	-	-	-	-	-	(5,000)
<b>NET CHANGE IN FUND BALANCES</b>	25,426	15,784	1,109	(420)	26,408	(4,292)	64,015
<b>FUND BALANCES - BEGINNING</b>	<u>378,602</u>	<u>53,337</u>	<u>295,976</u>	<u>31,917</u>	<u>61,013</u>	<u>-</u>	<u>820,845</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 404,028</u>	<u>\$ 69,121</u>	<u>\$ 297,085</u>	<u>\$ 31,497</u>	<u>\$ 87,421</u>	<u>\$ (4,292)</u>	<u>\$ 884,860</u>

**CITY OF MAPLE LAKE, MINNESOTA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS – CAPITAL PROJECT FUNDS  
DECEMBER 31, 2020**

	2014 Street Improvements Fund	2016 Street Improvements Fund	2018 Street Improvements Fund	2019 Street Improvements Fund	Municipal Improvements Fund	Total Nonmajor Capital Project Funds
<b>ASSETS</b>						
Cash and Cash Equivalents	<u>\$ 3</u>	<u>\$ 41,939</u>	<u>\$ 21,849</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 63,791</u>
<b>LIABILITIES</b>						
Due to Other Funds	\$ 15,624	\$ -	\$ -	\$ 14,413	\$ 49,793	\$ 79,830
<b>FUND BALANCES</b>						
Committed	-	41,939	21,849	-	-	63,788
Unassigned	<u>(15,621)</u>	<u>-</u>	<u>-</u>	<u>(14,413)</u>	<u>(49,793)</u>	<u>(79,827)</u>
Total Fund Balances	<u>(15,621)</u>	<u>41,939</u>	<u>21,849</u>	<u>(14,413)</u>	<u>(49,793)</u>	<u>(16,039)</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 3</u>	<u>\$ 41,939</u>	<u>\$ 21,849</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 63,791</u>

**CITY OF MAPLE LAKE, MINNESOTA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS – CAPITAL PROJECT FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	2014 Street Improvements Fund	2016 Street Improvements Fund	2018 Street Improvements Fund	2019 Street Improvements Fund	Municipal Improvements Fund	Total Nonmajor Capital Project Funds
<b>REVENUES</b>						
Miscellaneous	\$ -	\$ -	\$ -	\$ -	\$ 1,050	\$ 1,050
<b>EXPENDITURES</b>						
Current:						
Public Works	-	-	-	2,039	-	2,039
Capital Outlay	-	-	(1)	64,094	3,436	67,529
<b>TOTAL EXPENDITURES</b>	-	-	(1)	66,133	3,436	69,568
<b>NET CHANGE IN FUND BALANCES</b>	-	-	1	(66,133)	(2,386)	(68,518)
<b>FUND BALANCES - BEGINNING</b>	(15,621)	41,939	21,848	51,720	(47,407)	52,479
<b>FUND BALANCES - ENDING</b>	<u>\$ (15,621)</u>	<u>\$ 41,939</u>	<u>\$ 21,849</u>	<u>\$ (14,413)</u>	<u>\$ (49,793)</u>	<u>\$ (16,039)</u>

**CITY OF MAPLE LAKE, MINNESOTA  
SCHEDULE OF INDEBTEDNESS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(UNAUDITED)**

	Issue Dates	Interest Rates	Maturity Dates	Initial Authorized Issue	Outstanding Balance 01/01/20	Issued	Paid	Outstanding Balance 12/31/20	Principal Due Within One Year
<b>GOVERNMENTAL INDEBTEDNESS</b>									
General Obligation Bonds									
G.O. Improvement Refunding Bonds, Series 2012A	12/1/2012	1.10 - 2.20%	4/1/2025	\$ 1,030,000	\$ 630,000	\$ -	\$ 100,000	\$ 530,000	\$ 100,000
G.O. Improvement Bonds, Series 2014A	6/1/2014	2.00 - 3.00%	2/1/2030	1,440,000	1,110,000	-	90,000	1,020,000	90,000
G.O. Improvement Bonds, Series 2016A	9/1/2016	1.30 - 3.00%	2/1/2032	610,000	515,000	-	50,000	465,000	50,000
G.O. Improvement Bonds, Series 2018A	8/7/2018	2.00 - 4.00%	2/1/2033	920,000	920,000	-	10,000	910,000	25,000
G.O. Improvement Bonds, Series 2019A	10/1/2019	2.00%	2/1/2030	650,000	650,000	-	-	650,000	10,000
<b>TOTAL GOVERNMENTAL DEBTS</b>				4,650,000	3,825,000	-	250,000	3,575,000	275,000
<b>PROPRIETARY INDEBTEDNESS</b>									
General Obligation Bonds									
Taxable G.O. Utility Revenue Bonds, Series 2010	8/5/2010	3.25%	1/1/2050	1,314,000	1,240,000	-	20,000	1,220,000	20,000
G.O. I&I PFA Rev Bonds, Series 2013	7/16/2013	1.00%	8/20/2033	1,273,927	924,000	-	62,000	862,000	62,000
G.O. Water Revenue Refunding Bonds, Series 2015A	12/1/2015	1.50 - 2.50%	3/1/2027	715,000	540,000	-	65,000	475,000	65,000
G.O. Utility Revenue Bonds, Series 2020A (Water)	6/18/2020	2.00 - 4.00%	2/1/2032	1,135,000	-	1,135,000	-	1,135,000	90,000
G.O. Utility Revenue Bonds, Series 2020A (Sewer)	6/18/2020	2.00 - 4.00%	2/1/2032	330,000	-	330,000	-	330,000	25,000
<b>TOTAL PROPRIETARY DEBTS</b>				4,767,927	2,704,000	1,465,000	147,000	4,022,000	262,000
<b>TOTAL INDEBTEDNESS</b>				<u>\$ 9,417,927</u>	<u>\$ 6,529,000</u>	<u>\$ 1,465,000</u>	<u>\$ 397,000</u>	<u>\$ 7,597,000</u>	<u>\$ 537,000</u>



## **OTHER REQUIRED REPORTS**

**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 City Council  
City of Maple Lake, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Maple Lake, Minnesota (the City) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City of Maple Lake's basic financial statements, and have issued our report thereon dated June 28, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Maple Lake's internal control over financial reporting (internal control) as a basis for designing 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying *Schedule of Findings and Responses*, we identified certain deficiencies in internal control that we consider to be a material weakness and a significant deficiency.

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. We consider the following deficiency described in the accompanying *Schedule of Findings and Responses* to be a material weakness: 2013-002.

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. We consider the following deficiency described in the accompanying *Schedule of Findings and Responses* to be a significant deficiency: 2006-003.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Maple Lake'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 financial statements. 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*.

## **Minnesota Legal Compliance**

In connection with our audit, nothing came to our attention that caused us to believe that the City of Maple Lake failed to comply with the provisions of the contracting and bidding, deposits and 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.

## **City's Response to Findings**

The City of Maple Lake's response to the internal control findings identified in our audit is described in the accompanying *Schedule of Findings and Responses* and *Corrective Action Plans*. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**SCHLENNER WENNER & CO.**

St. Cloud, Minnesota

June 28, 2021

**CITY OF MAPLE LAKE, MINNESOTA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**FINANCIAL STATEMENT FINDINGS**

**Finding 2006-003    Limited Segregation of Duties**

*Condition:*                     The City has limited segregation of accounting duties.

*Criteria:*                     The basic premise of proper segregation of duties is that no one employee should have access to both physical assets and the related accounting records or to all phases of the transaction.

*Cause:*                        There are a limited number of employees.

*Effect:*                        The City's lack of adequate segregation of accounting duties could adversely affect the City's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements.

*Recommendation:*        Although the number of employees may not be large enough to eliminate this deficiency, we recommend that the City continue to evaluate current procedures and segregate where possible and implement compensating controls. It is important that the Council is aware of this condition and monitor all financial information.

*Views of Responsible  
Officials And Planned  
Corrective Action:*        Management agrees with our recommendation. See corresponding Corrective Action Plan.

**Finding 2013-002    Material Audit Adjustments and Financial Statement Preparation**

*Condition:*                     Schlenner Wenner & Co. drafted the audited financial statements and related footnote disclosures for the City, as well as various adjustments to correct material misstatements identified in the financial statements. It is management's responsibility to provide for the preparation of accurate financial statements and the auditors' responsibility to determine the fairness of the presentation. This deficiency could result in uncorrected material misstatements, which could have been prevented or detected by management.

*Criteria:*                     Internal controls over financial reporting should be in place to provide for the preparation of financial statements on an annual basis, as well as the adjustments required to ensure the financial statements are free from material misstatement.

*Cause:*                        The City failed to record all year-end adjustments required under the accrual basis of accounting and various other adjustments were required to correct misstatements. In addition, the City's staff does not possess the expertise to prepare financial statements internally. This is not unusual for a City of your size.

*Effect:*                        The misstatements in the trial balance presented for the audit resulted in the need to record audit adjustments to achieve fair financial statement presentation under accounting principles generally accepted in the United States of America. The inability to internally prepare the City's financial statements can result in undetected errors in financial reporting.

*Recommendation:*        We recommend management perform a thorough review of the trial balance prior to the audit and ensure all accounts have been properly adjusted at year-end. We also recommend management review a draft of the financial statements in detail for accuracy.

*Views of Responsible  
Officials And Planned  
Corrective Action:*        Management agrees with our recommendation. See corresponding Corrective Action Plan.

**CITY OF MAPLE LAKE, MINNESOTA  
CORRECTIVE ACTION PLANS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**FINANCIAL STATEMENT FINDINGS**

**Finding 2006-003     Limited Segregation of Duties**

1. Explanation of Disagreement with Audit Finding  
There is no disagreement with the audit finding.
2. Actions Planned in Response to Finding  
The City currently has the following procedures in place:
  - The City Council reviews the monthly invoices and approves the expenditures.
  - The City utilizes claim listings which are approved by the City Administrator.The City will review current procedures and implement additional controls where possible.
3. Official Responsible  
Elizabeth Borell, Deputy Clerk, is the official responsible for ensuring corrective action.
4. Planned Completion Date  
The Corrective Action Plan will be reviewed on an ongoing basis with no anticipated completion date.
5. Plan to Monitor Completion  
The City Council will be monitoring this Corrective Action Plan.

**Finding 2013-002     Material Audit Adjustments and Financial Statement Preparation**

1. Explanation of Disagreement with Audit Finding  
There is no disagreement with the audit finding.
2. Actions Planned in Response to Finding  
The City may continue to have the auditor prepare the financial statements and will continue to document the annual review of the financial statements and related footnote disclosures. The City will revisit this decision on an ongoing, annual basis. In addition, the City will thoroughly review the trial balance prior to fieldwork and make any adjusting entries before submitting the trial balance to the auditors.
3. Official Responsible  
Elizabeth Borell, Deputy Clerk, is the official responsible for ensuring corrective action.
4. Planned Completion Date  
The Corrective Action Plan will be reviewed on an ongoing basis with no anticipated completion date.
5. Plan to Monitor Completion  
The City Council will be monitoring this Corrective Action Plan.