

CITY OF BREEZY POINT, MINNESOTA

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2021



WEALTH ADVISORY | OUTSOURCING
AUDIT, TAX, AND CONSULTING

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**CITY OF BREEZY POINT, MINNESOTA
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2021**

| | |
|--|-----------|
| INTRODUCTORY SECTION | |
| ELECTED AND APPOINTED OFFICIALS | 1 |
| FINANCIAL SECTION | |
| INDEPENDENT AUDITORS' REPORT | 2 |
| FINANCIAL STATEMENTS | |
| STATEMENT OF BALANCES ARISING FROM CASH TRANSACTIONS – GOVERNMENTAL FUNDS | 5 |
| STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH FUND BALANCES – GOVERNMENTAL FUNDS | 7 |
| STATEMENT OF BALANCES ARISING FROM CASH TRANSACTIONS – PROPRIETARY FUND | 9 |
| STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN NET CASH POSITION – PROPRIETARY FUND | 10 |
| NOTES TO FINANCIAL STATEMENTS | 11 |
| SUPPLEMENTARY INFORMATION | |
| BUDGETARY COMPARISON SCHEDULE – CASH BASIS – GENERAL FUND | 25 |
| BUDGETARY COMPARISON SCHEDULE – CASH BASIS – CEMETERY FUND | 27 |
| BUDGETARY COMPARISON SCHEDULE – CASH BASIS – EDA FUND | 28 |
| BUDGETARY COMPARISON SCHEDULE – CASH BASIS – TIF FUND | 29 |
| OTHER INFORMATION - UNAUDITED | |
| SCHEDULE OF ACCOUNTS RECEIVABLE | 30 |
| SCHEDULE OF ACCOUNTS PAYABLE | 31 |
| OTHER REPORT SECTION | |
| INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE | 32 |

INTRODUCTORY SECTION

**CITY OF BREEZY POINT, MINNESOTA
ELECTED AND APPOINTED OFFICIALS
DECEMBER 31, 2021**

| ELECTED | NAME | TERM EXPIRES |
|---------|-------------------------|--------------|
| | Mayor – Todd Roggenkamp | 12/31/2022 |
| | <u>Council Members:</u> | |
| | Michael Moroni | 12/31/2022 |
| | Rebecca Ball | 12/31/2024 |
| | Gary Bakken | 12/31/2022 |
| | Tom Lillehei | 12/31/2022 |

| APPOINTED | TITLE / NAME |
|-----------|---|
| | City Administrator/Clerk – Patrick Wussow |
| | Auditor – CliftonLarsonAllen LLP |

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Honorable Mayor and
Members of the City Council
City of Breezy Point
Breezy Point, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited the statements of balances arising from cash transactions of each fund of the City of Breezy Point (City), Minnesota as of December 31, 2021, and the related statements of cash receipts, disbursements, and changes in cash fund balances and net cash position for the year then ended, and the related notes to the financial statements.

Unmodified Opinions on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the balances arising from cash transactions of each fund of the City as of December 31, 2021 and their respective cash receipts, disbursements and changes in cash fund balances for the year then ended, in accordance with the financial reporting provisions of the Minnesota Office of the State Auditor described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the accompanying financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the City as of December 31, 2021, or its changes in financial position for the year then ended.

Basis for Opinions

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

Honorable Mayor and
Members of the City Council
City of Breezy Point

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the financial statements are prepared by the City on the basis of the financial reporting provisions of the Minnesota Office of the State Auditor, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Minnesota Office of the State Auditor. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the accounting practices prescribed or permitted by the Minnesota Office of the State Auditor, as described in Note 1, to meet the requirements of the Minnesota Office of the State Auditor. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with U.S. GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with U.S. GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

Honorable Mayor and
Members of the City Council
City of Breezy Point

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


Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's regulatory basis financial statements. The budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the regulatory basis financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the regulatory basis financial statements. The information has been subjected to the auditing procedures applied in the audit of the regulatory basis financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the regulatory basis financial statements or to the regulatory basis financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedules are fairly stated in all material respects, in relation to the regulatory basis financial statements as a whole on the basis of accounting described in Note 1.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the listing of elected and appointed officials, schedule of accounts receivable and schedule of accounts payable but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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



CliftonLarsonAllen LLP

Brainerd, Minnesota
March 7, 2022

FINANCIAL STATEMENTS

**CITY OF BREEZY POINT, MINNESOTA
STATEMENT OF BALANCES ARISING FROM CASH TRANSACTIONS
GOVERNMENTAL FUNDS
DECEMBER 31, 2021**

| | <u>General Fund</u> | <u>Cemetery Fund</u> | <u>EDA Fund</u> |
|---------------------------|-------------------------|--------------------------|---------------------|
| ASSETS | | | |
| Cash and Investments | <u>\$ 1,752,180</u> | <u>\$ 196,538</u> | <u>\$ 1,752</u> |
| CASH FUND BALANCES | | | |
| Restricted | \$ 26,113 | \$ 196,538 | \$ - |
| Committed | - | - | 1,752 |
| Assigned | - | - | - |
| Unassigned | <u>1,726,067</u> | <u>-</u> | <u>-</u> |
| Total Cash Fund Balances | <u>\$ 1,752,180</u> | <u>\$ 196,538</u> | <u>\$ 1,752</u> |

See accompanying Notes to Financial Statements.

**CITY OF BREEZY POINT, MINNESOTA
 STATEMENT OF BALANCES ARISING FROM CASH TRANSACTIONS (CONTINUED)
 GOVERNMENTAL FUNDS
 DECEMBER 31, 2021**

| <u>Debt Service Fund</u> | <u>Revolving Capital Fund</u> | <u>Whitebirch TIF Fund</u> | <u>Total Governmental Funds</u> |
|------------------------------|-----------------------------------|--------------------------------|---|
| <u>\$ 309,776</u> | <u>\$ 3,325,195</u> | <u>\$ (559)</u> | <u>\$ 5,584,882</u> |
| 309,776 | 49,294 | - | \$ 581,721 |
| - | 3,275,901 | - | 3,277,653 |
| - | - | - | - |
| - | - | (559) | 1,725,508 |
| <u>\$ 309,776</u> | <u>\$ 3,325,195</u> | <u>\$ (559)</u> | <u>\$ 5,584,882</u> |

See accompanying Notes to Financial Statements.

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

| | <u>General Fund</u> | <u>Cemetery Fund</u> | <u>EDA Fund</u> |
|---|-------------------------|--------------------------|---------------------|
| RECEIPTS | | | |
| Property Taxes | \$ 2,317,462 | \$ 7,725 | \$ 3,465 |
| Special Assessments | - | - | - |
| Licenses and Permits | 280,267 | - | - |
| Intergovernmental | 284,793 | - | - |
| Charges for Services | 85,363 | 16,674 | - |
| Fines and Forfeits | 8,075 | - | - |
| Investment Earnings (Losses) | 7,191 | 78 | (4) |
| Contributions and Donations | 100 | - | - |
| Other | 17,534 | 14,263 | - |
| Total Receipts | <u>3,000,785</u> | <u>38,740</u> | <u>3,461</u> |
| DISBURSEMENTS | | | |
| CURRENT | | | |
| General Government | 612,247 | - | - |
| Public Safety | 1,068,276 | - | - |
| Streets and Highways | 448,502 | - | - |
| Culture and Recreation | 6,414 | - | - |
| Economic Development | - | - | 3,526 |
| Cemetery | - | 15,899 | - |
| DEBT SERVICE | | | |
| Principal | - | - | - |
| Interest and Other Charges | - | - | - |
| CAPITAL OUTLAY | 612,166 | - | - |
| Total Disbursements | <u>2,747,605</u> | <u>15,899</u> | <u>3,526</u> |
| EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS | 253,180 | 22,841 | (65) |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers In | 277,000 | - | - |
| Transfers Out | (279,387) | (2,000) | - |
| Total Other Financing Sources (Uses) | <u>(2,387)</u> | <u>(2,000)</u> | <u>-</u> |
| NET CHANGE IN CASH FUND BALANCE | 250,793 | 20,841 | (65) |
| Cash Fund Balance - Beginning of Year | <u>1,501,387</u> | <u>175,697</u> | <u>1,817</u> |
| CASH FUND BALANCE - END OF YEAR | <u>\$ 1,752,180</u> | <u>\$ 196,538</u> | <u>\$ 1,752</u> |

See accompanying Notes to Financial Statements.

**CITY OF BREEZY POINT, MINNESOTA
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN
CASH FUND BALANCES (CONTINUED)
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2021**

| Debt Service Fund | Revolving Capital Fund | Whitebirch TIF Fund | Total Governmental Funds |
|------------------------------|-----------------------------------|--------------------------------|---|
| \$ 191,115 | \$ - | \$ 9,867 | \$ 2,529,634 |
| 88,991 | 86,676 | - | 175,667 |
| - | - | - | 280,267 |
| - | - | - | 284,793 |
| - | - | - | 102,037 |
| - | 4,221 | - | 12,296 |
| (476) | (3,119) | - | 3,670 |
| - | - | - | 100 |
| - | 60,901 | - | 92,698 |
| <u>279,630</u> | <u>148,679</u> | <u>9,867</u> | <u>3,481,162</u> |
| - | 1,254 | - | 613,501 |
| - | 7,796 | - | 1,076,072 |
| - | - | - | 448,502 |
| - | - | - | 6,414 |
| - | - | 18,971 | 22,497 |
| - | - | - | 15,899 |
| 225,000 | - | - | 225,000 |
| 17,649 | - | - | 17,649 |
| - | - | - | 612,166 |
| <u>242,649</u> | <u>9,050</u> | <u>18,971</u> | <u>3,037,700</u> |
| 36,981 | 139,629 | (9,104) | 443,462 |
| - | 279,387 | - | 556,387 |
| - | (275,000) | - | (556,387) |
| - | 4,387 | - | - |
| 36,981 | 144,016 | (9,104) | 443,462 |
| 272,795 | 3,181,179 | 8,545 | 5,141,420 |
| <u>\$ 309,776</u> | <u>\$ 3,325,195</u> | <u>\$ (559)</u> | <u>\$ 5,584,882</u> |

See accompanying Notes to Financial Statements.

**CITY OF BREEZY POINT, MINNESOTA
STATEMENT OF BALANCES ARISING FROM CASH TRANSACTIONS
PROPRIETARY FUND
DECEMBER 31, 2021**

| | <u>Enterprise Fund Sewer</u> |
|-------------------------|----------------------------------|
| ASSETS | |
| Cash and Investments | \$ 4,011,430 |
| Total Assets | <u>\$ 4,011,430</u> |
| NET POSITION | |
| Unrestricted | \$ 4,011,430 |
| Total Net Cash Position | <u>\$ 4,011,430</u> |

See accompanying Notes to Financial Statements.

**CITY OF BREEZY POINT, MINNESOTA
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN NET CASH POSITION
PROPRIETARY FUND
YEAR ENDED DECEMBER 31, 2021**

| | Enterprise Fund Sewer |
|--|----------------------------------|
| OPERATING REVENUES | |
| Charges for Services | \$ 413,766 |
| OPERATING DISBURSEMENTS | |
| Personal Services | 197,171 |
| Employee Benefits | 25,611 |
| Professional Services | 2,919 |
| Utilities | 22,952 |
| Supplies | 23,396 |
| Insurance | 6,398 |
| Other Services and Charges | 12,664 |
| Total Operating Disbursements | 291,111 |
| OPERATING INCOME | 122,655 |
| NONOPERATING REVENUES (DISBURSEMENTS) | |
| Investment Earnings (Losses) | (4,066) |
| Special Assessments | 137,190 |
| Hook Up Fees | 111,375 |
| Total Nonoperating Revenues (Disbursements) | 244,499 |
| NET INCOME BEFORE CAPITAL OUTLAY | 367,154 |
| CAPITAL OUTLAY | 26,992 |
| CHANGE IN NET CASH POSITION | 340,162 |
| Total Net Cash Position - Beginning of Year | 3,671,268 |
| TOTAL NET CASH POSITION - END OF YEAR | \$ 4,011,430 |

See accompanying Notes to Financial Statements.

**CITY OF BREEZY POINT, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Breezy Point (City) was formed and operates pursuant to applicable Minnesota laws. The City has a mayor-council form of government that is governed by an elected mayor and four-member council. Council members serve four-year terms and the mayor serves a two-year term.

A. Reporting Entity

The financial reporting entity consists of the Primary Government and the component units for which the Primary Government is financially accountable.

Component Units

Component units are legally separate entities for which the City (Primary Government) is financially accountable, or for which the exclusion of the component unit would render the financial statements of the Primary Government misleading. The criteria used to determine if the Primary Government is financially accountable for a component unit include whether or not the Primary Government appoints a voting majority, or the potential component unit's governing body is able to impose its will on the potential component unit, is in a relationship of financial benefit or burden with the potential component unit, or is fiscally depended upon by the potential component unit.

Based on these criteria, there is one organization considered to be a component unit of the City. The Breezy Point Economic Development Authority (EDA) was established as a legal entity under Minnesota Statutes. Its purpose is to promote and provide incentives for economic development. The Authority includes City Council representation and the City Council has final authority for EDA transactions including bonding, budgeting, and tax increment issues. The EDA is reported as a blended component unit for financial statement reporting and does not issue separate financial statements.

B. Fund Accounting

The accounting system of the City is organized on a fund basis, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts. Government resources are allocated to and accounted for in individual funds based upon the purposes for which such resources are to be spent, and the means by which spending activities are controlled. The City reports the following major Governmental Funds:

**CITY OF BREEZY POINT, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Fund Accounting (Continued)

GOVERNMENTAL FUNDS

General Fund

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

Cemetery Fund

The Cemetery Fund, a special revenue fund, accounts for charges for services that are restricted for the operations and maintenance of the cemetery.

EDA Fund

The EDA Fund, a special revenue fund, accounts for property tax levy that is committed for the operations of the EDA.

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources and payment of general obligation bond principal, interest and related costs of governmental funds.

Revolving Capital Fund

The Revolving Capital Fund, a capital project fund, accounts for the proceeds of specific revenue sources that are restricted and committed to expenditures for specified purposes.

Whitebirch TIF Fund

The Whitebirch TIF Fund, a special revenue fund, is used to account for financial resources to for the Whitebirch TIF District activity. This fund collects tax increments which are used to repay the developer.

PROPRIETARY FUNDS

Enterprise Funds

Enterprise Funds are used to account for operations (1) that are financed and operated in a manner similar to private business enterprises, in which the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (2) when the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City reports the following major Proprietary Fund:

Sewer Fund

The Sewer Fund is used to account for the sewer collection of the City.

**CITY OF BREEZY POINT, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting

The City of Breezy Point, follows the *Reporting and Publishing Requirements for City Audited Financial Statements for Cities under 2,500 in Population Reporting on the Cash or Regulatory Basis of Accounting* as prescribed by the Minnesota's Office of the State Auditor. For all funds, the statements were prepared on the cash basis and, accordingly, revenues and disbursements are recognized only as cash is received or paid out. These statements do not give effect to receivables, payables, accrued expenses, and inventories and, accordingly, are not presented in accordance with generally accepted accounting principles.

D. Cash and Investments

Cash balances from all funds are pooled and invested to the extent available in various securities as authorized by Minnesota Statutes. Investment earnings are allocated to all funds on the basis of average cash balances.

E. Property Taxes Receipts

The City levies its property taxes for the subsequent year during the month of December. In Minnesota, the lien date and assessment date is January 2. Crow Wing County is the collecting agency for the levy which then remits the collections to the City. The County Auditor also collects all special assessments, except for certain payments paid directly to the City. The City receives its taxes in three installments in July, December, and the January following the tax year for which the taxes were levied.

The property tax levy in 2021 includes certain state credits which are distributed to the City directly by the state. These credits are classified as intergovernmental receipts.

F. Long-Term Obligations

Long-term debt is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest are reported as disbursements in governmental funds. In proprietary funds, debt proceeds and payment of principal and interest are reported as other receipts and disbursements. Bond premiums and discounts, as well as bond issuance costs, are recognized during the current period.

**CITY OF BREEZY POINT, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Fund Balance Classifications

Governmental Fund Financial Statements - In the fund financial statements, governmental funds report components of cash fund balance to provide information about cash fund balance availability for appropriation. Restricted cash fund balance represents amounts available for appropriation but intended for a specific use and is legally restricted by outside parties. Committed cash fund balance represents constraints on spending that the government imposes upon itself by high-level formal action prior to the close of the fiscal period. Assigned cash fund balance represents resources intended for spending for a purpose set by the government body itself or by some person or body delegated to exercise such authority in accordance with policy established by the board. Unassigned cash fund balance is the residual classification for the City's general fund and includes all spendable amounts not contained in the other classifications.

Committed cash fund balance is required to be established, modified, or rescinded by resolution of the City Council prior to year-end. The City Council has the authority to establish or modify assigned cash fund balance. When restricted and unrestricted cash fund balance is available for an expenditure, it is the City's policy to first use restricted cash fund balance. When committed, assigned, and unassigned cash fund balance is available of an expenditure, it is the City's policy to use committed, assigned and finally unassigned cash fund balance. The City has formally adopted a policy under which it strives to maintain a minimum unassigned General Fund balance equal to approximately 40% to 45% of annual budgeted operating and debt service requirements.

Proprietary Fund Statements – Net cash position is reported as restricted in the statements when there are limitations imposed on its use through external restrictions imposed by creditors, grantor, laws, or regulations of other governments. The remaining balance is considered to be unrestricted.

**CITY OF BREEZY POINT, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Budgets are prepared on the same basis of accounting as the financial statements. Each fall, the City Council adopts an annual budget for the following year for the General and certain Special Revenue Funds. The City Council may authorize transfer of budgeted amounts between departments within any fund. Comparisons of budgeted receipts and disbursements to actual are presented in the supplementary information for the General Fund, Cemetery Fund (special revenue fund), EDA Fund (special revenue fund), and Whitebirch TIF Fund (special revenue fund).

B. Excess of Cash Disbursements Over Budget

| | Disbursements | Budget | Excess |
|---------------------|---------------|--------------|------------|
| General Fund | \$ 2,747,605 | \$ 2,259,149 | \$ 488,456 |
| EDA Fund | 3,526 | 3,425 | 101 |
| Whitebirch TIF Fund | 18,971 | 2,000 | 16,971 |

The above overages were considered necessary by the City's management to be necessary and were approved by the council.

C. Deficit Fund Balance

The Whitebirch TIF Fund had a deficit fund balance as of December 31, 2021 of \$559. This deficit will be eliminated through collection of taxes or a transfer from the General Fund.

NOTE 3 INTERFUND TRANSFERS

Interfund transfers for the year ended December 31, 2021 were as follows:

| | General Fund | Revolving Capital Fund | Total |
|------------------------|-----------------|---------------------------|------------|
| General Fund | \$ - | \$ 279,387 | \$ 279,387 |
| Cemetery Fund | 2,000 | - | 2,000 |
| Revolving Capital Fund | 275,000 | - | 275,000 |
| Total | \$ 277,000 | \$ 279,387 | \$ 556,387 |

The transfer from the General Fund to the Revolving Capital Fund is for future equipment purchases. The transfer from the Revolving Capital Fund to the General Fund is to help cover the costs of a road grader and new playground equipment. The transfer from the Cemetery Fund to the General Fund was for expenses related to the cemetery maintenance.

**CITY OF BREEZY POINT, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

NOTE 4 COMPONENTS OF CASH FUND BALANCES

Governmental Cash Fund Balances

At December 31, 2021, portions of the City's cash fund balances were not available for appropriation due to legal restrictions (Restricted), Council intent (Committed) policy and/or intent (Assigned).

The following is a summary of the components of cash fund balance:

| | <u>Restricted</u> | <u>Committed</u> | <u>Assigned</u> | <u>Unassigned</u> |
|---------------------------------------|-------------------|---------------------|-----------------|---------------------|
| Governmental Funds | | | | |
| General Fund | | | | |
| Coronavirus State and Local | | | | |
| Fiscal Recovery Funds | \$ 26,113 | \$ - | \$ - | \$ - |
| Unassigned | - | - | - | 1,726,067 |
| Subtotal General Fund | <u>26,113</u> | <u>-</u> | <u>-</u> | <u>1,726,067</u> |
| Cemetery Fund | | | | |
| Cemetery Operations | 196,538 | - | - | - |
| EDA Fund | | | | |
| EDA Operations | - | 1,752 | - | - |
| Debt Service | 309,776 | - | - | - |
| Revolving Capital Fund | | | | |
| Alcohol Forfeiture | 35,346 | - | - | - |
| Drug Forfeiture | 13,948 | - | - | - |
| Capital Projects | - | 3,275,901 | - | - |
| Whitebirch TIF Fund | | | | |
| Developer Payments | - | - | - | (559) |
| Total Governmental Funds | | | | |
| Cash Fund Balance - December 31, 2021 | <u>\$ 581,721</u> | <u>\$ 3,277,653</u> | <u>\$ -</u> | <u>\$ 1,725,508</u> |

NOTE 5 DEPOSITS AND INVESTMENTS

A. Deposits

The City maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the statement of balances arising from cash transactions as "Cash and Investments." In accordance with Minnesota Statutes, the City maintains deposits at financial institutions which are authorized by the City Council.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk and follows Minnesota Statutes for deposits.

**CITY OF BREEZY POINT, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

NOTE 5 DEPOSITS AND INVESTMENTS (CONTINUED)

A. Deposits (Continued)

Minnesota Statutes require that all deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or corporate surety bonds. Authorized collateral include: U.S. government treasury bills, notes, or bonds; issues of a U.S. government agency; general obligations of a state or local government rated "A" or better; revenue obligations of a state or local government rated "AA" or better; irrevocable standby letter of credit issued by a Federal Home Loan Bank; and time deposits insured by a federal agency. Minnesota Statutes require securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or at an account at a trust department of a commercial bank or other financial institution not owned or controlled by the depository.

The City's deposits in the banks at December 31, 2021 were entirely covered by federal depository insurance or by surety bonds and collateral.

B. Investments

The City follows the investment policy and also invests its idle funds as authorized by Minnesota Statutes as follows:

- Direct obligations or obligations guaranteed by the United States or its agencies.
- Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, are rated in one of the two highest rating categories by a statistical rating agency and all of the investments have a final maturity of thirteen months or less.
- General obligations rated "A" or better; revenue obligations rated "AA" or better.
- General obligations of the Minnesota Housing Finance Agency rate "A" or better.
- Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.
- Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by a least two nationally recognized rating agencies, and maturing in 270 days or less.
- Guaranteed investment contracts guaranteed by United States commercial banks or domestic branches of foreign banks or United States insurance companies if similar debt obligations of the issuer or the collateral pledged by the issuer is in the top two rating categories.
- Repurchase or reverse purchase agreement and securities lending agreements financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.

**CITY OF BREEZY POINT, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

NOTE 5 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

At December 31, 2021, the City had the following investments:

| | |
|------------------------|--------------|
| Investment Type | |
| Certificate of Deposit | \$ 5,090,655 |
| Money Market | 1,914,225 |
| Federal Home Loan Bank | 240,406 |
| Total | \$ 7,245,286 |

Credit Risk – Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

| | | |
|-------------------------|--------------------------|--------------|
| Type | Credit Quality Rating | Amount |
| Certificates of Deposit | N/R | \$ 5,090,655 |
| Money Market | N/R | 1,914,225 |
| Federal Home Loan Bank | AAA | 240,406 |
| Total | | \$ 7,245,286 |

Concentration of Credit Risk – The City follows the investment policy addressing the concentration of credit risk. Investment in any one issuer that represents 5% or more of total investments as of December 31, 2021 was Allspring Government Money Market at 13.65%.

Interest Rate Risk – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

| | | | | |
|------------------------|--------------|----------------------|--------------------|--------------------|
| Investment Type | Total | 12 Months or Less | 13 to 24 Months | 25 to 60 Months |
| Certificate of Deposit | \$ 5,090,655 | \$ 1,644,824 | \$ 3,075,623 | \$ 370,208 |
| Money Market | 1,914,225 | 1,914,225 | - | - |
| Federal Home Loan Bank | 240,406 | - | - | 240,406 |
| Total | \$ 7,245,286 | \$ 3,559,049 | \$ 3,075,623 | \$ 610,614 |

The deposits and investments are presented in these financial statements:

| | |
|---------------------------|--------------|
| Deposits | \$ 2,351,026 |
| Investments | 7,245,286 |
| Total Cash and Deposits | \$ 9,596,312 |
| Cash - Governmental Funds | \$ 5,584,882 |
| Cash - Proprietary Funds | 4,011,430 |
| Total Cash | \$ 9,596,312 |

**CITY OF BREEZY POINT, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

NOTE 5 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

The City uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures.

The City follows an accounting standard that defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements. In accordance with this standard, the City has categorized its investments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Financial assets and liabilities recorded on the combined statements of financial position are categorized based on the inputs to the valuation techniques as follows:

- *Level 1* – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities. The inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. Treasury and other U.S. government and agency mortgage-backed securities that are traded by dealers or brokers in active over-the-counter markets.
- *Level 2* – Financial assets and liabilities are valued based on quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data.
- *Level 3* – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity's own assumptions about the assumptions market participants and would use in pricing the asset.

Assets measured at fair value on a recurring basis:

| Type | Level 1 | Level 2 | Total |
|------------------------|-------------|---------------------|---------------------|
| CDs | \$ - | \$ 5,090,655 | \$ 5,090,655 |
| Federal Home Loan Bank | - | 240,406 | 240,406 |
| Total | <u>\$ -</u> | <u>\$ 5,331,061</u> | <u>\$ 5,331,061</u> |

**CITY OF BREEZY POINT, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

NOTE 6 LONG-TERM DEBT

City Indebtedness

The City issues general obligation bonds to provide funds for economic development and for the acquisition and construction of major capital facilities including infrastructure. General obligation bonds are direct obligations and pledge the full-faith and credit of the City.

Long-term obligations currently outstanding for the City are as follows:

| Bonded Indebtedness | Interest Rate | Issue Date | Maturity Date | Outstanding December 31, 2021 |
|--|---------------|------------|---------------|-------------------------------|
| General Government | | | | |
| \$2,350,000 General Obligation Crossover Bonds of 2012 | 2.00-2.25% | 03/15/12 | 12/15/24 | <u>\$ 570,000</u> |

Annual debt service requirements to maturity are as follows:

| Year Ending December 31, | Governmental Activities | | |
|--------------------------|-------------------------|------------------|-------------------|
| | Principal | Interest | Total |
| 2022 | \$ 230,000 | \$ 11,905 | \$ 241,905 |
| 2023 | 230,000 | 7,305 | 237,305 |
| 2024 | 110,000 | 2,475 | 112,475 |
| Total | <u>\$ 570,000</u> | <u>\$ 21,685</u> | <u>\$ 591,685</u> |

A summary of long-term debt transactions for the year ended December 31, 2021, is as follows:

| Bonded Indebtedness | Beginning Balance | Additions | Reduction | Ending Balance | Due Within One year |
|--|-------------------|-------------|-------------------|-------------------|---------------------|
| Governmental Activities | | | | | |
| \$2,350,000 General Obligation Crossover Bonds of 2012 | <u>\$ 795,000</u> | <u>\$ -</u> | <u>\$ 225,000</u> | <u>\$ 570,000</u> | <u>\$ 230,000</u> |

**CITY OF BREEZY POINT, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

NOTE 7 DEFINED BENEFIT PENSION PLANS

A. Plan Description

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

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

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.

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

**CITY OF BREEZY POINT, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

A. Plan Description (Continued)

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. 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.

There are different types of annuities available to members upon retirement. A single-life annuity is a lifetime annuity that ceases upon the death of the retiree and no survivor annuity is payable. There are also various types of joint and survivor annuity options available which will be payable over joint lives. Members may also leave their contributions in the fund upon termination of public service in order to qualify for a deferred annuity at retirement age. Refunds of contributions are available at any time to members who leave public service, but before retirement benefits begin.

The benefit provisions stated in the previous paragraphs of this section are current provisions and apply to active plan participants. 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.

PERA issues a publicly available financial report that includes financial statements and required supplementary information for General Employees Plan. That report may be obtained on the Internet at www.mnpera.org.

B. Funding Policy

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the state legislature. The City makes annual contributions to the pension plans equal to the amount required by state statutes. Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2021. Police and Fire Fund members were required to contribute 11.80% of their annual covered salary in fiscal year 2021. The City is required to contribute the following percentages of annual covered payroll: 7.50% for Coordinated Plan members, and 17.70% for Police and Fire Fund members. The City of Breezy Point's contributions to the General Employees Fund for the years ending December 31, 2021, 2020, and 2019 were \$36,611, \$35,671, and \$33,510 respectively. The City of Breezy Point's contributions to the Police and Fire Fund for the years ending December 31, 2021, 2020, and 2019 were \$92,926, \$83,890, and \$76,113 respectively.

**CITY OF BREEZY POINT, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

C. Defined Contribution Plan

Three council members of the city are covered by the Defined Contribution Plan a multiemployer deferred compensation plan administered PERA. The Defined Contribution Plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the Plan plus investment earnings, less administrative expenses. Minnesota Statutes, Chapter 353.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5% of salary which is matched by the elected official's employer. For ambulance service personnel, employer contributions are determined by the employer, and for salaried employees must be a fixed percentage of salary. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share.

Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2% of employer contributions and 0.25% of the assets in each member's account annually.

Total contributions made by the City during fiscal year 2021 were:

| | <u>Employee</u> | <u>Employer</u> |
|-------------------------------|-----------------|-----------------|
| Contribution Amount | \$ 570 | \$ 570 |
| Percentage of Covered Payroll | 5.00 % | 5.00 % |
| Required Rate | 5.00 % | 5.00 % |

**CITY OF BREEZY POINT, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

NOTE 8 RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. The City has entered into a joint powers agreement with the League of Minnesota Cities Insurance Trust (LMCIT). The LMCIT is a public entity risk pool currently operating as a common risk management and insurance program for Minnesota Cities. The agreement for formation of the LMCIT provides that the pool will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of reserved amounts for each insured event. The pool can make additional assessments to make the pool self-sustaining.

The City has determined that it is not possible to estimate the amount of such additional assessments; however, they are not expected to be material to the financial statements. There were no significant reductions in insurance coverage from the previous year or settlements in excess of insurance coverage for any of the past three fiscal years.

NOTE 9 TAX ABATEMENTS

The City has one pay-as-you-go tax increment financing district with a local business to promote economic development within the City. The City is currently collecting tax increments that are paid through the property tax collection process. The district will stop collections as of December 31, 2028. The requirement for businesses to receive the excess tax increments from the City is to perform improvements on the owned property. The increment taxes are based on the increase from the property value after the improvements are made. The agreements call for 90% of the property tax increments collected to be returned to the developers less administrative fees. For the year ended December 31, 2021, the City paid \$17,371 excess tax increment to the developer.

SUPPLEMENTARY INFORMATION

**CITY OF BREEZY POINT, MINNESOTA
 BUDGETARY COMPARISON SCHEDULE – CASH BASIS
 GENERAL FUND
 YEAR ENDED DECEMBER 31, 2021**

| | <u>Budgeted Original and Final</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---|--|---------------------------|---|
| Beginning Budgetary Fund Balance - Beginning of Year | \$ 1,501,387 | \$ 1,501,387 | \$ - |
| RECEIPTS | | | |
| TAXES | | | |
| General Property Tax | 2,302,906 | 2,317,462 | 14,556 |
| LICENSES AND PERMITS | | | |
| Business | 80,950 | 280,267 | 199,317 |
| INTERGOVERNMENTAL | | | |
| Federal Grants | - | 115,849 | 115,849 |
| State Grants: | | | |
| Local Government Aid | - | 184 | 184 |
| PERA Rate Increase Aid | 50,500 | 55,155 | 4,655 |
| Other | 4,900 | 113,605 | 108,705 |
| Total Intergovernmental | <u>55,400</u> | <u>284,793</u> | <u>229,393</u> |
| CHARGES FOR SERVICES | | | |
| General Government | 72,080 | 85,363 | 13,283 |
| FINES AND FORFEITS | | | |
| County Court | 9,100 | 8,075 | (1,025) |
| MISCELLANEOUS | | | |
| Investment Earnings | 15,000 | 7,191 | (7,809) |
| Contributions and Donations | 100 | 100 | - |
| Other | 1,000 | 17,534 | 16,534 |
| Total Miscellaneous | <u>16,100</u> | <u>24,825</u> | <u>8,725</u> |
| Total Receipts | <u>2,536,536</u> | <u>3,000,785</u> | <u>464,249</u> |
| OTHER FINANCING SOURCES | | | |
| Transfer In | <u>2,000</u> | <u>277,000</u> | <u>275,000</u> |
| Total Receipts and Other Financing Sources | <u>2,538,536</u> | <u>3,277,785</u> | <u>739,249</u> |
| Amount Available for Appropriation | 4,039,923 | 4,779,172 | 739,249 |

**CITY OF BREEZY POINT, MINNESOTA
 BUDGETARY COMPARISON SCHEDULE – CASH BASIS
 GENERAL FUND (CONTINUED)
 YEAR ENDED DECEMBER 31, 2021**

| | <u>Budgeted</u> <u>Original and</u> <u>Final</u> | <u>Actual</u> <u>Amounts</u> | <u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u> |
|---|--|---------------------------------|---|
| DISBURSEMENTS | | | |
| GENERAL GOVERNMENT | | | |
| Mayor and Council: | | | |
| Current | \$ 26,950 | \$ 22,800 | \$ 4,150 |
| Capital Outlay | 29,000 | 5,695 | 23,305 |
| Clerk/Treasurer: | | | |
| Current | 264,408 | 251,241 | 13,167 |
| General Government: | | | |
| Current | 102,900 | 173,410 | (70,510) |
| Capital Outlay | - | 42,800 | (42,800) |
| Planning and Zoning: | | | |
| Current | 119,960 | 164,796 | (44,836) |
| Total General Government | <u>543,218</u> | <u>660,742</u> | <u>(117,524)</u> |
| PUBLIC SAFETY | | | |
| Police Protection: | | | |
| Current | 916,189 | 966,357 | (50,168) |
| Capital Outlay | 40,000 | 52,856 | (12,856) |
| Fire Protection: | | | |
| Current | 111,900 | 101,919 | 9,981 |
| Total Public Safety | <u>1,068,089</u> | <u>1,121,132</u> | <u>(53,043)</u> |
| STREETS AND HIGHWAYS | | | |
| Street Department: | | | |
| Current | 425,968 | 448,502 | (22,534) |
| Capital Outlay - Equipment, Buildings, Etc. | 50,000 | 323,359 | (273,359) |
| Total Streets and Highways | <u>475,968</u> | <u>771,861</u> | <u>(295,893)</u> |
| CULTURE AND RECREATION | | | |
| Culture and Recreation | 11,500 | 6,414 | 5,086 |
| Capital Outlay | 160,374 | 187,456 | (27,082) |
| Total Culture and Recreation | <u>171,874</u> | <u>193,870</u> | <u>(21,996)</u> |
| Total Disbursements | 2,259,149 | 2,747,605 | (488,456) |
| OTHER FINANCING USES | | | |
| Transfers Out | 279,387 | 279,387 | - |
| Total Disbursements and Other Financing Uses | <u>2,538,536</u> | <u>3,026,992</u> | <u>(488,456)</u> |
| BUDGETARY FUND BALANCE - END OF YEAR | <u><u>\$ 1,501,387</u></u> | <u><u>\$ 1,752,180</u></u> | <u><u>\$ 250,793</u></u> |

**CITY OF BREEZY POINT, MINNESOTA
 BUDGETARY COMPARISON SCHEDULE – CASH BASIS
 CEMETERY FUND
 YEAR ENDED DECEMBER 31, 2021**

| | <u>Budgeted Amounts</u> | | <u>Variance with Final Budget Positive (Negative)</u> |
|---|-------------------------------|---------------------------|---|
| | <u>Original and Final</u> | <u>Actual Amounts</u> | |
| Beginning Budgetary Fund Balance - Beginning of Year | \$ 175,697 | \$ 175,697 | \$ - |
| RECEIPTS | | | |
| TAXES | | | |
| General Property Taxes | 6,000 | 7,725 | 1,725 |
| CHARGES FOR SERVICES | | | |
| Other | 9,200 | 16,674 | 7,474 |
| MISCELLANEOUS | | | |
| Investment Earnings | 1,500 | 78 | (1,422) |
| Other | 3,000 | 14,263 | 11,263 |
| Total Miscellaneous | <u>4,500</u> | <u>14,341</u> | <u>9,841</u> |
| Total Receipts | <u>19,700</u> | <u>38,740</u> | <u>19,040</u> |
| Amount Available for Appropriation | 195,397 | 214,437 | 19,040 |
| DISBURSEMENTS | | | |
| CEMETERY | | | |
| Current | 21,845 | 15,899 | 5,946 |
| OTHER FINANCING USES | | | |
| Transfers Out | <u>2,000</u> | <u>2,000</u> | <u>-</u> |
| Total Disbursements and Other Financing Uses | <u>23,845</u> | <u>17,899</u> | <u>5,946</u> |
| BUDGETARY FUND BALANCE - END OF YEAR | <u><u>\$ 171,552</u></u> | <u><u>\$ 196,538</u></u> | <u><u>\$ 24,986</u></u> |

**CITY OF BREEZY POINT, MINNESOTA
 BUDGETARY COMPARISON SCHEDULE – CASH BASIS
 EDA FUND
 YEAR ENDED DECEMBER 31, 2021**

| | <u>Budgeted Amounts</u> | | <u>Variance with Final Budget Positive (Negative)</u> |
|---|-------------------------------|---------------------------|---|
| | <u>Original and Final</u> | <u>Actual Amounts</u> | |
| Beginning Budgetary Fund Balance - Beginning of Year | \$ 1,817 | \$ 1,817 | \$ - |
| RECEIPTS | | | |
| TAXES | | | |
| General Property Taxes | 3,425 | 3,465 | 40 |
| MISCELLANEOUS | | | |
| Investment Earnings | 15 | (4) | (19) |
| Other | 100 | - | (100) |
| Total Miscellaneous | <u>115</u> | <u>(4)</u> | <u>(119)</u> |
| Total Receipts | <u>3,540</u> | <u>3,461</u> | <u>(79)</u> |
| Amount Available for Appropriation | 5,357 | 5,278 | (79) |
| DISBURSEMENTS | | | |
| ECONOMIC DEVELOPMENT | | | |
| Current | <u>3,425</u> | <u>3,526</u> | <u>(101)</u> |
| Total Disbursements | <u>3,425</u> | <u>3,526</u> | <u>(101)</u> |
| BUDGETARY FUND BALANCE - END OF YEAR | <u>\$ 1,932</u> | <u>\$ 1,752</u> | <u>\$ (180)</u> |

**CITY OF BREEZY POINT, MINNESOTA
 BUDGETARY COMPARISON SCHEDULE – CASH BASIS
 TIF FUND
 YEAR ENDED DECEMBER 31, 2021**

| | <u>Budgeted Amounts</u> | | <u>Variance with Final Budget Positive (Negative)</u> |
|---|-------------------------------|---------------------------|---|
| | <u>Original and Final</u> | <u>Actual Amounts</u> | |
| Beginning Budgetary Fund Balance - Beginning of Year | \$ 8,545 | \$ 8,545 | \$ - |
| RECEIPTS | | | |
| TAXES | | | |
| General Property Taxes | 2,000 | 9,867 | 7,867 |
| DISBURSEMENTS | | | |
| ECONOMIC DEVELOPMENT | | | |
| Current | 2,000 | 18,971 | (16,971) |
| BUDGETARY FUND BALANCE - END OF YEAR | <u>\$ 8,545</u> | <u>\$ (559)</u> | <u>\$ (9,104)</u> |

**OTHER INFORMATION
(UNAUDITED)**

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

| Fund | Source of Revenue and Purpose | | Amount |
|---------------------------|-------------------------------|----------------------------|-----------------|
| GOVERNMENTAL FUNDS | | | |
| General Fund | Breezy Point Airport | Snow Plowing | \$ 512 |
| General Fund | Black Bear Real Estate LLC | December Assessment Search | 5 |
| General Fund | Breen & Person LTD | December Assessment Search | 10 |
| General Fund | Crow Wing County Abstract | December Assessment Search | 5 |
| General Fund | Lawyers Title Services | December Assessment Search | 5 |
| General Fund | The Title Team | December Assessment Search | 30 |
| General Fund | Lakes Area Title | December Assessment Search | 5 |
| General Fund | State of Minnesota Finance | December Fines | 1,110 |
| Total Governmental Funds | | | <u>\$ 1,682</u> |

CITY OF BREEZY POINT, MINNESOTA
SCHEDULE OF ACCOUNTS PAYABLE
DECEMBER 31, 2021
(UNAUDITED)

| Fund | Vendor Name | Item and Purpose | Amount |
|---------------------------|---------------------------------|-----------------------------------|-----------|
| Governmental Funds | | | |
| General Fund | MN Dept of Labor & Industry | 4th Quarter 2021 Surcharge | \$ 3,087 |
| General Fund | US Bank-CC | US Postal Service PD Postage | 4 |
| General Fund | US Bank-CC | Gracie University-PD GST Fee | 296 |
| General Fund | US Bank-CC | Flood/Spot Light & Mini Light Bar | 129 |
| General Fund | US Bank-CC | Gracie University-PD GST Fee | 746 |
| General Fund | US Bank-CC | Optics Planet-Belt & Buckle | 74 |
| General Fund | US Bank-CC | US Postal Service PD Postage | 5 |
| General Fund | US Bank-CC | Bayloader/Backhoe Lights | 43 |
| General Fund | US Bank-CC | Boots | 150 |
| General Fund | US Bank-CC | US Auto Force-PD Auto Repair | 584 |
| General Fund | US Bank-CC | DMT Training Room PD | 97 |
| General Fund | US Bank-CC | Go Daddy Credit | (250) |
| General Fund | Wex Bank | Fuel | 1,669 |
| General Fund | AT&T Mobility | Cell Phones | 653 |
| General Fund | Best Oil Company | Fuel | 912 |
| General Fund | Breezy Point Hardware | Supplies | 106 |
| General Fund | Builders First Source | Lumber & Screws | 55 |
| General Fund | Bureau of Criminal Apprehension | CJDN Access Fee (BCA) | 150 |
| General Fund | Crow Wing Co. Treasurer | E911 Address | 25 |
| General Fund | Culligan | PD Water Service-December | 30 |
| General Fund | Galls LLC | Uniforms PD | 59 |
| General Fund | Greenheck Auto Glass, Inc. | PD Window Tint | 400 |
| General Fund | Menards-Baxter | Supplies | 183 |
| General Fund | On Systems Inc. | August IT Service | 2,070 |
| General Fund | Pelican Square | Fuel | 194 |
| General Fund | Quadient Finance USA, Inc. | Postage/Equipment Rental | 72 |
| General Fund | US Auto Force | PD Auto Repair | 600 |
| General Fund | XCEL Energy | PD Natural Gas | 1,941 |
| General Fund | Crow Wing County Recorder | 2021 PC Resolution Recording | 112 |
| General Fund | Crow Wing Power | Electric Service | 994 |
| General Fund | Ratwik, Roszak & Maloney PA | Attorney Fees | 5,740 |
| General Fund | Sparrow Cleaning Service | Cleaning Fees | 800 |
| Cemetery Fund | US Bank-CC | Cemetery Wreaths | 81 |
| Cemetery Fund | Quadient Finance USA, Inc. | Postage/Equipment Rental | 4 |
| Cemetery Fund | Crow Wing Power | Electric Service | 43 |
| | Total Governmental Funds | | 21,858 |
| Proprietary Funds | | | |
| Sewer Fund | US Bank-CC | VarCo-PVC Discharge Hose | 561 |
| Sewer Fund | Wex Bank | Fuel | 96 |
| Sewer Fund | AW Research Laboratory, Inc | Testing Samples | 45 |
| Sewer Fund | Gopher State One Call | December Locates | 8 |
| Sewer Fund | Breezy Point Hardware | Fuel | 49 |
| Sewer Fund | On Systems Inc. | August IT Service | 296 |
| Sewer Fund | Pelican Square | Fuel Credit | (52) |
| Sewer Fund | Quadient Finance USA, Inc. | Postage/Equipment Rental | 54 |
| Sewer Fund | Bill Schultz | Lift Mileage 2021 | 86 |
| Sewer Fund | Crow Wing Power | Electric Service | 1,183 |
| | Total Proprietary Funds | | 2,326 |
| | Total | | \$ 24,184 |

OTHER REPORT SECTION



INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE

Honorable Mayor and
Members of the City Council
City of Breezy Point
Breezy Point, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, the accompanying statement of balances arising from cash transactions of each fund of the City of Breezy Point (City), Minnesota, as of December 31, 2021, and the related statement of cash receipts, disbursements, and changes in cash fund balances for the year then ended, and the related notes to the financial statements and have issued our report thereon dated March 7, 2022. We expressed an adverse opinion on U.S. generally accepted accounting principles because the financial statements are prepared on a basis of accounting that demonstrates compliance with the regulatory basis of accounting prescribed or permitted by the Minnesota Office of the State Auditor, which practices differ from accounting principles generally accepted in the United States of America. However, our opinion was unmodified on the financial statements presented under this regulatory basis.

In connection with our audit, nothing came to our attention that caused us to believe that the City failed to comply with the provisions of the 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.

The purpose of this report is solely to describe the scope of our testing of compliance relating to the provisions of the *Minnesota Legal Compliance Audit Guide for Cities* and the results of that testing, and not to provide an opinion on compliance. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Brainerd, Minnesota
March 7, 2022

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