

**CITY OF BREEZY POINT, MINNESOTA**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2020**



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**CITY OF BREEZY POINT, MINNESOTA  
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## **INTRODUCTORY SECTION**

**CITY OF BREEZY POINT, MINNESOTA  
ELECTED AND APPOINTED OFFICIALS  
DECEMBER 31, 2020**

ELECTED	NAME	TERM EXPIRES
	Mayor – Tom Lillehei	12/31/2020
	<u>Council Members:</u>	
	Michael Moroni	12/31/2022
	Rebecca Ball	12/31/2020
	Gary Bakken	12/31/2022
	Gary Mitchell	12/31/2020

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 Financial Statements**

We have audited the statements of balances arising from cash transactions of each fund of the City of Breezy Point (City), Minnesota as of and for the year ended December 31, 2020, 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, 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 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' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made, by management, as well as evaluating the overall presentation of the financial statements.

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

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 to the financial statements, to meet the financial reporting requirements of the Minnesota Office of the State Auditor, the financial statements are prepared by the City in accordance with the financial reporting provisions of the accounting practices prescribed or permitted by the Minnesota Office of the State Auditor, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Adverse Opinion on 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* paragraph, the 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 the City as of December 31, 2020, or changes in financial position for the year then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to previously present fairly, in all material respects, the balances arising from cash transactions of each fund of the City as of December 31, 2020, and their respective cash receipts, disbursements and changes in cash fund balances and cash net position for the year then ended, in accordance with the financial reporting provisions of the Minnesota Office of the State Auditor described in Note 1.

***Other Matters***

***Supplementary and Other 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 and the other information are presented for purposes of additional analysis and are not a required part of the regulatory basis financial statements.

The budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the regulatory basis financial statements. Such 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.

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

***Other Matters (Continued)***

*Supplementary and Other Information (Continued)*

The other information has not been subjected to the auditing procedures applied in the audit of the regulatory basis financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Brainerd, Minnesota  
March 3, 2021

# **FINANCIAL STATEMENTS**

**CITY OF BREEZY POINT, MINNESOTA  
STATEMENT OF BALANCES ARISING FROM CASH TRANSACTIONS  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2020**

	<u>General Fund</u>	<u>Cemetery Fund</u>	<u>EDA Fund</u>
<b>ASSETS</b>			
Cash and Investments	\$ 1,501,387	\$ 175,697	\$ 1,817
<b>CASH FUND BALANCES</b>			
Restricted	\$ -	\$ 175,697	\$ -
Committed	-	-	-
Assigned	-	-	1,817
Unassigned	1,501,387	-	-
Total Cash Fund Balances	\$ 1,501,387	\$ 175,697	\$ 1,817

See accompanying Notes to Financial Statements.

**CITY OF BREEZY POINT, MINNESOTA  
 STATEMENT OF BALANCES ARISING FROM CASH TRANSACTIONS (CONTINUED)  
 GOVERNMENTAL FUNDS  
 DECEMBER 31, 2020**

<u>Debt Service Fund</u>	<u>Revolving Capital Fund</u>	<u>Whitebirch TIF Fund</u>	<u>Total Governmental Funds</u>
\$ 272,795	\$ 3,181,179	\$ 8,545	\$ 5,141,420
\$ 272,795	\$ 52,888	\$ 8,545	\$ 509,925
-	3,128,291	-	3,128,291
-	-	-	1,817
-	-	-	1,501,387
<u>\$ 272,795</u>	<u>\$ 3,181,179</u>	<u>\$ 8,545</u>	<u>\$ 5,141,420</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, 2020**

	<u>General Fund</u>	<u>Cemetery Fund</u>	<u>EDA Fund</u>
<b>RECEIPTS</b>			
Property Taxes	\$ 2,190,949	\$ 6,045	\$ 3,381
Special Assessments	-	-	-
Licenses and Permits	153,402	-	-
Intergovernmental	245,207	-	-
Charges for Services	73,284	14,898	-
Fines and Forfeits	5,332	-	-
Investment Earnings	38,158	5,570	46
Contributions and Donations	2,284	-	-
Other	7,454	10,212	-
Total Receipts	<u>2,716,070</u>	<u>36,725</u>	<u>3,427</u>
<b>DISBURSEMENTS</b>			
<b>CURRENT</b>			
General Government	626,857	-	-
Public Safety	904,746	-	-
Streets and Highways	403,868	-	-
Culture and Recreation	11,391	-	-
Economic Development	-	-	3,425
Cemetery	-	10,463	-
<b>DEBT SERVICE</b>			
Principal	-	-	-
Interest and Other Charges	-	-	-
<b>CAPITAL OUTLAY</b>	<u>247,780</u>	<u>-</u>	<u>-</u>
Total Disbursements	<u>2,194,642</u>	<u>10,463</u>	<u>3,425</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	521,428	26,262	2
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	2,000	-	-
Transfers Out	(439,261)	(2,000)	-
Total Other Financing Sources (Uses)	<u>(437,261)</u>	<u>(2,000)</u>	<u>-</u>
<b>NET CHANGE IN CASH FUND BALANCE</b>	84,167	24,262	2
Cash Fund Balance - Beginning of Year	<u>1,417,220</u>	<u>151,435</u>	<u>1,815</u>
<b>CASH FUND BALANCE - END OF YEAR</b>	<u>\$ 1,501,387</u>	<u>\$ 175,697</u>	<u>\$ 1,817</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, 2020**

<b>Debt Service Fund</b>	<b>Revolving Capital Fund</b>	<b>Whitebirch TIF Fund</b>	<b>Total Governmental Funds</b>
\$ 190,899	\$ -	\$ 9,395	\$ 2,400,669
62,917	217,718	-	280,635
-	-	-	153,402
-	-	-	245,207
-	5,936	-	94,118
-	2,586	-	7,918
10,037	90,691	-	144,502
-	-	-	2,284
-	9,923	-	27,589
<u>263,853</u>	<u>326,854</u>	<u>9,395</u>	<u>3,356,324</u>
-	4,725	-	631,582
-	987	-	905,733
-	32,291	-	436,159
-	-	-	11,391
-	-	850	4,275
-	-	-	10,463
225,000	-	-	225,000
21,525	-	-	21,525
-	20,786	-	268,566
<u>246,525</u>	<u>58,789</u>	<u>850</u>	<u>2,514,694</u>
17,328	268,065	8,545	841,630
-	439,261	-	441,261
-	-	-	(441,261)
-	439,261	-	-
17,328	707,326	8,545	841,630
<u>255,467</u>	<u>2,473,853</u>	<u>-</u>	<u>4,299,790</u>
<u>\$ 272,795</u>	<u>\$ 3,181,179</u>	<u>\$ 8,545</u>	<u>\$ 5,141,420</u>

See accompanying Notes to Financial Statements.

**CITY OF BREEZY POINT, MINNESOTA  
STATEMENT OF BALANCES ARISING FROM CASH TRANSACTIONS  
PROPRIETARY FUND  
DECEMBER 31, 2020**

	<u>Enterprise Fund Sewer</u>
<b>ASSETS</b>	
Current Assets	
Cash and Investments	\$ 3,671,268
Total Assets	<u>\$ 3,671,268</u>
<b>NET POSITION</b>	
Unrestricted	<u>\$ 3,671,268</u>
Total Net Cash Position	<u>\$ 3,671,268</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, 2020**

	<b>Enterprise Fund Sewer</b>
<b>OPERATING REVENUES</b>	
Charges for Services	\$ 407,315
<b>OPERATING DISBURSEMENTS</b>	
Personal Services	179,620
Employee Benefits	36,138
Professional Services	8,396
Utilities	28,670
Supplies	36,630
Insurance	8,509
Other Services and Charges	10,973
Total Operating Disbursements	308,936
<b>OPERATING INCOME</b>	98,379
<b>NONOPERATING REVENUES (DISBURSEMENTS)</b>	
Investment Earnings	127,590
Special Assessments	108,748
Hook Up Fees	63,175
Total Nonoperating Revenues (Disbursements)	299,513
<b>NET INCOME BEFORE CAPITAL OUTLAY</b>	397,892
<b>CAPITAL OUTLAY</b>	215,495
<b>CHANGE IN NET CASH POSITION</b>	182,397
Total Net Cash Position - Beginning of Year	3,488,871
<b>TOTAL NET CASH POSITION - END OF YEAR</b>	\$ 3,671,268

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, 2020**

**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.

**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**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN NET CASH POSITION**  
**PROPRIETARY FUND**  
**YEAR ENDED DECEMBER 31, 2020**

**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 assigned 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**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN NET CASH POSITION**  
**PROPRIETARY FUND**  
**YEAR ENDED DECEMBER 31, 2020**

**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 2020 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**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN NET CASH POSITION**  
**PROPRIETARY FUND**  
**YEAR ENDED DECEMBER 31, 2020**

**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  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN NET CASH POSITION  
 PROPRIETARY FUND  
 YEAR ENDED DECEMBER 31, 2020**

**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).

**NOTE 3 INTERFUND TRANSFERS**

Interfund transfers for the year ended December 31, 2020 were as follows:

Transfer Out	General Fund	Revolving Capital Fund	Total
General Fund	\$ -	\$ 439,261	\$ 439,261
Cemetery Fund	2,000	-	2,000
Total	<u>\$ 2,000</u>	<u>\$ 439,261</u>	<u>\$ 441,261</u>

The transfer from the General Fund to the Revolving Capital Fund was to help fund future improvement projects- including \$10,000 for land acquisitions, \$5,000 for signs, \$185,000 for road improvements and \$10,000 for accrued employee liabilities. The remaining \$229,261 transferred to revolving capital was for future equipment purchases. The transfer from the Cemetery Fund to the General Fund was for expenses related to the cemetery maintenance.

**CITY OF BREEZY POINT, MINNESOTA  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN NET CASH POSITION  
PROPRIETARY FUND  
YEAR ENDED DECEMBER 31, 2020**

**NOTE 4 COMPONENTS OF CASH FUND BALANCES**

Governmental Cash Fund Balances

At December 31, 2020, 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:

	Restricted	Committed	Assigned	Unassigned
<b>Governmental Funds</b>				
<b>General Fund</b>	\$ -	\$ -	\$ -	\$ 1,501,387
<b>Cemetery Fund</b>				
Cemetery Operations	175,697	-	-	-
<b>EDA Fund</b>				
EDA Operations	-	-	1,817	-
<b>Debt Service</b>	272,795	-	-	-
<b>Revolving Capital Fund</b>				
Alcohol Forfeiture	38,502	-	-	-
Drug Forfeiture	14,386	-	-	-
Capital Projects	-	3,128,291	-	-
<b>Whitebirch TIF Fund</b>				
Developer Payments	8,545	-	-	-
Total Governmental Funds				
Cash Fund Balance - December 31, 2020	<u>\$ 509,925</u>	<u>\$ 3,128,291</u>	<u>\$ 1,817</u>	<u>\$ 1,501,387</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  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN NET CASH POSITION  
PROPRIETARY FUND  
YEAR ENDED DECEMBER 31, 2020**

**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, 2020 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**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN NET CASH POSITION**  
**PROPRIETARY FUND**  
**YEAR ENDED DECEMBER 31, 2020**

**NOTE 5 DEPOSITS AND INVESTMENTS (CONTINUED)**

B. Investments (Continued)

At December 31, 2020, the City had the following investments:

Investment Type	
Certificate of Deposit	\$ 6,207,176
Money Market	802,375
Total	\$ 7,009,551

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	\$ 6,207,176
Money Market	N/R	802,375
Total		\$ 7,009,551

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, 2020 was 4M at 6.08%.

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	\$ 6,207,176	\$ 1,625,212	\$ 3,003,058	\$ 1,578,906
Money Market	802,375	802,375	-	-
Total	\$ 7,009,551	\$ 2,427,587	\$ 3,003,058	\$ 1,578,906

The deposits and investments are presented in these financial statements:

Deposits	\$ 1,803,137
Investments	7,009,551
Total Cash and Deposits	\$ 8,812,688
Cash - Governmental Funds	\$ 5,141,420
Cash - Proprietary Funds	3,671,268
Total Cash	\$ 8,812,688

**CITY OF BREEZY POINT, MINNESOTA  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN NET CASH POSITION  
PROPRIETARY FUND  
YEAR ENDED DECEMBER 31, 2020**

**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	-	6,207,176	6,207,176
Total	\$ -	\$ 6,207,176	\$ 6,207,176

**CITY OF BREEZY POINT, MINNESOTA  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN NET CASH POSITION  
PROPRIETARY FUND  
YEAR ENDED DECEMBER 31, 2020**

**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, 2020
<b>General Government</b>				
\$2,350,000 General Obligation Crossover Bonds of 2012	2.00-2.25%	03/15/12	12/15/24	<u>\$ 795,000</u>

Annual debt service requirements to maturity are as follows:

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2021	\$ 225,000	\$ 16,405	\$ 241,405
2022	230,000	11,905	241,905
2023	230,000	7,305	237,305
2024	110,000	2,475	112,475
Total	<u>\$ 795,000</u>	<u>\$ 38,090</u>	<u>\$ 833,090</u>

A summary of long-term debt transactions for the year ended December 31, 2020, is as follows:

Bonded Indebtedness	Beginning Balance	Additions	Reduction	Ending Balance	Due Within One year
<b>Governmental Activities</b>					
\$2,350,000 General Obligation Crossover Bonds of 2012	<u>\$ 1,020,000</u>	<u>\$ -</u>	<u>\$ 225,000</u>	<u>\$ 795,000</u>	<u>\$ 225,000</u>

**CITY OF BREEZY POINT, MINNESOTA  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN NET CASH POSITION  
PROPRIETARY FUND  
YEAR ENDED DECEMBER 31, 2020**

**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 are covered by defined benefit plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Plan (accounted for in the General Employees Fund), the Public Employees Police and Fire Retirement Plan (accounted for in the Police and Fire Fund), which are cost-sharing, multiemployer retirement plans. These plans are established and administered in accordance with *Minnesota Statutes*, Chapters 353 and 356.

General Employees Plan members belong to either the Coordinated Plan. Coordinated Plan members are covered by Social Security. All police officers, firefighters and peace officers who qualify for membership by statute are covered by the Police and Fire Plan.

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

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

**CITY OF BREEZY POINT, MINNESOTA  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN NET CASH POSITION  
PROPRIETARY FUND  
YEAR ENDED DECEMBER 31, 2020**

**NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

A. Plan Description (Continued)

For all General Employee Plan members hired prior to July 1, 1989 whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90. Method 2 provides for unreduced retirement benefits at age 65 for members first hired prior to July 1, 1989 or age 66 (the age for unreduced Social Security benefits), for those first hired on or after that date. Early retirement may begin at age 55 with an actuarial reduction (about 6% per year) for members retiring prior to full retirement age.

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](http://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 2020. Police and Fire Fund members were required to contribute 11.80% of their annual covered salary in fiscal year 2020. 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, 2020, 2019, and 2018 were \$35,671, \$33,510, and \$33,045 respectively. The City of Breezy Point's contributions to the Police and Fire Fund for the years ending December 31, 2020, 2019, and 2018 were \$83,890, \$76,113, and \$70,636 respectively.

**CITY OF BREEZY POINT, MINNESOTA  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN NET CASH POSITION  
PROPRIETARY FUND  
YEAR ENDED DECEMBER 31, 2020**

**NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

C. Defined Contribution Plan

Two council members of the city are covered by the Public Employees Defined Contribution Plan (Defined Contribution Plan accounted for in the Defined Contribution Fund), a multiemployer deferred compensation plan administered by the Public Employees Retirement Association of Minnesota (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 six 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 2020 were:

	<u>Employee</u>	<u>Employer</u>
Contribution Amount	\$ 300	\$ 300
Percentage of Covered Payroll	5.00 %	5.00 %
Required Rate	5.00 %	5.00 %

**CITY OF BREEZY POINT, MINNESOTA**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN NET CASH POSITION**  
**PROPRIETARY FUND**  
**YEAR ENDED DECEMBER 31, 2020**

**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, 2020, the City did not pay any excess tax increment.

## **SUPPLEMENTARY INFORMATION**

**CITY OF BREEZY POINT, MINNESOTA  
 BUDGETARY COMPARISON SCHEDULE – CASH BASIS  
 GENERAL FUND  
 YEAR ENDED DECEMBER 31, 2020**

	<u>Budgeted Original and Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Beginning Budgetary Fund Balance - Beginning of Year</b>	\$ 1,417,220	\$ 1,417,220	\$ -
<b>RECEIPTS</b>			
<b>TAXES</b>			
General Property Tax	2,192,867	2,190,949	(1,918)
<b>LICENSES AND PERMITS</b>			
Business	92,200	153,402	61,202
<b>INTERGOVERNMENTAL</b>			
Federal Grants	-	187,221	187,221
State Grants:			
Local Government Aid	-	182	182
PERA Rate Increase Aid	50,500	51,193	693
Other	4,900	6,611	1,711
Total Intergovernmental	<u>55,400</u>	<u>245,207</u>	<u>189,807</u>
<b>CHARGES FOR SERVICES</b>			
General Government	73,410	73,284	(126)
<b>FINES AND FORFEITS</b>			
County Court	9,100	5,332	(3,768)
<b>MISCELLANEOUS</b>			
Investment Earnings	18,000	38,158	20,158
Contributions and Donations	100	2,284	2,184
Other	1,500	7,454	5,954
Total Miscellaneous	<u>19,600</u>	<u>47,896</u>	<u>28,296</u>
Total Receipts	<u>2,442,577</u>	<u>2,716,070</u>	<u>273,493</u>
<b>OTHER FINANCING SOURCES</b>			
Transfer In	2,000	2,000	-
Total Receipts and Other Financing Sources	<u>2,444,577</u>	<u>2,718,070</u>	<u>273,493</u>
Amount Available for Appropriation	3,861,797	4,135,290	273,493

**CITY OF BREEZY POINT, MINNESOTA  
BUDGETARY COMPARISON SCHEDULE – CASH BASIS  
GENERAL FUND (CONTINUED)  
YEAR ENDED DECEMBER 31, 2020**

	<u>Budgeted Original and Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>DISBURSEMENTS</b>			
<b>GENERAL GOVERNMENT</b>			
Mayor and Council:			
Current	\$ 23,950	\$ 21,300	\$ 2,650
Capital Outlay	54,000	58,400	(4,400)
Clerk/Treasurer:			
Current	257,722	239,445	18,277
General Government:			
Current	94,810	242,470	(147,660)
Capital Outlay	250,000	82,502	167,498
Planning and Zoning:			
Current	115,310	123,642	(8,332)
Total General Government	<u>795,792</u>	<u>767,759</u>	<u>28,033</u>
<b>PUBLIC SAFETY</b>			
Police Protection:			
Current	870,884	808,341	62,543
Capital Outlay	44,500	88,059	(43,559)
Fire Protection:			
Current	99,500	96,405	3,095
Total Public Safety	<u>1,014,884</u>	<u>992,805</u>	<u>22,079</u>
<b>STREETS AND HIGHWAYS</b>			
Street Department:			
Current	396,640	403,868	(7,228)
Capital Outlay - Equipment, Buildings, Etc.	36,000	5,127	30,873
Total Streets and Highways	<u>432,640</u>	<u>408,995</u>	<u>23,645</u>
<b>CULTURE AND RECREATION</b>			
Culture and Recreation	11,500	11,391	109
Capital Outlay	500	13,692	(13,192)
Total Culture and Recreation	<u>12,000</u>	<u>25,083</u>	<u>(13,083)</u>
Total Disbursements	2,255,316	2,194,642	60,674
<b>OTHER FINANCING USES</b>			
Transfers Out	279,387	439,261	(159,874)
Total Disbursements and Other Financing Uses	<u>2,534,703</u>	<u>2,633,903</u>	<u>(99,200)</u>
<b>BUDGETARY FUND BALANCE - END OF YEAR</b>	<u>\$ 1,327,094</u>	<u>\$ 1,501,387</u>	<u>\$ 174,293</u>

**CITY OF BREEZY POINT, MINNESOTA  
 BUDGETARY COMPARISON SCHEDULE – CASH BASIS  
 CEMETARY FUND  
 YEAR ENDED DECEMBER 31, 2020**

	<u>Budgeted Amounts</u>		<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original and Final</u>	<u>Actual Amounts</u>	
<b>Beginning Budgetary Fund Balance - Beginning of Year</b>	\$ 151,435	\$ 151,435	\$ -
<b>RECEIPTS</b>			
<b>TAXES</b>			
General Property Taxes	6,000	6,045	45
<b>CHARGES FOR SERVICES</b>			
Other	11,560	14,898	3,338
<b>MISCELLANEOUS</b>			
Investment Earnings	1,500	5,570	4,070
Other	3,000	10,212	7,212
Total Miscellaneous	<u>4,500</u>	<u>15,782</u>	<u>11,282</u>
Total Receipts	<u>22,060</u>	<u>36,725</u>	<u>14,665</u>
Amount Available for Appropriation	173,495	188,160	14,665
<b>DISBURSEMENTS</b>			
<b>CEMETERY</b>			
Current	22,060	10,463	11,597
<b>OTHER FINANCING USES</b>			
Transfers Out	<u>2,000</u>	<u>2,000</u>	<u>-</u>
Total Disbursements and Other Financing Uses	<u>24,060</u>	<u>12,463</u>	<u>11,597</u>
<b>BUDGETARY FUND BALANCE - END OF YEAR</b>	<u>\$ 149,435</u>	<u>\$ 175,697</u>	<u>\$ 26,262</u>

**CITY OF BREEZY POINT, MINNESOTA  
 BUDGETARY COMPARISON SCHEDULE – CASH BASIS  
 EDA FUND  
 YEAR ENDED DECEMBER 31, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original and Final</u>		<u>Actual Amounts</u>	<u>(Negative)</u>
<b>Beginning Budgetary Fund Balance - Beginning of Year</b>	\$ 1,815	\$	1,815	\$ -
<b>RECEIPTS</b>				
<b>TAXES</b>				
General Property Taxes	3,425		3,381	(44)
<b>MISCELLANEOUS</b>				
Investment Earnings	50		46	(4)
Other	750		-	(750)
Total Miscellaneous	<u>800</u>		<u>46</u>	<u>(754)</u>
Total Receipts	<u>4,225</u>		<u>3,427</u>	<u>(798)</u>
Amount Available for Appropriation	6,040		5,242	(798)
<b>DISBURSEMENTS</b>				
<b>ECONOMIC DEVELOPMENT</b>				
Current	<u>3,425</u>		<u>3,425</u>	<u>-</u>
Total Disbursements	<u>3,425</u>		<u>3,425</u>	<u>-</u>
<b>BUDGETARY FUND BALANCE - END OF YEAR</b>	<u>\$ 2,615</u>	\$	<u>1,817</u>	<u>\$ (798)</u>

**CITY OF BREEZY POINT, MINNESOTA  
 BUDGETARY COMPARISON SCHEDULE – CASH BASIS  
 TIF FUND  
 YEAR ENDED DECEMBER 31, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original and Final</u>		<u>Actual Amounts</u>	<u>Positive (Negative)</u>
<b>Beginning Budgetary Fund Balance - Beginning of Year</b>	\$ -		\$ -	\$ -
<b>RECEIPTS</b>				
<b>TAXES</b>				
General Property Taxes	1,050		9,395	8,345
<b>DISBURSEMENTS</b>				
<b>ECONOMIC DEVELOPMENT</b>				
Current	1,500		850	650
<b>BUDGETARY FUND BALANCE - END OF YEAR</b>	<u>\$ (450)</u>		<u>\$ 8,545</u>	<u>\$ 8,995</u>

**OTHER INFORMATION  
(UNAUDITED)**

**CITY OF BREEZY POINT, MINNESOTA  
SCHEDULE OF ACCOUNTS RECEIVABLE  
DECEMBER 31, 2020  
(UNAUDITED)**

Fund	Source of Revenue and Purpose		Amount
<b>GOVERNMENTAL FUNDS</b>			
General Fund	Noble Escrow & Title Inc.	December Assessment Searches	\$ 35
General Fund	Breezy Point Airport	Snow Plowing Airport	90
General Fund	State of Minnesota Dept of Finance	2/3 Fines	27
General Fund	Black Bear Real Estate LLC	December Assessment Searches	15
General Fund	Bill Schoenecker	2020 Assessment Searches	55
General Fund	Breezy Point Airport	Snow Plowing Airport	210
Revolving Capital Fund	State of MN Department of Finance	DWI assessments	50
Total Governmental Funds			<u>\$ 482</u>

**CITY OF BREEZY POINT, MINNESOTA**  
**SCHEDULE OF ACCOUNTS PAYABLE**  
**DECEMBER 31, 2020**  
**(UNAUDITED)**

Fund	Vendor Name	Item and Purpose	Amount
<b>Governmental Funds</b>			
General Fund	MN Dept of Labor & Industry	4th Quarter 2020-Surcharge Report	\$ 878
General Fund	WEX Bank	December Fuel	1,253
General Fund	TDS Telecom	December Phone Charges	36
General Fund	AT&T Mobility	PD Cell Phones	570
General Fund	Forum Communication Company	Ad #2870236	78
General Fund	Galls/Quartermaster	Uniforms PD	454
General Fund	Gull Lake Glass Inc.	Bronze Push Paddle	169
General Fund	Krista Okerman	Payroll Assistance 12/21/2020	250
General Fund	Lakes Printing Inc.	Envelopes	241
General Fund	Northland Fire Protection	Fire Extinguisher Service	267
General Fund	Gorvin Inc./Paper Storm	Shredding	52
General Fund	Petty Cash Reimbursement	Election Supplies	8
General Fund	Quadient Finance USA, Inc.	Postage	38
General Fund	Sparrow Cleaning Service	December Office Cleaning	800
General Fund	Xcel Energy	Natural Gas	851
General Fund	Crow Wing Power	Electric Service	1,022
General Fund	Essentia Health	Drug Tests	50
General Fund	LMN-Insurance Trust	Deductible	500
General Fund	Ratwik Roszak & Maloney PA	Attorney Fee December	30
General Fund	Verizon Wireless	PW Cell Phones	395
General Fund	CliftonLarsonAllen	Payroll Assistance 12/21/2020	683
General Fund	Crow Wing County Highway Dept	Ossie Road Project 20-429	110,401
General Fund	Widseth Smith Nolting & Assoc.	Street Condition Audit-Engineering	6,600
Whitebirch TIF Fund	Whitebirch Inc.	TIF-Reimbursement- Red Barn	8,456
Cemetery Fund	Cold Spring Granite Company	Niche Plaques	532
Cemetery Fund	MN Association of Cemeteries	2020 Annual Dues	75
Cemetery Fund	Crow Wing Power	Electric Service	6
	Total Governmental Funds		<u>134,695</u>
<b>Proprietary Funds</b>			
Sewer Fund	WEX Bank	December Fuel	167
Sewer Fund	Gopher State One Call	December Locates	5
Sewer Fund	Lakes Printing Inc.	Envelopes	121
Sewer Fund	Petty Cash Reimbursement	Mileage Reimb-Lifts	99
Sewer Fund	Quadient Finance USA, Inc.	Postage	93
Sewer Fund	Crow Wing Power	Electric Service	1,159
Sewer Fund	Verizon Wireless	PW Cell Phones	106
	Total Proprietary Funds		<u>1,750</u>
Total			<u>\$ 136,445</u>

## **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, 2020, 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 3, 2021. 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 3, 2021

