

CITY OF WAYZATA
WAYZATA, MINNESOTA

Financial Statements
and Supplemental Information

Year Ended
December 31, 2021

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CITY OF WAYZATA
HENNEPIN COUNTY, MINNESOTA

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HENNEPIN COUNTY, MINNESOTA

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INTRODUCTORY SECTION

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CITY OF WAYZATA
HENNEPIN COUNTY, MINNESOTA

Elected and Appointed Officials
December 31, 2021

Elected

	<u>Term Expires</u>	<u>Position</u>
Johanna Mouton	2024	Mayor
Jeff Buchanan	2022	Councilmember
Cathy Iverson	2024	Councilmember
Molly MacDonald	2022	Councilmember
Alex Plechash	2024	Councilmember

Appointed

Jeffrey Dahl	City Manager
Aurora Yager	Administrative Services Director
Kathy Leervig	City Clerk
Kathy Ovshak	Senior Accountant

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FINANCIAL SECTION

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PRINCIPALS

Thomas A. Karnowski, CPA
Paul A. Radosevich, CPA
William J. Lauer, CPA
James H. Eichten, CPA
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Victoria L. Holinka, CPA/CMA
Jaclyn M. Huegel, CPA
Kalen T. Karnowski, CPA

INDEPENDENT AUDITOR'S REPORT

To the City Council and Management
City of Wayzata, Minnesota

OPINIONS

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

BASIS FOR OPINIONS

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

RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern within 12 months beyond the financial statements date, including any currently known information that may raise substantial doubt shortly thereafter.

(continued)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information (RSI), as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

(continued)

Supplementary Information

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

Other Information

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

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

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 10, 2022 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Malloy, Montague, Karnowski, Radosevich & Co., P. A.

Minneapolis, Minnesota
May 10, 2022

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CITY OF WAYZATA

Management's Discussion and Analysis Year Ended December 31, 2021

As management of the City of Wayzata, Minnesota (the City) we have provided readers of the City's financial statements with this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2021. We encourage readers to consider the information presented here in conjunction with additional information provided in this report.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City (primary government) exceeded liabilities and deferred inflows of resources by \$72,182,797 (net position) at the close of the most recent fiscal year. Of this amount, \$12,485,122 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's (primary government) total net position increased by \$2,270,695 in 2021, including a \$1,530,771 increase in governmental activities net position, and a \$739,924 increase in business-type net position.
- The City's total bonded debt decreased \$1,323,882, or 5.9 percent, in 2021, due to scheduled bond principal payments and no new debt issued during the year.
- The City's governmental funds reported combined ending fund balances of \$13,637,502 as of December 31, 2021, a decrease of \$349,621 from last year. Of this amount, \$2,044,797 (15.0 percent), is unassigned.
- As of December 31, 2021, the total fund balances of the General Fund equaled \$4,012,272, which represents 63.3 percent of General Fund expenditures for 2021. Total fund balances decreased \$304,421 during the year, compared to a break-even budget. The variance was due to the City transferring \$324,095 more than originally budgeted out to other City funds.

OVERVIEW OF THE FINANCIAL STATEMENTS

The management's discussion and analysis (MD&A) is intended to serve as an introduction to the City's basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to basic financial statements. This report also contains other supplementary information.

Government-Wide Financial Statements – The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private sector business.

The government-wide financial statements include not only the City itself (known as the primary government), but also the Wayzata Housing and Redevelopment Authority (HRA). The HRA is a legally separate entity for which the City is financially accountable, which provides community redevelopment assistance through the administration of various programs. Financial information for this component unit is presented discretely, separate from the financial information presented for the primary government.

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

The Statement of Net Position presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned, but unused personal leave time).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by property taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities include general government, public safety, public works, and culture and recreation. The business-type activities of the City include water, sewer, licensing, liquor, solid waste, and stormwater activities.

REPORTING THE CITY AS A WHOLE

The analysis of the City as a whole begins with the Statement of Net Position and the Statement of Activities. One of the most important questions asked about the City's finances is, "is the City as a whole better or worse off as a result of this year's activities?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These statements report the City's net position and changes in them. The City's net position can be used as a way of measuring the City's financial health or financial position. Over time, increases or decreases in the City's net position are indicators of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors; however, such as changes in the City's tax base or the condition of the City's infrastructure, to assess the overall health of the City.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

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

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

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

Notes to Basic Financial Statements – The notes to basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information – Required supplementary information (RSI) on the pension and other post-employment benefits plans, in which city employees participate is presented following the notes to basic financial statements. Supplemental information, consisting of combining and individual fund financial statements and schedules and other city information, is presented immediately following the RSI.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position – Net position may over time serve as a useful indicator of a city’s financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$72,182,797 at the close of the most recent fiscal year. The City’s total net position increased \$2,270,695 from the previous year-end. The following is a summary of the City’s net position:

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 18,087,036	\$ 19,582,601	\$ 7,144,321	\$ 6,233,911	\$ 25,231,357	\$ 25,816,512
Capital assets	55,345,326	54,425,426	19,399,947	19,915,316	74,745,273	74,340,742
Total assets	<u>73,432,362</u>	<u>74,008,027</u>	<u>26,544,268</u>	<u>26,149,227</u>	<u>99,976,630</u>	<u>100,157,254</u>
Deferred outflows of resources						
Pension plan deferments	2,266,865	904,897	1,001,494	200,467	3,268,359	1,105,364
OPEB plan deferments	46,503	32,623	22,613	16,293	69,116	48,916
Deferred charges on refunding	–	–	40,183	44,202	40,183	44,202
Total deferred outflows of resources	<u>2,313,368</u>	<u>937,520</u>	<u>1,064,290</u>	<u>260,962</u>	<u>3,377,658</u>	<u>1,198,482</u>
Liabilities						
Other liabilities	1,345,296	2,108,817	320,297	184,024	1,665,593	2,292,841
Noncurrent liabilities	17,643,592	19,489,743	7,552,870	8,402,748	25,196,462	27,892,491
Total liabilities	<u>18,988,888</u>	<u>21,598,560</u>	<u>7,873,167</u>	<u>8,586,772</u>	<u>26,862,055</u>	<u>30,185,332</u>
Deferred inflows of resources						
Pension plan deferments	2,935,841	1,043,293	1,256,354	76,538	4,192,195	1,119,831
OPEB plan deferments	78,881	92,345	38,360	46,126	117,241	138,471
Total deferred inflows of resources	<u>3,014,722</u>	<u>1,135,638</u>	<u>1,294,714</u>	<u>122,664</u>	<u>4,309,436</u>	<u>1,258,302</u>
Net position						
Net investment in capital assets	40,102,438	38,314,544	13,481,147	13,540,628	53,583,585	51,855,172
Restricted	4,936,452	5,141,057	1,177,638	1,307,471	6,114,090	6,448,528
Unrestricted	<u>8,703,230</u>	<u>8,755,748</u>	<u>3,781,892</u>	<u>2,852,654</u>	<u>12,485,122</u>	<u>11,608,402</u>
Total net position	<u>\$ 53,742,120</u>	<u>\$ 52,211,349</u>	<u>\$ 18,440,677</u>	<u>\$ 17,700,753</u>	<u>\$ 72,182,797</u>	<u>\$ 69,912,102</u>

A large portion of the City’s net position (74.2 percent) reflects its investment in capital assets (land, buildings, and machinery and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City’s investment in its capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. A portion (8.5 percent) of the City’s net position represents resources that are subject to external restrictions on how they may be used. The remainder of the City’s net position (17.3 percent) is unrestricted.

At the end of the current fiscal year, the City is able to report positive balances in all categories of net position, both for the City as a whole, as well as for its separate governmental and business-type activities. This was also the case at the previous year-end.

The following is a summary of the City's changes in net position:

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues						
Program revenues						
Charges for services	\$ 2,264,993	\$ 2,600,549	\$ 10,225,334	\$ 8,631,060	\$ 12,490,327	\$ 11,231,609
Operating grants and contributions	369,499	354,627	19,673	21,359	389,172	375,986
Capital grants and contributions	2,440,907	3,851,771	199,352	176,204	2,640,259	4,027,975
General revenues						
Property taxes	5,097,764	5,025,302	–	–	5,097,764	5,025,302
Franchise fees	157,679	158,017	–	–	157,679	158,017
Unrestricted grants and contributions	106,406	382,029	–	–	106,406	382,029
Other general revenues	93	9,865	–	–	93	9,865
Unrestricted investment earnings (charges)	(78,741)	265,605	(37,386)	101,734	(116,127)	367,339
Gain on sale of capital assets	–	77,940	–	–	–	77,940
Total revenues	<u>10,358,600</u>	<u>12,725,705</u>	<u>10,406,973</u>	<u>8,930,357</u>	<u>20,765,573</u>	<u>21,656,062</u>
Expenses						
General government	2,202,811	2,479,040	–	–	2,202,811	2,479,040
Public safety	2,856,299	3,095,691	–	–	2,856,299	3,095,691
Public works	2,192,961	1,634,301	–	–	2,192,961	1,634,301
Culture and recreation	1,675,930	1,260,678	–	–	1,675,930	1,260,678
Interest on long-term debt	379,829	517,009	–	–	379,829	517,009
Water	–	–	902,015	797,198	902,015	797,198
Sewer	–	–	1,043,863	1,006,198	1,043,863	1,006,198
Licensing	–	–	493,355	497,307	493,355	497,307
Liquor	–	–	6,005,401	5,300,652	6,005,401	5,300,652
Solid waste	–	–	379,117	374,985	379,117	374,985
Stormwater	–	–	363,297	254,133	363,297	254,133
Total expenses	<u>9,307,830</u>	<u>8,986,719</u>	<u>9,187,048</u>	<u>8,230,473</u>	<u>18,494,878</u>	<u>17,217,192</u>
Changes in net position before transfers	1,050,770	3,738,986	1,219,925	699,884	2,270,695	4,438,870
Transfers	<u>480,001</u>	<u>763,254</u>	<u>(480,001)</u>	<u>(763,254)</u>	<u>–</u>	<u>–</u>
Change in net position	1,530,771	4,502,240	739,924	(63,370)	2,270,695	4,438,870
Net position – beginning	<u>52,211,349</u>	<u>47,709,109</u>	<u>17,700,753</u>	<u>17,764,123</u>	<u>69,912,102</u>	<u>65,473,232</u>
Net position – ending	<u>\$ 53,742,120</u>	<u>\$ 52,211,349</u>	<u>\$ 18,440,677</u>	<u>\$ 17,700,753</u>	<u>\$ 72,182,797</u>	<u>\$ 69,912,102</u>

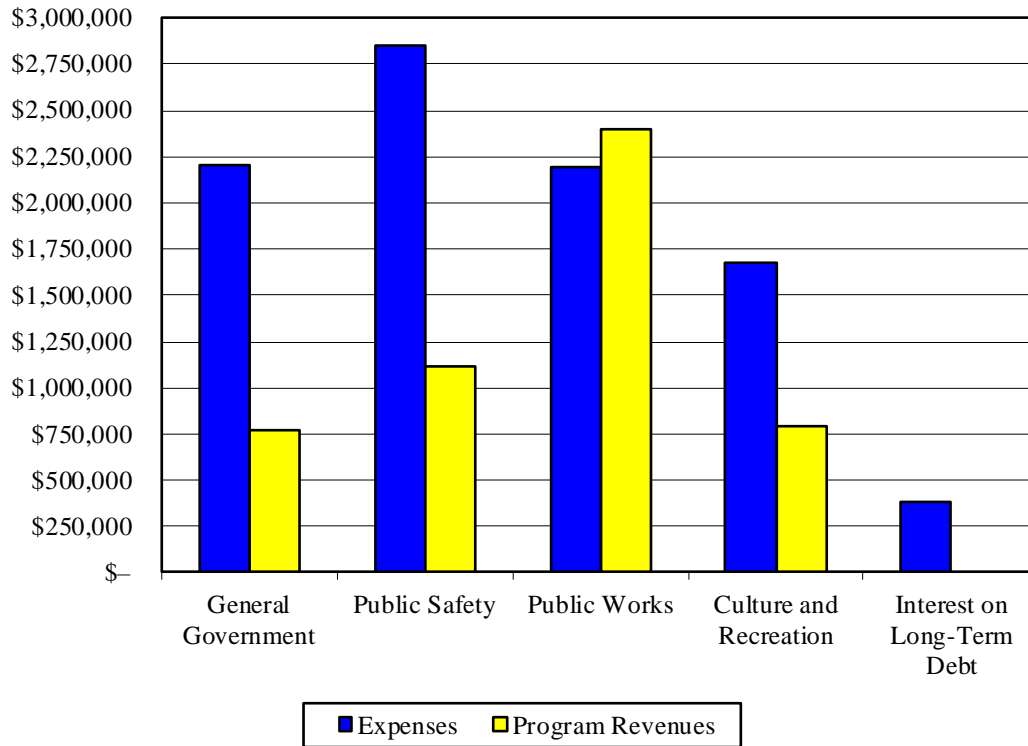
Governmental activities increased the City's net position by \$1,530,771 in 2021, while business-type activities increased net position by \$739,924.

Charges for services were \$1,258,718 higher than last year, mainly due to Liquor Fund sales increasing by \$1,025,374, rebounding from prior year COVID-19 restrictions on the bar and grill. Capital grants and contributions in 2021 were \$1,387,716 lower than last year, mainly due to contributions from the City's HRA and others for the Lake Effect Panoway Project in 2020. Unrestricted investment earnings (charges) were \$483,466 lower than last year, due to a decline in market conditions and available interest rates.

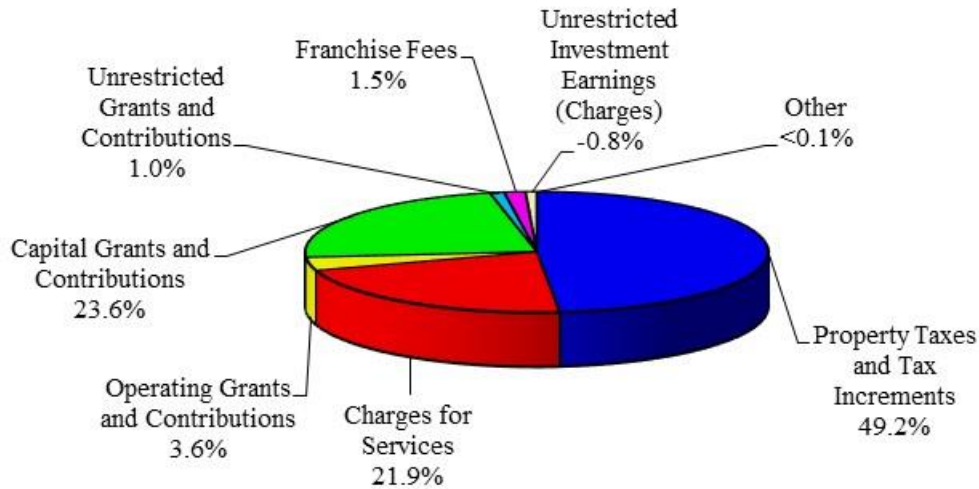
Expenses were \$1,277,686 (7.4 percent) higher than last year, with the majority of the increase in business-type activities, primarily due to reduced COVID-19 restrictions on bar and grill operations.

Governmental Activities – The following graphs further depict the revenue and expenses related to the City’s governmental activities for 2021:

Expenses and Program Revenue – Governmental Activities



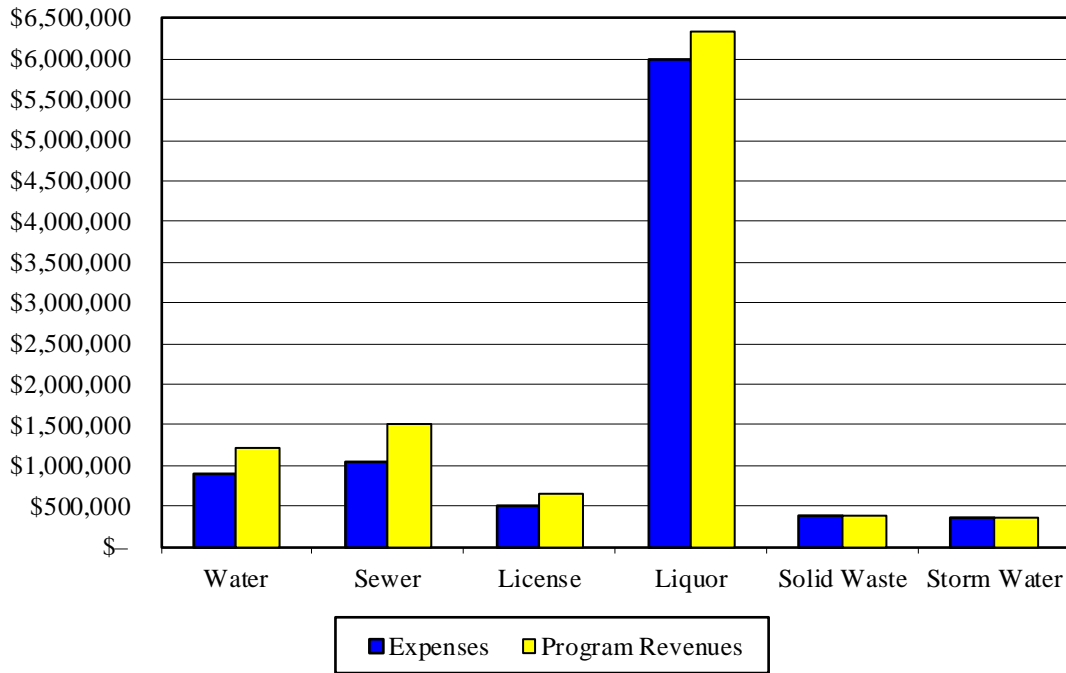
Revenue by Source – Governmental Activities



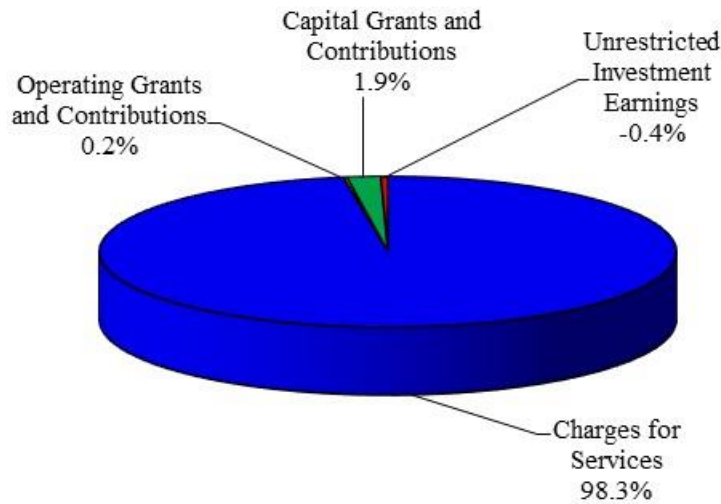
Governmental activities increased the City’s net position by \$1,530,771 in 2021, compared to an increase of \$4,502,240 in 2020. The change was mainly related to a \$2,367,105 reduction in governmental activities revenue from last year to the current year, primarily in capital grants and investment income, as previously discussed.

Business-Type Activities – The following graphs further depict the revenue and expenses related to the City’s business-type activities for 2021:

Expenses and Program Revenue – Business-Type Activities



Revenue by Source – Business-Type Activities



The City’s business-type net position increased \$739,924 during 2021, as compared to a decrease of \$63,370 in 2020. Improved operating results in the City’s water, sewer, license, and liquor operations in 2021 contributed to this change. Transfers of \$480,001 were made to the governmental activities during the year to support general city operations and various capital improvement plan initiatives.

HRA Component Unit – At the end of the fiscal year, the HRA reported total net position of \$1,243,076, a decrease of \$138,772 from the previous year, which is primarily the result of increased contributions of tax increment revenue from the Downtown TIF 6 Tax Increment District to the City for a parking ramp construction project.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds – At the end of the fiscal year, the City's governmental funds reported combined ending fund balances of \$13,637,502, a decrease of \$349,621 in comparison with the prior year. The use of \$1,855,438 of fund balance is restricted by various externally imposed constraints. The use of \$122,660 of fund balance is internally committed for particular purposes. An additional \$7,929,310 is assigned for internally imposed spending constraints. Fund balance of \$1,685,297 represents assets, such as long-term receivables and prepaid items, that are not considered to be in spendable form. Finally, the remaining \$2,044,797 of fund balance is unassigned and may be used for any approved public purpose.

General Fund – The total fund balances of the General Fund decreased by \$304,421 to \$4,012,272 at December 31, 2021, as compared to a break-even budget. Total fund balances equal 63.3 percent of 2021 General Fund expenditures, which puts the General Fund in an excellent financial position.

Debt Service Fund – Fund balances decreased by \$2,811 in 2021, as debt service requirements exceeded current year collections of taxes, special assessments, intergovernmental revenue (from the HRA component unit), and investment earnings.

Lakefront Improvement Capital Project Fund – Fund balances increased by \$3,308 in 2021, as current year contributions and investment earnings exceeded improvement project expenditures.

Developer Financed Capital Project Fund – This fund is used to account for deposits received from developers constructing projects within the City. Fund balance increased \$1,605 in the current year.

Nonmajor Funds – Total fund balances of the City's other "nonmajor" governmental funds decreased \$47,302, ending the year at \$7,785,839.

General Fund Budgetary Highlights

The City Council adopted a balanced budget for the General Fund, which was not amended during the year. Some of the more significant variances are summarized as follows:

Revenue was more than anticipated by \$94,380:

- Property taxes exceeded budget by \$32,045, due to collections of delinquencies.
- Licenses and permits were \$41,103 higher than the City's conservative budget.
- Intergovernmental revenue was \$35,773 over budget, due to several small unbudgeted grants.
- Investment earnings were \$28,419 under budget, due to unrealized losses from declines in the fair value of investments.

Expenditures were \$74,799 over budget in total:

- Public safety expenditures exceeded budget by \$111,278, mainly in police salaries and benefits.
- Public works expenditures were \$47,060 less than anticipated, mainly in salaries and supplies for street maintenance.

Excess fund balance from the prior year enabled the City to make unbudgeted transfers of \$324,095 to support various capital projects.

Capital Assets – The City’s investment in capital assets for its governmental and business-type activities amounted to \$74,745,273 (net of accumulated depreciation) at year-end. The investment in capital assets includes: land, buildings, park facilities, equipment, streets, storm sewers, and water and sanitary sewer lines. The total increase in the City’s net capital assets for the current fiscal year was \$404,531 (a 1.7 percent increase for governmental activities and a 2.6 percent decrease for business-type activities).

- Major governmental activity additions included: \$1,270,313 for the City’s Lake and Barry Parking Lot construction, \$442,637 for street sealcoating, \$516,934 for Hollybrook Road trail and Circle A sidewalk project, and various other purchases.

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 7,663,994	\$ 7,663,994	\$ 973,048	\$ 973,048	\$ 8,637,042	\$ 8,637,042
Construction in progress	2,682,854	1,315,585	689,684	788,867	3,372,538	2,104,452
Buildings	20,998,689	21,592,453	6,890,784	7,081,355	27,889,473	28,673,808
Infrastructure	21,256,267	21,077,681	10,562,551	10,725,593	31,818,818	31,803,274
Machinery and equipment	2,530,636	2,548,612	283,880	346,453	2,814,516	2,895,065
Land improvements	212,886	227,101	–	–	212,886	227,101
Total capital assets	\$ 55,345,326	\$ 54,425,426	\$ 19,399,947	\$ 19,915,316	\$ 74,745,273	\$ 74,340,742

Additional details of the City’s capital asset activity for the year can be found in Note 4 of the notes to basic financial statements.

Long-Term Debt – The City has \$21.2 million in outstanding bonded debt at December 31, 2021, compared to \$22.5 million last year.

- The City did not issue any new debt in 2021.
- The City made scheduled debt service principal payments of \$1,250,000 on outstanding bonds.

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
G.O. bonds	\$ 455,000	\$ 680,000	\$ –	\$ –	\$ 455,000	\$ 680,000
G.O. improvement bonds	3,310,000	3,630,000	1,180,000	1,290,000	4,490,000	4,920,000
G.O. tax increment bonds	10,900,000	11,170,000	–	–	10,900,000	11,170,000
G.O. revenue bonds	–	–	4,510,000	4,835,000	4,510,000	4,835,000
Unamortized bond premium	577,888	630,882	228,800	249,688	806,688	880,570
Total	\$ 15,242,888	\$ 16,110,882	\$ 5,918,800	\$ 6,374,688	\$ 21,161,688	\$ 22,485,570

Additional information on the City’s long-term liabilities can be found in Note 6 of the notes to basic financial statements.

In accordance with Minnesota Statutes, the City may not incur or be subject to net debt in excess of 3 percent of the estimated market value of taxable property within the City. Net debt is payable solely from ad valorem taxes and, therefore, excludes debt financed partially or entirely by special assessments, enterprise fund revenues, or tax increments. The City’s estimated market value of taxable property in 2021 was \$2,364,463,881, resulting in a legal debt limit was \$70,933,916. At year-end, \$455,000 of the City’s debt was applicable to the limit.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City's elected and appointed officials considered many factors when they developed the 2022 budget and tax levy and when they set the appropriate fees that will be charged for business-type activities. These factors include:

- Preliminary market values for the 2022 tax year continue to be strong and improving over the prior year despite the continued economic impacts of the COVID-19 global pandemic. Residential valuations have increased approximately 16.4 percent over 2021. The overall market value increased 13.1 percent over 2021, due to the combination of new development and increase in values.
- The City will evaluate and continue to enhance the planning for capital-related items. This includes a more extensive review of anticipated projects and a complete matching of resources to costs.
- The City continues to evaluate the impact of COVID-19, but anticipated a return to operations more similar to pre-pandemic levels. Therefore, the 2022 budget reflects increases in some revenues, such as General Fund intergovernmental revenue (the City's American Rescue Plan Act allocation) and sales for the bar and grill operation.

All of these factors were considered in preparing the City's budget for the 2022 fiscal year.

REQUESTS FOR INFORMATION

This report is designed to provide a general overview of the City's finances for all those interested in the government's finances. If you have any questions about this report or need additional information, contact the City's Finance Department at 600 Rice Street, Wayzata, Minnesota 55391; or (952) 404-5300.

BASIC FINANCIAL STATEMENTS

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CITY OF WAYZATA

Statement of Net Position
December 31, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Housing and Redevelopment Authority
Assets				
Cash and investments	\$ 12,984,157	\$ 5,725,202	\$ 18,709,359	\$ 1,817,614
Receivables				
Interest	71,175	—	71,175	5,400
Taxes and tax increments	51,824	—	51,824	38,122
Accounts	40,261	248,730	288,991	—
Notes	—	—	—	10,000
Special assessments	3,224,268	626,982	3,851,250	—
Due from component unit	1,681,860	—	1,681,860	—
Due from other governmental units	30,054	7,929	37,983	—
Prepaid items	3,437	550	3,987	—
Inventories	—	534,928	534,928	—
Capital assets				
Not being depreciated	10,346,848	1,662,732	12,009,580	2,092,900
Depreciated, net of accumulated depreciation	44,998,478	17,737,215	62,735,693	—
Total assets	<u>73,432,362</u>	<u>26,544,268</u>	<u>99,976,630</u>	<u>3,964,036</u>
Deferred outflows of resources				
Pension plan deferments	2,266,865	1,001,494	3,268,359	—
OPEB plan deferments	46,503	22,613	69,116	—
Deferred charges on refunding	—	40,183	40,183	—
Total deferred outflows of resources	<u>2,313,368</u>	<u>1,064,290</u>	<u>3,377,658</u>	<u>—</u>
Total assets and deferred outflows of resources	<u>\$ 75,745,730</u>	<u>\$ 27,608,558</u>	<u>\$ 103,354,288</u>	<u>\$ 3,964,036</u>
Liabilities				
Accounts payable	\$ 128,580	\$ 58,919	\$ 187,499	\$ 1,029,977
Due to other governments	11,365	71,030	82,395	8,420
Accrued salaries and wages	202,177	139,448	341,625	—
Accrued interest payable	143,254	14,072	157,326	—
Due to primary government	—	—	—	1,681,860
Deposits payable	605,456	36,828	642,284	703
Unearned revenue	254,464	—	254,464	—
Net pension liability	1,767,588	1,386,194	3,153,782	—
Total OPEB liability	260,033	126,452	386,485	—
Bonds, premiums, and compensated absences payable				
Due within one year	1,199,138	519,273	1,718,411	—
Due in more than one year	14,416,833	5,520,951	19,937,784	—
Total liabilities	<u>18,988,888</u>	<u>7,873,167</u>	<u>26,862,055</u>	<u>2,720,960</u>
Deferred inflows of resources				
Pension plan deferments	2,935,841	1,256,354	4,192,195	—
OPEB plan deferments	78,881	38,360	117,241	—
Total deferred inflows of resources	<u>3,014,722</u>	<u>1,294,714</u>	<u>4,309,436</u>	<u>—</u>
Net position				
Net investment in capital assets	40,102,438	13,481,147	53,583,585	2,092,900
Restricted for				
Debt service	4,211,930	1,177,638	5,389,568	—
Economic development	—	—	—	762,116
Parks and trails	706,450	—	706,450	—
Public safety police expenses	18,072	—	18,072	—
Unrestricted	8,703,230	3,781,892	12,485,122	(1,611,940)
Total net position	<u>53,742,120</u>	<u>18,440,677</u>	<u>72,182,797</u>	<u>1,243,076</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 75,745,730</u>	<u>\$ 27,608,558</u>	<u>\$ 103,354,288</u>	<u>\$ 3,964,036</u>

CITY OF WAYZATA

Statement of Activities
Year Ended December 31, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities				
General government	\$ 2,202,811	\$ 759,557	\$ 13,543	\$ -
Public safety	2,856,299	801,593	310,956	-
Public works	2,192,961	305,844	45,000	2,047,834
Culture and recreation	1,675,930	397,999	-	393,073
Interest on long-term debt	379,829	-	-	-
Total governmental activities	<u>9,307,830</u>	<u>2,264,993</u>	<u>369,499</u>	<u>2,440,907</u>
Business-type activities				
Water	902,015	1,077,649	263	141,809
Sewer	1,043,863	1,451,684	263	57,543
Licensing	493,355	646,473	468	-
Liquor	6,005,401	6,339,415	2,285	-
Solid Waste	379,117	363,556	16,334	-
Stormwater	363,297	346,557	60	-
Total business-type activities	<u>9,187,048</u>	<u>10,225,334</u>	<u>19,673</u>	<u>199,352</u>
Total primary government	<u>\$ 18,494,878</u>	<u>\$ 12,490,327</u>	<u>\$ 389,172</u>	<u>\$ 2,640,259</u>
Component unit				
Housing and Redevelopment Authority	<u>\$ 3,888,563</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues

Property taxes, levied for general purposes
Property taxes, levied for debt service
Tax increment
Franchise fees
Grants and contributions not restricted to specific programs
Other general revenues
Unrestricted investment earnings (charges)

Transfers

Total general revenues and transfers

Change in net position

Net position – beginning

Net position – ending

Net (Expense) Revenue and Changes in Net Position

Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Housing and Redevelopment Authority
\$ (1,429,711)	\$ —	\$ (1,429,711)	\$ —
(1,743,750)	—	(1,743,750)	—
205,717	—	205,717	—
(884,858)	—	(884,858)	—
(379,829)	—	(379,829)	—
<u>(4,232,431)</u>	<u>—</u>	<u>(4,232,431)</u>	<u>—</u>
—	317,706	317,706	—
—	465,627	465,627	—
—	153,586	153,586	—
—	336,299	336,299	—
—	773	773	—
—	(16,680)	(16,680)	—
<u>—</u>	<u>1,257,311</u>	<u>1,257,311</u>	<u>—</u>
(4,232,431)	1,257,311	(2,975,120)	—
<u>—</u>	<u>—</u>	<u>—</u>	<u>(3,888,563)</u>
4,851,724	—	4,851,724	—
246,040	—	246,040	—
—	—	—	3,754,156
157,679	—	157,679	—
106,406	—	106,406	—
93	—	93	—
(78,741)	(37,386)	(116,127)	(4,365)
480,001	(480,001)	—	—
<u>5,763,202</u>	<u>(517,387)</u>	<u>5,245,815</u>	<u>3,749,791</u>
1,530,771	739,924	2,270,695	(138,772)
<u>52,211,349</u>	<u>17,700,753</u>	<u>69,912,102</u>	<u>1,381,848</u>
<u>\$ 53,742,120</u>	<u>\$ 18,440,677</u>	<u>\$ 72,182,797</u>	<u>\$ 1,243,076</u>

CITY OF WAYZATA

Balance Sheet
Governmental Funds
December 31, 2021

	101	300's	233	802		
	General	Debt Service	Lakefront Improvement Capital Projects	Developer Financed Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash and investments	\$ 2,751,726	\$ 1,131,416	\$ 719,641	\$ 553,470	\$ 7,827,904	\$ 12,984,157
Receivables						
Interest	71,175	-	-	-	-	71,175
Taxes	51,824	-	-	-	-	51,824
Accounts	22,580	-	-	-	17,681	40,261
Special assessments	-	3,224,268	-	-	-	3,224,268
Due from component unit	1,681,860	-	-	-	-	1,681,860
Due from other governments	30,054	-	-	-	-	30,054
Prepaid items	3,437	-	-	-	-	3,437
	<u>4,612,656</u>	<u>4,355,684</u>	<u>719,641</u>	<u>553,470</u>	<u>7,845,585</u>	<u>18,087,036</u>
Total assets	<u>\$ 4,612,656</u>	<u>\$ 4,355,684</u>	<u>\$ 719,641</u>	<u>\$ 553,470</u>	<u>\$ 7,845,585</u>	<u>\$ 18,087,036</u>
Liabilities						
Accounts and contracts payable	\$ 60,137	\$ 500	\$ 12,771	\$ -	\$ 55,172	\$ 128,580
Due to other governments	9,204	-	-	-	2,161	11,365
Accrued salaries payable	199,774	-	-	-	2,403	202,177
Deposits payable	53,581	-	-	551,865	10	605,456
Unearned revenue	254,464	-	-	-	-	254,464
	<u>577,160</u>	<u>500</u>	<u>12,771</u>	<u>551,865</u>	<u>59,746</u>	<u>1,202,042</u>
Total liabilities	577,160	500	12,771	551,865	59,746	1,202,042
Deferred inflows of resources						
Unavailable revenue						
Property taxes	23,224	-	-	-	-	23,224
Special assessments	-	3,224,268	-	-	-	3,224,268
	<u>23,224</u>	<u>3,224,268</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,247,492</u>
Total deferred inflows of resources	23,224	3,224,268	-	-	-	3,247,492
Fund balances						
Nonspendable	1,685,297	-	-	-	-	1,685,297
Restricted	-	1,130,916	-	-	724,522	1,855,438
Committed	-	-	-	-	122,660	122,660
Assigned	282,178	-	706,870	1,605	6,938,657	7,929,310
Unassigned	2,044,797	-	-	-	-	2,044,797
	<u>4,012,272</u>	<u>1,130,916</u>	<u>706,870</u>	<u>1,605</u>	<u>7,785,839</u>	<u>13,637,502</u>
Total fund balances	4,012,272	1,130,916	706,870	1,605	7,785,839	13,637,502
Total liabilities, deferred inflows of resources, and fund balances						
	<u>\$ 4,612,656</u>	<u>\$ 4,355,684</u>	<u>\$ 719,641</u>	<u>\$ 553,470</u>	<u>\$ 7,845,585</u>	<u>\$ 18,087,036</u>

CITY OF WAYZATA

Reconciliation of the Balance Sheet to the
Statement of Net Position
Governmental Funds
December 31, 2021

Total fund balances – governmental funds \$ 13,637,502

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

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

Cost of capital assets	72,296,104
Less accumulated depreciation	(16,950,778)

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Compensated absences payable	(373,083)
Net pension liability	(1,767,588)
Total OPEB liability	(260,033)
Bonds principal payable	(14,665,000)
Unamortized bond premiums	(577,888)
Accrued interest payable	(143,254)

Due to availability, certain revenues are not recognized under the governmental fund statements until received; however, under full accrual in the government-wide Statement of Activities, revenues are recorded when earned regardless of when received.

Delinquent property taxes	23,224
Delinquent and deferred special assessments	3,224,268

Governmental funds do not report certain long-term amounts related to pensions and OPEB that are included in governmental activities net position.

Deferred outflows of resources – pension plan deferments	2,266,865
Deferred inflows of resources – pension plan deferments	(2,935,841)
Deferred outflows of resources – OPEB plan deferments	46,503
Deferred inflows of resources – OPEB plan deferments	(78,881)

Total net position – governmental activities \$ 53,742,120

CITY OF WAYZATA

Statement of Revenue, Expenditures, and Changes in Fund Balances
 Governmental Funds
 Year Ended December 31, 2021

	101	300's	233	802		
	General	Debt Service	Lakefront Improvement Capital Project	Developer Financed Capital Project	Nonmajor Governmental Funds	Total Governmental Funds
Revenue						
Taxes						
Property taxes	\$ 4,708,417	\$ 246,040	\$ -	\$ -	\$ 222,789	\$ 5,177,246
Franchise fees	86,290	-	-	-	71,389	157,679
Licenses and permits	651,413	-	-	-	-	651,413
Intergovernmental	306,273	543,107	-	-	97,564	946,944
Charges for services	857,171	-	-	-	610,869	1,468,040
Fines and forfeitures	71,557	-	-	-	-	71,557
Special assessments	-	480,884	-	-	-	480,884
Investment earnings (charges)	(8,419)	(7,347)	(11,482)	-	(51,493)	(78,741)
Miscellaneous						
Contributions and donations	-	-	387,372	-	163,934	551,306
Refunds and reimbursements	-	-	-	1,605	73,698	75,303
Other	8,076	-	-	-	-	8,076
Total revenue	6,680,778	1,262,684	375,890	1,605	1,188,750	9,509,707
Expenditures						
Current						
General government	1,608,375	-	-	-	89,093	1,697,468
Public safety	2,846,507	-	-	-	-	2,846,507
Public works	787,898	-	-	-	-	787,898
Culture and recreation	730,936	-	106,896	-	96,010	933,842
Miscellaneous	362,616	-	-	-	-	362,616
Capital outlay						
General government	1,941	-	-	-	194,180	196,121
Public safety	3,699	-	-	-	226,222	229,921
Public works	-	-	-	-	1,004,486	1,004,486
Culture and recreation	-	-	247,334	-	767,149	1,014,483
Debt service						
Principal	-	815,000	-	-	-	815,000
Interest and fiscal charges	-	450,495	-	-	585	451,080
Total expenditures	6,341,972	1,265,495	354,230	-	2,377,725	10,339,422
Excess (deficiency) of revenue over expenditures	338,806	(2,811)	21,660	1,605	(1,188,975)	(829,715)
Other financing sources (uses)						
Insurance recovery	93	-	-	-	-	93
Transfers in	503,668	-	131,316	-	1,197,673	1,832,657
Transfers (out)	(1,146,988)	-	(149,668)	-	(56,000)	(1,352,656)
Total other financing sources (uses)	(643,227)	-	(18,352)	-	1,141,673	480,094
Net change in fund balances	(304,421)	(2,811)	3,308	1,605	(47,302)	(349,621)
Fund balances						
Beginning of year	4,316,693	1,133,727	703,562	-	7,833,141	13,987,123
End of year	\$ 4,012,272	\$ 1,130,916	\$ 706,870	\$ 1,605	\$ 7,785,839	\$ 13,637,502

CITY OF WAYZATA

Reconciliation of the Statement of
Revenue, Expenditures, and Changes in Fund Balances
to the Statement of Activities
Governmental Funds
Year Ended December 31, 2021

Total net change in fund balances – governmental funds \$ (349,621)

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

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.

Capital outlays	1,872,638
Capital asset contributions	1,230,925
Depreciation expense	(2,183,663)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Other long-term adjustments are also made between the governmental funds and the Statement of Activities for debt premiums, compensated absences, pension liabilities, and OPEB obligations.

Principal payments for bonds	815,000
Debt premiums	52,994
Compensated absences	18,344
Net pension liability	991,619
Total OPEB liability	(31,806)

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

18,257

Governmental funds do not report additions or deletions to certain long-term amounts related to pensions that are included in the change in governmental activities net position.

Deferred outflows of resources – pension plan deferments	1,361,968
Deferred inflows of resources – pension plan deferments	(1,892,548)
Deferred outflows of resources – OPEB plan deferments	13,880
Deferred inflows of resources – OPEB plan deferments	13,464

Certain revenues (including delinquent taxes and special assessments) are included in the change in net position, but are excluded from the change in fund balances until they are available to liquidate liabilities of the current period.

Delinquent property taxes	(79,482)
Delinquent and deferred special assessments	(321,198)

Change in net position – governmental activities \$ 1,530,771

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CITY OF WAYZATA

Statement of Revenue, Expenditures, and Changes in Fund Balances
 General Fund – Budget and Actual
 Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Revenues				
Taxes				
Property taxes	\$ 4,676,372	\$ 4,676,372	\$ 4,708,417	\$ 32,045
Franchise fees	85,000	85,000	86,290	1,290
Licenses and permits	610,310	610,310	651,413	41,103
Intergovernmental	270,500	270,500	306,273	35,773
Charges for services	828,216	828,216	857,171	28,955
Fines and forfeitures	91,000	91,000	71,557	(19,443)
Investment earnings (charges)	20,000	20,000	(8,419)	(28,419)
Miscellaneous	5,000	5,000	8,076	3,076
Total revenues	6,586,398	6,586,398	6,680,778	94,380
Expenditures				
Current				
General government	1,636,986	1,636,986	1,608,375	(28,611)
Public safety	2,735,229	2,735,229	2,846,507	111,278
Public works	834,958	834,958	787,898	(47,060)
Culture and recreation	727,500	727,500	730,936	3,436
Miscellaneous	327,000	327,000	362,616	35,616
Capital outlay				
General government	3,000	3,000	1,941	(1,059)
Public safety	2,500	2,500	3,699	1,199
Total expenditures	6,267,173	6,267,173	6,341,972	74,799
Excess of revenue over expenditures	319,225	319,225	338,806	19,581
Other financing sources (uses)				
Insurance recovery	-	-	93	93
Transfers in	503,668	503,668	503,668	-
Transfers (out)	(822,893)	(822,893)	(1,146,988)	(324,095)
Total other financing sources (uses)	(319,225)	(319,225)	(643,227)	(324,002)
Net change in fund balances	\$ -	\$ -	(304,421)	\$ (304,421)
Fund balances				
Beginning of year			4,316,693	
End of year			<u>\$ 4,012,272</u>	

CITY OF WAYZATA

Statement of Net Position
Proprietary Funds
December 31, 2021

	610	620	630	640	650	670	Total
	Water	Sewer	Licensing	Liquor	Solid Waste	Stormwater	
Assets							
Current assets							
Cash and investments	\$ 2,209,343	\$ 1,341,944	\$ 96,786	\$ 1,376,135	\$ 263,597	\$ 437,397	\$ 5,725,202
Receivables							
Accounts	64,184	119,515	-	155	33,380	31,496	248,730
Special assessments	34,403	61,478	-	-	-	-	95,881
Due from other governments	2,607	5,322	-	-	-	-	7,929
Prepaid items	-	-	550	-	-	-	550
Inventories	18,832	-	-	516,096	-	-	534,928
Total current assets	<u>2,329,369</u>	<u>1,528,259</u>	<u>97,336</u>	<u>1,892,386</u>	<u>296,977</u>	<u>468,893</u>	<u>6,613,220</u>
Noncurrent assets							
Special assessments	280,984	250,117	-	-	-	-	531,101
Capital assets							
Land	3,975	8,495	-	679,550	-	281,028	973,048
Buildings	6,077,906	30,830	-	3,439,095	-	-	9,547,831
Infrastructure	5,021,738	4,202,366	-	110,149	-	5,343,934	14,678,187
Machinery and equipment	194,878	388,886	-	851,323	-	-	1,435,087
Construction in progress	682,812	6,872	-	-	-	-	689,684
Less accumulated depreciation	<u>(2,908,661)</u>	<u>(1,515,373)</u>	<u>-</u>	<u>(1,387,736)</u>	<u>-</u>	<u>(2,112,120)</u>	<u>(7,923,890)</u>
Total capital assets, net of accumulated depreciation	<u>9,072,648</u>	<u>3,122,076</u>	<u>-</u>	<u>3,692,381</u>	<u>-</u>	<u>3,512,842</u>	<u>19,399,947</u>
Total noncurrent assets	<u>9,353,632</u>	<u>3,372,193</u>	<u>-</u>	<u>3,692,381</u>	<u>-</u>	<u>3,512,842</u>	<u>19,931,048</u>
Total assets	<u>11,683,001</u>	<u>4,900,452</u>	<u>97,336</u>	<u>5,584,767</u>	<u>296,977</u>	<u>3,981,735</u>	<u>26,544,268</u>
Deferred outflows of resources							
Pension plan deferments	78,279	78,331	138,600	682,024	6,132	18,128	1,001,494
OPEB plan deferments	2,959	2,959	6,130	9,717	244	604	22,613
Deferred charges on refunding	40,183	-	-	-	-	-	40,183
Total deferred outflows of resources	<u>121,421</u>	<u>81,290</u>	<u>144,730</u>	<u>691,741</u>	<u>6,376</u>	<u>18,732</u>	<u>1,064,290</u>
Total assets and deferred outflows of resources	<u>\$11,804,422</u>	<u>\$ 4,981,742</u>	<u>\$ 242,066</u>	<u>\$ 6,276,508</u>	<u>\$ 303,353</u>	<u>\$ 4,000,467</u>	<u>\$27,608,558</u>

CITY OF WAYZATA

Statement of Net Position (continued)
 Proprietary Funds
 December 31, 2021

	610	620	630	640	650	670	Total
	Water	Sewer	Licensing	Liquor	Solid Waste	Stormwater	
Liabilities							
Current liabilities							
Accounts payable	\$ 8,920	\$ 15,348	\$ 290	\$ 31,225	\$ -	\$ 3,136	\$ 58,919
Due to other governments	640	123	5,613	59,843	4,811	-	71,030
Accrued salaries payable	14,412	14,641	20,079	85,905	1,081	3,330	139,448
Accrued interest payable	7,683	638	-	5,751	-	-	14,072
Deposits payable	5,646	-	-	31,182	-	-	36,828
Compensated absences payable	15,942	15,942	14,755	27,634	-	-	74,273
Bonds payable	260,000	40,000	-	145,000	-	-	445,000
Total current liabilities	<u>313,243</u>	<u>86,692</u>	<u>40,737</u>	<u>386,540</u>	<u>5,892</u>	<u>6,466</u>	<u>839,570</u>
Noncurrent liabilities							
Net pension liability	108,600	109,039	182,823	952,009	8,323	25,400	1,386,194
Total OPEB liability	16,548	16,548	34,278	54,335	1,367	3,376	126,452
Compensated absences payable	13,340	13,340	6,065	14,406	-	-	47,151
Unamortized bond premium	121,156	4,779	-	102,865	-	-	228,800
Bonds payable	2,865,000	215,000	-	2,165,000	-	-	5,245,000
Total noncurrent liabilities	<u>3,124,644</u>	<u>358,706</u>	<u>223,166</u>	<u>3,288,615</u>	<u>9,690</u>	<u>28,776</u>	<u>7,033,597</u>
Total liabilities	<u>3,437,887</u>	<u>445,398</u>	<u>263,903</u>	<u>3,675,155</u>	<u>15,582</u>	<u>35,242</u>	<u>7,873,167</u>
Deferred inflows of resources							
Pension plan deferments	98,176	98,200	174,924	854,637	7,711	22,706	1,256,354
OPEB plan deferments	5,020	5,020	10,398	16,483	415	1,024	38,360
Total deferred inflows of resources	<u>103,196</u>	<u>103,220</u>	<u>185,322</u>	<u>871,120</u>	<u>8,126</u>	<u>23,730</u>	<u>1,294,714</u>
Net position							
Net investment in capital assets	5,826,492	2,862,297	-	1,279,516	-	3,512,842	13,481,147
Restricted for debt service	873,244	304,394	-	-	-	-	1,177,638
Unrestricted	1,563,603	1,266,433	(207,159)	450,717	279,645	428,653	3,781,892
Total net position	<u>8,263,339</u>	<u>4,433,124</u>	<u>(207,159)</u>	<u>1,730,233</u>	<u>279,645</u>	<u>3,941,495</u>	<u>18,440,677</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$11,804,422</u>	<u>\$ 4,981,742</u>	<u>\$ 242,066</u>	<u>\$ 6,276,508</u>	<u>\$ 303,353</u>	<u>\$ 4,000,467</u>	<u>\$27,608,558</u>

CITY OF WAYZATA

Statement of Revenue, Expenses, and Changes in Net Position
Proprietary Funds
Year Ended December 31, 2021

	610	620	630	640	650	670	Total
	Water	Sewer	Licensing	Liquor	Solid Waste	Stormwater	
Operating revenue							
Sales	\$ -	\$ -	\$ -	\$ 6,325,674	\$ -	\$ -	\$ 6,325,674
Charges for services	1,077,649	1,451,684	646,473	-	363,556	346,557	3,885,919
Total operating revenue	<u>1,077,649</u>	<u>1,451,684</u>	<u>646,473</u>	<u>6,325,674</u>	<u>363,556</u>	<u>346,557</u>	<u>10,211,593</u>
Cost of goods sold	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,296,647</u>	<u>-</u>	<u>-</u>	<u>3,296,647</u>
Gross profit	1,077,649	1,451,684	646,473	3,029,027	363,556	346,557	6,914,946
Operating expenses							
Personal services	252,615	249,008	466,497	1,912,198	21,267	59,447	2,961,032
Supplies	66,200	23,987	14,011	138,028	-	356	242,582
Professional fees	79,776	48,203	2,130	80,075	287,170	174,044	671,398
Utilities	77,589	539,567	-	87,992	58,487	-	763,635
Other services and charges	42,404	23,471	7,093	256,130	12,193	1,235	342,526
Repairs and maintenance	42,450	27,896	3,624	82,821	-	1,182	157,973
Depreciation	249,361	123,393	-	114,587	-	127,033	614,374
Total operating expenses	<u>810,395</u>	<u>1,035,525</u>	<u>493,355</u>	<u>2,671,831</u>	<u>379,117</u>	<u>363,297</u>	<u>5,753,520</u>
Operating income (loss)	267,254	416,159	153,118	357,196	(15,561)	(16,740)	1,161,426
Nonoperating income (expense)							
Investment earnings (charges)	(15,090)	(8,558)	(859)	(7,520)	(1,772)	(3,587)	(37,386)
Intergovernmental	-	-	-	-	16,314	-	16,314
Other income	263	263	468	16,026	20	60	17,100
Interest and fiscal charges	(91,620)	(8,338)	-	(36,923)	-	-	(136,881)
Total nonoperating income (expense)	<u>(106,447)</u>	<u>(16,633)</u>	<u>(391)</u>	<u>(28,417)</u>	<u>14,562</u>	<u>(3,527)</u>	<u>(140,853)</u>
Income (loss) before contributions and transfers	160,807	399,526	152,727	328,779	(999)	(20,267)	1,020,573
Capital contributions	141,809	57,543	-	-	-	-	199,352
Transfers (out)	<u>(69,568)</u>	<u>(89,433)</u>	<u>(81,000)</u>	<u>(175,000)</u>	<u>-</u>	<u>(65,000)</u>	<u>(480,001)</u>
Changes in net position	<u>233,048</u>	<u>367,636</u>	<u>71,727</u>	<u>153,779</u>	<u>(999)</u>	<u>(85,267)</u>	<u>739,924</u>
Net position							
Beginning of year	<u>8,030,291</u>	<u>4,065,488</u>	<u>(278,886)</u>	<u>1,576,454</u>	<u>280,644</u>	<u>4,026,762</u>	<u>17,700,753</u>
End of year	<u>\$ 8,263,339</u>	<u>\$ 4,433,124</u>	<u>\$ (207,159)</u>	<u>\$ 1,730,233</u>	<u>\$ 279,645</u>	<u>\$ 3,941,495</u>	<u>\$ 18,440,677</u>

CITY OF WAYZATA

Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2021

	610	620	630	640	650	670	Total
	Water	Sewer	Licensing	Liquor	Solid Waste	Stormwater	
Cash flows from operating activities							
Receipts from customers and users	\$ 1,122,387	\$ 1,487,181	\$ 646,473	\$ 6,325,519	\$ 363,269	\$ 345,578	\$ 10,290,407
Other operating receipts	263	263	468	16,026	16,334	60	33,414
Receipts from (payments to) customer deposits	2,066	—	—	3,970	—	—	6,036
Payments to vendors	(297,268)	(647,815)	(23,038)	(3,860,482)	(366,365)	(187,039)	(5,382,007)
Payments to employees	(281,669)	(278,223)	(511,582)	(1,753,472)	(22,472)	(64,459)	(2,911,877)
Net cash flows from operating activities	545,779	561,406	112,321	731,561	(9,234)	94,140	2,035,973
Cash flows from noncapital financing activities							
Increase in due from component unit	39,165	—	—	—	—	—	39,165
Transfers to other funds	(69,568)	(89,433)	(81,000)	(175,000)	—	(65,000)	(480,001)
Net cash flows from noncapital financing activities	(30,403)	(89,433)	(81,000)	(175,000)	—	(65,000)	(440,836)
Cash flows from capital and related financing activities							
Acquisition of capital assets	—	(6,872)	—	(5,000)	—	(87,133)	(99,005)
Special assessments	59,860	25,543	—	—	—	—	85,403
Connection fees	81,949	32,000	—	—	—	—	113,949
Receipt from (payment on) interfund loan	—	—	—	(11,500)	—	—	(11,500)
Interest paid on long-term debt	(100,300)	(9,350)	—	(45,911)	—	—	(155,561)
Principal paid on long-term debt	(255,000)	(40,000)	—	(140,000)	—	—	(435,000)
Net cash flows from capital and related activities	(213,491)	1,321	—	(202,411)	—	(87,133)	(501,714)
Cash flows from investing activities							
Interest received (charged)	(14,437)	(8,558)	(859)	(7,520)	(1,772)	(3,587)	(36,733)
Increase (decrease) in cash and cash equivalents	287,448	464,736	30,462	346,630	(11,006)	(61,580)	1,056,690
Cash and cash equivalents – beginning	1,921,895	877,208	66,324	1,029,505	274,603	498,977	4,668,512
Cash and cash equivalents – ending	\$ 2,209,343	\$ 1,341,944	\$ 96,786	\$ 1,376,135	\$ 263,597	\$ 437,397	\$ 5,725,202
Reconciliation of operating income (loss) to net cash flows from operating activities							
Operating income (loss)	\$ 267,254	\$ 416,159	\$ 153,118	\$ 357,196	\$ (15,561)	\$ (16,740)	\$ 1,161,426
Adjustments to reconcile operating income (loss) to net cash flows from operating activities							
Other income related to operations	263	263	468	16,026	16,334	60	33,414
Depreciation	249,361	123,393	—	114,587	—	127,033	614,374
Changes in assets, liabilities, and deferred outflows/inflows of resources							
Accounts receivable, net	(7,116)	(17,770)	—	(155)	(287)	(979)	(26,307)
Special assessments receivable	39,572	52,635	—	—	—	—	92,207
Due from other governmental units	12,282	632	—	—	—	—	12,914
Prepaid items	—	—	(550)	—	—	—	(550)
Inventories	6,184	—	—	33,514	—	—	39,698
Deferred outflows of pension resources	(58,303)	(58,261)	(106,545)	(559,773)	(4,620)	(13,525)	(801,027)
Deferred outflows of OPEB resources	(905)	(905)	(1,909)	(2,316)	(107)	(178)	(6,320)
Accounts and contracts payable	4,886	15,301	(547)	28,679	—	(10,222)	38,097
Due to other governments	81	8	4,917	19,018	(8,515)	—	15,509
Accrued salaries payable	7,585	7,814	4,455	54,177	1,081	3,330	78,442
Deposits payable	2,066	—	—	3,970	—	—	6,036
Compensated absences payable	261	261	(3,508)	(1,376)	—	—	(4,362)
Net pension liability	(69,630)	(70,051)	(103,507)	(137,947)	(5,126)	(15,827)	(402,088)
Total OPEB liability	2,175	2,175	4,745	2,557	409	399	12,460
Deferred inflows of pension resources	90,559	90,548	162,736	807,872	7,131	20,970	1,179,816
Deferred inflows of OPEB resources	(796)	(796)	(1,552)	(4,468)	27	(181)	(7,766)
Net cash flows from operating activities	\$ 545,779	\$ 561,406	\$ 112,321	\$ 731,561	\$ (9,234)	\$ 94,140	\$ 2,035,973
Noncash capital financing activities							
Amortization of bond premiums	\$ 12,105	\$ 912	\$ —	\$ 7,871	\$ —	\$ —	\$ 20,888
Amortization of deferred charge	\$ 4,019	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 4,019
Capital contributions from developers	\$ 141,809	\$ 57,543	\$ —	\$ —	\$ —	\$ —	\$ 199,352

See notes to basic financial statements

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CITY OF WAYZATA

Notes to Basic Financial Statements December 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Wayzata, Minnesota (the City) operates under the “Optional Plan A” form of government as defined in Minnesota Statutes. Under this plan, the government of the City is directed by a City Council composed of an elected Mayor and four elected City Council members. The City Council exercises legislative authority and determines all matters of policy. The City Council appoints personnel responsible for the proper administration of all affairs relating to the City.

As required by accounting principles generally accepted in the United States of America, these financial statements include all funds, departments, agencies, boards, and commissions of the City (the primary government) and any component units. The City has considered all potential units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City’s financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization’s governing body, and (1) the ability of the primary government to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the primary government. The City has one component unit.

Discretely Presented Component Unit – The Wayzata Housing and Redevelopment Authority (HRA) assists the City Council in addressing the City’s housing and redevelopment goals and objectives in accordance with the Comprehensive Plan. It is a legally separate entity, of which the governing body consists of a five-member Board of Commissioners approved, but not selected, by the City Council. With the exception of the City Council approving boardmembers and the HRA’s budget, the HRA has complete control over its own duties. However, all HRA administrative and financial functions are performed by city staff, and the HRA is fiscally dependent upon the City. It is these criterion that result in the HRA being reported as a discretely presented component unit. The HRA does not prepare separate financial statements. Information on the HRA’s governmental funds is presented as supplementary schedules elsewhere in this report.

B. Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. The City does not allocate indirect expenses. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. However, charges between the City's enterprise funds and other functions are not eliminated, as that would distort the direct costs and program revenues reported in those functions. Depreciation expense is included in the direct expenses of each function. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

C. Fund Financial Statement Presentation

The accounts of the City are organized on the basis of funds, 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 that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances or net position, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to, and accounted for in, individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Separate fund financial statements are provided for governmental and proprietary funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements, while aggregated information for the remaining nonmajor governmental funds is reported in a single column.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this basis of accounting, transactions are recorded in the following manner:

- 1. Revenue Recognition** – Revenue is recognized when it becomes measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days after year-end. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

Major revenue sources susceptible to accrual include property taxes, special assessments, intergovernmental revenue, charges for services, and interest earned on investments. Major revenue sources not susceptible to accrual include licenses and permits, fees, and miscellaneous revenue, which are recorded only when received because they are not measurable until collected.

- 2. Recording of Expenditures** – Expenditures are generally recorded when a liability is incurred, except for principal and interest on long-term debt, claims and judgements, and other long-term liabilities, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as capital outlay expenditures in the governmental funds.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Proprietary fund financial statements are reported using the economic resources measurement focus and accrual basis of accounting, similar to the government-wide financial statements. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

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

The City reports the following major governmental funds:

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

Debt Service Fund – This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Lakefront Improvement Capital Projects Fund – This fund accounts for the resources accumulated and payments made for lakefront improvement capital projects.

Developer Financed Capital Projects Fund – This fund accounts for deposits from private developers and the reimbursement of city services provided for developer financed capital projects.

The City reports the following major proprietary funds:

Water Fund – This fund is used to account for revenues and expenses to operate the municipal water utility.

Sewer Fund – This fund is used to account for revenues and expenses to operate the municipal sewer utility.

Licensing Fund – This fund is used to account for revenues and expenses to operate the licensing service center.

Liquor Fund – This fund is used to account for revenues and expenses to operate the City's off-sale liquor store and on-sale municipal bar and grill operations.

Solid Waste Fund – This fund is used to account for revenues and expenses to operate the City's solid waste collection programs.

Stormwater Fund – This fund is used to account for revenues and expenses to operate the City's stormwater system.

D. Budgets

An annual budget is legally adopted for the General Fund on a modified accrual basis consistent with accounting principles generally accepted in the United States of America. Appropriations are authorized by the City Council at the fund level, which is the legal level of budgetary control. Appropriations lapse at year-end; however, the City Council may approve the carryover of specific amounts. Actual expenditures exceeded budget by \$74,799 in the current year; the excess was financed with revenue and other financing sources in excess of budget.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Cash and Investments

Cash balances from all funds are combined and invested to the extent available in short-term investments. Earnings from the pooled investments are allocated to the individual funds based on the average monthly cash and investment balances of the respective funds.

For purposes of the Statement of Cash Flows, the City considers all highly liquid debt instruments with an original maturity at the time of purchase of three months or less to be cash equivalents. The proprietary funds' portion of the government-wide cash and investment pool is considered to be cash equivalent.

The City generally reports investments at fair value, except for certain investment pools reported at amortized cost. Fair value measurements are categorized within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. See Note 2 for the City's recurring fair value measurements at year-end.

F. Receivables

Utility and miscellaneous accounts receivable are reported at gross. The City is generally able to certify delinquent amounts for collection as special assessments; however, an allowance for uncollectible accounts is recorded for utility receivables that remain delinquent after certification to the county.

G. Interfund Balances and Transfers

In the fund financial statements, activity between funds that is representative of lending or borrowing arrangements is reported as "advances to/from other funds." All other outstanding balances between funds are reported as "due to/from other funds." Interfund balances and transfers reported in the fund financial statements are eliminated to the extent possible in the government-wide financial statements. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

H. Property Taxes

Property tax levies are set by the City Council prior to December 31 of each year and are certified to Hennepin County for collection in the following year. In Minnesota, counties act as collection agents for all property taxes. Property tax levies are based on property values assessed on January 1 of the preceding year. The county spreads levies over all taxable property in the City.

Such taxes become a lien on January 1 of the current year. Real property taxes may be paid by taxpayers in two equal installments on May 15 and October 15. Personal property taxes may be paid on February 28 and June 30. The county provides tax settlements to cities three times a year.

Revenues are accrued and recognized in the government-wide financial statements in the year levied. In the governmental fund financial statements, taxes that remain unpaid at December 31 are classified as delinquent taxes and are fully offset by deferred inflows of resources because it is not known when they will be available to finance current expenditures.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Special Assessments

Special assessments are levied against the benefited properties for the assessable costs of improvement projects in accordance with state statutes. The City usually adopts the assessment rolls when the individual projects are complete or substantially complete. The assessments are collectible over a term of years generally consistent with the term of years of the related bond issue. Collection of annual installments (including interest) is handled by the county in the same manner as property taxes. Property owners are allowed to prepay total future installments without interest or prepayment penalties.

The City recognizes special assessment revenue in the government-wide and proprietary fund financial statements when the assessment rolls are levied. In the governmental fund financial statements, the City recognizes special assessment revenue when it becomes both measurable and available. Current assessments which remain unpaid at December 31 are classified as delinquent receivables and, together with deferred assessments, are fully offset by deferred inflows of resources because it is not known when they will be available to finance current expenditures.

J. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are reported as prepaid items in both the government-wide and financial statements. Prepaid items are reported in governmental funds using the consumption method.

K. Inventories

Proprietary fund inventories consist of water meters and liquor, which are valued at the lower of cost using the first-in, first-out method, or replacement value.

L. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an estimated useful life of more than one year and an initial individual cost of more than \$5,000.

The City reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements regardless of their amount.

In the case of initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the City elected to report only those infrastructure assets added since January 1, 2004. As the City constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs, which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations, the City values these capital assets at the acquisition value of the item at the date of its donation.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives: land improvements 5–30 years; buildings, 20–50 years; infrastructure 5–50 years; and machinery and equipment 2–20 years. Land and construction in progress are not depreciated.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, statements of financial position, or balance sheets, will sometimes report separate financial statement elements called deferred outflows or inflows of resources, which represent a consumption or acquisition of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) or an inflow of financial resources (revenue) until then.

Deferred inflows from unavailable revenue arises only under the modified accrual basis of accounting and, therefore, is only reported in the governmental fund financial statements. The governmental funds report unavailable revenue from two sources, property taxes and special assessments. These amounts are deferred and recognized as inflows of resources in the period they become available.

Deferred outflows and inflows of resources related to pensions or other post-employment benefits (OPEB) are reported in the government-wide Statement of Net Position. These deferred outflows and inflows result from differences between expected and actual experience, changes in proportion, changes of assumptions, differences between projected and actual earnings on pension plan investments, and contributions to the plans subsequent to the measurement date and before the end of the reporting period. These amounts are deferred and amortized as required under pension and OPEB standards.

Deferred charges on refunding are reported as a deferred outflow of resources in both the proprietary fund financial statements and the government-wide financial statements. This item represents the difference between the carrying value of refunded debt and its reacquisition price, which is deferred and amortized over the shorter of the life of the refunded or refunding debt.

N. Long-Term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. If they are material, bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

In the governmental fund financial statements, long-term debt and other long-term obligations are reported as liabilities when due and payable. The face amount of debt issued is reported as other financing sources. Premiums or discounts on debt issuances are reported as other financing sources or uses, respectively.

O. Compensated Absences

The City policy permits certain employees to accumulate a limited amount of earned, but unused vacation and sick leave. The accrued compensated absences will be paid upon termination or when used. Compensated absences are recognized when they mature in the governmental fund financial statements, but accrued when earned in government-wide and proprietary fund financial statements. The General Fund is typically used to liquidate governmental compensated absences payable.

P. State-Wide Pension Plans

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Net Position

In the government-wide and proprietary fund financial statements, net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position is displayed in three components:

- **Net Investment in Capital Assets** – Consists of capital assets, net of accumulated depreciation, reduced by any outstanding debt attributable to acquire capital assets.
- **Restricted Net Position** – Consists of net position restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- **Unrestricted Net Position** – All other elements of net position that do not meet the definition of “restricted” or “net investment in capital assets.”

The City applies restricted resources first when an expense is incurred for which both restricted and unrestricted resources are available.

R. Fund Balance Classifications

In the fund financial statements, governmental funds report fund balance in classifications that disclose constraints for which amounts in those funds can be spent. These classifications are as follows:

- **Nonspendable** – Consists of amounts that are not in spendable form, such as prepaid items, inventory, and other long-term assets.
- **Restricted** – Consists of amounts related to externally imposed constraints established by creditors, grantors, or contributors; or constraints imposed by state statutory provisions.
- **Committed** – Consists of internally imposed constraints that are established by resolution of the City Council. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.
- **Assigned** – Consists of internally imposed constraints on amounts intended to be used by the City for specific purposes, but do not meet the criteria to be classified as restricted or committed. In governmental funds, assigned amounts represent intended uses established by the governing body itself or by an official to which the governing body delegates the authority. Pursuant to City Council resolution, the city manager is authorized to establish assignments of fund balance.
- **Unassigned** – The residual classification for the General Fund, which also reflects negative residual amounts in other funds.

When both restricted and unrestricted resources are available for use, it is the City’s policy to first use restricted resources, then use unrestricted resources as they are needed. When committed, assigned, or unassigned resources are available for use, it is the City’s policy to use resources in the following order: 1) committed, 2) assigned, and 3) unassigned.

The City has formally adopted a fund balance policy for the General Fund. The City’s policy is to maintain an unassigned fund balance of 40 percent of the next year’s budgeted expenditures.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. Risk Management

The City is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The City participates in the League of Minnesota Cities Insurance Trust (LMCIT), a public entity risk pool for its general property and casualty, workers' compensation, and other miscellaneous insurance coverage. The LMCIT operates as a common risk management and insurance program for a large number of cities in Minnesota. The City pays an annual premium to the LMCIT for insurance coverage. The LMCIT agreement provides that the trust will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of certain limits. The City also carries commercial insurance for certain other risks of loss. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years. There were no significant reductions in insurance coverage in the current year.

T. Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 – CASH AND INVESTMENTS

A. Components of Cash and Investments

Cash and investments are presented in the financial statements as follows:

Primary government Statement of Net Position	\$ 18,709,359
Component unit – HRA Statement of Net Position	<u>1,817,614</u>
Total – reporting entity	<u>\$ 20,526,973</u>

Cash and investments at year-end consisted of the following:

Deposits	\$ 6,216,405
Investments	14,291,133
Cash on hand	<u>19,435</u>
Total cash and investments	<u>\$ 20,526,973</u>

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

B. Deposits

In accordance with applicable Minnesota Statutes, the City maintains deposits at depository banks authorized by the City Council, including checking accounts and certificates of deposit. The following is considered the most significant risk associated with deposits:

Custodial Credit Risk – In the case of deposits, this is the risk that in the event of a bank failure, the City’s deposits may be lost.

Minnesota Statutes require that all deposits be protected by federal deposit insurance, corporate surety bond, or collateral. The market value of collateral pledged must equal 110 percent of the deposits not covered by federal deposit insurance or corporate surety bonds. Authorized collateral includes treasury bills, notes, and bonds; issues of U.S. government agencies; general obligations rated “A” or better; revenue obligations rated “AA” or better; irrevocable standard letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota Statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral. The City has no additional deposit policies addressing custodial credit risk.

At year-end, the carrying amount of the City’s deposits was \$6,216,405, while the balance on the bank records was \$6,376,027. At December 31, 2021, all deposits were fully covered by federal deposit insurance, surety bonds, or by collateral held by the City’s agent in the City’s name.

C. Investments

The City had the following investments at year-end:

Investment Type	Credit Risk		Fair Value Measurements Using	Interest Risk – Maturity Duration in Years			Total
	Rating	Agency		Less Than 1	1 to 5	6 to 10	
State and local government securities	A	Moody’s	Level 2	\$ –	\$ 598,978	\$ 599,381	\$ 1,198,359
State and local government securities	Aa	Moody’s	Level 2	\$ –	\$ –	\$ 2,750,679	2,750,679
State and local government securities	AA	S&P	Level 2	\$ –	\$ 2,672,778	\$ 3,956,054	6,628,832
Negotiable certificates of deposit	Not Rated		Level 2	\$ 737,667	\$ 2,244,316	\$ 724,125	3,706,108
UBS Select Prime Institutional Fund	AAA	Moody’s	NAV	N/A	N/A	N/A	2,151
4M Fund	Not Rated		N/A	N/A	N/A	N/A	1,573
4M Plus Fund	Not Rated		N/A	N/A	N/A	N/A	3,431
Total investments							<u>\$14,291,133</u>

N/A – Not Applicable
NAV – Net Asset Value

All mutual funds currently held by the City reported at net asset value, have no unfunded commitments, and have daily redemption frequencies with no redemption notice required. The Minnesota Municipal Money Market (4M) Fund and 4M Plus Fund are external investment pools regulated by Minnesota Statutes that are not registered with the Securities and Exchange Commission (SEC), but follow the regulatory rules of the SEC. The City’s investments in these funds are measured at the value per share provided by the pool, which is based on an amortized cost method that approximates fair value. There are no limitations or restrictions on withdrawals for the 4M Fund. The 4M Plus Fund requires an initial 14-day investment period, subject to a penalty equal to 7 days of interest on funds withdrawn prior to the 14-day restriction period.

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

Investments are subject to various risks, the following of which are considered the most significant:

Custodial Credit Risk – For investments, this is the risk that in the event of a failure of the counterparty to an investment transaction (typically a broker-dealer) the City would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a formal investment policy addressing this risk, but typically limits its exposure by purchasing insured or registered investments, or by the control of who holds the securities.

Credit Risk – This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Minnesota Statutes limit the City’s investments to 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 that receive 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 13 months or less; general obligations rated “A” or better; revenue obligations rated “AA” or better; general obligations of the Minnesota Housing Finance Agency rated “A” or better; bankers’ acceptances of United States banks eligible for purchase by the Federal Reserve System; commercial paper issued by United States corporations or their Canadian subsidiaries, rated of the highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less; Guaranteed Investment Contracts guaranteed by a United States commercial bank, domestic branch of a foreign bank, or a United States insurance company, and with a credit quality in one of the top two highest categories; repurchase or reverse purchase agreements and securities lending agreements with 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; that are a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York; or certain Minnesota securities broker-dealers. The City’s investment policies do not further address credit risk.

Concentration Risk – This is the risk associated with investing a significant portion of the City’s investment (considered 5.0 percent or more) in the securities of a single issuer, excluding U.S. guaranteed investments (such as treasuries), investment pools, and mutual funds. The City’s investment policies do not limit the concentration of investments. As of December 31, 2021, the City had 6.2 percent invested in New York, NY City Transit Authority Bonds, 7.0 percent invested in Chino, CA Public Financing Authority Bonds, and 6.3 percent in University of Hawaii Bonds.

Interest Rate Risk – This is the risk of potential variability in the fair value of fixed rate investments resulting from changes in interest rates (the longer the period for which an interest rate is fixed, the greater the risk). The City’s investment policy limits investment maturities to a maximum of 10 years.

NOTE 3 – NOTES RECEIVABLE

At year-end, the HRA has a loan receivable from a local business with an outstanding balance of \$10,000. The loan has an annual interest rate of 3.0 percent, is secured by real property belonging to the business, and matures when the underlying property is sold.

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2021 was as follows:

A. Changes in Capital Assets Used in Governmental Activities – Primary Government

	Beginning Balance	Additions	Deletions	Completed Construction	Ending Balance
Capital assets, not being depreciated					
Land	\$ 7,663,994	\$ –	\$ –	\$ –	\$ 7,663,994
Construction in progress	1,315,585	1,367,269	–	–	2,682,854
Total capital assets, not being depreciated	8,979,579	1,367,269	–	–	10,346,848
Capital assets, being depreciated					
Buildings	27,970,149	–	–	–	27,970,149
Infrastructure	25,528,416	1,305,597	–	–	26,834,013
Machinery and equipment	6,430,090	430,697	–	–	6,860,787
Land improvements	284,307	–	–	–	284,307
Total capital assets, being depreciated	60,212,962	1,736,294	–	–	61,949,256
Less accumulated depreciation on					
Buildings	(6,377,696)	(593,764)	–	–	(6,971,460)
Infrastructure	(4,450,735)	(1,127,011)	–	–	(5,577,746)
Machinery and equipment	(3,881,478)	(448,673)	–	–	(4,330,151)
Land improvements	(57,206)	(14,215)	–	–	(71,421)
Total accumulated depreciation	(14,767,115)	(2,183,663)	–	–	(16,950,778)
Net capital assets, being depreciated	45,445,847	(447,369)	–	–	44,998,478
Net capital assets	\$ 54,425,426	\$ 919,900	\$ –	\$ –	\$ 55,345,326

B. Changes in Capital Assets Used in Business-Type Activities – Primary Government

	Beginning Balance	Additions	Deletions	Completed Construction	Ending Balance
Capital assets, not being depreciated					
Land	\$ 973,048	\$ –	\$ –	\$ –	\$ 973,048
Construction in progress	788,867	6,872	–	(106,055)	689,684
Total capital assets, not being depreciated	1,761,915	6,872	–	(106,055)	1,662,732
Capital assets, being depreciated					
Buildings	9,547,831	–	–	–	9,547,831
Infrastructure	14,484,999	87,133	–	106,055	14,678,187
Machinery and equipment	1,430,087	5,000	–	–	1,435,087
Total capital assets, being depreciated	25,462,917	92,133	–	106,055	25,661,105
Less accumulated depreciation on					
Buildings	(2,466,476)	(190,571)	–	–	(2,657,047)
Infrastructure	(3,759,406)	(356,230)	–	–	(4,115,636)
Machinery and equipment	(1,083,634)	(67,573)	–	–	(1,151,207)
Total accumulated depreciation	(7,309,516)	(614,374)	–	–	(7,923,890)
Net capital assets, being depreciated	18,153,401	(522,241)	–	106,055	17,737,215
Net capital assets	\$ 19,915,316	\$ (515,369)	\$ –	\$ –	\$ 19,399,947

C. Changes in Capital Assets – Component Unit HRA

	Beginning Balance	Additions	Deletions	Completed Construction	Ending Balance
Capital assets, not being depreciated					
Land	\$ 2,092,900	\$ –	\$ –	\$ –	\$ 2,092,900

NOTE 4 – CAPITAL ASSETS (CONTINUED)

D. Depreciation Expense by Function – Primary Government

Depreciation expense was charged to the following functions:

Governmental activities	
General government	\$ 253,501
Public safety	238,228
Public works	1,608,233
Culture and recreation	<u>83,701</u>
Total depreciation expense – governmental activities	<u><u>\$ 2,183,663</u></u>
Business-type activities	
Water	\$ 249,361
Sewer	123,393
Liquor	114,587
Stormwater	<u>127,033</u>
Total depreciation expense – business-type activities	<u><u>\$ 614,374</u></u>

NOTE 5 – INTERFUND BALANCES AND TRANSFERS

A. Due To/From Component Unit

The HRA component unit – Downtown TIF 6 Capital Projects Fund has borrowed \$1,681,860 (out of an approved maximum of loan \$2,000,000) from the primary government – General Fund to provide temporary financing for qualified improvement project costs approved in the TIF Plan. The loan will be repaid from tax increment revenue generated by the improvements through annual principal and interest payments due each December 31, commencing the first year the TIF District generates available tax increment as defined by the loan agreement. Loan activity during the current year was as follows:

Loan	Beginning Balance	Additions	Deletions	Ending Balance
TIF 6 Loan from the City’s General Fund	\$ 623,352	\$ 1,058,508	\$ –	\$ 1,681,860

NOTE 5 – INTERFUND BALANCES AND TRANSFERS (CONTINUED)

B. Interfund Transfers

The composition of interfund transfers for the year ended December 31, 2021 is as follows:

Transfers Out Fund	Transfers In			Total
	General	Lakefront Improvement	Nonmajor Governmental	
General	\$ –	\$ 131,316	\$ 1,015,672	\$ 1,146,988
Lakefront Improvement	149,668	–	–	149,668
Nonmajor Governmental	51,000	–	5,000	56,000
Water Enterprise	31,000	–	38,568	69,568
Sewer Enterprise	31,000	–	58,433	89,433
Licensing Enterprise	56,000	–	25,000	81,000
Liquor Enterprise	175,000	–	–	175,000
Stormwater Enterprise	10,000	–	55,000	65,000
	<u>\$ 503,668</u>	<u>\$ 131,316</u>	<u>\$ 1,197,673</u>	<u>\$ 1,832,657</u>

The City annually budgets transfers for specific purposes. Annual transfers include transfers made to cover costs of operation, and transfers made as part of capital improvement plans.

NOTE 6 – LONG-TERM LIABILITIES

A. Changes in Long-Term Liabilities

Changes in the City’s long-term liabilities during the year were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
General obligation bonds	\$ 680,000	\$ –	\$ 225,000	\$ 455,000	\$ 225,000
G.O. improvement bonds	3,630,000	–	320,000	3,310,000	335,000
G.O. tax increment bonds	11,170,000	–	270,000	10,900,000	405,000
Premium	630,882	–	52,994	577,888	–
Total bonds	<u>16,110,882</u>	<u>–</u>	<u>867,994</u>	<u>15,242,888</u>	<u>965,000</u>
Compensated absences payable	<u>391,427</u>	<u>363,879</u>	<u>382,223</u>	<u>373,083</u>	<u>234,138</u>
Total governmental activities	<u>16,502,309</u>	<u>363,879</u>	<u>1,250,217</u>	<u>15,615,971</u>	<u>1,199,138</u>
Business-type activities					
G.O. revenue bonds	4,835,000	–	325,000	4,510,000	330,000
G.O. improvement bonds	1,290,000	–	110,000	1,180,000	115,000
Premium	249,688	–	20,888	228,800	–
Total bonds	<u>6,374,688</u>	<u>–</u>	<u>455,888</u>	<u>5,918,800</u>	<u>445,000</u>
Compensated absences payable	<u>125,786</u>	<u>122,012</u>	<u>126,374</u>	<u>121,424</u>	<u>74,273</u>
Total business-type activities	<u>6,500,474</u>	<u>122,012</u>	<u>582,262</u>	<u>6,040,224</u>	<u>519,273</u>
Total government-wide	<u>\$ 23,002,783</u>	<u>\$ 485,891</u>	<u>\$ 1,832,479</u>	<u>\$ 21,656,195</u>	<u>\$ 1,718,411</u>

NOTE 6 – LONG-TERM LIABILITIES (CONTINUED)

B. Bonds Payable

The components of the City’s outstanding bonded debt at year-end were as follows:

Description	Authorized and Issued	Interest Rate	Original Issue	Maturity	Balance at Year-End
Governmental activities					
General obligation bonds					
G.O. Street Reconstruction Bonds, Series 2009B	\$ 370,000	3.00–3.88%	05/19/2009	12/01/2023	\$ 60,000
G.O. Refunding Bonds, Series 2012A	\$ 1,885,000	2.00–3.00%	09/15/2012	12/01/2023	395,000
Total general obligation bonds					<u>455,000</u>
General obligation improvement bonds					
G.O. Improvement Bonds, Series 2019A	\$ 1,980,000	1.75–2.10%	05/30/2019	02/01/2030	1,810,000
G.O. Improvement Refunding Bonds, Series 2020B	\$ 1,650,000	1.15–2.00%	11/10/2020	02/01/2035	1,500,000
Total general obligation improvement bonds					<u>3,310,000</u>
General obligation tax increment bonds					
G.O. Tax Increment Bonds, Series 2016A	\$ 7,725,000	1.10–4.00%	12/29/2016	02/01/2041	7,190,000
G.O. Tax Increment Bonds, Series 2020A	\$ 3,710,000	2.00–3.00%	05/28/2020	02/01/2040	3,710,000
Total general obligation tax increment bonds					<u>10,900,000</u>
Total governmental activities					<u>14,665,000</u>
Business-type activities					
General obligation revenue bonds					
G.O. Water Revenue Bonds, Series 2017A	\$ 2,775,000	3.00%	12/28/2017	12/01/2031	2,200,000
G.O. Liquor and Restaurant Refunding Bonds, Series 2020B	\$ 2,450,000	1.15–2.00%	11/10/2020	12/01/2035	2,310,000
Total general obligation bonds					<u>4,510,000</u>
General obligation improvement bonds					
G.O. Improvement Bonds, Series 2012B	\$ 1,520,000	2.00–3.00%	09/05/2012	12/01/2032	925,000
G.O. Improvement Bonds, Series 2012C	\$ 545,000	2.00–3.00%	09/05/2012	12/01/2027	255,000
Total general obligation improvement bonds					<u>1,180,000</u>
Total business-type activities					<u>5,690,000</u>
Total government-wide					<u>\$ 20,355,000</u>

C. Minimum Debt Payments

Minimum annual payments required to retire bonds are as follows:

Year Ending December 31,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2022	\$ 965,000	\$ 408,189	\$ 445,000	\$ 140,105
2023	1,080,000	381,704	460,000	128,768
2024	875,000	352,416	470,000	116,655
2025	900,000	328,929	485,000	104,243
2026	920,000	304,391	500,000	91,443
2027–2031	4,575,000	1,133,596	2,520,000	258,713
2032–2036	2,540,000	678,190	810,000	28,498
2037–2041	2,810,000	249,747	—	—
	<u>\$ 14,665,000</u>	<u>\$ 3,837,162</u>	<u>\$ 5,690,000</u>	<u>\$ 868,425</u>

NOTE 6 – LONG-TERM LIABILITIES (CONTINUED)

D. Descriptions of Long-Term Liabilities

- **General Obligation (G.O.) Bonds** – The City issues G.O. bonds to provide funds for the acquisition and construction of major capital facilities and projects, or to refund previous bond issues. These bonds will be repaid primarily with ad valorem tax levies. G.O. bonds are backed by the full faith and credit of the City.
- **G.O. Improvement (Special Assessment) Bonds** – G.O. improvement bonds are issued to finance various improvements to be repaid primarily from special assessments levied on the properties benefitting from the improvements and net revenues pledged by the enterprise funds. G.O. improvement bonds are backed by the full faith and credit of the City.
- **G. O. Tax Increment Bonds** – The City issues G.O. tax increment bonds to provide funding for projects within a tax increment financing district that will be repaid primarily with tax increment financing. G.O. tax increment bonds are backed by the full faith and credit of the City.

The City has pledged tax increment revenues generated by Tax Increment District No. 5 to the debt service requirements related to the G.O. Tax Increment Bonds, Series 2016A, through maturity of the bond. There was \$496,348 of pledged revenue from tax increments and \$496,348 of debt service principal and interest requirements for the year ended December 31, 2021. It is anticipated tax increment revenues will be sufficient to provide not less than 105 percent of principal and interest on the bonds as required by Minnesota state law.

- **General Obligation Revenue Bonds** – The City issues general obligation revenue bonds to finance capital improvements in the enterprise funds. Along with G.O. special assessment bonds, they will be repaid from future net operating revenues pledged from enterprise funds and are backed by the taxing power of the City. Annual net operating revenues, principal and interest payments, and percentage of revenue required to cover the principal and interest payments is disclosed below:

	<u>Water</u>	<u>Sewer</u>	<u>Liquor</u>
Net operating revenues	\$ 1,077,649	\$ 1,451,684	\$ 3,029,027
Principal and interest	\$ 355,300	\$ 49,350	\$ 185,911
Percentage of revenues	33%	3%	6%

- **Compensated Absences** – This liability represents vested benefits earned by employees through the end of the year, which will be paid or used in future periods. The General, Water, Sewer, Licensing, and Liquor Funds will be used to liquidate this liability.
- **Total OPEB and Net Pension Liabilities** – The City also provides OPEB and pension benefits to employees as described later in these notes. The General Fund and enterprise funds will be used to liquidate these liabilities.

NOTE 7 – FUND EQUITY

A. Components of Fund Balances

The components of the City’s fund balances at year-end were as follows:

	General	Debt Service	Lakefront Improvement Capital Projects	Developer Financed Capital Projects	Nonmajor Funds	Total
Nonspendable						
Prepaid items	\$ 3,437	\$ –	\$ –	\$ –	\$ –	\$ 3,437
Due from component unit	1,681,860	–	–	–	–	1,681,860
Total nonspendable	1,685,297	–	–	–	–	1,685,297
Restricted						
Debt service	–	1,130,916	–	–	–	1,130,916
Parks and trails	–	–	–	–	706,450	706,450
Public safety police	–	–	–	–	18,072	18,072
Total restricted	–	1,130,916	–	–	724,522	1,855,438
Committed						
Cemetery	–	–	–	–	22,061	22,061
Cable TV	–	–	–	–	35,161	35,161
Comprehensive plan	–	–	–	–	65,438	65,438
Total committed	–	–	–	–	122,660	122,660
Assigned						
Insurance	282,178	–	–	–	–	282,178
Lakefront improvement	–	–	706,870	–	–	706,870
Street improvements	–	–	–	–	1,454,158	1,454,158
Capital equipment	–	–	–	–	2,414,246	2,414,246
Parks and trails	–	–	–	–	821,689	821,689
Community room/ library improvement	–	–	–	–	406,962	406,962
Other capital projects	–	–	–	1,605	1,841,602	1,843,207
Total assigned	282,178	–	706,870	1,605	6,938,657	7,929,310
Unassigned						
General Fund	2,044,797	–	–	–	–	2,044,797
Total	\$ 4,012,272	\$ 1,130,916	\$ 706,870	\$ 1,605	\$ 7,785,839	\$ 13,637,502

B. Deficit Fund Equity

The City’s Licensing Enterprise Fund had a deficit net position of \$207,159 at year-end, which is expected to be eliminated through future charges for services.

The HRA component unit’s Downtown TIF 6 Capital Projects Fund had a fund balance deficit at year-end of \$1,611,940, which is expected to be eliminated with future tax increments.

NOTE 8 – DEFINED BENEFIT PENSION PLAN – STATE-WIDE

A. Plan Descriptions

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

1. General Employees Retirement Fund (GERF)

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

2. Public Employees Police and Fire Fund (PEPFF)

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

The following table summarizes the net pension liabilities, deferred outflows and inflows of resources, and pension expense related to these plans as of and for the City's fiscal year ended December 31, 2021:

Pension Plans	Net Pension Liabilities	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
PERA – GERF	\$ 2,340,206	\$ 1,711,830	\$ 2,149,891	\$ 118,478
PERA – PEPFF	813,576	1,556,529	2,042,304	(39,786)
Total	<u>\$ 3,153,782</u>	<u>\$ 3,268,359</u>	<u>\$ 4,192,195</u>	<u>\$ 78,692</u>

B. Benefits Provided

The PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statutes 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.

1. GERF Benefits

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 the 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 Plan members is 1.2 percent for each of the first 10 years of service, and 1.7 percent for each additional year. Under Method 2, the accrual rate for Coordinated Plan members is 1.7 percent for all years of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90, and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at age 66.

NOTE 8 – DEFINED BENEFIT PENSION PLAN – STATE-WIDE (CONTINUED)

Benefit increases are provided to benefit recipients each January. The post-retirement increase is equal to 50.0 percent of the cost of living adjustment (COLA) announced by the Social Security Administration, with a minimum increase of at least 1.0 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase, will receive the full increase. Recipients receiving the annuity or benefit for at least one month, but less than a full year as of the June 30 before the effective date of the increase, will receive a reduced prorated increase. For members retiring on January 1, 2024 or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

2. PEPFF Benefits

Benefits for the PEPFF members first hired after June 30, 2010 but before July 1, 2014, vest on a prorated basis from 50.0 percent after five years, up to 100.0 percent after 10 years of credited service. Benefits for the PEPFF members first hired after June 30, 2014 vest on a prorated basis from 50.0 percent after 10 years, up to 100.0 percent after 20 years of credited service. The annuity accrual rate is 3.0 percent of average salary for each year of service. For Police and Fire Plan members who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

Benefit increases are provided to benefit recipients each January. The post-retirement increase is fixed at 1.0 percent. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase, will receive the full increase. Recipients receiving the annuity or benefit for at least 25 months, but less than 36 months as of the June 30 before the effective date of the increase, will receive a reduced prorated increase.

C. Contributions

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

1. GERF Contributions

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2021, and the City was required to contribute 7.50 percent for Coordinated Plan members. The City's contributions to the GERF for the year ended December 31, 2021, were \$334,639. The City's contributions were equal to the required contributions as set by state statutes.

2. PEPFF Contributions

Police and Fire Plan members were required to contribute 11.80 percent of their annual covered salary in fiscal year 2021, and the City was required to contribute 17.70 percent for Police and Fire Plan members. The City's contributions to the PEPFF for the year ended December 31, 2021, were \$226,636. The City's contributions were equal to the required contributions as set by state statutes.

NOTE 8 – DEFINED BENEFIT PENSION PLAN – STATE-WIDE (CONTINUED)

D. Pension Costs

1. GERF Pension Costs

At December 31, 2021, the City reported a liability of \$2,340,206 for its proportionate share of the GERF's net pension liability. The City's net pension liability reflected a reduction, due to the state of Minnesota's contribution of \$16.0 million. The state of Minnesota is considered a nonemployer contributing entity and the state's contribution meets the definition of a special funding situation. The state of Minnesota's proportionate share of the net pension liability associated with the City totaled \$71,499. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by the PERA during the measurement period for employer payroll paid dates from July 1, 2020 through June 30, 2021, relative to the total employer contributions received from all of the PERA's participating employers. The City's proportionate share was 0.0548 percent at the end of the measurement period and 0.0536 percent for the beginning of the period.

The amount recognized by the City as its proportionate share of the net pension liability, the direct aid, and total portion of the net pension liability that was associated with the City were as follows:

City's proportionate share of the net pension liability	\$ 2,340,206
State's proportionate share of the net pension liability associated with the City	\$ 71,499

For the year ended December 31, 2021, the City recognized pension expense of \$112,709 for its proportionate share of the GERF's pension expense. In addition, the City recognized an additional \$5,769 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota's contribution of \$16.0 million to the GERF.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 13,617	\$ 71,436
Changes in actuarial assumptions	1,428,881	50,122
Net collective difference between projected and actual investment earnings	–	2,028,333
Changes in proportion	93,374	–
Contributions paid to the PERA subsequent to the measurement date	175,958	–
Total	<u>\$ 1,711,830</u>	<u>\$ 2,149,891</u>

NOTE 8 – DEFINED BENEFIT PENSION PLAN – STATE-WIDE (CONTINUED)

A total of \$175,958 reported as deferred outflows of resources related to pensions resulting from city contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Pension Expense Amount</u>
2022	\$ (48,952)
2023	\$ 7,692
2024	\$ (19,967)
2025	\$ (552,792)

2. PEPFF Pension Costs

At December 31, 2021, the City reported a liability of \$813,576 for its proportionate share of the PEPFF's net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by the PERA during the measurement period for employer payroll paid dates from July 1, 2020 through June 30, 2021, relative to the total employer contributions received from all of the PERA's participating employers. The City's proportionate share was 0.1054 percent at the end of the measurement period and 0.1012 percent for the beginning of the period.

The state of Minnesota contributed \$18.0 million to the PEPFF in the plan fiscal year ended June 30, 2021. The contribution consisted of \$9.0 million in direct state aid that does meet the definition of a special funding situation and \$9.0 million in supplemental state aid that does not meet the definition of a special funding situation. The \$9.0 million direct state aid was paid on October 1, 2020. Thereafter, by October 1 of each year, the state will pay \$9.0 million to the PEPFF until full funding is reached or July 1, 2048, whichever is earlier. The \$9.0 million in supplemental state aid will continue until the fund is 90.0 percent funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90.0 percent funded, whichever occurs later. Strong asset returns for the fiscal year ended 2021 will accelerate the phasing out of these state contributions, although we do not anticipate them to be phased out during the fiscal year ending 2022.

The state of Minnesota is included as a nonemployer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$9.0 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the state of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended December 31, 2021, the City recognized negative pension expense of \$46,445 for its proportionate share of the Police and Fire Plan's pension expense. The City recognized \$6,659 as grant revenue for its proportionate share of the state of Minnesota's pension expense for the contribution of \$9.0 million to the PEPFF.

NOTE 8 – DEFINED BENEFIT PENSION PLAN – STATE-WIDE (CONTINUED)

The amount recognized by the City as its proportionate share of the net pension liability, the direct aid, and total portion of the net pension liability that was associated with the City were as follows:

City’s proportionate share of the net pension liability	\$ 813,576
State’s proportionate share of the net pension liability associated with the City	\$ 36,563

The state of Minnesota is not included as a nonemployer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9.0 million in supplemental state aid. The City recognized \$9,486 for the year ended December 31, 2021 as revenue and an offsetting reduction of net pension liability for its proportionate share of the state of Minnesota’s on-behalf contributions to the PEPFF.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 158,045	\$ 6,039
Changes in actuarial assumptions	1,222,860	457,044
Net collective difference between projected and actual investment earnings	–	1,558,546
Changes in proportion	63,779	20,675
Contributions paid to the PERA subsequent to the measurement date	111,845	–
Total	\$ 1,556,529	\$ 2,042,304

A total of \$111,845 reported as deferred outflows of resources related to pensions resulting from city contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ending December 31, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Pension Expense Amount
2022	\$ (523,888)
2023	\$ (98,517)
2024	\$ (85,965)
2025	\$ (151,021)
2026	\$ 261,771

NOTE 8 – DEFINED BENEFIT PENSION PLAN – STATE-WIDE (CONTINUED)

E. Long-Term Expected Return on Investments

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	33.50 %	5.10 %
International equity	16.50	5.30 %
Fixed income	25.00	0.75 %
Private markets	<u>25.00</u>	5.90 %
Total	<u>100.00 %</u>	

F. Actuarial Assumptions

The total pension liability in the June 30, 2021, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 6.50 percent. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 6.50 percent was deemed to be within that range of reasonableness for financial reporting purposes.

Inflation is assumed to be 2.25 percent for the General Employees Plan and 2.25 percent for the Police and Fire Plan. Benefit increases after retirement are assumed to be 1.25 percent for the General Employees Plan. The Police and Fire Plan benefit increase is fixed at 1.00 percent per year and that increase was used in the valuation.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25 percent after one year of service to 3.00 percent after 29 years of service, and 6.00 percent per year thereafter. In the Police and Fire Plan, salary growth assumptions range from 11.75 percent after one year of service to 3.00 percent after 24 years of service.

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

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

NOTE 8 – DEFINED BENEFIT PENSION PLAN – STATE-WIDE (CONTINUED)

The following changes in actuarial assumptions occurred in 2021:

1. GERF

CHANGES IN ACTUARIAL ASSUMPTIONS

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

2. PEPFF

CHANGES IN ACTUARIAL ASSUMPTIONS

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes.
- The inflation assumption was changed from 2.50 percent to 2.25 percent.
- The payroll growth assumption was changed from 3.25 percent to 3.00 percent.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MP-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 14, 2020 experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 14, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations.
- Assumed rates of disability were increased for ages 25–44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities.
- Assumed percent married for active female members was changed from 60.00 percent to 70.00 percent. Minor changes to form of payment assumptions were applied.

G. Discount Rate

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

NOTE 8 – DEFINED BENEFIT PENSION PLAN – STATE-WIDE (CONTINUED)

H. Pension Liability Sensitivity

The following table presents the City’s proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease in Discount Rate 5.50%	Discount Rate 6.50%	1% Increase in Discount Rate 7.50%
City’s proportionate share of the GERF net pension liability	\$ 4,772,825	\$ 2,340,206	\$ 344,093
City’s proportionate share of the PEPFF net pension liability	\$ 2,582,967	\$ 813,576	\$ (636,886)

I. Pension Plan Fiduciary Net Position

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

NOTE 9 – DEFINED CONTRIBUTION PENSION PLAN – FIRE RELIEF ASSOCIATION

The City contributes to the Wayzata Fire Department Relief Association (the Association), a single-employer defined contribution lump sum service pension plan. Volunteer firefighters of the City are members of the Association and its pension plan. Partial vesting of retirement benefits occurs at year 10 and continues based on years of service up to 20 years of service, at which time participants are 100 percent vested for retirement benefit purposes. On termination of service, a vested participant receives a single, lump sum distribution.

The City passes through state aids allocated to the plan in accordance with Minnesota Statutes. The City’s payroll for members of the Association for the year ended December 31, 2021 was \$74,252, compared to a total city payroll of \$6,308,294. The Association issues a publicly available financial report, which may be obtained at Wayzata City Hall.

Minnesota Statutes, Chapters 424 and 424A, authorize pension benefits for volunteer fire relief associations. A firefighter who completes at least 20 years as an active member of the fire department and the Association, after age 50, is entitled to a full service pension upon retirement.

Total contributions to the Association’s Pension Fund for 2021 amounted to \$127,110, of which \$80,110 was state aid passed through the City for the Association. The contributions are apportioned to the accounts of active members in equal shares.

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN

A. Plan Description

The City provides post-employment insurance benefits to certain eligible employees through its OPEB Plan, a single-employer defined benefit plan administered by the City. All post-employment benefits are based on contractual agreements with employee groups. Eligibility for these benefits is based on years of service and/or minimum age requirements. These contractual agreements do not include any specific contribution or funding requirements. The Plan does not issue a publicly available financial report. No plan assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

B. Benefits Provided

All retirees of the City upon retirement have the option under state law to continue their medical insurance coverage through the City. For police or firefighters disabled in the line-of-duty, Minnesota Statutes require the City to continue to pay the employer contribution toward health insurance coverage for the police officer or firefighter and their spouse, if the spouse was covered at the time of disability, until age 65. Retirees not eligible for these city-paid premium benefits must pay the full city premium rate for their coverage.

The City is legally required to include any retirees for whom it provides health insurance coverage in the same insurance pool as its active employees until the retiree reaches Medicare eligibility, whether the premiums are paid by the City or the retiree. Consequently, participating retirees are considered to receive a secondary benefit known as an “implicit rate subsidy.” This benefit relates to the assumption that the retiree is receiving a more favorable premium rate than they would otherwise be able to obtain if purchasing insurance on their own, due to being included in the same pool with the City’s younger and statistically healthier active employees.

C. Contributions

The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined periodically by the City. The City’s current year required pay-as-you-go contributions to finance the benefits described in the previous section totaled \$29,856.

D. Membership

Membership in the Plan consisted of the following as of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	5
Active plan members	<u>50</u>
Total members	<u><u>55</u></u>

E. Total OPEB Liability of the City

The City’s total OPEB liability of \$386,486 was measured as of December 31, 2020 and was determined by an actuarial valuation as of January 1, 2020.

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

F. Actuarial Methods and Assumptions

The total OPEB liability was determined by an actuarial valuation as of January 1, 2020, using the entry-age normal level percent of pay method, and the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	2.12%
Inflation rate	2.50%
Payroll growth rate	3.25%
Medical trend rate	7.33% decreasing to 5.00% over 7 years

The discount rate used was decreased to 2.12 percent from 2.74 percent used in the previous valuation.

Mortality rates used in the valuation, as listed below, are based on the PERA plan of which the employee, retiree, or beneficiary is a participant. All mortality rates in the current valuation were updated to use RP-2014 mortality tables adjusted for white collar and/or mortality improvements using projection Scale MP-2018 from a base year of 2014, from the RP-2014 mortality tables adjusted for white collar and/or mortality improvements using projection Scale MP-2016 from a base year of 2014 used in the previous valuation.

Coordinated

Healthy Pre-Retirement

RP-2014 Employee Mortality Table adjusted for white collar and mortality improvements using projection Scale MP-2018, from a base year of 2014. Rates are set forward one year for males and set back one year for females.

Healthy Post-Retirement

RP-2014 Healthy Annuitant Mortality Table, adjusted for white collar and mortality improvements using projection Scale MP-2018, from a base year of 2014. Rates are set forward two years for males. Female rates are multiplied by a factor of 0.90.

Disabled

RP-2014 Disabled Mortality Table, adjusted for mortality improvements using projection Scale MP-2018, from a base year of 2014. Rates are set forward one year for males and set forward six years for females.

Police and Fire, Correctional

Healthy Pre-Retirement

RP-2014 Employee Generational Mortality Table projected with Mortality Improvement Scale MP-2018, from a base year of 2006.

Healthy Post-Retirement

RP-2014 Annuitant Generational Mortality Table projected with Mortality Improvement Scale MP-2018, from a base year of 2006. Male rates are adjusted by a factor of 0.96.

Disabled

RP-2014 Annuitant Generational Mortality Table projected Mortality Improvement Scale MP-2018, from a base year of 2006. Male rates are adjusted by a factor of 0.96.

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

G. Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Beginning balance – January 1, 2021	\$ 342,219
Changes for the year	
Service cost	36,808
Interest	10,135
Differences between expected and actual experience	6,879
Changes in assumptions	8,671
Benefit payments – employer-financed	<u>(18,227)</u>
Total net changes	<u>44,266</u>
Ending balance – December 31, 2021	<u><u>\$ 386,485</u></u>

H. Total OPEB Liability Sensitivity to Discount and Healthcare Cost Trend Rate Changes

The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	<u>1% Decrease in Discount Rate</u>	<u>Discount Rate</u>	<u>1% Increase in Discount Rate</u>
OPEB discount rate	1.12%	2.12%	3.12%
Total OPEB liability	\$ 412,448	\$ 386,485	\$ 361,631

The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using medical healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current medical healthcare cost trend rates:

	<u>1% Decrease in Medical Trend Rate</u>	<u>Medical Trend Rate</u>	<u>1% Increase in Medical Trend Rate</u>
OPEB medical trend rate	6.33% decreasing to 4.00% over 7 years	7.33% decreasing to 5.00% over 7 years	8.33% decreasing to 6.00% over 7 years
Total OPEB liability	\$ 344,711	\$ 386,485	\$ 435,141

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

I. OPEB Expense and Related Deferred Outflows of Resources and Deferred Inflows of Resources

For 2021, the City recognized OPEB expense of \$32,693. As of year-end, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 5,974	\$ 106,576
Changes in actuarial assumptions	33,286	10,665
Contributions subsequent to the measurement date	<u>29,856</u>	<u>–</u>
	<u><u>\$ 69,116</u></u>	<u><u>\$ 117,241</u></u>

Deferred outflows of resources totaling \$29,856 related to OPEB resulting from the City’s contributions to the plan subsequent to the measurement date and will be recognized as a reduction of the total OPEB liability in the year ending December 31, 2022. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending December 31,</u>	<u>OPEB Expense Amount</u>
2022	\$ (14,251)
2023	\$ (14,251)
2024	\$ (14,251)
2025	\$ (14,447)
2026	\$ (14,901)
Thereafter	\$ (5,880)

NOTE 11 – OPERATING LEASES

A. Antenna and Ground Space Lease

The City leases space on its new monopole and the ground surface located under the pole to three companies that use the space for their antennas and equipment. The leases are five-year leases with three additional five-year renewal periods and are cancellable by either party by giving 60 days’ written notice. In 2019, new agreements were negotiated with each of the tenants using a base dollar amount. The lease amount is adjusted each January 1 by the greatest of 5 percent, or the percentage increase of the Consumer Price Index. Antenna and ground space rent received in 2021 totaled \$289,764. The monopole is located on Wayzata School District property, which the City leases for an annual amount of \$24,000.

B. Library Lease

The City leases space to Hennepin County, which expired and was renegotiated on April 30, 2018, with an automatic renewal for the next 10 years. The initial negotiated base rate is \$65,915 with a 2.5 percent increase each year for four years, and a 3.0 percent increase for the last five years. The lease is cancelable by either party by giving 180 days’ written notice. The cost of the building being leased is \$4,253,125, and the accumulated depreciation is \$1,616,188 as of December 31, 2021. A portion of the base rent (25.0 percent) reimburses the City for building and grounds operating costs. The library pays for its own utility service. Library rent of \$70,406 was received in 2021.

NOTE 12 – TAX ABATEMENT AGREEMENTS

A. Primary Government

Boulevard Apartments

The City entered into a tax abatement agreement on December 7, 2010, with a developer in which the developer incurs costs for property improvements. In return, the City will reimburse the developer for some costs as the City collects future taxes paid by said developer for the increased property value and tax capacity related to the economic development. The agreement has a maximum return to the developer of \$11,040 over the life of the agreement (15 years). The agreement was negotiated under state law (Minnesota Statutes § 469.1813). The taxes abated during the fiscal year are noted below.

Village Apartments

The City entered into a tax abatement agreement on June 20, 2006, with a developer in which the developer incurs costs for property improvements. In return, the City will reimburse the developer for some costs as the City collects future taxes paid by said developer for the increased property value and tax capacity related to the economic development. The agreement has a maximum return to the developer of \$14,400 over the life of the agreement (15 years), and \$736 per year. The agreement was negotiated under state law (Minnesota Statutes § 469.1813). The taxes abated during the fiscal year are:

	Amount of Taxes Abated During the Fiscal Year
Boulevard Apartments	\$ 1,024
Village Apartments	\$ 480

B. Component Unit

The HRA entered into a tax increment financing agreement with a developer in which the developer incurs costs for property improvements. In return, the City will reimburse the developer for some costs as the City collects future tax increment for the increased property value and tax capacity related to the economic development. The agreement has a maximum return to the developer of \$22,910,879 over the life of the agreement (maximum 25 years). The agreement was negotiated under state law (Minnesota Statutes § 469.175). The calculation of taxes abated during the fiscal year is noted below:

	Original Tax Capacity Rate	Captured Tax Capacity	Amount of Taxes Abated During the Fiscal Year
Tax Increment District 5 (Bay Center)	20.308%	\$ 3,167,524	\$ 2,012,825

NOTE 13 – TRANSACTIONS BETWEEN PRIMARY GOVERNMENT AND COMPONENT UNIT

The City conducts routine transactions with its component unit for services provided. The City provides administrative and financial services for the HRA's activities. The HRA contributed \$45,000 to the City during 2021 for these administrative services, \$543,107 for debt service costs, and \$1,230,925 for capital improvement projects.

NOTE 14 – COMMITMENTS, CONTINGENCIES, AND SUBSEQUENT EVENTS

A. Legal Claims

The City generally follows the practice of recording liabilities resulting from claims and legal actions only when they become fixed or determinable in amount. Management does not anticipate any significant losses that would not be covered by insurance.

B. Federal and State Receivables

Amounts recorded or receivable from federal and state agencies are subject to agency audit and adjustment. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of claims which may be disallowed by the grantor agencies cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

C. Tax Increment Districts

The City's tax increment districts are subject to review by the Office of the State Auditor. Any disallowed claims or misuse of tax increments could become a liability of the applicable fund. City management is not aware of any instances of noncompliance that would have a material effect on the financial statements.

D. Construction Commitments

The City is committed to various construction contracts for improvement of city property. The City's remaining commitment under these contracts was approximately \$181,375 at year-end.

E. Conduit Debt Obligations

The City entered into a Cooperative Agreement with the City of Minnetonka to issue a Housing Revenue Note for \$6,250,000. Conduit debt obligations are certain limited-obligation revenue bonds or similar debt instruments issued for the express purpose of providing capital financing for a specific third party. The City of Minnetonka has issued revenue bonds to provide financial assistance to private sector entities for projects deemed to be in the public interest. Although these bonds bear the name of the City of Minnetonka, the City, the state, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

In addition, the City entered into a Cooperative Agreement with Hammer Residence to issue a Housing Revenue Note for \$5,500,000. The outstanding balance at December 31, 2021 is \$802,947. The City, the state, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

**NOTE 14 – COMMITMENTS, CONTINGENCIES, AND SUBSEQUENT EVENTS
(CONTINUED)**

F. New Accounting Standards

A new standard has been issued by GASB that will result in significant changes in the reporting of lease transactions once it becomes effective for governmental entities. This standard will be adopted by the City beginning in 2022, and will require the restatement of certain balances reported as of December 31, 2021. The effects of this change have not yet been determined and are not reflected in these financial statements.

G. COVID-19

The COVID-19 pandemic has had significant financial and operational impacts on the City for the last two fiscal years. Any potential impact it may have on the City's future operations and finances cannot be determined at this time and has not been reflected in these financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WAYZATA

PERA – General Employees Retirement Fund
 Schedule of City’s and Nonemployer Proportionate Share of Net Pension Liability
 Year Ended December 31, 2021

City Fiscal Year-End Date	PERA Fiscal Year-End Date (Measurement Date)	City’s Proportion of the Net Pension Liability	City’s Proportionate Share of the Net Pension Liability	City’s Proportionate Share of the Net Pension Liability	City’s Proportionate Share of the Net Pension Liability	City’s Covered Payroll	City’s Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/2015	06/30/2015	0.0492%	\$ 2,549,799	\$ –	\$ 2,549,799	\$ 2,889,952	88.23%	78.20%
12/31/2016	06/30/2016	0.0471%	\$ 3,824,286	\$ 49,931	\$ 3,874,217	\$ 2,907,012	131.55%	68.90%
12/31/2017	06/30/2017	0.0496%	\$ 3,166,431	\$ 39,785	\$ 3,206,216	\$ 3,192,942	99.17%	75.90%
12/31/2018	06/30/2018	0.0516%	\$ 2,862,556	\$ 93,910	\$ 2,956,466	\$ 3,413,642	83.86%	79.50%
12/31/2019	06/30/2019	0.0519%	\$ 2,869,435	\$ 89,329	\$ 2,958,764	\$ 3,668,748	78.21%	80.20%
12/31/2020	06/30/2020	0.0536%	\$ 3,213,565	\$ 99,179	\$ 3,312,744	\$ 3,820,117	84.12%	79.10%
12/31/2021	06/30/2021	0.0548%	\$ 2,340,206	\$ 71,499	\$ 2,411,705	\$ 3,878,623	60.34%	87.00%

PERA – General Employees Retirement Fund
 Schedule of City Contributions
 Year Ended December 31, 2021

City Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/2015	\$ 221,233	\$ 221,233	\$ –	\$ 2,949,778	7.50%
12/31/2016	\$ 226,098	\$ 226,098	\$ –	\$ 3,014,640	7.50%
12/31/2017	\$ 245,260	\$ 245,260	\$ –	\$ 3,270,133	7.50%
12/31/2018	\$ 267,307	\$ 267,307	\$ –	\$ 3,564,093	7.50%
12/31/2019	\$ 288,235	\$ 288,235	\$ –	\$ 3,842,870	7.50%
12/31/2020	\$ 271,112	\$ 271,112	\$ –	\$ 3,609,248	7.51%
12/31/2021	\$ 334,639	\$ 334,639	\$ –	\$ 4,469,736	7.49%

Note: The City implemented GASB Statement No. 68 in fiscal 2015 (using a June 30, 2015 measurement date). This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

CITY OF WAYZATA

PERA – Public Employees Police and Fire Fund
 Schedule of City’s and Nonemployer Proportionate Share of Net Pension Liability
 Year Ended December 31, 2021

City Fiscal Year-End Date	PERA Fiscal Year-End Date (Measurement Date)	City’s Proportion of the Net Pension Liability	City’s Proportionate Share of the Net Pension Liability	City’s Proportionate Share of the Net Pension Liability	City’s Proportionate Share of the State of Minnesota’s Share of the Net Pension Liability	City’s Covered Payroll	City’s Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/2015	06/30/2015	0.1020%	\$ 1,158,959	\$ –	\$ 1,158,959	\$ 936,215	123.79%	86.60%
12/31/2016	06/30/2016	0.1020%	\$ 4,093,437	\$ –	\$ 4,093,437	\$ 982,601	416.59%	63.90%
12/31/2017	06/30/2017	0.1010%	\$ 1,363,620	\$ –	\$ 1,363,620	\$ 1,033,368	131.96%	85.40%
12/31/2018	06/30/2018	0.0981%	\$ 1,045,645	\$ –	\$ 1,045,645	\$ 1,033,534	101.17%	88.80%
12/31/2019	06/30/2019	0.1010%	\$ 1,075,247	\$ –	\$ 1,075,247	\$ 1,065,638	100.90%	89.30%
12/31/2020	06/30/2020	0.1012%	\$ 1,333,924	\$ 31,430	\$ 1,365,354	\$ 1,143,195	116.68%	87.20%
12/31/2021	06/30/2021	0.1054%	\$ 813,576	\$ 36,563	\$ 850,139	\$ 1,245,238	65.33%	93.70%

PERA – Public Employees Police and Fire Fund
 Schedule of City Contributions
 Year Ended December 31, 2021

City Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/2015	\$ 153,685	\$ 153,685	\$ –	\$ 948,675	16.20%
12/31/2016	\$ 164,719	\$ 164,719	\$ –	\$ 1,016,784	16.20%
12/31/2017	\$ 164,989	\$ 164,989	\$ –	\$ 1,018,451	16.20%
12/31/2018	\$ 173,672	\$ 173,672	\$ –	\$ 1,072,049	16.20%
12/31/2019	\$ 183,640	\$ 183,640	\$ –	\$ 1,085,584	16.92%
12/31/2020	\$ 208,688	\$ 208,688	\$ –	\$ 1,179,002	17.70%
12/31/2021	\$ 226,636	\$ 226,636	\$ –	\$ 1,280,433	17.70%

Note: The City implemented GASB Statement No. 68 in fiscal 2015 (using a June 30, 2015 measurement date). This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

CITY OF WAYZATA

Other Post-Employment Benefits Plan
 Schedule of Changes in the City's Total
 OPEB Liability and Related Ratios
 Year Ended December 31, 2021

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Total OPEB liability				
Service cost	\$ 33,826	\$ 37,028	\$ 30,537	\$ 36,808
Interest	15,107	14,958	18,187	10,135
Differences between expected and actual experience	-	-	(144,604)	6,879
Changes of assumptions	8,276	(17,311)	29,464	8,671
Benefit payments	<u>(24,770)</u>	<u>(25,706)</u>	<u>(10,991)</u>	<u>(18,227)</u>
Net change in total OPEB liability	32,439	8,969	(77,407)	44,266
Total OPEB liability – beginning of year	<u>378,218</u>	<u>410,657</u>	<u>419,626</u>	<u>342,219</u>
Total OPEB liability – end of year	<u>\$ 410,657</u>	<u>\$ 419,626</u>	<u>\$ 342,219</u>	<u>\$ 386,485</u>
Covered-employee payroll	<u>\$ 3,300,000</u>	<u>\$ 3,400,000</u>	<u>\$ 3,800,000</u>	<u>\$ 3,900,000</u>
Total OPEB liability as a percentage of covered-employee payroll	<u>12.44%</u>	<u>12.34%</u>	<u>9.01%</u>	<u>9.91%</u>

Note: The City implemented GASB Statement No. 75 in fiscal 2018. This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

CITY OF WAYZATA

Notes to Required Supplementary Information December 31, 2021

PERA – GENERAL EMPLOYEES RETIREMENT FUND

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

- The price inflation assumption was decreased from 2.50 percent to 2.25 percent.
- The payroll growth assumption was decreased from 3.25 percent to 3.00 percent.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25 percent less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years two through five, and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 Table to the Pub-2010 General Mortality Table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 Disabled Annuitant Mortality Table to the Pub-2010 General/Teacher Disabled Annuitant Mortality Table, with adjustments.
- The mortality improvement scale was changed from MP-2018 to MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100.00 percent joint and survivor option changed from 35.00 percent to 45.00 percent. The assumed number of married female new retirees electing the 100.00 percent joint and survivor option changed from 15.00 percent to 30.00 percent. The corresponding number of married new retirees electing the life annuity option was adjusted accordingly.

2020 CHANGES IN PLAN PROVISIONS

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

CITY OF WAYZATA

Notes to Required Supplementary Information (continued)
December 31, 2021

PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2019 CHANGES IN PLAN PROVISIONS

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

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.00 percent per year through 2044, and 2.50 percent per year thereafter, to 1.25 percent per year.

2018 CHANGES IN PLAN PROVISIONS

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to zero percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Post-retirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90.00 percent funding ratio to 50.00 percent of the Social Security Cost of Living Adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

CITY OF WAYZATA

Notes to Required Supplementary Information (continued)
December 31, 2021

PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2017 CHANGES IN PLAN PROVISIONS

- The state's contribution for the Minneapolis Employees Retirement Fund equals \$16.0 million in 2017 and 2018, and \$6.0 million thereafter.
- The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21.0 million to \$31.0 million in calendar years 2019 to 2031. The state's contribution changed from \$16.0 million to \$6.0 million in calendar years 2019 to 2031.

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2035, and 2.50 percent per year thereafter, to 1.00 percent per year for all years.
- The assumed investment return was changed from 7.90 percent to 7.50 percent. The single discount rate changed from 7.90 percent to 7.50 percent.
- Other assumptions were changed pursuant to the experience study June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth, and 2.50 percent for inflation.

2015 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2015 CHANGES IN PLAN PROVISIONS

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892.0 million. Upon consolidation, state and employer contributions were revised; the state's contribution of \$6.0 million, which meets the special funding situation definition, was due September 2015.

CITY OF WAYZATA

Notes to Required Supplementary Information (continued)
December 31, 2021

PERA – PUBLIC EMPLOYEES POLICE AND FIRE FUND

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes.
- The inflation assumption was changed from 2.50 percent to 2.25 percent.
- The payroll growth assumption was changed from 3.25 percent to 3.00 percent.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 Table to the Pub-2010 Public Safety Mortality Table. The mortality improvement scale was changed from MP-2019 to MP-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 Healthy Annuitant Mortality Table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety Disabled Annuitant Mortality Table (with future mortality improvement according to Scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 14, 2020 experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 14, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations.
- Assumed rates of disability were increased for ages 25–44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities.
- Assumed percent married for active female members was changed from 60 percent to 70 percent. Minor changes to form of payment assumptions were applied.

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

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

CITY OF WAYZATA

Notes to Required Supplementary Information (continued)
December 31, 2021

PERA – PUBLIC EMPLOYEES POLICE AND FIRE FUND (CONTINUED)

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2018 CHANGES IN PLAN PROVISIONS

- Post-retirement benefit increases were changed to 1.00 percent for all years, with no trigger.
- An end date of July 1, 2048 was added to the existing \$9.0 million state contribution.
- New annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9.0 million thereafter, until the plan reaches 100.00 percent funding, or July 1, 2048, if earlier.
- Member contributions were changed from 10.80 percent to 11.30 percent of pay, effective January 1, 2019, and 11.80 percent of pay, effective January 1, 2020.
- Employer contributions were changed from 16.20 percent to 16.95 percent of pay, effective January 1, 2019, and 17.70 percent of pay, effective January 1, 2020.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to zero percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The CSA load was 30.00 percent for vested and nonvested deferred members. The CSA has been changed to 33.00 percent for vested members, and 2.00 percent for nonvested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 Fully Generational Table to the RP-2014 Fully Generational Table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 Disabled Mortality Table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3.00 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65.00 percent to 60.00 percent.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing joint and survivor annuities was increased.
- The assumed post-retirement benefit increase rate was changed from 1.00 percent for all years, to 1.00 percent per year through 2064, and 2.50 percent thereafter.
- The single discount rate was changed from 5.60 percent per annum to 7.50 percent per annum.

CITY OF WAYZATA

Notes to Required Supplementary Information (continued)
December 31, 2021

PERA – PUBLIC EMPLOYEES POLICE AND FIRE FUND (CONTINUED)

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2037, and 2.50 percent per year thereafter, to 1.00 percent per year for all future years.
- The assumed investment return was changed from 7.90 percent to 7.50 percent.
- The single discount rate changed from 7.90 percent to 5.60 percent.
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth, and 2.50 percent for inflation.

2015 CHANGES IN ACTUARIAL ASSUMPTIONS

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2030, and 2.50 percent per year thereafter, to 1.00 percent per year through 2037, and 2.50 percent per year thereafter.

2015 CHANGES IN PLAN PROVISIONS

- The post-retirement benefit increase to be paid after attainment of the 90.00 percent funding threshold was changed from inflation up to 2.50 percent, to a fixed rate of 2.50 percent.

OTHER POST-EMPLOYMENT BENEFITS PLAN

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 2.74 percent to 2.12 percent.

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 4.09 percent to 2.74 percent.
- The payroll growth rate was changed from 3.50 percent to 3.25 percent.
- The mortality projection scale was changed from MP-2016 to MP-2018.

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 3.44 percent to 4.09 percent.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 4.50 percent to 3.44 percent.

SUPPLEMENTAL INFORMATION

CITY OF WAYZATA

Nonmajor Governmental Funds
 Combining Balance Sheet
 December 31, 2021

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
Assets			
Cash and investments	\$ 125,454	\$ 7,702,450	\$ 7,827,904
Receivables			
Accounts	<u>17,681</u>	<u>–</u>	<u>17,681</u>
Total assets	<u>\$ 143,135</u>	<u>\$ 7,702,450</u>	<u>\$ 7,845,585</u>
Liabilities			
Accounts and contracts payable	\$ –	\$ 55,172	\$ 55,172
Accrued salaries payable	2,403	–	2,403
Due to other governments	–	2,161	2,161
Deposits payable	<u>–</u>	<u>10</u>	<u>10</u>
Total liabilities	2,403	57,343	59,746
Fund balances			
Restricted	18,072	706,450	724,522
Committed	122,660	–	122,660
Assigned	<u>–</u>	<u>6,938,657</u>	<u>6,938,657</u>
Total fund balances	<u>140,732</u>	<u>7,645,107</u>	<u>7,785,839</u>
Total liabilities and fund balances	<u>\$ 143,135</u>	<u>\$ 7,702,450</u>	<u>\$ 7,845,585</u>

CITY OF WAYZATA

Nonmajor Governmental Funds
 Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
 Year Ended December 31, 2021

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
Revenue			
Taxes			
Property taxes	\$ -	\$ 222,789	\$ 222,789
Franchise fees	71,389	-	71,389
Charges for services	5,060	605,809	610,869
Investment earnings (charges)	(690)	(50,803)	(51,493)
Intergovernmental	-	97,564	97,564
Miscellaneous			
Contributions and donations	13,543	150,391	163,934
Refunds and reimbursements	-	73,698	73,698
	<u>89,302</u>	<u>1,099,448</u>	<u>1,188,750</u>
Total revenue			
Expenditures			
Current			
General government	89,093	-	89,093
Culture and recreation	-	96,010	96,010
Capital outlay			
General government	-	194,180	194,180
Public safety	-	226,222	226,222
Public works	-	1,004,486	1,004,486
Culture and recreation	-	767,149	767,149
Debt service			
Interest and fiscal charges	-	585	585
	<u>89,093</u>	<u>2,288,632</u>	<u>2,377,725</u>
Total expenditures			
Excess (deficiency) of revenue over expenditures	209	(1,189,184)	(1,188,975)
Other financing sources (uses)			
Transfers in	-	1,197,673	1,197,673
Transfers (out)	(5,000)	(51,000)	(56,000)
	<u>(5,000)</u>	<u>1,146,673</u>	<u>1,141,673</u>
Total other financing sources (uses)			
Net change in fund balances	(4,791)	(42,511)	(47,302)
Fund balances			
Beginning of year	<u>145,523</u>	<u>7,687,618</u>	<u>7,833,141</u>
End of year	<u>\$ 140,732</u>	<u>\$ 7,645,107</u>	<u>\$ 7,785,839</u>

CITY OF WAYZATA

Nonmajor Special Revenue Funds
 Combining Balance Sheet
 December 31, 2021

	232	235	236/240	239	
	Cemetery	Cable TV	Police Forfeiture	Comprehensive Plan	Totals
Assets					
Cash and investments	\$ 22,658	\$ 19,286	\$ 18,072	\$ 65,438	\$ 125,454
Receivables					
Accounts	-	17,681	-	-	17,681
Total assets	\$ 22,658	\$ 36,967	\$ 18,072	\$ 65,438	\$ 143,135
Liabilities					
Accrued salaries payable	\$ 597	\$ 1,806	\$ -	\$ -	\$ 2,403
Fund balances					
Restricted	-	-	18,072	-	18,072
Committed	22,061	35,161	-	65,438	122,660
Total fund balances	22,061	35,161	18,072	65,438	140,732
Total liabilities and fund balances	\$ 22,658	\$ 36,967	\$ 18,072	\$ 65,438	\$ 143,135

CITY OF WAYZATA

Nonmajor Special Revenue Funds
 Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
 Year Ended December 31, 2021

	232	235	236/240	239	
	Cemetery	Cable TV	Police Forfeiture	Comprehensive Plan	Totals
Revenue					
Taxes					
Franchise fees	\$ -	\$ 71,389	\$ -	\$ -	\$ 71,389
Charges for services	5,060	-	-	-	5,060
Investment earnings (charges)	(164)	1	(117)	(410)	(690)
Miscellaneous					
Contributions and donations	-	-	-	13,543	13,543
Total revenue	4,896	71,390	(117)	13,133	89,302
Expenditures					
Current					
General government	9,326	79,767	-	-	89,093
Excess (deficiency) of revenue over expenditures	(4,430)	(8,377)	(117)	13,133	209
Other financing (uses)					
Transfers (out)	-	(5,000)	-	-	(5,000)
Net change in fund balances	(4,430)	(13,377)	(117)	13,133	(4,791)
Fund balances					
Beginning of year	26,491	48,538	18,189	52,305	145,523
End of year	\$ 22,061	\$ 35,161	\$ 18,072	\$ 65,438	\$ 140,732

CITY OF WAYZATA

Nonmajor Capital Projects Funds
 Combining Balance Sheet
 December 31, 2021

	237 Fire Department Pull Tabs	401 Internally Financed	404 Parks and Trails	408 General Improvement
Assets				
Cash and investments	<u>\$ 319,607</u>	<u>\$ 523,659</u>	<u>\$ 1,535,068</u>	<u>\$ 1,341,227</u>
Liabilities				
Accounts and contracts payable	\$ -	\$ -	\$ 6,919	\$ 23,284
Due to other governments	-	-	-	-
Deposits payable	<u>-</u>	<u>-</u>	<u>10</u>	<u>-</u>
Total liabilities	-	-	6,929	23,284
Fund balances				
Restricted	-	-	706,450	-
Assigned	<u>319,607</u>	<u>523,659</u>	<u>821,689</u>	<u>1,317,943</u>
Total fund balances	<u>319,607</u>	<u>523,659</u>	<u>1,528,139</u>	<u>1,317,943</u>
Total liabilities and fund balances	<u>\$ 319,607</u>	<u>\$ 523,659</u>	<u>\$ 1,535,068</u>	<u>\$ 1,341,227</u>

409	430	437	
Equipment Revolving	Street Improvement	Community Room/Library	Totals
<u>\$ 2,121,522</u>	<u>\$ 1,454,225</u>	<u>\$ 407,142</u>	<u>\$ 7,702,450</u>
\$ 24,789	\$ -	\$ 180	\$ 55,172
2,094	67	-	2,161
<u>-</u>	<u>-</u>	<u>-</u>	<u>10</u>
26,883	67	180	57,343
-	-	-	706,450
<u>2,094,639</u>	<u>1,454,158</u>	<u>406,962</u>	<u>6,938,657</u>
<u>2,094,639</u>	<u>1,454,158</u>	<u>406,962</u>	<u>7,645,107</u>
<u>\$ 2,121,522</u>	<u>\$ 1,454,225</u>	<u>\$ 407,142</u>	<u>\$ 7,702,450</u>

CITY OF WAYZATA

Nonmajor Capital Projects Funds
 Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
 Year Ended December 31, 2021

	237 Fire Department Pull Tabs	401 Internally Financed	404 Parks and Trails	408 General Improvement
Revenue				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	322,451	14,476
Investment earnings (charges)	(2,040)	(3,688)	(11,765)	(7,646)
Intergovernmental	-	-	-	-
Miscellaneous				
Contributions and donations	55,000	90,730	4,661	-
Refunds and reimbursements	-	-	1,040	72,658
	<u>52,960</u>	<u>87,042</u>	<u>316,387</u>	<u>79,488</u>
Total revenue				
Expenditures				
Current				
Culture and recreation	-	-	83,157	-
Capital outlay				
General government	-	-	-	-
Public safety	23,391	-	-	-
Public works	-	3,455	-	523,203
Culture and recreation	-	-	706,096	12,610
Debt service				
Interest and fiscal charges	-	475	-	-
	<u>23,391</u>	<u>3,930</u>	<u>789,253</u>	<u>535,813</u>
Total expenditures				
Excess (deficiency) of revenue over expenditures	29,569	83,112	(472,866)	(456,325)
Other financing sources (uses)				
Transfers in	-	-	120,000	380,779
Transfers (out)	-	-	(51,000)	-
	<u>-</u>	<u>-</u>	<u>69,000</u>	<u>380,779</u>
Total other financing sources (uses)				
Net change in fund balances	29,569	83,112	(403,866)	(75,546)
Fund balances				
Beginning of year	<u>290,038</u>	<u>440,547</u>	<u>1,932,005</u>	<u>1,393,489</u>
End of year	<u>\$ 319,607</u>	<u>\$ 523,659</u>	<u>\$ 1,528,139</u>	<u>\$ 1,317,943</u>

409	430	437	
<u>Equipment Revolving</u>	<u>Street Improvement</u>	<u>Community Room/Library</u>	<u>Totals</u>
\$ -	\$ 222,789	\$ -	\$ 222,789
-	217,385	51,497	605,809
(12,720)	(10,878)	(2,066)	(50,803)
-	97,564	-	97,564
-	-	-	150,391
-	-	-	73,698
(12,720)	526,860	49,431	1,099,448
-	-	12,853	96,010
194,180	-	-	194,180
202,831	-	-	226,222
35,301	442,527	-	1,004,486
48,443	-	-	767,149
-	110	-	585
480,755	442,637	12,853	2,288,632
(493,475)	84,223	36,578	(1,189,184)
641,894	55,000	-	1,197,673
-	-	-	(51,000)
641,894	55,000	-	1,146,673
148,419	139,223	36,578	(42,511)
1,946,220	1,314,935	370,384	7,687,618
<u>\$ 2,094,639</u>	<u>\$ 1,454,158</u>	<u>\$ 406,962</u>	<u>\$ 7,645,107</u>

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CITY OF WAYZATA

General Fund
 Schedule of Revenue, Expenditures, and Changes in Fund Balances – Budget and Actual
 Year Ended December 31, 2021
 (With Comparative Actual Amounts for the Year Ended December 31, 2020)

	2021			Over (Under) Budget	2020
	Budget		Actual		Actual
	Original	Final			
Revenue					
Taxes					
Property taxes	\$ 4,676,372	\$ 4,676,372	\$ 4,708,417	\$ 32,045	\$ 4,483,073
Franchise fees	85,000	85,000	86,290	1,290	86,086
Total taxes	4,761,372	4,761,372	4,794,707	33,335	4,569,159
Licenses and permits					
Business	232,810	232,810	221,573	(11,237)	203,080
Nonbusiness	377,500	377,500	429,840	52,340	521,477
Total licenses and permits	610,310	610,310	651,413	41,103	724,557
Intergovernmental					
State	225,500	225,500	237,401	11,901	228,534
Federal	–	–	23,872	23,872	355,531
Component unit	45,000	45,000	45,000	–	45,000
Total intergovernmental	270,500	270,500	306,273	35,773	629,065
Charges for services					
General government	366,000	366,000	412,197	46,197	496,529
Public safety	437,676	437,676	420,923	(16,753)	404,243
Culture and recreation	24,540	24,540	24,051	(489)	23,943
Total charges for services	828,216	828,216	857,171	28,955	924,715
Fines and forfeitures	91,000	91,000	71,557	(19,443)	56,402
Investment earnings (charges)	20,000	20,000	(8,419)	(28,419)	57,678
Miscellaneous	5,000	5,000	8,076	3,076	16,553
Total revenue	6,586,398	6,586,398	6,680,778	94,380	6,978,129
Expenditures					
Current					
General government					
Mayor and council					
Personnel services	25,836	25,836	25,836	–	25,836
Supplies	200	200	964	764	196
Other current expenditures	20,300	20,300	18,336	(1,964)	16,108
Total mayor and council	46,336	46,336	45,136	(1,200)	42,140
Administration and finance					
Personnel services	571,122	571,122	505,527	(65,595)	616,655
Supplies	8,500	8,500	11,951	3,451	10,353
Other current expenditures	334,400	334,400	373,840	39,440	305,522
Total administration and finance	914,022	914,022	891,318	(22,704)	932,530
Assessing					
Supplies	4,000	4,000	2,953	(1,047)	4,120
Other current expenditures	73,000	73,000	73,350	350	69,732
Total assessing	77,000	77,000	76,303	(697)	73,852

CITY OF WAYZATA

General Fund
 Schedule of Revenue, Expenditures, and Changes in Fund Balances – Budget and Actual (continued)
 Year Ended December 31, 2021
 (With Comparative Actual Amounts for the Year Ended December 31, 2020)

	2021			Over (Under) Budget	2020
	Budget		Actual		Actual
	Original	Final		Budget	Actual
Expenditures (continued)					
Current (continued)					
General government (continued)					
Planning and zoning					
Personnel services	316,018	316,018	300,357	(15,661)	235,520
Supplies	–	–	283	283	1
Other current expenditures	14,500	14,500	11,837	(2,663)	45,915
Total planning and zoning	330,518	330,518	312,477	(18,041)	281,436
General government buildings					
Personnel services	46,610	46,610	49,215	2,605	46,696
Supplies	8,000	8,000	6,078	(1,922)	8,195
Other current expenditures	214,500	214,500	227,848	13,348	195,838
Total general government buildings	269,110	269,110	283,141	14,031	250,729
Total general government	1,636,986	1,636,986	1,608,375	(28,611)	1,580,687
Public safety					
Police protection					
Personnel services	1,880,511	1,880,511	2,033,041	152,530	1,871,831
Supplies	44,700	44,700	59,674	14,974	39,812
Other current expenditures	135,200	135,200	155,585	20,385	127,573
Total police protection	2,060,411	2,060,411	2,248,300	187,889	2,039,216
Fire protection					
Personnel services	111,033	111,033	83,391	(27,642)	83,084
Supplies	43,000	43,000	48,380	5,380	42,024
Other current expenditures	205,500	205,500	200,579	(4,921)	205,551
Total fire protection	359,533	359,533	332,350	(27,183)	330,659
Building inspections					
Personnel services	182,585	182,585	181,545	(1,040)	154,030
Supplies	900	900	1,220	320	612
Other current expenditures	85,500	85,500	42,412	(43,088)	36,736
Total building inspections	268,985	268,985	225,177	(43,808)	191,378
Emergency management					
Personnel services	–	–	–	–	71,247
Supplies	–	–	3,521	3,521	63,221
Other current expenditures	5,300	5,300	2,503	(2,797)	3,421
Total emergency management	5,300	5,300	6,024	724	137,889
Health inspections					
Other current expenditures	41,000	41,000	34,656	(6,344)	30,927
Total public safety	2,735,229	2,735,229	2,846,507	111,278	2,730,069
Public works					
Streets					
Personnel services	509,118	509,118	485,278	(23,840)	427,765
Supplies	79,100	79,100	70,088	(9,012)	57,972
Other current expenditures	31,250	31,250	31,135	(115)	29,512
Total streets	619,468	619,468	586,501	(32,967)	515,249

CITY OF WAYZATA

General Fund
 Schedule of Revenue, Expenditures, and Changes in Fund Balances – Budget and Actual (continued)
 Year Ended December 31, 2021
 (With Comparative Actual Amounts for the Year Ended December 31, 2020)

	2021			Over (Under) Budget	2020
	Budget		Actual		Actual
	Original	Final			
Expenditures (continued)					
Current (continued)					
Public works (continued)					
Street lighting					
Supplies	14,000	14,000	13,739	(261)	13,319
Other current expenditures	65,000	65,000	61,231	(3,769)	58,824
Total street lighting	<u>79,000</u>	<u>79,000</u>	<u>74,970</u>	<u>(4,030)</u>	<u>72,143</u>
Engineering					
Personnel services	128,990	128,990	120,218	(8,772)	130,049
Supplies	1,100	1,100	718	(382)	958
Other current expenditures	6,400	6,400	5,491	(909)	4,150
Total engineering	<u>136,490</u>	<u>136,490</u>	<u>126,427</u>	<u>(10,063)</u>	<u>135,157</u>
Total public works	834,958	834,958	787,898	(47,060)	722,549
Culture and recreation					
Parks, recreation, and forestry					
Personnel services	590,500	590,500	619,631	29,131	502,885
Supplies	57,100	57,100	53,296	(3,804)	40,254
Other current expenditures	79,900	79,900	58,009	(21,891)	36,601
Total culture and recreation	<u>727,500</u>	<u>727,500</u>	<u>730,936</u>	<u>3,436</u>	<u>579,740</u>
Miscellaneous					
Unallocated					
Supplies	-	-	-	-	1,576
Other current expenditures	327,000	327,000	362,616	35,616	293,100
Total miscellaneous	<u>327,000</u>	<u>327,000</u>	<u>362,616</u>	<u>35,616</u>	<u>294,676</u>
Total current expenditures	6,261,673	6,261,673	6,336,332	74,659	5,907,721
Capital outlay					
General government	3,000	3,000	1,941	(1,059)	269
Public safety	2,500	2,500	3,699	1,199	1,898
Total capital outlay	<u>5,500</u>	<u>5,500</u>	<u>5,640</u>	<u>140</u>	<u>2,167</u>
Total expenditures	<u>6,267,173</u>	<u>6,267,173</u>	<u>6,341,972</u>	<u>74,799</u>	<u>5,909,888</u>
Excess of revenues over expenditures	319,225	319,225	338,806	19,581	1,068,241
Other financing sources (uses)					
Sale of capital assets	-	-	-	-	14,940
Insurance recovery	-	-	93	93	9,865
Transfers in	503,668	503,668	503,668	-	308,983
Transfers (out)	<u>(822,893)</u>	<u>(822,893)</u>	<u>(1,146,988)</u>	<u>(324,095)</u>	<u>(1,159,791)</u>
Total other financing sources (uses)	<u>(319,225)</u>	<u>(319,225)</u>	<u>(643,227)</u>	<u>(324,002)</u>	<u>(826,003)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>(304,421)</u>	<u>\$ (304,421)</u>	<u>242,238</u>
Fund balances					
Beginning of year			4,316,693		4,074,455
End of year			<u>\$ 4,012,272</u>		<u>\$ 4,316,693</u>

CITY OF WAYZATA

Debt Service Fund
 Balance Sheet by Account
 Year Ended December 31, 2021

	307	310	311	315
	<u>Wayzata Blvd Superior</u>	<u>Superior/Lake Realignment</u>	<u>2009 Street Improvements</u>	<u>Big Woods</u>
Assets				
Cash and investments	\$ 397,987	\$ 469,186	\$ 21,628	\$ 243,880
Receivables				
Special assessments	<u>1,644,268</u>	<u>1,580,000</u>	<u>—</u>	<u>—</u>
Total assets	<u><u>\$ 2,042,255</u></u>	<u><u>\$ 2,049,186</u></u>	<u><u>\$ 21,628</u></u>	<u><u>\$ 243,880</u></u>
Liabilities				
Accounts and contracts payable	\$ —	\$ —	\$ —	\$ 500
Deferred inflows of resources				
Unavailable revenue – special assessments	1,644,268	1,580,000	—	—
Fund balances (deficits)				
Restricted	<u>397,987</u>	<u>469,186</u>	<u>21,628</u>	<u>243,380</u>
Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 2,042,255</u></u>	<u><u>\$ 2,049,186</u></u>	<u><u>\$ 21,628</u></u>	<u><u>\$ 243,880</u></u>

317	318	
Parking Ramp Tax Increment	Panoway	Totals
\$ (825)	\$ (440)	\$ 1,131,416
<u>—</u>	<u>—</u>	<u>3,224,268</u>
<u>\$ (825)</u>	<u>\$ (440)</u>	<u>\$ 4,355,684</u>
\$ —	\$ —	\$ 500
—	—	3,224,268
<u>(825)</u>	<u>(440)</u>	<u>1,130,916</u>
<u>\$ (825)</u>	<u>\$ (440)</u>	<u>\$ 4,355,684</u>

CITY OF WAYZATA

Debt Service Fund
 Schedule of Revenue, Expenditures, and Changes in Fund Balances by Account
 Year Ended December 31, 2021

	307 Wayzata Blvd Superior	310 Superior/Lake Realignment	311 2009 Street Improvements	315 Big Woods
Revenue				
Taxes				
Property taxes	\$ –	\$ –	\$ 33,340	\$ 212,700
Intergovernmental	–	–	–	–
Special assessments	244,727	236,157	–	–
Investment earnings (charges)	(440)	(3,696)	(236)	(2,535)
Total revenue	<u>244,287</u>	<u>232,461</u>	<u>33,104</u>	<u>210,165</u>
Expenditures				
Debt service				
Principal	170,000	150,000	30,000	195,000
Interest and fiscal charges	57,325	35,400	3,338	18,200
Total expenditures	<u>227,325</u>	<u>185,400</u>	<u>33,338</u>	<u>213,200</u>
Net change in fund balances	16,962	47,061	(234)	(3,035)
Fund balances (deficits)				
Beginning of year	<u>381,025</u>	<u>422,125</u>	<u>21,862</u>	<u>246,415</u>
End of year	<u>\$ 397,987</u>	<u>\$ 469,186</u>	<u>\$ 21,628</u>	<u>\$ 243,380</u>

317	318	
Parking Ramp Tax Increment	Panoway	Totals
\$ –	\$ –	\$ 246,040
496,348	46,759	543,107
–	–	480,884
<u> –</u>	<u> (440)</u>	<u> (7,347)</u>
<u>496,348</u>	<u>46,319</u>	<u>1,262,684</u>
270,000	–	815,000
<u>226,348</u>	<u>109,884</u>	<u>450,495</u>
<u>496,348</u>	<u>109,884</u>	<u>1,265,495</u>
–	(63,565)	(2,811)
<u> (825)</u>	<u> 63,125</u>	<u> 1,133,727</u>
<u>\$ (825)</u>	<u>\$ (440)</u>	<u>\$ 1,130,916</u>

CITY OF WAYZATA

Housing and Redevelopment Authority
 (Discretely Presented Component Unit)
 Combining Balance Sheet
 December 31, 2021

	Special Revenue 440	Debt Service 314	Capital Projects		
	Housing	Widsten Tax Increment	316 Bay Center Tax Increment	305 Downtown TIF 6	Total
Assets					
Cash and temporary investments	\$ 12,934	\$ 1,086	\$ 1,653,269	\$ 150,325	\$ 1,817,614
Receivables					
Interest	5,400	-	-	-	5,400
Tax increments	-	19,825	15,654	2,643	38,122
Notes	10,000	-	-	-	10,000
	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,000</u>
Total assets	<u>\$ 28,334</u>	<u>\$ 20,911</u>	<u>\$ 1,668,923</u>	<u>\$ 152,968</u>	<u>\$ 1,871,136</u>
Liabilities					
Accounts payable	\$ -	\$ -	\$ 948,266	\$ 81,711	\$ 1,029,977
Due to primary government	-	-	-	1,681,860	1,681,860
Due to other governments	-	1,440	5,643	1,337	8,420
Deposits payable	703	-	-	-	703
	<u>703</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>703</u>
Total liabilities	703	1,440	953,909	1,764,908	2,720,960
Fund balances (deficits)					
Restricted for economic development	27,631	19,471	715,014	-	762,116
Unassigned	-	-	-	(1,611,940)	(1,611,940)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,611,940)</u>	<u>(1,611,940)</u>
Total fund balances (deficits)	<u>27,631</u>	<u>19,471</u>	<u>715,014</u>	<u>(1,611,940)</u>	<u>(849,824)</u>
Total liabilities and fund balances	<u>\$ 28,334</u>	<u>\$ 20,911</u>	<u>\$ 1,668,923</u>	<u>\$ 152,968</u>	<u>\$ 1,871,136</u>
 Total fund balances reported above					 \$ (849,824)
Amounts reported for the Housing and Redevelopment Authority in the Statement of Net Position are different because:					
Capital assets used in the Housing and Redevelopment Authority are not financial resources and, therefore, are not reported as assets in the funds.					
Cost of capital assets					<u>2,092,900</u>
Total net position – Housing and Redevelopment Authority					<u>\$ 1,243,076</u>

CITY OF WAYZATA

Housing and Redevelopment Authority
 (Discretely Presented Component Unit)
 Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
 Year Ended December 31, 2021

	Special Revenue 440	Debt Service 314	Capital Projects		
	Housing	Widsten Tax Increment	316 Bay Center Tax Increment	305 Downtown TIF 6	Total
Revenue					
Tax increment	\$ -	\$ 479,571	\$ 2,906,589	\$ 367,996	\$ 3,754,156
Investment earnings (charges)	(734)	(702)	(3,141)	212	(4,365)
Total revenue	(734)	478,869	2,903,448	368,208	3,749,791
Expenditures					
Current					
Housing and economic development	-	355,424	2,222,419	1,305,636	3,883,479
Debt service					
Interest and fiscal fees	-	4,608	238	238	5,084
Total expenditures	-	360,032	2,222,657	1,305,874	3,888,563
Net change in fund balances	(734)	118,837	680,791	(937,666)	(138,772)
Fund balances (deficits)					
Beginning of year	28,365	(99,366)	34,223	(674,274)	(711,052)
End of year	<u>\$ 27,631</u>	<u>\$ 19,471</u>	<u>\$ 715,014</u>	<u>\$ (1,611,940)</u>	<u>\$ (849,824)</u>

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