



Annual Financial Report

City of Medina

Medina, Minnesota

For the year ended December 31, 2021



Edina Office

5201 Eden Avenue, Ste 250

Edina, MN 55436

P 952.835.9090

F 952.835.3261

Mankato Office

100 Warren Street, Ste 600

Mankato, MN 56001

P 507.625.2727

F 507.388.9139

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INTRODUCTORY SECTION

CITY OF MEDINA
MEDINA, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2021

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City of Medina, Minnesota
Elected and Appointed Officials
For the Year Ended December 31, 2021

ELECTED

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Kathleen Martin	Mayor	12/31/22
Dino DesLauriers	Council Member	12/31/22
Robin Reid	Council Member	12/31/24
Joseph Cavanaugh	Council Member	12/31/24
Todd Albers	Council Member	12/31/22

APPOINTED

<u>Name</u>	<u>Title</u>
Scott Johnson	City Administrator
Erin Barnhart	Finance Director

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FINANCIAL SECTION

CITY OF MEDINA
MEDINA, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2021

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Medina, Minnesota

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Medina, 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, 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 respective budgetary comparison for the General fund for the year then ended in conformity 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City's 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.

Management's Responsibility for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis starting on page 17 and the schedule of Employer's Share of the Net Pension Liability, the schedule of Employer's Contributions, and the Notes to the Required Supplementary Information to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 7, 2022 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



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Minneapolis, Minnesota
April 7, 2022



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Management's Discussion and Analysis

As management of the City of Medina, Minnesota (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2021.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$52,379,782 (*net position*). Of this amount, \$17,385,821 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The total net position of governmental activities increased by \$3,599,112 and total net position of the business-type activities increased by \$785,310. This resulted in an increase to total net position of \$4,384,422 for the City. This is largely due to continued development and growth. The increase can also be attributed to an increase in capital grants and contributions of \$2,316,627 in governmental activities.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$15,470,167, a decrease of \$2,538,616 in comparison with the prior year. The decrease can mainly be attributed to refunding debt payments made during the year.
- At the end of the current fiscal year, unassigned fund balance for the General fund was \$3,696,876, or 69.3 percent of total General fund expenditures and transfers out.
- The City's total debt decreased \$5,792,069, or 40.7 percent during the current fiscal year. The main reason for the decrease was the refunded payment made on the 2020A bonds in the amount of \$5,720,000 during the year.

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves.

Figure 1
Required Components of the
City's Annual Financial Report



Figure 2 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Figure 2
Major Features of the Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Financial Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire City government (except fiduciary funds)	The activities of the City that are not proprietary or fiduciary, such as police, fire and parks	Activities of the City that operates similar to private businesses, such as the water and sewer systems
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statements of Net Position • Statements of Revenues, Expenses and Changes in Fund Net Position • Statements of Cash Flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, as well as short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, as well as short-term and long-term
Type of deferred outflows/inflows of resources information	All deferred outflows/inflows of resources, regardless of when cash is received or paid	Only deferred outflows of resources expected to be used up and deferred inflows of resources that come due during the year or soon thereafter; no capital assets included	All deferred outflows/inflows of resources, regardless of when cash is received or paid
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

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 *statement of net position* presents information on all of the City's assets and deferred outflows of resources and 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 vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenue (*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 of the City include general government, public safety, streets and highways, sanitation and recycling, culture and recreation, economic development, miscellaneous and interest on long-term debt. The business-type activities of the City include water, sanitary sewer, and storm water.

The government-wide financial statements start on page 29 of this report.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact by the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains numerous individual governmental funds, seven of which are Debt Service funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General fund, Debt Service fund, and the Sewer Capital Improvements fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements or schedules* elsewhere in this report.

The City adopts an annual appropriated budget for its General fund. A budgetary comparison statement has been provided for the General fund to demonstrate compliance with this budget.

The basic governmental fund financial statements start on page 34 of this report.

Proprietary Funds. The City maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its water, sanitary sewer and storm sewer.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for each of the three enterprise funds, all of which are considered to be major funds of the City.

The basic proprietary fund financial statements start on page 40 this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 47 of this report.

Other Information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented following the notes to the financial statements. Combining and individual fund statements and schedules start on page 86 of this report.

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension and other post-employment benefits to its employees. Required supplementary information can be found starting on page 78 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$52,379,782 at the close of the most recent fiscal year.

By far, the largest portion of the City's net position (59.0 percent) reflects its investment in capital assets (e.g., land, buildings, 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, it should be noted that 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.

City of Medina's Summary of Net Position

	Governmental Activities			Business-type Activities		
	2021	2020	Increase (Decrease)	2021	2020	Increase (Decrease)
Assets						
Current and other assets	\$ 20,582,493	\$ 21,639,065	\$ (1,056,572)	\$ 6,986,478	\$ 5,967,814	\$ 1,018,664
Capital assets	26,328,594	26,066,760	261,834	13,029,998	13,491,961	(461,963)
Total Assets	46,911,087	47,705,825	(794,738)	20,016,476	19,459,775	556,701
Deferred Outflows of Resources	1,562,161	728,871	833,290	103,995	17,445	86,550
Liabilities						
Noncurrent liabilities	9,570,978	15,976,090	(6,405,112)	630,562	889,054	(258,492)
Other liabilities	3,674,416	2,023,020	1,651,396	50,774	64,127	(13,353)
Total Liabilities	13,245,394	17,999,110	(4,753,716)	681,336	953,181	(271,845)
Deferred Inflows of Resources	2,144,605	951,449	1,193,156	142,602	12,816	129,786
Net Position						
Net investment in capital assets	18,302,925	12,450,810	5,852,115	12,618,209	12,878,384	(260,175)
Restricted	4,072,827	8,772,788	(4,699,961)	-	-	-
Unrestricted	10,707,497	8,260,539	2,446,958	6,678,324	5,632,839	1,045,485
Total Net Position	\$ 33,083,249	\$ 29,484,137	\$ 3,599,112	\$ 19,296,533	\$ 18,511,223	\$ 785,310

An additional portion of the City's net position (7.8 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* \$17,385,821 may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the City as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

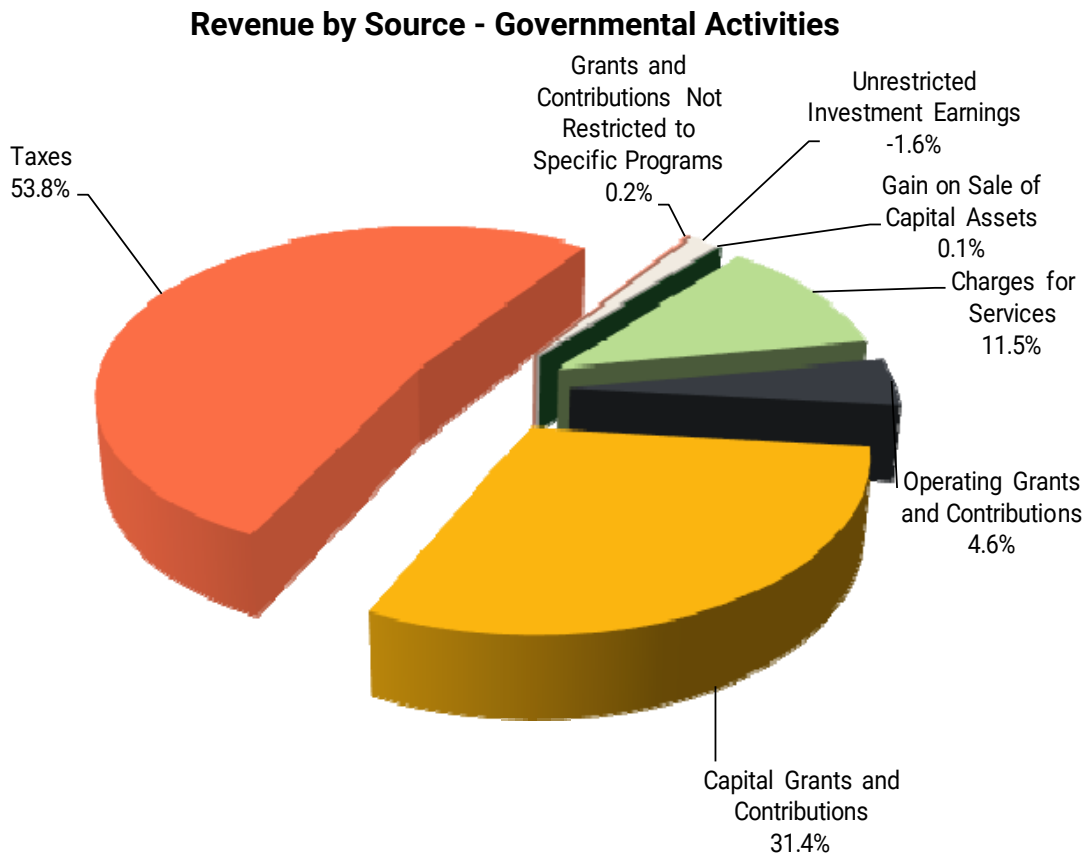
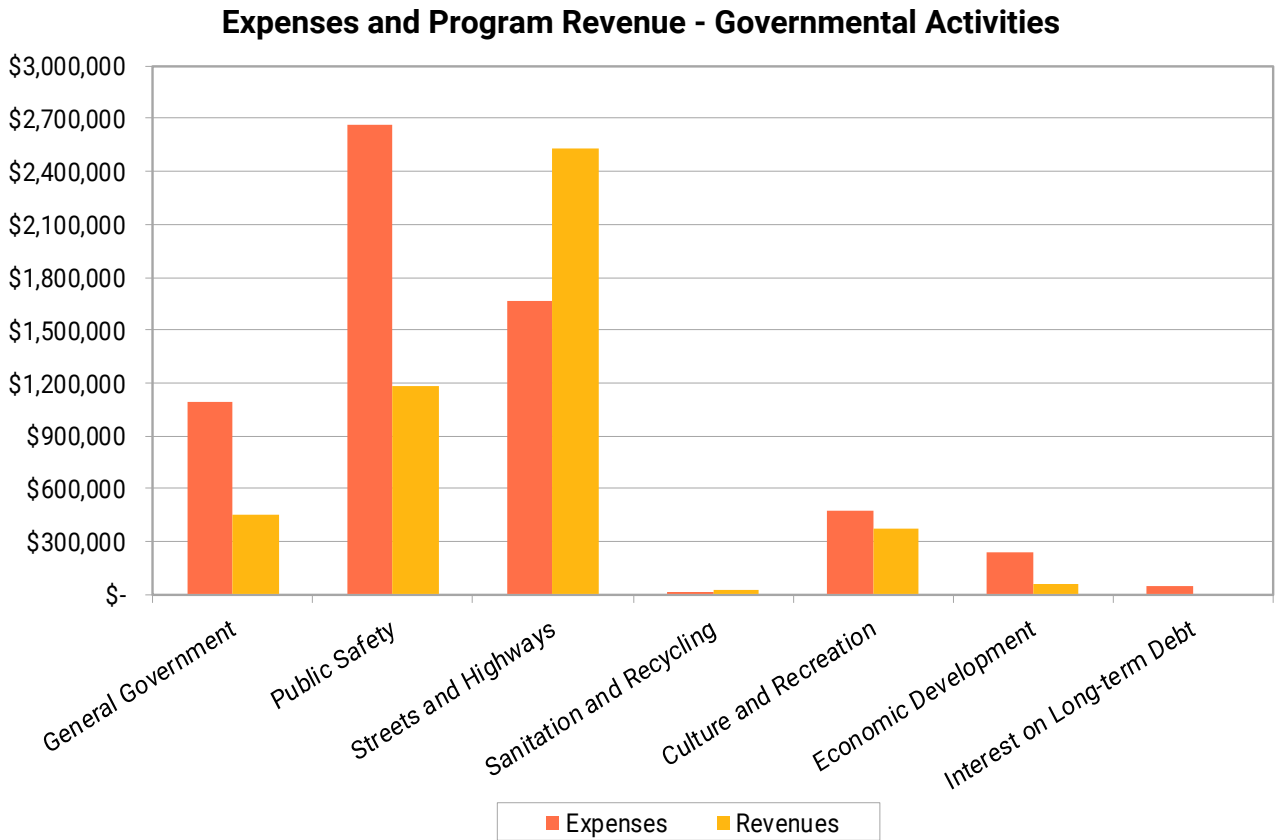
Governmental Activities. Governmental activities increased the City's net position by \$3,599,112. Key elements of this increase are as follows:

City of Medina's Changes in Net Position

	Governmental Activities			Business-type Activities		
	2021	2020	Increase (Decrease)	2021	2020	Increase (Decrease)
Revenues						
Program Revenues						
Charges for services	\$ 1,129,190	\$ 1,071,894	\$ 57,296	\$ 2,728,492	\$ 2,504,173	\$ 224,319
Operating grants and contributions	445,255	831,400	(386,145)	372	68,591	(68,219)
Capital grants and contributions	3,044,987	728,360	2,316,627	133,546	376,227	(242,681)
General Revenues						
Property taxes	4,609,430	4,406,347	203,083	-	-	-
Tax increments	548,846	523,716	25,130	-	-	-
Franchise taxes	58,899	60,506	(1,607)	-	-	-
Grants and contributions not restricted to specific programs	19,677	34,571	(14,894)	-	-	-
Unrestricted investment earnings	(156,489)	320,427	(476,916)	(61,430)	113,828	(175,258)
Gain on sale of capital assets	5,294	111,439	(106,145)	-	-	-
Total Revenues	<u>9,705,089</u>	<u>8,088,660</u>	<u>1,616,429</u>	<u>2,800,980</u>	<u>3,062,819</u>	<u>(261,839)</u>
Expenses						
General government	1,097,576	1,298,834	(201,258)	-	-	-
Public safety	2,671,418	2,973,551	(302,133)	-	-	-
Streets and highways	1,670,888	2,076,050	(405,162)	-	-	-
Sanitation and recycling	13,850	13,470	380	-	-	-
Culture and recreation	470,299	17,837	452,462	-	-	-
Economic development	241,534	226,789	14,745	-	-	-
Interest on long-term debt	47,199	272,200	(225,001)	-	-	-
Water	-	-	-	972,501	834,465	138,036
Sewer	-	-	-	732,609	657,385	75,224
Storm water	-	-	-	203,773	203,674	99
Total Expenses	<u>6,212,764</u>	<u>6,878,731</u>	<u>(665,967)</u>	<u>1,908,883</u>	<u>1,695,524</u>	<u>213,359</u>
Change in Net Position Before Transfers	3,492,325	1,209,929	2,282,396	892,097	1,367,295	(475,198)
Transfers - Capital Assets	(3,311)	(715,724)	712,413	3,311	715,724	(712,413)
Transfers	<u>110,098</u>	<u>(39,978)</u>	<u>150,076</u>	<u>(110,098)</u>	<u>39,978</u>	<u>(150,076)</u>
Change in Net Position	3,599,112	454,227	3,144,885	785,310	2,122,997	(1,337,687)
Net Position, January 1	<u>29,484,137</u>	<u>29,029,910</u>	<u>454,227</u>	<u>18,511,223</u>	<u>16,388,226</u>	<u>2,122,997</u>
Net Position, December 31	<u>\$ 33,083,249</u>	<u>\$ 29,484,137</u>	<u>\$ 3,599,112</u>	<u>\$ 19,296,533</u>	<u>\$ 18,511,223</u>	<u>\$ 785,310</u>

Capital grants increased \$2,316,627 mainly due grants received for road maintenance and receipt of special assessments. Operating grants and contributions decreased \$386,145 mainly due to CARES funding received during the prior audit year. Property taxes represent 47.5 percent of total revenues in 2021 in governmental activities.

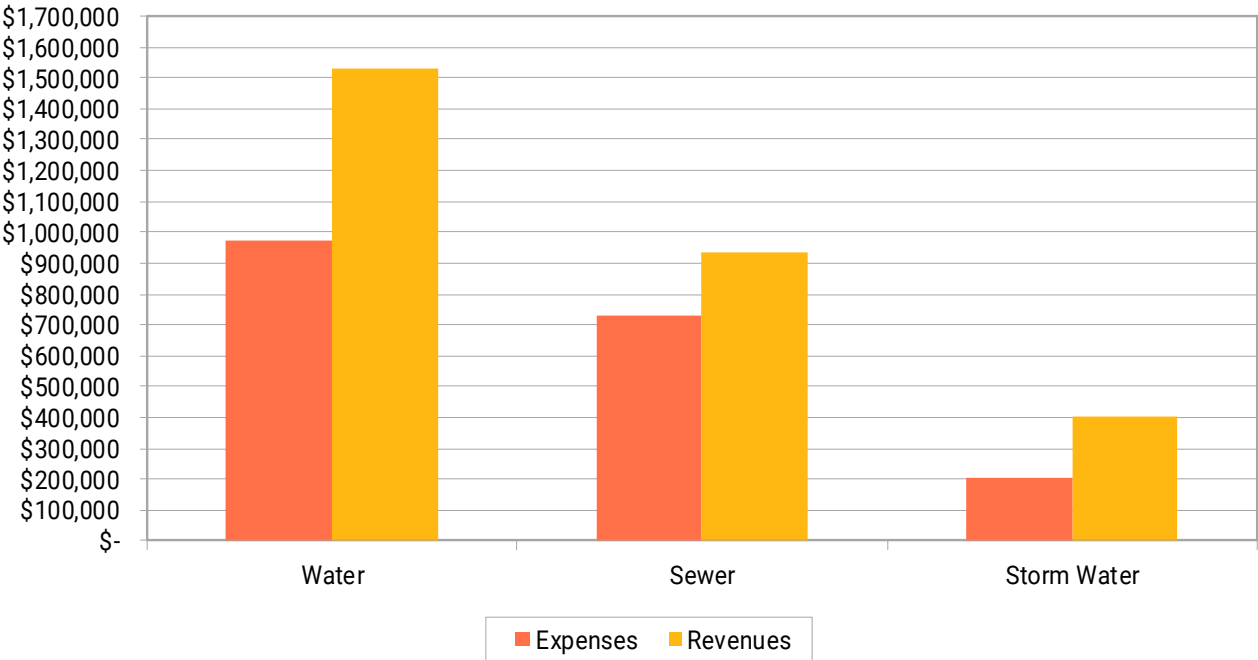
The following graph depicts various governmental activities and shows the revenue and expenses directly related to those activities.



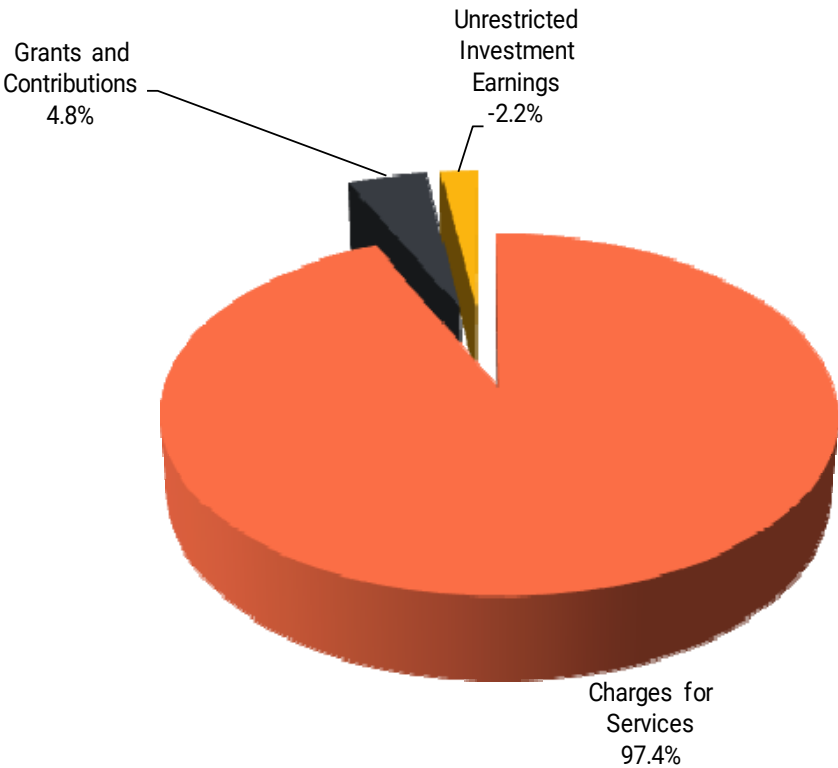
Business-type Activities. Business-type activities increased the City’s net position by \$785,310. The increase from prior year is mainly due charges for services in excess of expenditures during the current year.

The following graph depicts various business-type activities and shows the revenue and expenses directly related to those activities.

Expenses and Program - Revenue Business-type Activities Graph



Revenue by Source - Business-type Activities



Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Major Funds	Fund Balance December 31,		Increase (Decrease)
	2021	2020	
General	\$ 3,917,931	\$ 3,506,932	\$ 410,999
The fund balance of the General fund increased by \$380,531 as a result positive budget variance of \$535,866 in			
Debt Service	\$ 2,240,306	\$ 6,144,522	\$ (3,904,216)
The Debt Service fund balance increased \$4,554,792 mainly due to the issuance of refunding bonds during the current year of \$5,720,000. The payoff date of the refunded bonds is February 1, 2021.			
Sewer Capital Improvements	\$ 3,282,853	\$ 3,235,754	\$ 47,099
The Sewer Capital Improvement fund balance increased \$113,093 mainly due to an increase in interest revenue from investments and special assessment revenue received in the current year.			
Road Improvements	\$ 340,228	\$ 300,211	\$ 40,017
The Road Improvement fund balance increased by \$29,026 mainly due to the transfer of money from the General fund to prevent a cash shortage.			

Proprietary Funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the enterprise funds at the end of the year amounted to \$6,678,324. The total increase in net position for the funds was \$785,310. Other factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

The City's General fund budget was not amended during the year and the budget called for no change in fund balance. Revenues exceeded the budget by \$614,529, primarily intergovernmental and licenses and permits exceeding the budget by \$411,862 and \$241,824, respectively. Expenditures were under budget by \$72,736 during the year. The budget variance can be attributed mainly to economic development not having any actual expenditures.

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business type activities as of December 31, 2021, amounts to \$30,921,134 (net of accumulated depreciation). This investment in capital assets includes land, structures, improvements, machinery and equipment, park facilities, and roads.

Major capital asset events during the current fiscal year included the following:

- Chippewa East Improvements
- Arrowhead Rail Trail Crossing
- Paul Fortin Ball Field improvements
- Water Treatment Expansion
- Police Vehicles, Police Body Cameras, Bobcat

Additional information on the City's capital assets can be found in Note 3B starting on page 59 of this report.

City of Medina's Capital Assets (Net of Depreciation)

	Governmental Activities			Business-type Activities		
	2021	2020	Increase (Decrease)	2021	2020	Increase (Decrease)
Land	\$ 813,779	\$ 813,779	\$ -	\$ 138,393	\$ 138,393	\$ -
Infrastructure	12,797,994	13,901,216	(1,103,222)	6,608,299	6,380,413	227,886
Buildings	7,012,791	6,829,439	183,352	4,410,644	4,586,096	(175,452)
Improvements	3,079,405	1,872,475	1,206,930	1,039,205	1,112,372	(73,167)
Machinery and Equipment	1,176,598	1,287,397	(110,799)	815,639	883,302	(67,663)
Construction in Progress	1,448,027	1,362,454	85,573	17,818	391,385	(373,567)
Total	<u>\$ 26,328,594</u>	<u>\$ 26,066,760</u>	<u>\$ 261,834</u>	<u>\$ 13,029,998</u>	<u>\$ 13,491,961</u>	<u>\$ (461,963)</u>

Long-term Debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$8,140,000.

City of Medina's Outstanding Debt

	Governmental Activities			Business-type Activities		
	2021	2020	Increase (Decrease)	2021	2020	Increase (Decrease)
General Obligation						
Improvement Bonds	\$ 7,735,000	\$ 13,245,000	\$ (5,510,000)	\$ -	\$ -	\$ -
General Obligation Revenue Bonds	-	-	-	405,000	600,000	(195,000)
Unamortized Premium on Bonds	290,669	370,950	(80,281)	6,789	13,577	(6,788)
Total	<u>\$ 8,025,669</u>	<u>\$ 13,615,950</u>	<u>\$ (5,590,281)</u>	<u>\$ 411,789</u>	<u>\$ 613,577</u>	<u>\$ (201,788)</u>

The City's total debt decreased \$5,792,069 (40.7 percent) during the current fiscal year mainly due the refunding debt payment made on the 2020A bonds in the amount of \$5,720,000. Additional information on the City's long-term debt can be found in Note 3D starting on page 62 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Hennepin County is currently 2.8 percent (Feb 2022). This compares to the State of Minnesota's average unemployment rate of 2.7 percent and the national average rate of 3.8 percent.
- Property valuations increased 6.9 percent within the City from 2021 to 2022.

The City's total property tax levy will increase in 2022 by 7.7 percent. The General fund levy increase amounts to 11.1% and the debt service levies decreasing a total of 6.5%. The City's tax capacity rate will decrease to 22.429% for 2022.

A flat water rate (zero increase) was approved for the three individual water systems for 2022. Sanitary sewer a 0% increase and storm water utility rates also increased 3%.

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

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, City of Medina, 2052 County Road 24, Medina, MN 55340-9790.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF MEDINA
MEDINA, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2021

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City of Medina, Minnesota

Statement of Net Position

December 31, 2021

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and temporary investments	\$ 18,729,865	\$ 6,762,948	\$ 25,492,813
Receivables			
Accounts	259,516	144,619	404,135
Taxes	114,471	-	114,471
Special assessments	804,464	40,030	844,494
Due from other governments	594,364	5,183	599,547
Prepaid items	79,813	33,698	113,511
Capital assets			
Nondepreciable	2,261,806	156,211	2,418,017
Depreciable, net of accumulated depreciation	24,066,788	12,873,787	36,940,575
Total Assets	<u>46,911,087</u>	<u>20,016,476</u>	<u>66,927,563</u>
Deferred Outflows of Resources			
Deferred pension resources	<u>1,562,161</u>	<u>103,995</u>	<u>1,666,156</u>
Liabilities			
Accounts payable	551,609	35,524	587,133
Due to other governments	34,385	3,279	37,664
Salaries payable	59,326	9,018	68,344
Accrued interest payable	28,167	2,953	31,120
Deposits payable	2,377,842	-	2,377,842
Unearned revenue	623,087	-	623,087
Noncurrent liabilities			
Due within one year			
Long-term debt	852,200	219,544	1,071,744
Due in more than one year			
Long-term debt	7,541,510	259,511	7,801,021
Net pension liability	<u>1,177,268</u>	<u>151,507</u>	<u>1,328,775</u>
Total Liabilities	<u>13,245,394</u>	<u>681,336</u>	<u>13,926,730</u>
Deferred Inflows of Resources			
Deferred pension resources	<u>2,144,605</u>	<u>142,602</u>	<u>2,287,207</u>
Net Position			
Net investment in capital assets	18,302,925	12,618,209	30,921,134
Restricted for			
Debt service	2,687,721	-	2,687,721
Park improvements	1,169,706	-	1,169,706
Police expenditures	215,400	-	215,400
Unrestricted	<u>10,707,497</u>	<u>6,678,324</u>	<u>17,385,821</u>
Total Net Position	<u>\$ 33,083,249</u>	<u>\$ 19,296,533</u>	<u>\$ 52,379,782</u>

City of Medina, Minnesota
Statement of Activities
For the Year Ended December 31, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General government	\$ 1,097,576	\$ 49,231	\$ -	\$ 405,020
Public safety	2,671,418	944,812	235,850	-
Streets and highways	1,670,888	13,905	98,900	2,415,000
Sanitation and recycling	13,850	-	24,077	-
Culture and recreation	470,299	64,232	86,428	224,967
Economic development	241,534	57,010	-	-
Interest on long-term debt	47,199	-	-	-
Total Governmental Activities	<u>6,212,764</u>	<u>1,129,190</u>	<u>445,255</u>	<u>3,044,987</u>
Business-type Activities				
Water	972,501	1,512,344	158	17,467
Sewer	732,609	932,562	146	-
Storm water	203,773	283,586	68	116,079
Total Business-type Activities	<u>1,908,883</u>	<u>2,728,492</u>	<u>372</u>	<u>133,546</u>
Total	<u>\$ 8,121,647</u>	<u>\$ 3,857,682</u>	<u>\$ 445,627</u>	<u>\$ 3,178,533</u>

General Revenues

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt service

Tax increments

Franchise taxes

Grants and contributions not restricted to specific programs

Unrestricted investment earnings

Gain on sale of capital assets

Transfers - Capital Assets

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position - January 1

Net Position, December 31

Net (Expenses) Revenues and
Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (643,325)	\$ -	\$ (643,325)
(1,490,756)	-	(1,490,756)
856,917	-	856,917
10,227	-	10,227
(94,672)	-	(94,672)
(184,524)	-	(184,524)
(47,199)	-	(47,199)
<u>(1,593,332)</u>	<u>-</u>	<u>(1,593,332)</u>
-	557,468	557,468
-	200,099	200,099
-	195,960	195,960
<u>-</u>	<u>953,527</u>	<u>953,527</u>
<u>(1,593,332)</u>	<u>953,527</u>	<u>(639,805)</u>
4,144,754	-	4,144,754
464,676	-	464,676
548,846	-	548,846
58,899	-	58,899
19,677	-	19,677
(156,489)	(61,430)	(217,919)
5,294	-	5,294
(3,311)	3,311	-
110,098	(110,098)	-
<u>5,192,444</u>	<u>(168,217)</u>	<u>5,024,227</u>
3,599,112	785,310	4,384,422
<u>29,484,137</u>	<u>18,511,223</u>	<u>47,995,360</u>
<u>\$ 33,083,249</u>	<u>\$ 19,296,533</u>	<u>\$ 52,379,782</u>

FUND FINANCIAL STATEMENTS

CITY OF MEDINA
MEDINA, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2021

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City of Medina, Minnesota

Balance Sheet
Governmental Funds
December 31, 2021

	101		403
	General	Debt Service	Sewer Capital Improvements
Assets			
Cash and temporary investments	\$ 6,935,893	\$ 2,233,956	\$ 3,282,854
Receivables			
Accounts	8,471	-	4,013
Taxes	99,190	12,915	-
Special assessments	43,482	462,667	-
Due from other governments	34,710	6,350	-
Prepaid items	63,855	-	-
	<u>63,855</u>	<u>-</u>	<u>-</u>
Total Assets	<u><u>\$ 7,185,601</u></u>	<u><u>\$ 2,715,888</u></u>	<u><u>\$ 3,286,867</u></u>
Liabilities			
Accounts payable	\$ 283,191	\$ -	\$ -
Due to other governments	32,500	-	-
Salaries payable	59,326	-	-
Deposits payable	2,377,842	-	-
Unearned revenue	372,139	-	4,014
Total Liabilities	<u>3,124,998</u>	<u>-</u>	<u>4,014</u>
Deferred Inflows of Resources			
Unavailable revenue - taxes	99,190	12,915	-
Unavailable revenue - assessments	43,482	462,667	-
Unavailable revenue - intergovernmental	-	-	-
Total Deferred Inflows of Resources	<u>142,672</u>	<u>475,582</u>	<u>-</u>
Fund Balances			
Nonspendable	63,855	-	-
Restricted	-	2,240,306	-
Committed	-	-	-
Assigned	157,200	-	3,282,853
Unassigned	3,696,876	-	-
Total Fund Balances	<u>3,917,931</u>	<u>2,240,306</u>	<u>3,282,853</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u><u>\$ 7,185,601</u></u>	<u><u>\$ 2,715,888</u></u>	<u><u>\$ 3,286,867</u></u>

420 Road Improvement	Other Governmental Funds	Total Governmental Funds
\$ 482,216	\$ 5,794,946	\$ 18,729,865
190,858	56,174	259,516
2,366	-	114,471
298,315	-	804,464
547,929	5,375	594,364
-	15,958	79,813
<u>\$ 1,521,684</u>	<u>\$ 5,872,453</u>	<u>\$ 20,582,493</u>
\$ 142,872	\$ 125,546	\$ 551,609
-	1,885	34,385
-	-	59,326
-	-	2,377,842
190,761	56,173	623,087
<u>333,633</u>	<u>183,604</u>	<u>3,646,249</u>
2,366	-	114,471
298,315	-	804,464
547,142	-	547,142
<u>847,823</u>	<u>-</u>	<u>1,466,077</u>
-	15,958	79,813
-	1,385,106	3,625,412
-	1,642,970	1,642,970
340,228	2,675,213	6,455,494
-	(30,398)	3,666,478
<u>340,228</u>	<u>5,688,849</u>	<u>15,470,167</u>
<u>\$ 1,521,684</u>	<u>\$ 5,872,453</u>	<u>\$ 20,582,493</u>

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

Amounts reported for governmental activities in the statement of net position are different because

Total Fund Balances - Governmental Funds	\$ 15,470,167
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	
Cost of capital assets	39,750,858
Less accumulated depreciation	(13,422,264)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	
Long-term liabilities at year-end consist of	
Bonds payable	(7,735,000)
Plus premium on bonds	(290,669)
Compensated absences payable	(368,041)
Net pension liability	(1,177,268)
Some receivables are not available soon enough to pay for the current period's expenditures, and therefore are unavailable in the funds.	
Intergovernmental receivable	547,142
Taxes receivable	114,471
Special assessments receivable	804,464
Governmental funds do not report long-term amounts related to pensions and other postemployment benefits.	
Deferred outflows of pension resources	1,562,161
Deferred inflows of pension resources	(2,144,605)
Governmental funds do not report a liability for accrued interest until due and payable.	<u>(28,167)</u>
Total Net Position - Governmental Activities	<u><u>\$ 33,083,249</u></u>

City of Medina, Minnesota
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2021

	101		403
	General	Debt Service	Sewer Capital Improvements
Revenues			
Taxes	\$ 3,724,608	\$ 464,676	\$ -
Licenses and permits	525,793	-	-
Intergovernmental	700,635	-	-
Charges for services	399,694	-	77,113
Fines and forfeitures	63,904	-	-
Special assessments	32	983,012	-
Interest on investments	(58,954)	(9,129)	(30,014)
Miscellaneous	113,788	-	-
Total Revenues	<u>5,469,500</u>	<u>1,438,559</u>	<u>47,099</u>
Expenditures			
Current			
General government	1,150,047	-	-
Public safety	2,769,002	-	-
Streets and highways	665,432	-	-
Sanitation and recycling	14,601	-	-
Culture and recreation	227,828	-	-
Capital outlay			
General government	-	-	-
Public safety	-	-	-
Streets and highways	-	-	-
Culture and recreation	-	-	-
Economic development	-	-	-
Debt service			
Principal	-	630,000	-
Interest and other charges	-	176,804	-
Total Expenditures	<u>4,826,910</u>	<u>806,804</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>642,590</u>	<u>631,755</u>	<u>47,099</u>
Other Financing Sources (Uses)			
Proceeds from sale of capital assets	-	-	-
Transfers in	272,409	355,020	-
Payment of refunded bonds	-	(4,880,000)	-
Transfers out	(504,000)	(10,991)	-
Total Other Financing Sources (Uses)	<u>(231,591)</u>	<u>(4,535,971)</u>	<u>-</u>
Net Change in Fund Balances	410,999	(3,904,216)	47,099
Fund Balances, January 1	<u>3,506,932</u>	<u>6,144,522</u>	<u>3,235,754</u>
Fund Balances, December 31	<u>\$ 3,917,931</u>	<u>\$ 2,240,306</u>	<u>\$ 3,282,853</u>

420 Road Improvement	Other Governmental Funds	Total Governmental Funds
122	\$ 1,028,809	\$ 5,218,215
-	-	525,793
743,991	148,490	1,593,116
-	731,897	1,208,704
-	28,787	92,691
80,961	-	1,064,005
(9,355)	(49,037)	(156,489)
95,381	149,738	358,907
<u>911,100</u>	<u>2,038,684</u>	<u>9,904,942</u>
-	-	1,150,047
-	1,698	2,770,700
-	-	665,432
-	-	14,601
-	74,303	302,131
-	8,117	8,117
-	301,401	301,401
982,074	8,814	990,888
-	452,349	452,349
-	230,126	230,126
-	-	630,000
-	-	176,804
<u>982,074</u>	<u>1,076,808</u>	<u>7,692,596</u>
<u>(70,974)</u>	<u>961,876</u>	<u>2,212,346</u>
-	18,940	18,940
110,991	404,000	1,142,420
-	-	(4,880,000)
-	(517,331)	(1,032,322)
<u>110,991</u>	<u>(94,391)</u>	<u>(4,750,962)</u>
40,017	867,485	(2,538,616)
<u>300,211</u>	<u>4,821,364</u>	<u>18,008,783</u>
<u>\$ 340,228</u>	<u>\$ 5,688,849</u>	<u>\$ 15,470,167</u>

City of Medina, Minnesota
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances to the Statement of Activities
Governmental Funds
For the Year Ended December 31, 2021

Amounts reported for governmental activities in the statement of activities are different because

Total Net Change in Fund Balances - Governmental Funds	\$ (2,538,616)
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.	
Capital outlay	1,660,105
Depreciation expense	(1,381,314)
The net effect of various miscellaneous transactions involving capital assets is to increase (decrease) net position.	
Book value of disposed assets	(70,196)
A gain or loss on the trade-in of capital assets, including the difference between carrying value and any related sales proceeds, is included in net position. However, only the sales proceeds are included in the change in the change in fund balance.	56,550
Capital assets constructed in capital projects funds but intended for enterprise fund use are transferred in the government-wide financial statements.	(3,311)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities.	
Amortization of bond premium	80,281
Principal repayments	5,510,000
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.	49,324
Certain revenues are recognized as soon as they are earned. Under the modified accrual basis of accounting certain revenues cannot be recognized until they are available to liquidate liabilities of the current period.	
Property taxes	(1,040)
Special assessments	(764,778)
Intergovernmental	547,142
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Other postemployment benefits costs	102,062
Compensated absences	(3,983)
Long-term pension activity is not reported in governmental funds.	
Pension expense	343,357
Pension revenue	13,529
Change in Net Position - Governmental Activities	<u><u>\$ 3,599,112</u></u>

City of Medina, Minnesota
Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
General Fund
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	\$ 3,806,800	\$ 3,806,800	\$ 3,724,608	\$ (82,192)
Licenses and permits	283,969	283,969	525,793	241,824
Intergovernmental	288,773	288,773	700,635	411,862
Charges for services	248,554	248,554	399,694	151,140
Fines and forfeitures	95,000	95,000	63,904	(31,096)
Special assessments	-	-	32	32
Interest on investments	30,000	30,000	(58,954)	(88,954)
Miscellaneous	101,875	101,875	113,788	11,913
Total Revenues	<u>4,854,971</u>	<u>4,854,971</u>	<u>5,469,500</u>	<u>614,529</u>
Expenditures				
Current				
General government	1,239,626	1,239,626	1,150,047	89,579
Public safety				
Police	1,869,089	1,869,089	1,888,247	(19,158)
Building inspection	329,479	329,479	458,271	(128,792)
Fire	408,130	408,130	422,484	(14,354)
Streets and highways	741,356	741,356	665,432	75,924
Sanitation and recycling	26,539	26,539	14,601	11,938
Culture and recreation	228,417	228,417	227,828	589
Economic development	57,010	57,010	-	57,010
Total Expenditures	<u>4,899,646</u>	<u>4,899,646</u>	<u>4,826,910</u>	<u>72,736</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(44,675)</u>	<u>(44,675)</u>	<u>642,590</u>	<u>687,265</u>
Other Financing Sources (Uses)				
Transfers in	227,409	227,409	272,409	45,000
Transfers out	<u>(182,734)</u>	<u>(182,734)</u>	<u>(504,000)</u>	<u>(321,266)</u>
Total Other Financing Sources (Uses)	<u>44,675</u>	<u>44,675</u>	<u>(231,591)</u>	<u>(276,266)</u>
Net Change in Fund Balances	-	-	410,999	410,999
Fund Balances, January 1	<u>3,506,932</u>	<u>3,506,932</u>	<u>3,506,932</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 3,506,932</u>	<u>\$ 3,506,932</u>	<u>\$ 3,917,931</u>	<u>\$ 410,999</u>

City of Medina, Minnesota

Statement of Net Position

Proprietary Funds

December 31, 2021

	Business-type Activities - Enterprise funds			Totals
	601 Water	602 Sewer	Nonmajor 603 Storm Water	
Assets				
Current Assets				
Cash and temporary investments	\$ 4,013,941	\$ 2,118,363	\$ 630,644	\$ 6,762,948
Receivables				
Accounts	55,376	77,737	11,506	144,619
Special assessments	18,468	19,380	2,182	40,030
Due from other governments	4,877	237	69	5,183
Prepaid items	838	32,860	-	33,698
Total Current Assets	4,093,500	2,248,577	644,401	6,986,478
Noncurrent Assets				
Capital assets				
Land	7,393	49,000	82,000	138,393
Infrastructure	6,838,156	3,084,463	398,664	10,321,283
Buildings	8,216,454	192,000	-	8,408,454
Improvements	330,082	-	1,133,263	1,463,345
Machinery and equipment	1,164,212	2,921,472	44,174	4,129,858
Construction in progress	3,311	10,575	3,932	17,818
Less accumulated depreciation	(7,565,298)	(3,451,151)	(432,704)	(11,449,153)
Total Noncurrent Assets	8,994,310	2,806,359	1,229,329	13,029,998
Total Assets	13,087,810	5,054,936	1,873,730	20,016,476
Deferred Outflows of Resources				
Deferred pension resources	44,201	40,731	19,063	103,995

City of Medina, Minnesota
Statement of Net Position (Continued)
Proprietary Funds
December 31, 2021

	Business-type Activities - Enterprise funds			
	601 Water	602 Sewer	Nonmajor 603 Storm Water	Totals
Liabilities				
Current Liabilities				
Accounts payable	\$ 29,567	\$ 2,388	\$ 3,569	\$ 35,524
Accrued interest payable	2,953	-	-	2,953
Salaries payable	3,844	3,534	1,640	9,018
Due to other governments	3,279	-	-	3,279
Compensated absences payable - current	8,314	7,576	3,654	19,544
Bonds payable - current	200,000	-	-	200,000
Total Current Liabilities	<u>247,957</u>	<u>13,498</u>	<u>8,863</u>	<u>270,318</u>
Noncurrent Liabilities				
Compensated absences payable	19,547	18,703	9,472	47,722
Net pension liability	64,395	59,339	27,773	151,507
Bonds payable	211,789	-	-	211,789
Total Noncurrent Liabilities	<u>295,731</u>	<u>78,042</u>	<u>37,245</u>	<u>411,018</u>
Total Liabilities	<u>543,688</u>	<u>91,540</u>	<u>46,108</u>	<u>681,336</u>
Deferred Inflows of Resources				
Deferred pension resources	<u>60,610</u>	<u>55,852</u>	<u>26,140</u>	<u>142,602</u>
Net Position				
Net investment in capital assets	8,582,521	2,806,359	1,229,329	12,618,209
Unrestricted	<u>3,945,192</u>	<u>2,141,916</u>	<u>591,216</u>	<u>6,678,324</u>
Total Net Position	<u>\$ 12,527,713</u>	<u>\$ 4,948,275</u>	<u>\$ 1,820,545</u>	<u>\$ 19,296,533</u>

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City of Medina, Minnesota
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2021

	Business-type Activities - Enterprise funds			Totals
	601 Water	602 Sewer	Nonmajor 603 Storm Water	
Operating Revenues				
Charges for services	\$ 1,512,344	\$ 932,562	\$ 283,586	\$ 2,728,492
Operating Expenses				
Wages and salaries	159,905	148,046	70,142	378,093
Materials and supplies	186,604	3,889	1,076	191,569
Professional services	34,331	29,895	60,543	124,769
Repairs and maintenance	112,055	20,434	367	132,856
Insurance	7,344	6,467	511	14,322
Utilities	102,704	7,904	-	110,608
Depreciation	368,099	109,836	71,134	549,069
Sewer treatment charges	-	406,138	-	406,138
Total Operating Expenses	971,042	732,609	203,773	1,907,424
Operating Income	541,302	199,953	79,813	821,068
Nonoperating Revenues (Expenses)				
Interest on investments	(34,352)	(20,878)	(6,200)	(61,430)
Miscellaneous income	158	146	68	372
Interest and other charges	(1,459)	-	-	(1,459)
Total Nonoperating Revenues (Expenses)	(35,653)	(20,732)	(6,132)	(62,517)
Income Before Contributions and Transfers	505,649	179,221	73,681	758,551
Capital Contributions from Other Funds	3,311	-	-	3,311
Capital Contributions	17,467	-	116,079	133,546
Transfers In	204,038	-	-	204,038
Transfers Out	(124,402)	(128,001)	(61,733)	(314,136)
Change in Net Position	606,063	51,220	128,027	785,310
Net Position - January 1	11,921,650	4,897,055	1,692,518	18,511,223
Net Position, December 31	\$ 12,527,713	\$ 4,948,275	\$ 1,820,545	\$ 19,296,533

City of Medina, Minnesota
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2021

	Business-type Activities - Enterprise funds			
	601	602	Nonmajor 603	Totals
	Water	Sewer	Storm Water	
Cash Flows from Operating Activities				
Receipts from customers and users	\$ 1,510,561	\$ 935,940	\$ 384,248	\$ 2,830,749
Payments to suppliers	(451,527)	(476,477)	(59,651)	(987,655)
Payments to employees	(167,554)	(153,979)	(73,149)	(394,682)
Net Cash Provided (Used) by Operating Activities	891,480	305,484	251,448	1,448,412
Cash Flows from Noncapital Financing Activities				
Transfers from other funds	204,038	-	-	204,038
Transfers to other funds	(124,402)	(128,001)	(61,733)	(314,136)
Net Cash Provided (Used) by Noncapital Financing Activities	79,636	(128,001)	(61,733)	(110,098)
Cash Flows from Capital and Related Financing Activities				
Acquisition of capital assets	(7,718)	(61,836)	(14,241)	(83,795)
Connection fees	17,467	-	-	17,467
Intergovernmental	-	-	116,079	116,079
Principal paid on bonds	(195,000)	-	-	(195,000)
Interest paid on bonds	(9,872)	-	-	(9,872)
Net Cash Provided (Used) by Capital and Related Financing Activities	(195,123)	(61,836)	101,838	(155,121)
Cash Flows from Investing Activities				
Interest received on investments	(34,352)	(20,878)	(6,200)	(61,430)
Net Increase (Decrease) in Cash and Cash Equivalents	741,641	94,769	285,353	1,121,763
Cash and Cash Equivalents, January 1	3,272,300	2,023,594	345,291	5,641,185
Cash and Cash Equivalents, December 31	\$ 4,013,941	\$ 2,118,363	\$ 630,644	\$ 6,762,948

City of Medina, Minnesota
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended December 31, 2021

	Business-type Activities - Enterprise funds			Totals
	601 Water	602 Sewer	Nonmajor 603 Storm Water	
Reconciliation of Operating Income to Net				
Cash Provided (Used) by Operating Activities				
Operating income	\$ 541,302	\$ 199,953	\$ 79,813	\$ 821,068
Adjustments to reconcile operating income to net cash provided by operating activities				
Other items related to operations	158	146	68	372
Depreciation	368,099	109,836	71,134	549,069
(Increase) decrease in assets and deferred outflows				
Accounts receivable	(4,223)	(2,330)	(2,476)	(9,029)
Due from other governments	(537)	(237)	101,239	100,465
Special assessments receivable	2,819	5,799	1,831	10,449
Prepaid items	(97)	1,311	-	1,214
Pension resources	(37,916)	(34,994)	(16,346)	(89,256)
Other postemployment benefits	1,148	1,027	531	2,706
Increase (decrease) in liabilities and deferred inflows				
Accounts payable	(11,820)	(3,063)	2,315	(12,568)
Due to other governments	2,280	(1,025)	-	1,255
Salaries payable	(235)	(260)	80	(415)
Compensated absences payable	808	1,003	760	2,571
Net pension liability	(18,061)	(15,930)	(7,871)	(41,862)
Pension resources	54,886	50,627	23,666	129,179
Other postemployment benefits payable	(7,131)	(6,379)	(3,296)	(16,806)
Net Cash Provided (Used) by Operating Activities	<u>\$ 891,480</u>	<u>\$ 305,484</u>	<u>\$ 251,448</u>	<u>\$ 1,448,412</u>
Schedule of Noncash				
Capital Financing Activities				
Contribution of assets from other funds	<u>\$ 3,311</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,311</u>
Amortization of bond premium	<u>\$ 6,788</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,788</u>

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City of Medina, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

The City of Medina, Minnesota (the City) operates under the "Optional Plan A" form of government as defined in the State of 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.

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 City. Blended component units, although legally separate entities are, in substance, part of the City's operations and so data from these units are combined with data of the City. The City has the following component unit:

Blended Component Unit. The Medina Economic Development Authority (MEDA) of the City was created pursuant to Minnesota statutes 469.090 through 469.108 to carry out economic and industrial development and redevelopment consistent with policies established by the City Council. It is comprised of five members, all of which are City Council members, and has a December 31 year end. The EDA activities are blended and reported in a Capital Project fund (Tax Increment 1-9) due to substantively the same governing board and the financial benefit/burden relationship. Separate financial statements are not issued for this component unit.

B. Government-wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Amounts reported as *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*.

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

Note 1: Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants, entitlement and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the tax is levied. Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are also recorded as unearned revenue.

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.

City of Medina, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

The City reports the following major governmental funds:

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

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

The *Sewer Capital Improvements fund* accounts for the costs associated with replacement of the City's utility and road systems.

The Road Improvement fund accounts for the costs associated with the replacement of the roads in the City.

The City reports the following major proprietary funds:

The *Water fund* accounts for the activities of the City's water distribution system, which are financed by the water utility fee, and insure that user charges are sufficient to pay for those costs.

The *Sewer fund* accounts for the activities of the City's wastewater collection operations which are financed by the sanitary sewer utility fee, and insure that user charges are sufficient to pay for those costs.

As a general rule, the effect of interfund activity has been eliminated from 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 enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Note 1: Summary of Significant Accounting Policies (Continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position/Fund Balance

Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. The proprietary funds' portion in the government-wide cash and temporary investments pool is considered to be cash and cash equivalents for purposes of the statement of cash flows.

Cash balances from all funds are pooled and invested, to the extent available, in certificates of deposit and other authorized investments. Earnings from such investments are allocated on the basis of applicable participation by each of the funds.

The City may also invest idle funds as authorized by Minnesota statutes, as follows:

1. Direct obligations or obligations guaranteed by the United States or its agencies.
2. Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, rated in one of the two highest rating categories by a statistical rating agency, and have a final maturity of thirteen months or less.
3. General obligations of a state or local government with taxing powers rated "A" or better; revenue obligations rated "AA" or better.
4. General obligations of the Minnesota Housing Finance Agency rated "A" or better.
5. Obligation of a school district with an original maturity not exceeding 13 months and (i) rated in the highest category by a national bond rating service or (ii) enrolled in the credit enhancement program pursuant to statute section 126C.55.
6. Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.
7. Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less.
8. Repurchase or reverse repurchase 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, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.
9. Guaranteed Investment Contracts (GIC's) issued or guaranteed by a United States commercial bank, a domestic branch of a foreign bank, a United States insurance company, or its Canadian subsidiary, whose similar debt obligations were rated in one of the top two rating categories by a nationally recognized rating agency.

Broker money market funds operate in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the shares.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. 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; Level 3 inputs are significant unobservable inputs.

City of Medina, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

The City has the following recurring fair value measurements as of December 31, 2021:

- Negotiable certificates of deposit of \$17,274,999 are valued using a matrix pricing model (Level 2 inputs)

The Minnesota Municipal Money Market Fund is regulated by Minnesota statutes and the Board of Directors of the League of Minnesota Cities and is an external investment pool not registered with the Securities Exchange Commission (SEC) that follows the regulatory rules of the SEC. In accordance with GASB Statement No. 79, the City's investment in this pool is valued at amortized cost, which approximates fair value. There are no restrictions or limitations on withdrawals from the 4M Liquid Asset Fund. Investments in the 4M Plus must be deposited for a minimum of 14 calendar days. Withdrawals prior to the 14-day restriction period will be subject to a penalty equal to seven days' interest on the amount withdrawn. Seven days' notice of redemption is required for withdrawals of investments in the 4M Term Series withdrawn prior to the maturity date of that series. A penalty could be assessed as necessary to recoup the Series for any charges, losses, and other costs attributable to the early redemption. Financial statements of the 4M Fund can be obtained by contacting RBC Global Management at 100 South Fifth Street, Suite 2300, Minneapolis, MN 55402-1240.

At December 31, 2021, the City had no investments in one issuer (other than investments issued by or explicitly guaranteed by U.S. government, mutual funds, external investment pools, and other pooled investments) that represent 5 percent or more of the City's investments. The investment in the Minnesota Municipal Money Market Mutual Fund is not subject to the custodial credit risk classifications as noted in paragraph 9 of GASB Statement No. 40.

Property Taxes

The City Council annually adopts a tax levy and certifies it to the County in December for collection the following year. The County is responsible for collecting all property taxes for the City. These taxes attach an enforceable lien on taxable property within the City on January 1 and are payable by the property owners in two installments. The taxes are collected by the County Treasurer and tax settlements are made to the City during January, July and December each year.

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

Accounts Receivable

Accounts receivable include amounts billed for services provided before year end. Unbilled utility enterprise fund receivables are also included for services provided in 2021. The City annually certifies delinquent water, sewer and storm water accounts to the County for collection in the following year. As a result, there has been no allowance for doubtful accounts established for the enterprise funds.

Special Assessments

Special assessments represent the financing for public improvements paid for by benefiting property owners. Assessments were also completed for unreimbursed costs and uncollected City charges for services. These assessments are recorded as receivables upon certification to the County. Special assessments are recognized as revenue when they are certified to the County or received in cash or within 60 days after year end. All governmental special assessments receivable are offset by a deferred inflow of resources in the fund financial statements.

City of Medina, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

Interfund Receivables and Payables

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

Prepaid Items

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

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 initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. The City reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition on infrastructure assets are capitalized and reported in the government-wide financial statements.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the City chose to include all assets accounted for prospectively from the phase 3 GASB 34 implementation date. As the City constructs or acquires additional 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. Donated capital assets are recorded at acquisition value at the time of donation.

Property, plant and equipment of the City are depreciated using the straight-line method over the following estimated useful lives:

Assets	Useful Lives in Years
Buildings	20 to 40
Land Improvements	20
Building Improvements	20
Furniture and Equipment	5 to 10
Light Vehicles	3 to 5
Machinery and Equipment	5 to 10
Heavy Trucks	7 to 10
Infrastructure	25 to 40

Note 1: Summary of Significant Accounting Policies (Continued)

Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items which qualify for reporting in this category. Accordingly, the items, deferred pension resources are reported only in the statement of net position.

These items result from actuarial calculations and current year pension contributions made subsequent to the measurement dates.

Compensated Absences

The City compensates employees who resign or retire in good standing for all unused vacation. Sick leave may be accumulated and banked to a maximum of 960 hours for full-time and regular part-time employees. For sick leave accumulated in excess of 960 hours, the employee may bank the hours in an account established by the City for retirement health insurance premiums. An employee who leaves employment voluntarily, with four or more years of service with the City and gives a 14 calendar day notice of termination of employment will be paid at the base rate of pay, one-third of accumulated sick leave hours. Any sick leave banked in excess of 960 hours will be forfeited. Two options are available in regards to accrued sick leave for an employee who voluntarily leaves after 20 or more years of service with the City. After giving at least a 14 day notice of termination of employment an employee may receive payment for one-half of all accrued sick leave at the employee's base rate of pay at the time of termination including sick leave banked in excess of 960 hours. A second option allows the employee to give the City at least 14 days' notice of termination of employment; which then allows the employee to place any accrued sick leave into the retirement health insurance account including sick leave banked in excess of 960 hours converted to a monetary value by using the employees base rate of pay for that year.

Compensation time is also paid out upon termination. All hourly employees can earn compensation time for every hour of overtime they work. Each hour of overtime is accrued into 1.5 hours of compensation time. Also, a police employee who works any of the 11 holidays can accrue at a rate of 1.5 compensation hours per hour worked and be paid out for accruals over 80 hours. Vacation, sick, and compensation time pay are considered expenditures in the year paid in the governmental fund statements. This differs from the proprietary and government-wide statements where vacation, sick, and compensation pay are expensed when earned. The General fund is typically used to liquidate governmental compensated absences.

Other Postemployment Benefits

Under Minnesota statute 471.61, subdivision 2b., public employers must allow retirees and their dependents to continue coverage indefinitely in an employer-sponsored health care plan, under the following conditions: 1) Retirees must be receiving (or eligible to receive) an annuity from a Minnesota pension plan, 2) Coverage must continue in group plan until age 65, and retirees must pay no more than the group premium, and 3) Retirees may obtain dependent coverage immediately before retirement. As of December 31, 2021, all City premiums are funded on a pay-as-you-go basis and premiums are based on age. In accordance with GASB Statement 75, the City has a zero liability.

City of Medina, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA except that PERA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The General fund is typically used to liquidate the governmental net pension liability.

The total pension expense recognized by the City for the year ended December 31, 2021 is detailed below:

	GERP	PEPFP	Total Pension Expense
Pension Expense	\$ 2,154	\$ (79,408)	\$ (77,254)

Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Recognition of bond premiums and discounts are delayed and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as an expense in the period incurred.

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

Deferred Inflows of Resources

In addition to liabilities, the statement of net position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from three sources: intergovernmental revenues delinquent taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Furthermore, the City has additional items which qualify for reporting in this category on the statement of net position. The items, deferred pension resources are reported only in the statement of net position and results from actuarial calculations involving net differences between projected and actual earnings on plan investments and changes in proportions.

City of Medina, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position is displayed in three components:

- a. Net investment in capital assets - Consists of capital assets, net of accumulated depreciation reduced by any outstanding debt attributable to acquire capital assets.
- b. Restricted net position - Consists of net position balances restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws or regulations of other governments.
- c. Unrestricted net position - All other net position that do not meet the definition of "restricted" or "net investment in capital assets".

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Balance

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

Nonspendable - Amounts that cannot be spent because they are not in spendable form, such as prepaid items.

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

Committed - Amounts constrained for specific purposes that are internally imposed by formal action (resolution) of the City Council, which is the City's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the City Council modifies or rescinds the commitment by resolution.

Assigned - Amounts constrained for specific purposes that are internally imposed. In governmental funds other than the General fund, assigned fund balance represents all remaining amounts that are not classified as nonspendable and are neither restricted nor committed. In the General fund, assigned amounts represent intended uses established by the City Council itself or by an official to which the governing body delegates the authority. The City Council has adopted a fund balance policy which delegates the authority to assign amounts for specific purposes to the City Administrator.

Unassigned - The residual classification for the General fund and also negative residual amounts in other funds.

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

The City has formally adopted a fund balance policy for the General fund. The City's policy is to maintain an unrestricted fund balance in the General fund of the greater of (1) 50 percent of the next year's General fund property tax levy, or (2) a minimum of five months of the next year's budgeted expenditures of the General fund.

City of Medina, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 2: Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General and all special revenue funds. All annual appropriations lapse at fiscal year-end. The City does not use encumbrance accounting.

In July of each year, all departments of the City submit requests for appropriations to the City Administrator so that a budget may be prepared. Before September 30th, the proposed budget is presented to the City Council for review. The City Council holds public hearings and a final budget is prepared and adopted in December.

The appropriated budget is prepared by fund, function and department. The City's department heads, with the approval of the City Administrator, may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the City Council. The legal level of budgetary control is the department level. Budgeted amounts are as originally adopted, or as amended by the City Council. There were no budget amendments during the year.

B. Deficit Fund Equity

The following funds had deficit fund balances at December 31, 2021:

Fund	Amount
Nonmajor	
Tax increment 1-9	\$ 14,665

The City plans to fund these deficits with future revenues including tax increments and other revenues.

Note 3: Detailed Notes on All Funds

A. Deposits and Investments

Deposits

Custodial credit risk for deposits and investments is the risk that in the event of a bank failure, the City's deposits and investments may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. In accordance with Minnesota statutes and as authorized by the City Council, the City maintains deposits at those depository banks, all of which are members of the Federal Reserve System.

Minnesota statutes require that all City deposits be protected by insurance, surety bond or collateral. The fair value of collateral pledged must equal 110 percent of the deposits not covered by insurance or bonds, with the exception of irrevocable standby letters of credit issued by Federal Home Loan Banks as this type of collateral only requires collateral pledged equal to 100 percent of the deposits not covered by insurance or bonds.

City of Medina, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 3: Detailed Notes on All Funds (Continued)

Authorized collateral in lieu of a corporate surety bond includes:

- United States government Treasury bills, Treasury notes, Treasury bonds;
- Issues of United States government agencies and instrumentalities as quoted by a recognized industry quotation service available to the government entity;
- General obligation securities of any state or local government with taxing powers which is rated "A" or better by a national bond rating service, or revenue obligation securities of any state or local government with taxing powers which is rated "AA" or better by a national bond rating service;
- General obligation securities of a local government with taxing powers may be pledged as collateral against funds deposited by that same local government entity;
- Irrevocable standby letters of credit issued by Federal Home Loan Banks to a municipality accompanied by written evidence that the bank's public debt is rated "AA" or better by Moody's Investors Service, Inc., or Standard & Poor's Corporation; and
- Time deposits that are fully insured by any federal agency.

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

As of December 31, 2021 the City's carrying amount of deposits was \$798,293 and the bank balance was \$919,021. Of the bank balance \$250,000 was covered by federal depository insurance and the remaining amount was covered by collateral held by the City's agent in the City's name.

City of Medina, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 3: Detailed Notes on All Funds (Continued)

Investments

As of December 31, 2021, the City had the following investments that are insured or registered, or securities held by the City or its agent in the City's name.

Investment Type	Credit Quality/ Ratings (1)	Segmented Time Distribution (2)	Amount	Fair Value Measurement Using		
				Level 1	Level 2	Level 3
Pooled Investments						
Broker money market	N/A	less than 1 year	\$ 23,866	\$ -	\$ -	\$ -
4M Money Market Fund	N/A	less than 1 year	7,359,732	-	-	-
Mutual Fund	N/A	less than 1 year	35,623	-	-	-
Non-pooled Investments						
U.S. Government Agencies	AAA	1 year to 5 years	1,711,787	-	1,711,787	-
U.S. Government Agencies	AAA	5 year to 10 years	744,552	-	744,552	-
Municipal Securities	AAA	less than 1 year	105,226	-	105,226	-
Municipal Securities	AA-	less than 1 year	181,163	-	181,163	-
Municipal Securities	N/R	1 year to 5 years	352,796	-	352,796	-
Municipal Securities	AAA	1 year to 5 years	1,254,728	-	1,254,728	-
Municipal Securities	AA+	1 year to 5 years	563,545	-	563,545	-
Municipal Securities	AA	1 year to 5 years	791,213	-	791,213	-
Municipal Securities	N/R	1 year to 5 years	2,994,258	-	2,994,258	-
Brokered Certificates of Deposit	N/A	less than 1 year	2,451,319	-	2,451,319	-
Brokered Certificates of Deposit	N/A	1 year to 5 years	6,124,412	-	6,124,412	-
Total Investments			\$ 24,694,220	\$ -	\$ 17,274,999	\$ -

(1) Ratings were provided by various rating agencies where applicable to indicate associated credit risk.

(2) Interest rate risk disclosed using the segmented time distribution method.

N/A Indicates not applicable or available.

City of Medina, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 3: Detailed Notes on All Funds (Continued)

The investments of the City are subject to the following risk:

- *Credit Risk:* This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits investments in commercial paper and corporate bonds to be in the top two ratings issued by nationally recognized statistical rating organizations. The City's investment policy states the instruments that the City will invest in will be consistent with the GFOA Policy Statement on the State and Local Laws Concerning Investment Practices and Minnesota statutes 118A. It also states investments in derivatives shall not be allowed.
- *Custodial Credit Risk - Deposits:* For deposits, this is the risk that in the event of bank failure the City's deposits may not be returned to it. The City has a policy in place to address custodial credit risk for deposits, stating all demand deposit accounts, including checking accounts and nonnegotiable certificates of deposit, in accordance with the GFOA Recommended Practices on the Collateralization of Public Deposits and Minnesota statutes 118A will be required to be fully collateralized.
- *Interest Rate Risk:* This is the risk that market values of securities in a portfolio would decrease due to changes in market interest rates. The City's investment policy states the City will minimize interest rate rise by structuring the portfolio so that securities mature to meet cash requirements for ongoing operations and investing operating funds primarily in shorter term securities, money market mutual funds or similar investment pools and limiting the average maturity of the portfolio. The policy states the City will not directly invest in securities maturing more than 10 years from the date of purchase or in accordance with the state and local statutes and ordinances unless matched to a specific cash flow. The policy also states the investments will be diversified by investing in securities with varying maturities, continuously investing at least 10 percent of the portfolio in readily available funds such as LGIPs, money market funds to ensure that appropriate liquidity is maintained and never investing more than 20 percent of the portfolio in securities with final maturities greater than five years.
- *Concentration of Credit Risk:* This is the risk of loss attributed to the magnitude of an investment in a single issuer. The City's investment policy states the City will limit investments to avoid over concentration in securities from a specific issuer or business sector, excluding U.S. Treasury securities and limiting investments in securities that have higher credit risks and investing in securities with varying maturities. The policy also states the City will diversify the investment portfolio so the impact of potential losses from any one type of security or from any one individual issuer will be minimized.

Cash Summary

A reconciliation of cash as shown on the statement of net position for the City follows:

Carrying Amount of Deposits	\$ 798,293
Investments	24,694,220
Cash on Hand	<u>300</u>
Total	<u><u>\$ 25,492,813</u></u>
Cash and Temporary Investments	
Government-wide	<u><u>\$ 25,492,813</u></u>

City of Medina, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 3: Detailed Notes on All Funds (Continued)

B. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets not Being Depreciated				
Land	\$ 813,779	\$ -	\$ -	\$ 813,779
Construction in progress	1,362,454	1,258,916	(1,173,343)	1,448,027
Total Capital Assets, not Being Depreciated	2,176,233	1,258,916	(1,173,343)	2,261,806
Capital Assets Being Depreciated				
Buildings	9,500,690	-	-	9,500,690
Infrastructure	20,469,009	-	-	20,469,009
Improvements	2,885,636	1,384,294	-	4,269,930
Machinery and equipment	3,131,141	243,477	(125,195)	3,249,423
Total Capital Assets Being Depreciated	35,986,476	1,627,771	(125,195)	37,489,052
Less Accumulated Depreciation for				
Buildings	(2,242,394)	(245,505)	-	(2,487,899)
Infrastructure	(6,996,650)	(674,365)	-	(7,671,015)
Improvements	(1,013,161)	(177,364)	-	(1,190,525)
Machinery and equipment	(1,843,744)	(284,080)	54,999	(2,072,825)
Total Accumulated Depreciation	(12,095,949)	(1,381,314)	54,999	(13,422,264)
Total Capital Assets, Being Depreciated, Net	23,890,527	246,457	(70,196)	24,066,788
Governmental Activities Capital Assets, Net	<u>\$ 26,066,760</u>	<u>\$ 1,505,373</u>	<u>\$ (1,243,539)</u>	<u>\$ 26,328,594</u>

Depreciation expense was charged to functions/programs of the governmental activities as follows:

Governmental Activities	
General government	\$ 27,174
Public safety	112,104
Streets and highways	1,058,751
Culture and recreation	170,923
Economic development	12,362
Total Depreciation Expense - Governmental Activities	<u>\$ 1,381,314</u>

City of Medina, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 3: Detailed Notes on All Funds (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital Assets not Being Depreciated				
Land	\$ 138,393	\$ -		\$ 138,393
Construction in progress	391,385	3,311	(376,878)	17,818
Total Capital Assets not Being Depreciated	529,778	3,311	(376,878)	156,211
Capital Assets Being Depreciated				
Buildings	8,408,454	-	-	8,408,454
Infrastructure	9,860,610	460,673	-	10,321,283
Improvements	1,463,345	-	-	1,463,345
Machinery and equipment	4,129,858	-	-	4,129,858
Total Capital Assets Being Depreciated	23,862,267	460,673	-	24,322,940
Less Accumulated Depreciation for				
Buildings	(3,806,724)	(191,086)	-	(3,997,810)
Infrastructure	(3,495,831)	(217,153)	-	(3,712,984)
Improvements	(350,973)	(73,167)	-	(424,140)
Machinery and equipment	(3,246,556)	(67,663)	-	(3,314,219)
Total Accumulated Depreciation	(10,900,084)	(549,069)	-	(11,449,153)
Total Capital Assets Being Depreciated, Net	12,962,183	(88,396)	-	12,873,787
Business-type Activities Capital Assets, Net	<u>\$ 13,491,961</u>	<u>\$ (85,085)</u>	<u>\$ (376,878)</u>	<u>\$ 13,029,998</u>

Depreciation expense was charged to functions/programs of the business-type activities as follows:

Business-type Activities	
Water	\$ 368,099
Sewer	109,836
Storm Water	71,134
Total Depreciation Expense - Business-type Activities	<u>\$ 549,069</u>

City of Medina, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 3: Detailed Notes on All Funds (Continued)

C. Interfund Receivables, Payables and Transfers

Interfund Transfers

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

Fund	Transfer in					Total
	General	Debt Service	Road Improvement	Nonmajor Governmental	Water	
Transfer Out						
General	\$ -	\$ -	\$ 100,000	\$ 404,000	\$ -	\$ 504,000
Debt Service	-	-	10,991	-	-	10,991
Nonmajor governmental	45,000	268,293	-	-	204,038	517,331
Water	85,375	39,027	-	-	-	124,402
Sewer	80,301	47,700	-	-	-	128,001
Storm Water	61,733	-	-	-	-	61,733
Total	<u>\$ 272,409</u>	<u>\$ 355,020</u>	<u>\$ 110,991</u>	<u>\$ 404,000</u>	<u>\$ 204,038</u>	<u>\$ 1,346,458</u>

During the year, transfers are used to 1) move revenues from the fund with collection authorization to the Debt Service fund as debt service principal and interest payments become due and 2) move General fund resources to provide an annual subsidy to the transit fund. The City made the following one-time transfers for the year ended December 31, 2021:

- The General fund made a budgeted transfer of \$404,000 to the nonmajor governmental funds for future infrastructure improvements. The General Fund also made a budgeted transfer to the Road Improvement fund of \$100,000 for future road projects.
- Nonmajor governmental fund transferred \$268,293 to the Debt Service fund for future debt service payments. Nonmajor governmental funds also transferred \$204,038 to the Water fund for capital purchases. Lastly, nonmajor governmental funds transferred \$45,000 to the General fund for future termination benefits.
- The Water fund (\$85,375), Sewer fund (\$80,301) and the Storm Water fund (\$61,733) made budgeted transfers to the General fund for operating costs.
- The Water fund (\$39,027), and the Sewer fund (\$47,700) made budgeted transfers to the Debt Service funds for debt service payments for the 2012 building bonds and for recharacterized water bonds.
- The Debt service funds transferred \$10,991 to Road Improvement funds for future capital purchases as there was no future obligation to pay debt service.

City of Medina, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 3: Detailed Notes on All Funds (Continued)

D. Long-term Debt

General Obligation Improvement Bonds

The City issues G.O. improvement bonds to finance various improvements and will be repaid from special assessments levied on the properties benefiting from the improvements, tax increment from the district and ad valorem tax levies. All special assessment debt is backed by the full faith and credit of the City. Each year the combined assessment and tax levy equals 105 percent of the amount required for debt service. The excess of 5 percent is to cover any delinquencies in tax or assessment payments.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Crossover Refunding Bonds, Series 2013A	1,170,000	1.75 - 2.00	04/25/13	02/01/23	\$ 310,000
G.O. Improvement Bonds, Series 2015A	1,765,000	2.00 - 3.00	06/24/15	02/01/31	1,160,000
G.O. Refunding Bond Series 2016A	1,220,000	2.00	08/11/16	02/01/24	545,000
G.O. Refunding Improvement Bonds, Series 2020A	980,000	1.35 - 2.00	12/10/20	02/01/34	<u>5,720,000</u>
Total General Obligation Improvement Bonds					<u>\$ 7,735,000</u>

Annual debt service requirements to maturity for the general obligation improvement bonds are as follows:

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2022	\$ 695,000	\$ 140,549	\$ 835,549
2023	725,000	126,736	851,736
2024	750,000	111,893	861,893
2025	575,000	98,068	673,068
2026	590,000	85,555	675,555
2027 - 2031	3,100,000	231,043	3,331,043
2032 - 2034	1,300,000	25,448	1,325,448
Total	<u>\$ 7,735,000</u>	<u>\$ 819,292</u>	<u>\$ 8,554,292</u>

City of Medina, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 3: Detailed Notes on All Funds (Continued)

G.O. Revenue Bonds

The following bonds were issued to finance capital improvements, and finance acquisition and construction of capital facilities. They will be repaid from future net revenues pledged from the Water fund and are backed by the taxing power of the City. Annual principal and interest payments on the bonds are expected to require over 50 percent of net revenues from the Water fund. For 2021, principal and interest paid and total customer net revenues for the Water fund were \$204,872 and \$1,512,344, respectively creating a pledged revenue percentage of 13.5%.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Water Revenue Crossover Refunding Bonds, Series 2013A	\$ 1,520,000	1.75 - 2.00 %	04/25/13	02/01/23	<u>\$ 405,000</u>

Annual debt service requirements to maturity for the general obligation revenue bonds are as follows:

Year Ending December 31,	Business-type Activities		
	Principal	Interest	Total
2022	\$ 200,000	\$ 5,338	\$ 205,338
2023	205,000	1,793	206,793
Total	<u>\$ 405,000</u>	<u>\$ 7,131</u>	<u>\$ 412,131</u>

City of Medina, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 3: Detailed Notes on All Funds (Continued)

Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2021, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
Bonds Payable					
General obligation					
improvement bonds	\$ 13,245,000	\$ -	\$ (5,510,000)	\$ 7,735,000	\$ 695,000
Unamortized premium on bonds	370,950	-	(80,281)	290,669	-
Total Bonds Payable	13,615,950	-	(5,590,281)	8,025,669	695,000
Compensated Absences Payable	364,058	257,544	(253,561)	368,041	157,200
Governmental Activities Long-term Liabilities	<u>\$ 13,980,008</u>	<u>\$ 257,544</u>	<u>\$ (5,843,842)</u>	<u>\$ 8,393,710</u>	<u>\$ 852,200</u>
Business-type Activities					
Bonds Payable					
General obligations					
revenue bonds	\$ 600,000	\$ -	\$ (195,000)	\$ 405,000	\$ 200,000
Unamortized premium on bonds	13,577	-	(6,788)	6,789	-
Total Bonds Payable	613,577	-	(201,788)	411,789	200,000
Compensated Absences Payable	64,695	25,805	(23,234)	67,266	19,544
Business-type Activities Long-term Liabilities	<u>\$ 678,272</u>	<u>\$ 25,805</u>	<u>\$ (225,022)</u>	<u>\$ 479,055</u>	<u>\$ 219,544</u>

City of Medina, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 3: Detailed Notes on All Funds (Continued)

E. Components of Fund Balance

At December 31, 2021, portions of the City's fund balance are not available for appropriation due to not being in spendable form (Nonspendable), legal restrictions (Restricted), City Council action (Committed), policy and/or intent (Assigned). The following is a summary of the components of fund balance:

	General	Debt Service	Sewer Capital Improvements	Road Improvement	Other Governmental Funds	Total
Nonspendable						
Prepaid items	<u>\$ 63,855</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,958</u>	<u>\$ 79,813</u>
Restricted for						
Park improvements	\$ -	\$ -	\$ -	\$ -	\$ 1,169,706	\$ 1,169,706
Debt service	-	2,240,306	-	-	-	2,240,306
Police expenditures	-	-	-	-	215,400	215,400
Total Restricted	<u>\$ -</u>	<u>\$ 2,240,306</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,385,106</u>	<u>\$ 3,625,412</u>
Committed to						
Park improvements	\$ -	\$ -	\$ -	\$ -	\$ 817,885	\$ 817,885
Police expenditures	-	-	-	-	66,066	66,066
Field house	-	-	-	-	4,619	4,619
German liberal cemetery	-	-	-	-	173,269	173,269
Community event	-	-	-	-	25,392	25,392
Cable	-	-	-	-	68,683	68,683
Environmental	-	-	-	-	487,056	487,056
Total Committed	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,642,970</u>	<u>\$ 1,642,970</u>
Assigned to						
Capital improvements	\$ -	\$ -	\$ 3,282,853	\$ 340,228	\$ 2,190,257	\$ 5,813,338
Fire Improvements	-	-	-	-	300,000	300,000
Future benefits	157,200	-	-	-	-	157,200
Equipment replacement	-	-	-	-	184,956	184,956
Total Assigned	<u>\$ 157,200</u>	<u>\$ -</u>	<u>\$ 3,282,853</u>	<u>\$ 340,228</u>	<u>\$ 2,675,213</u>	<u>\$ 6,455,494</u>

City of Medina, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 4: Defined Benefit Pension Plans - Statewide

A. Plan Description

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

General Employees Retirement Plan

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

Public Employees Police and Fire Plan

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

B. Benefits Provided

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

General Employee Plan Benefits

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

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

City of Medina, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

Police and Fire Plan Benefits

Benefits for Police and Fire Plan members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50 percent after five years up to 100 percent after ten years of credited service. Benefits for Police and Fire Plan members first hired after June 30, 2014 vest on a prorated basis from 50 percent after ten years up to 100 percent after twenty years of credited service. The annuity accrual rate is 3 percent of average salary for each year of service. 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 postretirement increase is fixed at 1 percent. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. For 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.

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2020 and the City was required to contribute 7.50 percent for Coordinated Plan members. The City's contributions to the General Employees Fund for the years ending December 31, 2021, 2020 and 2019 were \$94,515, \$87,115 and \$90,945, respectively. The City's contributions were equal to the required contributions for each year as set by state statute.

Police and Fire Fund 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 Police and Fire Fund for the years ending December 31, 2021, 2020 and 2019 were \$173,155, \$162,488 and \$152,505, respectively. The City's contributions were equal to the required contributions for each year as set by state statute.

City of Medina, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

D. Pension Costs

General Employees Fund Pension Costs

At December 31, 2021, the City reported a liability of \$717,435 for its proportionate share of the General Employees Fund's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$21,892. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2020 through June 30, 2021 relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0168 percent which was an increase of 0.0001 percent from its proportion measured as of June 30, 2020.

City's Proportionate Share of the Net Pension Liability	\$ 717,435
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the City	<u>21,892</u>
Total	<u>\$ 739,327</u>

For the year ended December 31, 2021, the City recognized pension expense of \$388 for its proportionate share of the General Employees Plan's pension expense. In addition, the City \$1,766 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Economic Experience	\$ 4,408	\$ 21,940
Changes in Actuarial Assumptions	438,051	15,805
Net Difference Between Projected and Actual Earnings on Plan Investments	-	623,533
Changes in Proportion	2,998	13,992
Contributions Paid to PERA Subsequent to the Measurement Date	<u>46,998</u>	<u>-</u>
Total	<u>\$ 492,455</u>	<u>\$ 675,270</u>

The \$46,998 related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2022	\$ (43,680)
2023	(10,931)
2024	(5,733)
2025	(169,469)

City of Medina, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

Police and Fire Fund Pension Costs

At December 31, 2021, the City reported a liability of \$611,340 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2020 through June 30, 2021 relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0792 percent which was a decrease of 0.0015 percent from its proportionate share measured as of June 30, 2020.

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

The State of Minnesota is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$9 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the State of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended December 31, 2021, the City recognized pension expense (revenue) of (84,416) for its proportionate share of Police and Fire Plan's pension expense (revenue).

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in state aid. The City recognized \$5,008 for the year ended December 31, 2020 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Economic Experience	\$ 118,852	\$ 9,601
Changes in Actuarial Assumptions	924,813	365,702
Net Difference Between Projected and Actual Earnings on Plan Investments	-	1,164,943
Changes in Proportion	40,500	71,691
Contributions Paid to PERA Subsequent to the Measurement Date	<u>89,536</u>	<u>-</u>
Total	<u>\$ 1,173,701</u>	<u>\$ 1,611,937</u>

City of Medina, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

The \$89,536 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2022	\$ (437,431)
2023	(79,916)
2024	(74,262)
2025	(132,865)
2026	196,702

E. 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 6.5 percent. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 6.5 percent was deemed to be within that range of reasonableness for financial reporting purposes.

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

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

Actuarial assumptions used in the June 30, 2021 valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and become 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 were adopted by the Board and became effective with the July 1, 2021 actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2021:

General Employees Fund

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.

Changes in Plan Provisions

- There were no changes in plan provisions since the previous valuation

City of Medina, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

Police and Fire Fund

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 MN-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.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return basis 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	33.5 %	5.10 %
Alternative Assets (Private Markets)	25.0	5.90
Bonds (Fixed Income)	25.0	0.75
International Equity	<u>16.5</u>	5.30
Total	<u><u>100.0 %</u></u>	

City of Medina, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

F. 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 position of the General Employees Fund and the Police and Fire Fund were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. Pension Liability Sensitivity

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

	1 Percent Decrease (5.50%)	Current (6.50%)	1 Percent Increase (7.50%)
General Employees Fund	\$ 1,463,202	\$ 717,435	\$ 105,488
Police and Fire Fund	1,940,901	611,340	(478,571)

H. 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.

City of Medina, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 5: Other Information

A. 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; injuries to employees; and natural disasters for which the City carries insurance. The City obtains insurance through participation in the League of Minnesota Cities Insurance Trust (LMCIT), which is a risk sharing pool with approximately 800 other governmental units. The City pays an annual premium to LMCIT for its workers compensation and property and casualty insurance. The LMCIT is self-sustaining through member premiums and will reinsure for claims above a prescribed dollar amount for each insurance event. Settled claims have not exceeded the City's coverage in any of the past three fiscal years.

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

B. Legal Debt Margin

In accordance with Minnesota statutes, the City may not incur or be subject to net debt in excess of 3 percent of the market value of taxable property within the City. The City has no debt applicable to this limit at year end.

C. Tax Increment Districts

The City's tax increment district is subject to review by the State of Minnesota Office of the State Auditor (OSA). Any disallowed claims or misuse of tax increments could become a liability of the applicable fund. Management has indicated that they are not aware of any instances of noncompliance which would have a material effect on the financial statements.

City of Medina, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 6: Jointly Governed Organizations

Pioneer - Sarah Creek Watershed Management Commission

The Cities of Independence, Loretto, Maple Plain, Medina, Minnetrista, and Greenfield, Minnesota, as equal participants, are the members of the Pioneer - Sarah Creek Watershed Management Commission (the "Commission"). The purpose of the Commission is to preserve and use natural water management programs required by Minnesota Statutes 103B.201 to 103B.251. The Commission is governed by a board comprised of one representative and one alternate of each Member City. The City remitted \$19,294 to the commission in 2021. The contribution as reported in the City's Water Resource Department fund. Complete financial statements for the Commission can be obtained at the City's Municipal Center.

Note 7: Conduit Debt Obligations

The City has issued revenue obligations to finance and refinance, in whole or in part, the cost of the acquisition, construction, reconstruction, improvement The financing authorized the issuance of \$7,000,000. The City hereby authorizes the Note to be issued as a "tax-exempt bond" the interest on which is not includable in gross income for federal and State of Minnesota income tax purposes. At December 31, 2021, the balance of the bond outstanding was \$4,862,756. Neither, 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.

The City has issued revenue bonds to provide financial assistance to private-sector entities to finance multifamily housing developments. The financing authorized the issuance not to exceed \$10,000,000. The City hereby authorizes the Note to be issued as a "tax-exempt bond" the interest on which is not includable in gross income for federal and State of Minnesota income tax purposes. At December 31, 2021, the balance of the bond outstanding was \$9,932,013. Neither, 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 8: COVID-19

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus ("COVID-19") and the risks to the international community as virus spreads globally. On March 11, 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. In response to the pandemic, the State of Minnesota has issued stay-at-home orders and other measures aimed at slowing the spread of the coronavirus.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. Due to the rapid development and fluidity of this situation, the City cannot determine the ultimate impact that the COVID-19 pandemic will have on its financial condition, liquidity, and future revenue collection, and therefore any prediction as to the ultimate impact on the City's financial condition, liquidity, and future results of its revenue collections is uncertain.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MEDINA
MEDINA, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2021

City of Medina, Minnesota
Required Supplemental Information
For the Year Ended December 31, 2021

Schedule of Employer's Share of PERA Net Pension Liability - General Employees Fund

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/21	0.0168 %	\$ 717,435	\$ 21,892	\$ 739,327	\$ 1,207,627	\$ 59.4 %	87.0 %
06/30/20	0.0167	1,001,241	30,848	1,032,089	1,189,024	84.2	79.0
06/30/19	0.0168	928,834	28,999	957,833	1,191,702	77.9	80.2
06/30/18	0.0175	970,828	31,891	1,002,719	1,179,495	82.3	79.5
06/30/17	0.0171	1,091,653	13,726	1,091,653	1,101,593	99.1	75.9
06/30/16	0.0178	1,445,272	18,946	1,464,218	1,106,840	130.6	68.9
06/30/15	0.0166	860,298	-	860,298	977,965	89.5	78.2

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

Schedule of Employer's PERA Contributions - General Employees Fund

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/21	\$ 94,515	\$ 94,515	\$ -	\$ 1,260,195	7.50 %
12/31/20	87,115	87,115	-	1,161,532	7.50
12/31/19	90,945	90,945	-	1,212,601	7.50
12/31/18	88,679	88,679	-	1,182,386	7.50
12/31/17	85,109	85,109	-	1,134,782	7.50
12/31/16	81,610	81,610	-	1,088,133	7.50
12/31/15	77,467	77,467	-	1,032,893	7.50

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

City of Medina, Minnesota
Required Supplemental Information (Continued)
For the Year Ended December 31, 2021

Notes to the Required Supplementary Information - General Employee Fund

Changes in Actuarial Assumptions

2021 - 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 - The price inflation assumption was decreased from 2.50% to 2.25%. The payroll growth assumption was decreased from 3.25% to 3.00%. Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates. Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements. Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter. Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females. The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments. The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019. The assumed spouse age difference was changed from two years older for females to one year older. The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

2019 - The mortality projection scale was changed from MP-2017 to MP-2018.

2018 - 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.

2017 - The Combined Service Annuity (CSA) loads were changed from 0.8 percent for active members and 60 percent for vested and non-vested deferred members. The revised CSA loads are now 0.0 percent for active member liability, 15.0 percent for vested deferred member liability and 3.0 percent for non-vested deferred member liability. The assumed post-retirement benefit increase rate was changed from 1.0 percent per year for all years to 1.0 percent per year through 2044 and 2.5 percent per year thereafter.

2016 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2035 and 2.5 percent per year thereafter to 1.0 percent per year for all future years. The assumed investment return was changed from 7.9 percent to 7.5 percent. The single discount rate was changed from 7.9 percent to 7.5 percent. Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

2015 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2030 and 2.5 percent per year thereafter to 1.0 percent per year through 2035 and 2.5 percent per year thereafter.

City of Medina, Minnesota
Required Supplemental Information (Continued)
For the Year Ended December 31, 2021

Notes to the Required Supplementary Information - General Employee Fund (Continued)

Changes in Plan Provisions

2021 - There were no changes in plan provisions since the previous valuation.

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

2019 - 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 - The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024. Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018. Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply. Contribution stabilizer provisions were repealed. Postretirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90.00 percent funding ratio to 50.00 percent of the Social Security Cost of Living Adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019. For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors. Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 - The State's contribution for the Minneapolis Employees Retirement Fund equals \$16,000,000 in 2017 and 2018, and \$6,000,000 thereafter. The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21,000,000 to \$31,000,000 in calendar years 2019 to 2031. The state's contribution changed from \$16,000,000 to \$6,000,000 in calendar years 2019 to 2031.

2016 - There were no changes in plan provisions since the previous valuation.

2015 - On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised.

City of Medina, Minnesota
Required Supplemental Information (Continued)
For the Year Ended December 31, 2021

Schedule of Employer's Share of PERA Net Pension Liability - Police and Fire Fund

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/21	0.0792 %	\$ 611,340	\$ 27,497	\$ 638,837	\$ 936,265	65.3 %	93.7 %
06/30/20	0.0807	1,063,712	-	1,063,712	952,165	111.7	87.2
06/30/19	0.0838	892,136	-	892,136	892,136	100.9	89.3
06/30/18	0.0791	843,125	-	843,125	833,645	101.1	88.8
06/30/17	0.0790	1,066,594	-	1,066,594	813,313	131.1	85.4
06/30/16	0.0870	3,491,461	-	3,491,461	841,198	415.1	63.9
06/30/15	0.0900	1,022,611	-	1,022,611	822,038	124.4	86.6

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

Schedule of Employer's PERA Contributions - Police and Fire Fund

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/20	\$ 173,155	\$ 173,155	\$ -	\$ 978,276	17.70 %
12/31/20	162,488	162,488	-	958,628	16.95
12/31/19	152,505	152,505	-	899,735	16.20
12/31/18	139,304	139,304	-	859,900	16.20
12/31/17	133,772	133,772	-	825,751	16.20
12/31/16	131,872	131,872	-	814,025	16.20
12/31/15	130,345	130,345	-	804,599	16.20

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

City of Medina, Minnesota
Required Supplemental Information (Continued)
For the Year Ended December 31, 2021

Notes to the Required Supplementary Information - Police and Fire Fund

Changes in Actuarial Assumptions

2021 - 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 MN-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 - The mortality projection scale was changed from MP-2018 to MP-2019.

2019 - The mortality projection scale was changed from MP-2017 to MP-2018.

2018 - The mortality projection scale was changed from MP-2016 to MP-2017. As set by statute, the assumed post-retirement benefit increase was changed from 1.0 percent per year through 2064 and 2.5 percent per year, thereafter, to 1.0 percent for all years, with no trigger.

2017 - Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates. Assumed rates of retirement were changed, resulting in fewer retirements. The Combined Service Annuity (CSA) load was 30 percent for vested and non-vested deferred members. The CSA has been changed to 33 percent for vested members and 2 percent for non-vested members. The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees. Assumed termination rates were decreased to 3.0 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall. Assumed percentage of married female members was decreased from 65 percent to 60 percent. 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 5.6 percent to 7.5 percent.

2016 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2037 and 2.5 percent per year thereafter to 1.0 percent per year for all future years. The assumed investment return was changed from 7.9 percent to 7.5 percent. The single discount rate was changed from 7.9 percent to 5.6 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 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2030 and 2.5 percent per year thereafter to 1.0 percent per year through 2037 and 2.5 percent per year thereafter.

City of Medina, Minnesota
Required Supplemental Information (Continued)
For the Year Ended December 31, 2021

Notes to the Required Supplementary Information - Police and Fire Fund (Continued)

Changes in Plan Provisions

2021 – There were no changes in plan provisions since the previous valuation.

2020 – There were no changes in plan provisions since the previous valuation.

2019 – There were no changes in plan provisions since the previous valuation.

2018 - As set by statute, the assumed post-retirement benefit increase was changed from 1.0 percent per year through 2064 and 2.5 percent per year, thereafter, to 1.0 percent for all years, with no trigger. An end date of July 1, 2048 was added to the existing \$9.0 million state contribution. New annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9.0 million thereafter until the plan reaches 100 percent funding, or July 1, 2048, if earlier. Member contributions were changed from 10.80 percent to 11.30 percent of pay, effective January 1, 2019 and 11.80 percent of pay, effective January 1, 2020. Employer contributions were changed from 16.20 percent to 16.95 percent of pay, effective January 1, 2019 and 17.70 percent of pay, effective January 1, 2020. Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018. Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply. Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 - Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates. Assumed rates of retirement were changed, resulting in fewer retirements. The combined service annuity (CSA) load was 30.00 percent for vested and non-vested, deferred members. The CSA has been changed to 33.00 percent for vested members and 2.00 percent for non-vested members. The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees. Assumed termination rates were decreased to 3.00 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 postretirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter. The single discount rate was changed from 5.60 percent per annum to 7.50 percent per annum.

2016 – There were no changes in plan provisions since the previous valuation.

2015 - The post-retirement benefit increase to be paid after attainment of the 90 percent funding threshold was changed, from inflation up to 2.5 percent, to a fixed rate of 2.5 percent.

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COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES

CITY OF MEDINA
MEDINA, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2021

City of Medina, Minnesota
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2021

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
Assets			
Cash and temporary investments	\$ 1,498,143	\$ 4,296,803	\$ 5,794,946
Accounts receivable	-	56,174	56,174
Due from other governments	1,031	4,344	5,375
Prepaid items	225	15,733	15,958
	<u>225</u>	<u>15,733</u>	<u>15,958</u>
Total Assets	<u>\$ 1,499,399</u>	<u>\$ 4,373,054</u>	<u>\$ 5,872,453</u>
Liabilities			
Accounts payable	\$ 31,967	\$ 93,579	\$ 125,546
Due to other governments	-	1,885	1,885
Unearned revenue	-	56,173	56,173
Total Liabilities	<u>31,967</u>	<u>151,637</u>	<u>183,604</u>
Fund Balances			
Nonspendable	225	15,733	15,958
Restricted	215,400	1,169,706	1,385,106
Committed	1,251,807	391,163	1,642,970
Assigned	-	2,675,213	2,675,213
Unassigned	-	(30,398)	(30,398)
Total Fund Balances	<u>1,467,432</u>	<u>4,221,417</u>	<u>5,688,849</u>
Total Liabilities and Fund Balances	<u>\$ 1,499,399</u>	<u>\$ 4,373,054</u>	<u>\$ 5,872,453</u>

City of Medina, Minnesota
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
For the Year Ended December 31, 2021

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
Revenues			
Taxes			
Property taxes	\$ 111,093	\$ 309,971	\$ 421,064
Tax increments	-	548,846	548,846
Franchise fees	58,899	-	58,899
Intergovernmental	-	148,490	148,490
Charges for services	9,660	722,237	731,897
Fines and forfeitures	28,787	-	28,787
Interest on investments	(11,823)	(37,214)	(49,037)
Miscellaneous	36,788	112,950	149,738
Total Revenues	<u>233,404</u>	<u>1,805,280</u>	<u>2,038,684</u>
Expenditures			
Current			
Public safety	1,698	-	1,698
Culture and recreation	74,303	-	74,303
Capital outlay			
General government	-	8,117	8,117
Public safety	-	301,401	301,401
Streets and highways	-	8,814	8,814
Culture and recreation	68,786	383,563	452,349
Economic development	-	230,126	230,126
Total Expenditures	<u>144,787</u>	<u>932,021</u>	<u>1,076,808</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>88,617</u>	<u>873,259</u>	<u>961,876</u>
Other Financing Sources (Uses)			
Sale of capital assets	-	18,940	18,940
Transfers in	4,000	400,000	404,000
Transfers out	(45,000)	(472,331)	(517,331)
Total Other Financing Sources (Uses)	<u>(41,000)</u>	<u>(53,391)</u>	<u>(94,391)</u>
Net Change in Fund Balances	47,617	819,868	867,485
Fund Balances, January 1	<u>1,419,815</u>	<u>3,401,549</u>	<u>4,821,364</u>
Fund Balances, December 31	<u><u>\$ 1,467,432</u></u>	<u><u>\$ 4,221,417</u></u>	<u><u>\$ 5,688,849</u></u>

City of Medina, Minnesota
Nonmajor Special Revenue Funds
Combining Balance Sheet
December 31, 2021

	204	226	227	230
	Environmental	Municipal Park	Field House	Charitable Gambling
Assets				
Cash and temporary investments	\$ 487,056	\$ 457,658	\$ 4,619	\$ 7,263
Due from other governments	-	1,031	-	-
Prepaid items	225	-	-	-
	<u>487,281</u>	<u>458,689</u>	<u>4,619</u>	<u>7,263</u>
Total Assets	<u><u>\$ 487,281</u></u>	<u><u>\$ 458,689</u></u>	<u><u>\$ 4,619</u></u>	<u><u>\$ 7,263</u></u>
Liabilities				
Accounts payable	\$ -	\$ 31,967	\$ -	\$ -
	<u>-</u>	<u>31,967</u>	<u>-</u>	<u>-</u>
Fund Balances				
Nonspendable	\$ 225	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Committed	487,056	426,722	4,619	7,263
Total Fund Balances	<u>487,281</u>	<u>426,722</u>	<u>4,619</u>	<u>7,263</u>
	<u>487,281</u>	<u>426,722</u>	<u>4,619</u>	<u>7,263</u>
Total Liabilities and Fund Balances	<u><u>\$ 487,281</u></u>	<u><u>\$ 458,689</u></u>	<u><u>\$ 4,619</u></u>	<u><u>\$ 7,263</u></u>

235 Police Forfeiture	236 Police Reserve Equipment	238 German Liberal Cemetery	240 Community Event	250 Cable Franchise	Total
\$ 264,635	\$ 16,831	\$ 173,269	\$ 18,129	\$ 68,683	\$ 1,498,143
-	-	-	-	-	1,031
-	-	-	-	-	225
<u>\$ 264,635</u>	<u>\$ 16,831</u>	<u>\$ 173,269</u>	<u>\$ 18,129</u>	<u>\$ 68,683</u>	<u>\$ 1,499,399</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,967
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 225
215,400	-	-	-	-	215,400
49,235	16,831	173,269	18,129	68,683	1,251,807
<u>264,635</u>	<u>16,831</u>	<u>173,269</u>	<u>18,129</u>	<u>68,683</u>	<u>1,467,432</u>
<u>\$ 264,635</u>	<u>\$ 16,831</u>	<u>\$ 173,269</u>	<u>\$ 18,129</u>	<u>\$ 68,683</u>	<u>\$ 1,499,399</u>

City of Medina, Minnesota
Nonmajor Special Revenue Funds
Combining Statement of Revenue, Expenditures
and Changes in Fund Balances
For the Year Ended December 31, 2021

	204	226	227	230
	<u>Environmental</u>	<u>Municipal Park</u>	<u>Field House</u>	<u>Charitable Gambling</u>
Revenues				
Taxes				
Property	\$ -	\$ 111,093	\$ -	\$ -
Franchise fees	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest on investments	(4,984)	(3,972)	(56)	(54)
Miscellaneous	10,413	9,193	2,120	7,317
Total Revenues	<u>5,429</u>	<u>116,314</u>	<u>2,064</u>	<u>7,263</u>
Expenditures				
Current				
Public safety	-	-	-	-
Culture and recreation	37,892	-	3,623	-
Capital outlay				
Culture and recreation	-	68,786	-	-
Total Expenditures	<u>37,892</u>	<u>68,786</u>	<u>3,623</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(32,463)	47,528	(1,559)	7,263
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(32,463)	47,528	(1,559)	7,263
Fund Balances, January 1	<u>519,744</u>	<u>379,194</u>	<u>6,178</u>	<u>-</u>
Fund Balances, December 31	<u><u>\$ 487,281</u></u>	<u><u>\$ 426,722</u></u>	<u><u>\$ 4,619</u></u>	<u><u>\$ 7,263</u></u>

235 Police Forfeiture	236 Police Reserve Equipment	238 German Liberal Cemetery	240 Community Event	250 Cable Franchise	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 111,093
-	-	-	-	58,899	58,899
-	-	9,660	-	-	9,660
28,787	-	-	-	-	28,787
-	(170)	(1,695)	-	(892)	(11,823)
-	295	-	7,450	-	36,788
<u>28,787</u>	<u>125</u>	<u>7,965</u>	<u>7,450</u>	<u>58,007</u>	<u>233,404</u>
1,033	665	-	-	-	1,698
-	-	2,301	16,649	13,838	74,303
-	-	-	-	-	68,786
<u>1,033</u>	<u>665</u>	<u>2,301</u>	<u>16,649</u>	<u>13,838</u>	<u>144,787</u>
27,754	(540)	5,664	(9,199)	44,169	88,617
-	-	-	4,000	-	4,000
-	-	-	-	(45,000)	(45,000)
<u>-</u>	<u>-</u>	<u>-</u>	<u>4,000</u>	<u>(45,000)</u>	<u>(41,000)</u>
27,754	(540)	5,664	(5,199)	(831)	47,617
<u>236,881</u>	<u>17,371</u>	<u>167,605</u>	<u>23,328</u>	<u>69,514</u>	<u>1,419,815</u>
<u>\$ 264,635</u>	<u>\$ 16,831</u>	<u>\$ 173,269</u>	<u>\$ 18,129</u>	<u>\$ 68,683</u>	<u>\$ 1,467,432</u>

City of Medina, Minnesota
Nonmajor Capital Projects Funds
Combining Balance Sheet
December 31, 2021

	225	401	402	406
	Park Dedication	General Capital Improvement	Water Capital Improvement	Tax Increment 1-9
Assets				
Cash and temporary investments	\$ 1,580,764	\$ 259,253	\$ 1,931,170	\$ 43,535
Accounts receivable	20,824	-	35,350	-
Due from other governments	-	-	-	1,469
Prepaid Items	-	-	-	15,733
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u><u>\$ 1,601,588</u></u>	<u><u>\$ 259,253</u></u>	<u><u>\$ 1,966,520</u></u>	<u><u>\$ 60,737</u></u>
Liabilities				
Accounts payable	\$ 19,896	\$ -	\$ 166	\$ 73,517
Due to other governments	-	-	-	1,885
Unearned revenue	20,823	-	35,350	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>40,719</u>	<u>-</u>	<u>35,516</u>	<u>75,402</u>
Fund Balances				
Nonspendable	-	-	-	15,733
Restricted	1,169,706	-	-	-
Committed	391,163	-	-	-
Assigned	-	259,253	1,931,004	-
Unassigned	-	-	-	(30,398)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>1,560,869</u>	<u>259,253</u>	<u>1,931,004</u>	<u>(14,665)</u>
Total Liabilities and Fund Balances	<u><u>\$ 1,601,588</u></u>	<u><u>\$ 259,253</u></u>	<u><u>\$ 1,966,520</u></u>	<u><u>\$ 60,737</u></u>

411	405	
<u>Equipment Replacement</u>	<u>Fire Facility</u>	<u>Total</u>
\$ 182,081	\$ 300,000	\$ 4,296,803
-	-	56,174
2,875	-	4,344
-	-	15,733
<u>\$ 184,956</u>	<u>\$ 300,000</u>	<u>\$ 4,373,054</u>
\$ -	\$ -	\$ 93,579
-	-	1,885
-	-	56,173
<u>-</u>	<u>-</u>	<u>151,637</u>
-	-	15,733
-	-	1,169,706
-	-	391,163
184,956	300,000	2,675,213
-	-	(30,398)
<u>184,956</u>	<u>300,000</u>	<u>4,221,417</u>
<u>\$ 184,956</u>	<u>\$ 300,000</u>	<u>\$ 4,373,054</u>

City of Medina, Minnesota
Nonmajor Capital Projects Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
For the Year Ended December 31, 2021

	225	401	402	406
	Park	General	Water	Tax
	Dedication	Capital	Capital	Increment
	<u> </u>	<u>Improvement</u>	<u>Improvement</u>	<u>1-9</u>
Revenues				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Tax increments	-	-	-	548,846
Intergovernmental	148,490	-	-	-
Charges for services	76,477	-	645,760	-
Interest on investments	(16,193)	(2,597)	(17,770)	115
Miscellaneous	66,443	-	-	-
Total Revenues	<u>275,217</u>	<u>(2,597)</u>	<u>627,990</u>	<u>548,961</u>
Expenditures				
Capital outlay				
General government	-	276	-	-
Public safety	-	-	-	-
Streets and highways	-	-	3,312	-
Culture and recreation	383,563	-	-	-
Economic development	-	-	-	230,126
Total Expenditures	<u>383,563</u>	<u>276</u>	<u>3,312</u>	<u>230,126</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>(108,346)</u>	<u>(2,873)</u>	<u>624,678</u>	<u>318,835</u>
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	-	-
Transfers in	-	-	-	-
Transfer out	-	-	(204,038)	(268,293)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(204,038)</u>	<u>(268,293)</u>
Net Change in Fund Balances	(108,346)	(2,873)	420,640	50,542
Fund Balances, January 1	<u>1,669,215</u>	<u>262,126</u>	<u>1,510,364</u>	<u>(65,207)</u>
Fund Balances, December 31	<u><u>\$ 1,560,869</u></u>	<u><u>\$ 259,253</u></u>	<u><u>\$ 1,931,004</u></u>	<u><u>\$ (14,665)</u></u>

411	405	
<u>Equipment Replacement</u>	<u>Fire Facility</u>	<u>Total</u>
\$ 309,971	\$ -	\$ 309,971
-	-	548,846
-	-	148,490
-	-	722,237
(769)	-	(37,214)
46,507	-	112,950
<u>355,709</u>	<u>-</u>	<u>1,805,280</u>
7,841	-	8,117
301,401	-	301,401
5,502	-	8,814
-	-	383,563
-	-	230,126
<u>314,744</u>	<u>-</u>	<u>932,021</u>
<u>40,965</u>	<u>-</u>	<u>873,259</u>
18,940	-	18,940
100,000	300,000	400,000
-	-	(472,331)
<u>118,940</u>	<u>300,000</u>	<u>(53,391)</u>
159,905	300,000	819,868
25,051	-	3,401,549
<u>\$ 184,956</u>	<u>\$ 300,000</u>	<u>\$ 4,221,417</u>

City of Medina, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Continued on the Following Pages)
For the Year Ended December 31, 2021
(With Comparative Actual Amounts for the Year Ended December 31, 2020)

	2021				2020
	Budgeted Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
Revenues					
Taxes					
Property taxes	\$ 3,806,800	\$ 3,806,800	\$ 3,724,608	\$ (82,192)	\$ 3,435,852
Licenses and permits	283,969	283,969	525,793	241,824	492,055
Intergovernmental					
Federal	27,000	27,000	4,129	(22,871)	512,132
State					
Local government aid	-	-	12,615	12,615	27,528
Property tax credits	4,000	4,000	3,474	(526)	3,115
Police state aid	90,000	90,000	101,398	11,398	104,669
Fire state aid	50,000	50,000	51,800	1,800	48,116
PERA aid	1,773	1,773	-	(1,773)	-
Other grants and aids	103,000	103,000	515,849	412,849	116,972
County					
Other grants and aids	13,000	13,000	11,370	(1,630)	12,107
Total intergovernmental	288,773	288,773	700,635	411,862	824,639
Charges for services					
General government	24,400	24,400	18,960	(5,440)	21,972
Public safety	182,754	182,754	329,058	146,304	292,780
Public works	4,400	4,400	6,395	1,995	3,465
Culture and recreation	37,000	37,000	45,281	8,281	6,394
Total charges for services	248,554	248,554	399,694	151,140	324,611
Fines and forfeitures	95,000	95,000	63,904	(31,096)	77,158
Special assessments	-	-	32	32	439
Interest on investments	30,000	30,000	(58,954)	(88,954)	93,011
Miscellaneous					
Contributions and donations	1,000	1,000	2,150	1,150	12,038
Other	100,875	100,875	111,638	10,763	198,120
Total miscellaneous	101,875	101,875	113,788	11,913	210,158
Total Revenues	4,854,971	4,854,971	5,469,500	614,529	5,457,923

City of Medina, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Continued)
For the Year Ended December 31, 2021
(With Comparative Actual Amounts for the Year Ended December 31, 2020)

	2021				2020
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Expenditures					
Current					
General government					
Mayor and council					
Personal services	\$ 17,494	\$ 17,494	\$ 17,496	\$ (2)	\$ 17,224
Other services and charges	8,050	8,050	9,082	(1,032)	8,301
Total mayor and council	25,544	25,544	26,578	(1,034)	25,525
Administration					
Personal services	545,938	545,938	529,382	16,556	531,101
Supplies	5,100	5,100	5,029	71	3,090
Other services and charges	113,380	113,380	108,274	5,106	133,780
Total administration	664,418	664,418	642,685	21,733	667,971
Elections					
Personal services	8,550	8,550	-	8,550	26,816
Supplies	1,000	1,000	33	967	773
Other services and charges	5,700	5,700	331	5,369	7,229
Total elections	15,250	15,250	364	14,886	34,818
Assessing					
Other services and charges	104,316	104,316	102,019	2,297	104,751
Planning and zoning					
Personal services	144,044	144,044	141,914	2,130	137,941
Supplies	750	750	867	(117)	1,559
Other services and charges	54,300	54,300	39,178	15,122	23,424
Total planning and zoning	199,094	199,094	181,959	17,135	162,924
PW/PD facility					
Supplies	2,000	2,000	896	1,104	824
Other services and charges	79,500	79,500	60,608	18,892	76,704
Total PW/PD facility	81,500	81,500	61,504	19,996	77,528

City of Medina, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Continued)
For the Year Ended December 31, 2021
(With Comparative Actual Amounts for the Year Ended December 31, 2020)

	2021			2020	
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (continued)					
General government (continued)					
Other general government					
Supplies	\$ 23,300	\$ 23,300	\$ 22,716	\$ 584	\$ 19,096
Other services and charges	126,204	126,204	112,222	13,982	112,432
Total other general government	149,504	149,504	134,938	14,566	131,528
Total general government	1,239,626	1,239,626	1,150,047	89,579	1,205,045
Public safety					
Police					
Personal services	1,625,521	1,625,521	1,631,324	(5,803)	1,620,548
Supplies	60,568	60,568	67,962	(7,394)	194,309
Other services and charges	183,000	183,000	188,961	(5,961)	159,964
Total police	1,869,089	1,869,089	1,888,247	(19,158)	1,974,821
Building inspection					
Personal services	171,379	171,379	153,326	18,053	153,218
Supplies	750	750	-	750	230
Other services and charges	157,350	157,350	304,945	(147,595)	271,747
Total building inspection	329,479	329,479	458,271	(128,792)	425,195
Fire					
Other services and charges	408,130	408,130	422,484	(14,354)	453,224
Total public safety	2,606,698	2,606,698	2,769,002	(162,304)	2,853,240
Streets and highways					
Streets					
Personal services	287,826	287,826	312,792	(24,966)	283,691
Supplies	242,580	242,580	192,852	49,728	176,781
Other services and charges	210,950	210,950	159,788	51,162	179,645
Total streets and highways	741,356	741,356	665,432	75,924	640,117
Sanitation and recycling					
Personal services	12,694	12,694	12,266	428	12,065
Supplies	8,395	8,395	180	8,215	320
Other services and charges	5,450	5,450	2,155	3,295	1,415
Total sanitation and recycling	26,539	26,539	14,601	11,938	13,800

City of Medina, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Continued)
For the Year Ended December 31, 2021
(With Comparative Actual Amounts for the Year Ended December 31, 2020)

	2021				2020
	Budgeted Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
Expenditures (Continued)					
Current (continued)					
Culture and recreation					
Personal services	\$ 70,642	\$ 70,642	\$ 77,971	\$ (7,329)	\$ 78,753
Supplies	34,520	34,520	26,966	7,554	11,733
Other services and charges	123,255	123,255	122,891	364	114,673
Total culture and recreation	228,417	228,417	227,828	589	205,159
Economic development					
Other services and charges	57,010	57,010	-	57,010	-
Total Current	4,899,646	4,899,646	4,826,910	72,736	4,917,361
Capital outlay					
Streets and highways	-	-	-	-	376,815
Total Expenditures	4,899,646	4,899,646	4,826,910	72,736	5,294,176
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	(44,675)	(44,675)	642,590	687,265	163,747
Other Financing Sources (Uses)					
Transfers in	227,409	227,409	272,409	45,000	220,784
Transfers out	(182,734)	(182,734)	(504,000)	(321,266)	(4,000)
Total Other Financing Sources (Uses)	44,675	44,675	(231,591)	(276,266)	216,784
Net Change in Fund Balances	-	-	410,999	410,999	380,531
Fund Balances, January 1	3,506,932	3,506,932	3,506,932	-	3,126,401
Fund Balances, December 31	\$ 3,506,932	\$ 3,506,932	\$ 3,917,931	\$ 410,999	\$ 3,506,932

City of Medina, Minnesota
Debt Service Funds
Combining Balance Sheet
December 31, 2021

	316 Hunter North Improvement Bonds 2011B	319 G.O Refunding Bonds 2020A	320 G.O. Refunding Bonds 2012B
Assets			
Cash and temporary investments	\$ -	\$ 433,580	\$ -
Receivables			
Taxes	-	6,968	-
Special assessments	-	-	-
Due from other governments	-	1,953	-
	<u>-</u>	<u>1,953</u>	<u>-</u>
Total Assets	<u>\$ -</u>	<u>\$ 442,501</u>	<u>\$ -</u>
Deferred Inflows of Resources			
Unavailable revenue - taxes	\$ -	\$ 6,968	\$ -
Unavailable revenue - special assessments	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>6,968</u>	<u>-</u>
Fund Balances			
Restricted for debt service	-	435,533	-
	<u>-</u>	<u>435,533</u>	<u>-</u>
Total Deferred Inflows of Resources and Fund Balances	<u>\$ -</u>	<u>\$ 442,501</u>	<u>\$ -</u>

321 G.O. Refunding Bonds 2013A	322 G.O. Improvement Bonds 2015A	323 G.O. Refunding Bonds 2016A	324 G.O. Refunding Improvement Bonds 2020A	Total
\$ 237,483	\$ 302,037	\$ 60,651	1,200,205	\$ 2,233,956
3,825	2,122	-	-	12,915
-	447,114	15,553	-	462,667
1,240	2,976	181	-	6,350
<u>\$ 242,548</u>	<u>\$ 754,249</u>	<u>\$ 76,385</u>	<u>\$ 1,200,205</u>	<u>\$ 2,715,888</u>
\$ 3,825	\$ 2,122	\$ -	\$ -	\$ 12,915
-	447,114	15,553	-	462,667
3,825	449,236	15,553	-	475,582
238,723	305,013	60,832	1,200,205	2,240,306
<u>\$ 242,548</u>	<u>\$ 754,249</u>	<u>\$ 76,385</u>	<u>\$ 1,200,205</u>	<u>\$ 2,715,888</u>

City of Medina, Minnesota
Debt Service Funds
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances
For the Year Ended December 31, 2021

	316 Hunter North Improvement Bonds 2011B	319 G.O Refunding Bonds 2020A	320 G.O. Refunding Bonds 2012B
Revenues			
Taxes	\$ 60,779	\$ 211,327	\$ -
Special assessments	-	-	8,084
Interest on investments	-	(2,770)	(186)
Total Revenues	<u>60,779</u>	<u>208,557</u>	<u>7,898</u>
Expenditures			
Debt service			
Principal	-	180,000	-
Interest and other charges	-	119,824	-
Total Expenditures	<u>-</u>	<u>299,824</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>60,779</u>	<u>(91,267)</u>	<u>7,898</u>
Other Financing Sources (Uses)			
Transfer in	-	53,038	70,493
Payment of refunded bonds	-	(4,880,000)	-
Transfer out	(10,991)	-	-
Total Other Financing Sources (Uses)	<u>(10,991)</u>	<u>(4,826,962)</u>	<u>70,493</u>
Net Change in Fund Balances	49,788	(4,918,229)	78,391
Fund Balances, January 1	<u>(49,788)</u>	<u>5,353,762</u>	<u>(78,391)</u>
Fund Balances, December 31	<u>\$ -</u>	<u>\$ 435,533</u>	<u>\$ -</u>

321 G.O. Refunding Bonds 2013A	322 G.O. Improvement Bonds 2015A	323 G.O. Refunding Bonds 2016A	324 G.O. Refunding Improvement Bonds 2020A	Total
\$ 134,134	\$ 58,436	\$ -	\$ -	\$ 464,676
-	74,596	9,205	891,127	983,012
(634)	-	1,075	(6,614)	(9,129)
<u>133,500</u>	<u>133,032</u>	<u>10,280</u>	<u>884,513</u>	<u>1,438,559</u>
155,000	120,000	175,000	-	630,000
7,807	33,621	13,719	1,833	176,804
<u>162,807</u>	<u>153,621</u>	<u>188,719</u>	<u>1,833</u>	<u>806,804</u>
(29,307)	(20,589)	(178,439)	882,680	631,755
94,571	-	197,800	-	415,902
-	-	-	-	(4,880,000)
-	(60,882)	-	-	(71,873)
<u>94,571</u>	<u>(60,882)</u>	<u>197,800</u>	<u>-</u>	<u>(4,535,971)</u>
65,264	(81,471)	19,361	882,680	(3,904,216)
<u>173,459</u>	<u>386,484</u>	<u>41,471</u>	<u>317,525</u>	<u>6,144,522</u>
<u>\$ 238,723</u>	<u>\$ 305,013</u>	<u>\$ 60,832</u>	<u>\$ 1,200,205</u>	<u>\$ 2,240,306</u>

City of Medina, Minnesota
Summary Financial Report
Revenues and Expenditures For General Operations
Governmental Funds
For the Years Ended December 31, 2021 and 2020

	Total		Percent Increase (Decrease)
	2021	2020	
Revenues			
Taxes	\$ 5,218,215	\$ 4,973,658	4.9 %
Licenses and permits	525,793	492,055	6.9
Intergovernmental	1,593,116	826,239	92.8
Charges for services	1,208,704	764,313	58.1
Fines and forfeitures	92,691	91,645	1.1
Special assessments	1,064,005	494,504	115.2
Interest on investments	(156,489)	320,427	(148.8)
Miscellaneous	358,907	283,201	26.7
Total Revenues	<u>\$ 9,904,942</u>	<u>\$ 8,246,042</u>	20.1 %
Per Capita	<u>\$ 1,449</u>	<u>\$ 1,215</u>	19.3 %
Expenditures			
Current			
General government	\$ 1,150,047	\$ 1,205,045	(4.6) %
Public safety	2,770,700	2,854,644	(2.9)
Streets and highways	665,432	640,117	4.0
Sanitation and recycling	14,601	13,800	5.8
Culture and recreation	302,131	252,100	19.9
Capital outlay			
General government	8,117	62,798	(87.1)
Public safety	301,401	184,107	63.7
Streets and highways	990,888	1,567,698	(36.8)
Culture and recreation	452,349	91,719	393.2
Economic development	230,126	214,525	7.3
Debt service			
Principal	630,000	2,355,000	(73.3)
Interest and other	176,804	325,882	(45.8)
Total Expenditures	<u>\$ 7,692,596</u>	<u>\$ 9,767,435</u>	(21.2) %
Per Capita	<u>\$ 1,125</u>	<u>\$ 1,439</u>	(21.8) %
Total Long-term Indebtedness	\$ 7,735,000	\$ 13,245,000	(41.6) %
Per Capita	1,131	1,951	(42.0)
General Fund Balance - December 31	\$ 3,917,931	\$ 3,506,932	11.7 %
Per Capita	573	517	10.9

The purpose of this report is to provide a summary of financial information concerning the City of Medina to interested citizens. The complete financial statements may be examined at City Hall, 2052 County Road 24, Medina, Minnesota 55340-9790. Questions about this report should be directed to the Finance Director at (763) 473-4643.

OTHER REQUIRED REPORT

CITY OF MEDINA
MEDINA, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2021

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INDEPENDENT AUDITOR'S REPORT ON MINNESOTA LEGAL COMPLIANCE

Honorable Mayor and City Council
City of Medina, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Medina, 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, and have issued our report thereon dated April 7, 2022.

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

This report is intended solely for the information and use of those charged with governance and management of the City of Medina and the State Auditor and is not intended to be, and should not be, used by anyone other than these specified parties.



Abdo
Minneapolis, Minnesota
April 7, 2022