

**City of Eden Valley
Meeker and Stearns Counties, Minnesota**

Financial Statements

December 31, 2015



**City of Eden Valley
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City of Eden Valley
Elected Officials and Administration

<u>Elected Officials</u>	<u>Position</u>	<u>Term Expires</u>
Brent Bengtson	Mayor	December 31, 2016
Janice Sheets	Council Member	December 31, 2018
Dan Thielen	Council Member	December 31, 2018
Jeff Bradshaw	Council Member	December 31, 2016
Mark Kern	Council Member	December 31, 2016
<u>Administration</u>		
Mona Haag	City Clerk/Treasurer	Appointed



Independent Auditor's Report

BerganKDV, Ltd.

Honorable Mayor and Members
of the City Council
City of Eden Valley
Eden Valley, Minnesota

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Suite 100
P.O. Box 489
Cedar Falls, IA
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Report on the Financial Statements

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the City of Eden Valley, Minnesota, as of and for the year ended December 31, 2015, and the related notes to financial statements, which collectively comprise the City's regulatory basis financial statements as listed in the Table of Contents. We have also audited the additional supplementary information as listed in the Table of Contents for the year ended December 31, 2015.

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Suite 301
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Coralville, IA
52241-0267
T 319.248.0367
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Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the regulatory basis of accounting discussed in Note 1. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Des Moines
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3800 American Blvd W
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Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

bergankdv.com



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

Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America

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

Adverse Opinion on Accounting Principles Generally Accepted in the United States of America

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America” paragraph, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the City of Eden Valley, Minnesota as of December 31, 2015, the changes in financial position, and, where applicable, cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective cash balances of each major fund and the aggregate remaining fund information of the City of Eden Valley, Minnesota, as of December 31, 2015, and the respective changes in cash balances and cash flows, where applicable, thereof for the year then ended in accordance with the regulatory basis of accounting discussed in Note 1. In addition, in our opinion, the additional supplementary information referred to in the first paragraph presents fairly, in all material respects, the accounts receivable and accounts payable balances of the City's funds as of December 31, 2015, in conformity with the regulatory basis of accounting discussed in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Eden Valley's regulatory financial statements. The combining and individual nonmajor fund financial statements 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 regulatory financial statements. Such information has been subjected to the auditing procedures applied in the audit of the regulatory financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the regulatory financial statements or to the regulatory 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 regulatory financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2016, on our consideration of the City of Eden Valley'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Eden Valley's internal control over financial reporting and compliance.

Bergan KDV, Ltd.

St. Cloud, Minnesota
March 25, 2016

REGULATORY BASIS FINANCIAL STATEMENTS

City of Eden Valley
Statement of Balances Arising from Cash Transactions -
Governmental Funds
December 31, 2015

		<u>Special Revenue</u>	<u>Capital Projects</u>
	General Fund (100)	Business Incentives (220)	HWY 22 Project (430)
	<u> </u>	<u> </u>	<u> </u>
Assets			
Cash and investments	\$ 511,827	\$ 141,027	\$ -
Due from other funds	125,135	-	-
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 636,962</u>	<u>\$ 141,027</u>	<u>\$ -</u>
 Liabilities and Cash Fund			
Balances			
Liabilities			
Due to other funds	\$ -	\$ -	\$ 118,772
 Cash fund balances			
Restricted	-	-	-
Committed	-	141,027	-
Unassigned	636,962	-	(118,772)
	<u> </u>	<u> </u>	<u> </u>
Total cash fund balances	<u>636,962</u>	<u>141,027</u>	<u>(118,772)</u>
 Total liabilities and cash fund balances			
	<u>\$ 636,962</u>	<u>\$ 141,027</u>	<u>\$ -</u>

Debt Service

2003 Improvement Bonds (310)	2012 MN HWY 22 Improvement (320)	Other Governmental Funds	Total Governmental Funds
\$ 150,729	\$ 187,315	\$ 222,852	\$ 1,213,750
-	-	-	125,135
<u>\$ 150,729</u>	<u>\$ 187,315</u>	<u>\$ 222,852</u>	<u>\$ 1,338,885</u>
\$ -	\$ -	\$ 6,363	\$ 125,135
150,729	187,315	84,364	422,408
-	-	138,488	279,515
-	-	(6,363)	511,827
<u>150,729</u>	<u>187,315</u>	<u>216,489</u>	<u>1,213,750</u>
<u>\$ 150,729</u>	<u>\$ 187,315</u>	<u>\$ 222,852</u>	<u>\$ 1,338,885</u>

City of Eden Valley
Statement of Cash Receipts, Disbursements, and
Changes in Cash Fund Balances -
Governmental Funds
Year Ended December 31, 2015

	General Fund (100)	<u>Special Revenue</u> Business Incentives (220)	<u>Capital Projects</u> HWY 22 Project (430)
Receipts			
General property taxes	\$ 406,904	\$ -	\$ -
Tax increments	-	-	-
Special assessments	-	-	-
Licenses and permits	10,750	-	-
Intergovernmental	334,870	-	-
Charges for service	71,674	-	-
Fines and forfeitures	3,466	-	-
Investment earnings	9,970	1,635	2
Miscellaneous:			
Refunds and reimbursements	36,903	17,153	-
Donations and contributions	12,670	-	-
Other	42,366	9,452	-
Total receipts	<u>929,573</u>	<u>28,240</u>	<u>2</u>
Disbursements			
Current			
General government	228,670	-	-
Public safety	290,620	-	-
Public works	229,207	-	25,319
Culture and recreation	28,361	-	-
Economic development	-	4,017	-
Debt service			
Principal	46,261	-	-
Interest and other charges	17,370	-	-
Capital outlay			
Public safety	4,014	-	-
Public works	-	-	28,256
Culture and recreation	9,385	-	-
Economic development	-	-	-
Total disbursements	<u>853,888</u>	<u>4,017</u>	<u>53,575</u>
Excess of receipts over (under) disbursements	75,685	24,223	(53,573)
Other Financing Sources (Uses)			
Bond issuance	-	-	11,565
Transfers In	-	-	-
Transfers Out	(56,334)	-	-
Total other financing sources (uses)	<u>(56,334)</u>	<u>-</u>	<u>11,565</u>
Net change in cash fund balances	19,351	24,223	(42,008)
Cash Fund Balances			
Beginning of year	<u>617,611</u>	<u>116,804</u>	<u>(76,764)</u>
End of year	<u>\$ 636,962</u>	<u>\$ 141,027</u>	<u>\$ (118,772)</u>

Debt Service			
2003 Improvement Bonds (310)	2012 MN HWY 22 Improvement (320)	Other Governmental Funds	Total Governmental Funds
\$ 5,126	\$ 58,331	\$ 12,350	\$ 482,711
-	-	9,097	9,097
18,056	59,419	4,480	81,955
-	-	-	10,750
-	-	-	334,870
-	-	-	71,674
-	-	-	3,466
2,037	26	63	13,733
-	-	384	54,440
-	-	76,168	88,838
-	-	70,645	122,463
<u>25,219</u>	<u>117,776</u>	<u>173,187</u>	<u>1,273,997</u>
-	-	-	228,670
-	-	-	290,620
-	-	-	254,526
-	-	31,844	60,205
-	-	74,969	78,986
35,000	-	40,000	121,261
6,802	33,680	9,404	67,256
-	-	-	4,014
-	-	-	28,256
-	-	-	9,385
-	-	157	157
<u>41,802</u>	<u>33,680</u>	<u>156,374</u>	<u>1,143,336</u>
(16,583)	84,096	16,813	130,661
-	-	-	11,565
-	-	65,834	65,834
-	-	-	(56,334)
<u>-</u>	<u>-</u>	<u>65,834</u>	<u>21,065</u>
(16,583)	84,096	82,647	151,726
<u>167,312</u>	<u>103,219</u>	<u>133,842</u>	<u>1,062,024</u>
<u>\$ 150,729</u>	<u>\$ 187,315</u>	<u>\$ 216,489</u>	<u>\$ 1,213,750</u>

City of Eden Valley
Statement of Balances Arising from Cash Transactions -
Proprietary Funds
December 31, 2015

	Enterprise Funds			Total
	Water (510)	Sewer (520)	Senior Housing (530)	
Assets				
Cash and investments	\$ 304,753	\$ 332,483	\$ 27,948	\$ 665,184
Net cash position				
Unrestricted	\$ 304,753	\$ 332,483	\$ 27,948	\$ 665,184

City of Eden Valley
Statement of Receipts, Disbursements, and
Changes in Net Cash Position - Proprietary Funds
December 31, 2015

	Enterprise Funds			Total
	Water (510)	Sewer (520)	Senior Housing (530)	
Operating receipts				
Charges for services	\$ 339,639	\$ 157,191	\$ 122,794	\$ 619,624
Connection fees	4,745	-	-	4,745
Miscellaneous operating revenues	2,849	6,647	-	9,496
Total operating receipts	<u>347,233</u>	<u>163,838</u>	<u>122,794</u>	<u>633,865</u>
Operating disbursements				
Salaries and benefits	58,334	43,715	6,421	108,470
Operating supplies	15,249	2,688	1,764	19,701
Repairs and maintenance	19,281	3,623	18,141	41,045
Professional services	8,760	16,816	16,263	41,839
Utilities	19,004	8,455	13,821	41,280
Miscellaneous expenses	16,555	11,500	8,140	36,195
Total operating disbursements	<u>137,183</u>	<u>86,797</u>	<u>64,550</u>	<u>288,530</u>
Excess of operating receipts over operating disbursements	210,050	77,041	58,244	345,335
Nonoperating receipts (disbursements)				
Investment income	1,827	4,219	14	6,060
Other	2,020	8,737	4,882	15,639
Interest expense	(32,034)	(15,338)	(9,334)	(56,706)
Total nonoperating receipts (disbursements)	<u>(28,187)</u>	<u>(2,382)</u>	<u>(4,438)</u>	<u>(35,007)</u>
Net income before debt and other items	181,863	74,659	53,806	310,328
Debt principal	(165,000)	(51,000)	(47,000)	(263,000)
Transfers out	<u>-</u>	<u>(9,500)</u>	<u>-</u>	<u>(9,500)</u>
Change in net cash position	16,863	14,159	6,806	37,828
Net cash position				
Beginning of year	<u>287,890</u>	<u>318,324</u>	<u>21,142</u>	<u>627,356</u>
End of year	<u>\$ 304,753</u>	<u>\$ 332,483</u>	<u>\$ 27,948</u>	<u>\$ 665,184</u>

City of Eden Valley
Statement of Cash Flows - Cash Basis -
Proprietary Funds
December 31, 2015

	<u>Water (510)</u>	<u>Sewer (520)</u>	<u>Senior Housing (530)</u>	<u>Total</u>
Cash Flows - Operating Activities				
Receipts from customers	\$ 261,622	\$ 163,838	\$ 122,794	\$ 548,254
Payments to suppliers	(78,849)	(43,082)	(58,129)	(180,060)
Payments to employees	(58,334)	(43,715)	(6,421)	(108,470)
Net cash flows - operating activities	<u>124,439</u>	<u>77,041</u>	<u>58,244</u>	<u>259,724</u>
Cash Flows - Noncapital Financing Activities				
Miscellaneous revenue	2,020	8,737	4,882	15,639
Transfers to other funds	<u>-</u>	<u>(9,500)</u>	<u>-</u>	<u>(9,500)</u>
Net cash flows - noncapital financing activities	<u>2,020</u>	<u>(763)</u>	<u>4,882</u>	<u>6,139</u>
Cash Flows - Capital and Related Financing Activities				
Loan repayment proceeds	71,500	-	-	71,500
Principal paid on capital debt	(165,000)	(51,000)	(47,000)	(263,000)
Interest paid on capital debt	<u>(17,923)</u>	<u>(15,338)</u>	<u>(9,334)</u>	<u>(42,595)</u>
Net cash flows - capital and related Financing activities	<u>(111,423)</u>	<u>(66,338)</u>	<u>(56,334)</u>	<u>(234,095)</u>
Cash Flows - Investing Activities				
Interest and dividends	<u>1,827</u>	<u>4,219</u>	<u>14</u>	<u>6,060</u>
Net change in cash and cash equivalents	16,863	14,159	6,806	37,828
Cash and Cash Equivalents				
Beginning of year	<u>287,890</u>	<u>318,324</u>	<u>21,142</u>	<u>627,356</u>
End of year	<u>\$ 304,753</u>	<u>\$ 332,483</u>	<u>\$ 27,948</u>	<u>\$ 665,184</u>

**City of Eden Valley
Statement of Fiduciary Net Position
December 31, 2015**

	<u>Liquor Trust</u>
Assets	
Current	
Cash and investments	\$ 227,890
Net position	
Held in trust for benefits and other purposes	\$ 227,890

**Statement of Changes in Fiduciary Net Position
Year Ended December 31, 2015**

	<u>Liquor Trust</u>
Additions	
Investment interest	\$ 3,746
Change in net position	3,746
Net position	
Beginning of year	224,144
End of year	\$ 227,890

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City of Eden Valley
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Eden Valley is a statutory city governed by an elected mayor and four council members. The accompanying financial statements present the government entities for which the government is considered to be financially accountable.

The financial statements present the City and its component units. The City includes all funds, account groups, organizations, institutions, agencies, departments, and offices that are not legally separate from such. Component units are legally separate organizations for which the elected officials of the City are financially accountable and are included within the regulatory financial statements of the City because of the significance of their operational or financial relationships with the City.

The City is considered financially accountable for a component unit if it appoints a voting majority of the organization's governing body and it is able to impose its will on the organization by significantly influencing the programs, projects, activities or level of services performed or provided by the organization or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on, the City.

As a result of applying the component unit definition criteria above, the following organization has been defined and is presented in this report as follows:

Blended Component Units – Reported as if they were part of the City.

For the above category, the specific entity is identified as follows:

1. Blended Component Unit

The Eden Valley Economic Development Authority (EDA) is a legal entity separate from the City. Although legally separate, the Eden Valley EDA is reported as if it were part of the primary government because it provides services exclusively for the City. Separate financial statements are not prepared for the Eden Valley EDA.

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

The accounts of the City are maintained and the accompanying financial statements have been prepared, on a regulatory basis of accounting prescribed by the Minnesota Office of the State Auditor. The regulatory basis of accounting is defined in the *Reporting and Publishing Requirements for City Audited Financial Statements for Cities Under 2,500 in Population Reporting on the Cash or Regulatory Basis of Accounting* issued by the State of Minnesota Office of the State Auditor on December 17, 2004. The regulatory basis allows revenues to be recognized when received rather than when earned, and expenditures to be recognized when paid rather than when the obligations are incurred.

Major proprietary funds are reported on an accrual basis of accounting in a separate report.

**City of Eden Valley
Notes to Financial Statements**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Description of Funds:

Major Governmental Funds:

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

Business Incentives Special Revenue Fund – This fund accounts for all the activity relating to the business loan program. It is funded by loan repayments.

HWY 22 Project Fund – This Fund is a Capital Project Fund and accounts for all of the activity related to the Highway 22 project.

2003 Improvement Bonds Debt Service Fund – This fund accounts for the debt associated with the 2003 improvement project.

2012 MN HWY 22 Improvement Debt Service Fund – This fund accounts for the debt associated with the 2012 improvement project.

Proprietary Funds:

Water Fund – This Fund accounts for the operations of the City's water utility.

Sewer Fund – This Fund accounts for the operations of the City's sewer utility.

Senior Housing – This Fund accounts for the activities and operation of the City's senior housing facility.

Fiduciary Fund:

Liquor Trust – This Fund is used to account for the proceeds received from the sale of the Municipal liquor store.

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 proprietary funds repairs and maintenance are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

City of Eden Valley
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

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. Further, the City applies unrestricted funds in this order if various levels of unrestricted fund balances exist: committed, assigned and unassigned.

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

C. Cash, Cash Equivalents 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.

Minnesota Statutes authorizes the City to invest in obligations of the U.S. Treasury, agencies and instrumentalities, shares of investment companies whose only investments are in the aforementioned securities, obligations of the State of Minnesota or its municipalities, bankers' acceptances, future contracts, repurchase and reverse repurchase agreements and commercial paper of the highest quality with a maturity of no longer than 270 days and in the Minnesota Municipal Investment Pool. Investments are stated at fair value.

The Minnesota Municipal Investment Pool (4M Fund) is an external investment pool not registered with the Securities Exchange Commission (SEC) that follows the same regulatory rules of the SEC under Rule 2.a.7. The fair value of the position in the pool is the same as the value of the pool shares.

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 adopted a deposit policy to address custodial risk for deposits that matches *Minnesota Statutes* requirement that deposits are collateralized at 110% of excess over Federal Deposit Insurance Corporation (FDIC) insurance.

The City has a formal deposit and investment policy to address the following risks:

Interest Rate Risk: This is the risk that correlates with managing exposure to fair value arising from increasing interest rates. The City's policy manages this by giving guidance on the safety of investing and managing the liquidity of the portfolio.

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 policy limits investments to shares of the 4M Fund, direct obligations of the Department of the Treasury of the U.S Government and federal agency issues which are guaranteed by the U.S Government or its agencies as to principal and interest and general obligations of the State of Minnesota and local governments with taxing powers, which is rated A or better by a nation bond rating service, provided no single issue exceeds \$200,000 with maturities not exceeding seven years.

City of Eden Valley
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Cash, Cash Equivalents and Investments (Continued)

Concentration of Credit Risk: This is the risk that limits the amount the City may invest in any one issuer. The City's investment policy states investments shall be diversified to minimize credit risk; specifically, no more than 5% of the investment portfolio will be invested in the securities of a single issuer.

Custodial Credit Risk – Investments: For an investment, this is the risk that in the event of the failure of the counter party, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires all investments to be insured.

D. Property Tax Collection Calendar

The City levies its property tax for the subsequent year during the month of December. December 28 is the last day the City can certify a tax levy to the County Auditors for collection the following year. The property tax is recorded as revenue when it is available. Meeker County and Stearns County are the collecting agencies for the levy and remits the collections to the City three times a year. The tax levy notice is mailed in March with the first half of the payment due on May 15 and the second half due on October 15.

The County Auditors prepare the tax list for all taxable property in the City, applying the applicable tax rate to the tax capacity of individual properties, to arrive at the actual tax for each property. The County Auditors also collect all special assessments, except for certain prepayments paid directly to the City.

The County Auditors submit the list of taxes and special assessments to be collected on each parcel of property to the County Treasurers in January of each year.

E. Vacation and Sick Leave

The City compensates employees who either retire or terminate for 100% of their accumulated unused vacation pay, and 50% of sick leave for this who have been employed for more than 15 years. As of December 31, 2015, the total liability for unused vacation and sick pay was approximately \$25,583.

F. Use of Estimates

The preparation of financial statements in conformity with the regulatory basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and disbursements during the reporting period. Actual results could differ from those estimates.

G. Cash Fund Balances

1. Classification

In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in those funds can be spent.

**City of Eden Valley
Notes to Financial Statements**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Cash Fund Balances (Continued)

1. Classification (Continued)

- Restricted Fund Balance – These are amounts that are restricted to specific purposes either by a) constraints placed on the use of resources by creditors, grantors, contributors or laws or regulations of other governments or b) imposed by law through enabling legislation.
- Committed Fund Balance – These are amounts that can only be used for specific purposes pursuant to constraints imposed by the City Council (highest level of decision making authority) through resolution.
- Assigned Fund Balance – These are amounts that are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed. Assignments are made by the City's Clerk/Treasurer based on the City Council's direction.
- Unassigned Fund Balance – These are residual amounts in the General Fund not reported in any other classification. The General Fund is the only fund that can report a positive unassigned fund balance. Other funds would report a negative unassigned fund balance should the total of nonspendable, restricted and committed fund balances exceed the total net resources of that fund.

If resources from more than one fund balance classification could be spent, the City will strive to spend resources from fund balance classifications in the following order, first to last: restricted, committed, assigned, and unassigned.

2. Minimum Fund Balance

The City strives to maintain a General Fund unassigned fund balance of 6 months of operating expenses.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

1. In September of each year, City staff submits to the City Council, a proposed operating budget for the year commencing the following January 1. The operating budget includes proposed disbursements and the means of financing them for the upcoming year.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is legally enacted through passage of a resolution after obtaining taxpayer comments.
4. Budgets are adopted on a basis consistent with the regulatory basis of accounting.
5. Disbursements may not legally exceed budgeted appropriations at the fund level. No fund's budget can be increased without City Council approval. The City Council may authorize the transfer of budgeted amounts between departments within any fund. Management may amend budgets within a fund level, so long as the total fund budget is not changed.
6. Annual appropriated budgets are adopted during the year for the General, Enterprise, and most Special Revenue Funds.
7. Budgeted amounts are as originally adopted or as amended by the City Council. No amendments were made to the budget in 2015. Budgeted disbursement appropriations lapse at year-end.

City of Eden Valley
Notes to Financial Statements

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

B. Fund Balance Deficits

The following Funds had deficit cash fund balances at December 31, 2015:

Hwy 22 project	\$ (118,772)
Nonmajor funds:	
Hawks Athletic Field	(5,000)
Lions Park	(1,363)

NOTE 3 – DEPOSITS AND INVESTMENTS

A. Deposits

As of December 31, 2015, the City's bank balance was not exposed to custodial credit risk because the balance was insured through the FDIC with collateral pledged by the depository for amounts exceeding FDIC coverage.

As of December 31, 2015, the City had deposits as follows:

Checking	<u><u>\$ 188,630</u></u>
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B. Investments

As of December 31, 2015, the City had the following investments:

Investment Type	Fair Value	Investment Maturities				Ratings
		1 Year or Less	1-2 Years	3-5 Years	6-10 Years	
Pooled:						
Brokered certificate of deposits	\$ 1,240,852	\$ 162,229	\$ 300,739	\$ 557,750	\$ 220,134	N/A
Brokered money market	113,444	113,444	-	-	-	AAA
4M money market	416,490	416,490	-	-	-	N/A
Total pooled investments:	1,770,786	692,163	300,739	557,750	220,134	
Capital projects non-pooled:						
4M money market	147,108	147,108	-	-	-	N/A
Total	<u><u>\$ 1,917,894</u></u>	<u><u>\$ 839,271</u></u>	<u><u>\$ 300,739</u></u>	<u><u>\$ 557,750</u></u>	<u><u>\$ 220,134</u></u>	
	Maturity	Maximum Investments				
	1 Year or Less	44%				
	1-2 Years	16%				
	3-5 Years	29%				
	6-10 Years	11%				

City of Eden Valley
Notes to Financial Statements

NOTE 3 – DEPOSITS AND INVESTMENTS

B. Investments

Concentration of Credit Risk: The City was exposed to this risk as the following certificates of deposits exceeded 5% of total investments: GE Cap Finl Inc Retail, Capital One Bank Glen Allen, State Bank of India, Midfirst Bank, World Financial Network Bank, Amex Centurion, Goldman Sachs, Sallie Mae, Synchrony BK, Salt Lake City, and JP Morgan Chase Bank.

C. Deposits and Investments

Cash and investments are classified in the December 31, 2015, regulatory basis financial statements as listed below and on the following page:

Petty cash	\$	300
Total deposits		188,630
Total investments		<u>1,917,894</u>
Total deposits and petty cash		<u><u>\$ 2,106,824</u></u>
Statement of balances arising from		
cash transactions - governmental funds:		
Cash and investments	\$	1,213,750
Statement of balances arising from		
cash transactions - proprietary funds:		
Cash and investments		665,184
Statement of fiduciary net position:		
Cash and investments		<u>227,890</u>
Total cash and investments		<u><u>\$ 2,106,824</u></u>

**City of Eden Valley
Notes to Financial Statements**

NOTE 4 – INTERFUND BALANCES AND TRANSFERS

A. Interfund Assets/Liabilities

At December 31, 2015, due from/to other funds for the City were as follows:

<u>Fund Type and Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General fund	\$ 125,135	\$ -
Hwy 22 project	-	118,772
Other governmental funds	-	6,363
Total	<u>\$ 125,135</u>	<u>\$ 125,135</u>

The above interfund transactions were to cover deficit cash balances and will be repaid as funds become available.

B. Interfund Transfers

For the year ended December 31, 2015, interfund transfers were included in the following Funds:

	<u>Transfers In Nonmajor Governmental Funds</u>
Transfers out:	
General fund	\$ 56,334
Sewer fund	9,500
Total	<u>\$ 65,834</u>

The purpose of the transfers was for debt service payments, reimbursement for project costs, setting up new capital project funds, and in accordance with fire contract agreements.

NOTE 5 – LONG-TERM PAYABLE

The City currently has a long-term payable to the Sauk River Watershed District for \$15,000. This payable is to pay costs for a project that was not completed at the City. The payable began in 2011 and is payable over 10 years, with annual payments of \$3,000. Interest is being paid at 3.5%, or an annual interest payment of \$105.

City of Eden Valley
Notes to Financial Statements

NOTE 6 – LONG-TERM DEBT

A. Bonds Payable

	<u>Issue Year</u>	<u>Interest Rates</u>	<u>Original Issue</u>	<u>Final Maturity</u>	<u>Principal Outstanding</u>	<u>Due Within One Year</u>
Long-Term Liabilities:						
Governmental Activities:						
General Obligation (G.O.)						
Bonds, Including Refunding Bonds:						
G.O. Improvement Bonds of 2003	2003	1.70%-4.10%	\$ 560,000	2019	\$ 140,000	\$ 35,000
G.O. Improvement Bonds of 2007	2007	4.3%	215,000	2018	75,000	25,000
G.O. Improvement Bonds of 2013B	2013	1.40% - 4.00%	1,050,000	2035	<u>1,050,000</u>	<u>40,000</u>
Total G.O. Bonds, Including Refunding Bonds					1,265,000	100,000
Stearns Electric Loan	2007	0.00%	360,000	2016	36,000	36,000
USDA Rural Development Loan	2009	4.50%	400,000	2049	<u>374,882</u>	<u>4,870</u>
Total Loans					410,882	40,870
G.O. Equipment Certificate	2013	3.25%	175,000	2023	<u>140,000</u>	<u>20,000</u>
Total Governmental Activities Liabilities					<u>1,815,882</u>	<u>160,870</u>
Enterprise Funds:						
G.O. Housing Development Revenue						
Refunding Bonds 2013C	2013	2.60%	406,000	2021	312,000	49,000
PFA G.O. Water Revenue Note/DWRF Loan	1999	3.16%	1,881,057	2020	592,000	111,000
PFA G.O. Water Revenue Note/DWRF Loan	2000	2.32%	644,890	2021	228,000	36,000
PFA G.O. Water Revenue Note/DWRF Loan	2009	1.00%	286,461	2029	207,000	14,000
PFA G.O. Sewer Revenue Note/CWRF Loan	2009	1.74%	660,457	2029	480,000	31,000
PFA Drinking Water Forgivable Grant	2013	0.00%	697,316	2033	697,316	-
PFA G.O. Water Revenue Note/DWRF Loan	2013	1.00%	174,329	2033	159,000	8,000
PFA G.O. Sewer Revenue Note/CWRF Loan	2013	1.46%	470,625	2033	<u>433,000</u>	<u>21,000</u>
Total Enterprise Fund Bonds					<u>3,108,316</u>	<u>270,000</u>
Total all Long-Term Liabilities					<u>\$ 4,924,198</u>	<u>\$ 430,870</u>

On September 11, 2013, the City received a PFA Drinking Water Forgivable Grant that is not required to be repaid by the City except if conditions of the agreement are not met. At December 31, 2015, the City had expended the full grant. Since the City anticipates that this debt will be forgiven, it is not included in the amortization schedules.

On September 11, 2013, the City issued a \$174,329 G.O. Water Revenue Note through the Minnesota Public Facilities Authority (PFA). At December 31, 2015, the City had fully expended the PFA Drinking Water Revolving Loan.

On September 11, 2013, the City issued a \$470,625 G.O. Sewer Revenue Note through the Minnesota PFA. At December 31, 2015, the City had fully expended the PFA Clean Water Revolving Loan.

**City of Eden Valley
Notes to Financial Statements**

NOTE 6 – LONG-TERM DEBT (CONTINUED)

A. Bonds Payable (Continued)

The following is a summary of bonds payable transactions of the City for the year ended 2015:

	Beginning Balance	Increases	Decreases	Ending Balance
G. O. special assessment bonds	\$ 1,320,000	\$ -	\$ (55,000)	\$ 1,265,000
G. O. revenue bonds	359,000	-	(47,000)	312,000
Stearns electric loan	72,000	-	(36,000)	36,000
USDA rural development loan	379,542	-	(4,660)	374,882
Equipment certificates	160,000	-	(20,000)	140,000
Pfa forgivable grant	697,316	-	-	697,316
PFA G. O. Revenue notes/loans	<u>2,303,434</u>	<u>11,566</u>	<u>(216,000)</u>	<u>2,099,000</u>
 Total long-term liabilities	 <u>\$ 5,291,292</u>	 <u>\$ 11,566</u>	 <u>\$ (378,660)</u>	 <u>\$ 4,924,198</u>

B. Bonds, Certificates, and Loans Payable

The annual requirements to amortize all long-term debt outstanding are as follows:

Year Ending December 31,	Special Assessment Bonds			Stearns Electric Loan	USDA Rurual Development Loan		
	Principal	Interest	Total	Principal	Principal	Interest	Total
2016	\$ 100,000	\$ 40,505	\$ 140,505	\$ 36,000	\$ 4,870	\$ 16,870	\$ 21,740
2017	100,000	37,230	137,230	-	5,089	16,651	21,740
2018	100,000	34,040	134,040	-	5,318	16,422	21,740
2019	80,000	31,405	111,405	-	5,557	16,183	21,740
2020	45,000	29,855	74,855	-	5,807	15,933	21,740
2021-2025	235,000	132,485	367,485	-	33,200	75,500	108,700
2026-2030	275,000	92,340	367,340	-	41,374	67,326	108,700
2031-2035	330,000	34,000	364,000	-	51,559	57,141	108,700
2036-2040	-	-	-	-	64,252	44,448	108,700
2041-2045	-	-	-	-	80,070	28,630	108,700
2046-2049	-	-	-	-	77,786	8,929	86,715
 Total	 <u>\$ 1,265,000</u>	 <u>\$ 431,860</u>	 <u>\$ 1,696,860</u>	 <u>\$ 36,000</u>	 <u>\$ 374,882</u>	 <u>\$ 364,033</u>	 <u>\$ 738,915</u>

City of Eden Valley
Notes to Financial Statements

NOTE 6 – LONG-TERM DEBT

Bonds, Certificates, and Loans Payable (Continued)

Year Ended December 31,	Revenue Bonds			PFA Note		
	Principal	Interest	Total	Principal	Interest	Total
2016	\$ 49,000	\$ 8,112	\$ 57,112	\$ 221,000	\$ 42,484	\$ 263,484
2017	50,000	6,838	56,838	227,000	37,074	264,074
2018	51,000	5,538	56,538	232,000	31,483	263,483
2019	53,000	4,212	57,212	236,000	25,771	261,771
2020	54,000	2,834	56,834	242,000	19,917	261,917
2021-2025	55,000	1,430	56,430	449,000	54,077	503,077
2026-2030	-	-	-	383,000	22,464	405,464
2031-2033	-	-	-	109,000	2,946	111,946
Total	<u>\$ 312,000</u>	<u>\$ 28,964</u>	<u>\$ 340,964</u>	<u>\$ 2,099,000</u>	<u>\$ 236,216</u>	<u>\$ 2,335,216</u>

Year Ended December 31,	G.O. Equipment Certificate		
	Principal	Interest	Total
2016	\$ 20,000	\$ 4,550	\$ 24,550
2017	20,000	3,900	23,900
2018	20,000	3,250	23,250
2019	20,000	2,600	22,600
2020	20,000	1,950	21,950
2021-2022	40,000	1,950	41,950
Total	<u>\$ 140,000</u>	<u>\$ 18,200</u>	<u>\$ 158,200</u>

The General Fund is responsible for the liquidation of the Stearns Electronic Loan, G.O. Equipment Certificate and the USDA Rural Development Loan, and the general government Debt Service Funds will pay for the outstanding principal and interest on the special assessment bonds. The Water and Sewer Funds are responsible for payment of their respective Public Facilities Authority (PFA) loans and the Senior Housing Fund is responsible for paying the revenue bond liability.

**City of Eden Valley
Notes to Financial Statements**

NOTE 7 – RECEIVABLES

A. Notes Receivable

Notes, loans, and lease receivables at December 31, 2015, are as follows:

Eden Valley Veterinary Services Promissory Note:		
\$50,000 promissory note, due in monthly installments of \$530 through November 2018, with a final payment of \$556 payment December 2018, interest at 5%	\$	17,734
Thielen Machine and Welding		
\$15,000 promissory note, due in monthly installments of \$159 through March 2017, with a balloon payment of \$8,554 due April 2017, interest at 5%		8,842
Total notes receivable	\$	26,576

B. Long-Term Receivable

Loans receivable at December 31, 2015, is due from the City of Watkins, Minnesota, for their share of PFA water system improvements. The receivable scheduled maturity is half of the underlying 1999 and 2000 PFA debt obligations listed in Note 6. The balance at December 31, 2015, was \$410,000, and \$71,500 was collected on the Receivable in 2015.

NOTE 8 – FUND BALANCE DETAIL

Fund equity balances are classified as follows on the chart below to reflect the limitations and restrictions of the respective funds.

	General	Business Incentives	HWY 22 Project	2003 Improvement Bonds	2012 MN HWY Improvement	Nonmajor Governmental Fund	Total
Restricted:							
Police Department	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,614	\$ 2,614
Housing Rehabilitation	-	-	-	-	-	12,847	12,847
Tax Increment Financing	-	-	-	-	-	3,816	3,816
Park Development	-	-	-	-	-	6,158	6,158
Debt Service	-	-	-	150,729	187,315	58,929	396,973
Committed:							
Economic Development	-	141,027	-	-	-	-	141,027
Valley Daze Celebration	-	-	-	-	-	198	198
Community Development	-	-	-	-	-	3,726	3,726
Capital Projects	-	-	-	-	-	134,564	134,564
Unassigned	636,962	-	(118,772)	-	-	(6,363)	511,827
Total	\$ 636,962	\$ 141,027	\$ (118,772)	\$ 150,729	\$ 187,315	\$ 216,489	\$ 1,213,750

City of Eden Valley
Notes to Financial Statements

NOTE 9 – RISK MANAGEMENT

The City is exposed to various risk of loss related to torts: theft of, damage to and destruction of assets, errors, and omissions, injuries to employees and natural disasters. In order to protect against these risks of loss, the City purchases commercial insurance through the League of Minnesota Cities Insurance Trust (LMCIT), which is a public entity risk pool. This pool currently operates common risk management and insurance programs for municipal entities. The City pays an annual premium to the LMCIT for its insurance coverage. The LMCIT is self-sustaining through commercial companies for excess claims. The City is covered through the pool for any claims incurred but unreported, however, retains risk for the deductible portion of its insurance policies. The amounts of these deductibles are considered immaterial to the financial statements.

The City's workers' compensation insurance policy is retrospectively rated. With this type of policy, final premiums are determined after loss experience, workers' compensation rates and salaries are known for the year. The final premium adjustment was recorded in the year the adjustment was made.

During the year ended December 31, 2015, there were no significant reductions in insurance coverage from the prior year. Settled claims have not exceeded the City's commercial coverage in any of the past three years.

NOTE 10 – PENSION PLANS

Public Employees' Retirement Association

A. Plan Description

All full-time and certain part-time employees of the City of Eden Valley, Minnesota, are covered by defined benefit plans administered by the Public Employees' Retirement Association of Minnesota (PERA). PERA administers the General Employees' Retirement Fund (GERF) and the Public Employees' Police and Fire Fund (PEPFF), which are cost-sharing, multiple-employer retirement plans. These Plans are established and administered in accordance with *Minnesota Statutes* Chapters 353 and 356.

GERF members belong to either the Coordinated or Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan. All police officers, firefighters, and peace officers who qualify for membership by statute are covered by PEPFF.

PERA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by state statute and vest after 5 years of credited service. The defined retirement benefits are based on a member's highest average salary for any 5 successive years of allowable service, age, and years of credit at termination of service.

**City of Eden Valley
Notes to Financial Statements**

NOTE 10 – PENSION PLANS

Public Employees' Retirement Association

A. Plan Description (Continued)

Two methods are used to compute benefits for PERA's Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2% of average salary for each of the first ten years of service and 2.7% for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2% of average salary for each of the first ten years and 1.7% for each remaining year. Under Method 2, the annuity accrual rate is 2.7% of average salary for Basic Plan members and 1.7% for Coordinated Plan members for each year of service. For PEPFF members, the annuity accrual rate is 3.0% for each year of service. For all GERF and PEPFF members hired prior to July 1, 1989, whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90. Normal retirement age is 55 for PEPFF members and 65 for Basic and Coordinated Plan members hired prior to July 1, 1989. Normal retirement age is the age for unreduced Social Security benefits capped at 66 for Coordinated Plan members hired on or after July 1, 1989. A reduced retirement annuity is also available to eligible members seeking early retirement.

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

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

PERA issues a publicly available financial report that includes financial statements and required supplementary information for GERF and PEPFF. That report may be obtained on the Internet at www.mnpera.org, by writing to PERA at 60 Empire Drive, #200, St. Paul, Minnesota 55103-2088 or by calling (651) 296-7460 or (800) 652-9026.

B. Funding Policy

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. These Statutes are established and amended by the State Legislature. The City makes annual contributions to the pension plans equal to the amount required by state statutes. GERF Basic Plan members and Coordinated Plan members were required to contribute 9.1% and 6.5%, respectively, of their annual covered salary in 2015. PEPFF members were required to contribute 10.8% of their annual covered salary in 2015. In 2015, the City was required to contribute the following percentages of annual covered payroll: 11.78% for Basic Plan members, 7.5% for Coordinated Plan members and 16.2% for PEPFF members. The City's contributions to the Public Employees' Retirement Fund for the years ending December 31, 2015, 2014 and 2013 were \$13,238, \$12,122, and \$12,236, respectively. The City's contribution to the PEPFF for the years ended December 31, 2015, 2014 and 2013 were \$14,211, \$12,543, and \$10,865, respectively.

**City of Eden Valley
Notes to Financial Statements**

NOTE 10 – PENSION PLANS

Defined Contribution Plan – PERA

4 Council Members, the Mayor of the City and 19 volunteer rescue squad members are covered by the Public Employee's Defined Contribution Plan (PEDCP), a multiple-employer deferred compensation plan administered by PERA. The PEDCP is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. Minnesota Statutes, Chapter 353D.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5% of salary which is matched by the elected official's employer. For ambulance service personnel, employer contributions are determined by the employer, and for salaried employees must be a fixed percentage of salary. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in 1 or more of the 7 accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2% of employer contributions and twenty-five hundredths of 1% (.0025) of the assets in each member's account annually.

Total contributions made by the City for elected officials during 2015 were:

<u>Contribution Amount</u>		<u>Percentage of Covered Payroll</u>		<u>Required Rates</u>
<u>Employee</u>	<u>Employer</u>	<u>Employee</u>	<u>Employer</u>	
\$ 311	\$ 311	5.0%	5.0%	5.0%

Total contributions made by the City for the volunteer rescue squad during fiscal year 2015 were:

<u>Contribution Amount</u>		<u>Percentage of Covered Payroll</u>		<u>Total Required Rate</u>
<u>Employee</u>	<u>Employer</u>	<u>Employee</u>	<u>Employer</u>	
\$ 4,050	\$ 6,300	36.3%	56.5%	At least 7.5%

NOTE 11 – COMMITMENT

The City entered into a contract with Kuechle Underground, Inc., for the construction of underground water and sewer lines, and road reconstruction. The project was approved for \$3,093,391 and the remaining commitment on the contract is \$87,881.

City of Eden Valley
Notes to Financial Statements

NOTE 12 – NEW STANDARDS ISSUED BUT NOT YET IMPLEMENTED

GASB has issued GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. The new statement requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information (RSI) about OPEB liabilities.

**COMBINING AND INDIVIDUAL FUND FINANCIAL
STATEMENTS AND SCHEDULES**

City of Eden Valley
Schedule of Receipts, Disbursements, and Changes
in Cash Fund Balances - Budget and Actual -
General Fund
Year Ended December 31, 2015

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
Receipts			
Taxes			
Property taxes	\$ 383,500	\$ 406,904	\$ 23,404
Licenses and permits	10,350	10,750	400
Intergovernmental			
State grants and aids:			
Local government aid	282,867	282,867	-
Market value credit	-	504	504
Police and fire relief aid	21,500	29,698	8,198
Pera aid	703	703	-
Other aids and grants	500	21,098	20,598
Total intergovernmental	<u>305,570</u>	<u>334,870</u>	<u>29,300</u>
Charges for services			
General government	9,700	7,197	(2,503)
Public safety:			
Public safety fire protection	68,550	64,477	(4,073)
Total charges for services	<u>78,250</u>	<u>71,674</u>	<u>(6,576)</u>
Fines and forfeitures	1,650	3,466	1,816
Investment earnings	5,000	9,970	4,970
Miscellaneous revenue			
Refunds and reimbursements	33,320	36,903	3,583
Donations and contributions	4,000	12,670	8,670
Other	8,050	42,366	34,316
Total miscellaneous revenue	<u>45,370</u>	<u>91,939</u>	<u>46,569</u>
Total receipts	<u>829,690</u>	<u>929,573</u>	<u>99,883</u>
Disbursements			
General government			
Mayor and council:			
Current	13,685	13,933	248
Clerk/treasurer:			
Current	91,175	90,589	(586)

City of Eden Valley
Schedule of Receipts, Disbursements, and Changes
in Cash Fund Balances - Budget and Actual -
General Fund
Year Ended December 31, 2015

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
Disbursements (Continued)			
General government (continued)			
Elections:			
Current	\$ 500	\$ 408	\$ (92)
Assessor:			
Current	6,200	5,816	(384)
Audit and accounting:			
Current	11,300	12,625	1,325
Legal:			
Current	10,000	1,128	(8,872)
Planning and zoning:			
Current	10,760	9,095	(1,665)
Other general government:			
Current	94,440	95,076	636
Total general government	<u>238,060</u>	<u>228,670</u>	<u>(9,390)</u>
Public safety			
Police protection:			
Current	158,215	162,046	3,831
Fire:			
Current	130,775	127,045	(3,730)
Capital outlay	-	4,014	4,014
Animal control:			
Current	1,250	498	(752)
Civil defense:			
Current	2,780	1,031	(1,749)
Total public safety	<u>293,020</u>	<u>294,634</u>	<u>1,614</u>
Public works			
Streets and general maintenance:			
Current	141,070	176,885	35,815
Capital outlay	9,000	-	(9,000)
Snow removal:			
Current	30,920	12,109	(18,811)
Street lighting:			
Current	30,940	34,950	4,010
Sanitation:			
Current	5,690	5,263	(427)
Total public works	<u>217,620</u>	<u>229,207</u>	<u>11,587</u>

City of Eden Valley
Schedule of Receipts, Disbursements, and Changes
in Cash Fund Balances - Budget and Actual -
General Fund
Year Ended December 31, 2015

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
Disbursements (Continued)			
Culture and recreation			
Parks:			
Current	\$ 41,830	\$ 28,361	\$ (13,469)
Capital outlay	3,000	9,385	6,385
Total culture and recreation	44,830	37,746	(7,084)
Debt service			
Certificate of indebtedness repayments:			
Loan principal	46,265	46,261	(4)
Loan interest	17,370	17,370	-
Total debt service	63,635	63,631	(4)
Total disbursements	857,165	853,888	(3,277)
Excess of receipts over (under) disbursements	(27,475)	75,685	103,160
Other financing sources (uses)			
Transfers In	10,000	-	(10,000)
Transfers Out	(6,670)	(56,334)	(49,664)
Total other financing sources (uses)	3,330	(56,334)	(59,664)
Net change in cash fund balances	\$ (24,145)	19,351	\$ 43,496
Cash Fund Balances			
Beginning of year		617,611	
End of year		\$ 636,962	

City of Eden Valley
Meeker and Stearns County, Minnesota
Schedule of Receipts, Disbursements, and Changes
in Cash Fund Balances - Budget and Actual -
Business Incentives
Year Ended December 31, 2015

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
Receipts			
Investment Earnings	\$ -	\$ 1,635	\$ 1,635
Miscellaneous revenues			
Refunds and Reimbursements	15,670	17,153	1,483
Miscellaneous	-	9,452	9,452
Total receipts	15,670	28,240	12,570
Disbursements			
Economic development			
Current	54,270	4,017	(50,253)
Receipts over (under) disbursements	\$ (38,600)	24,223	\$ 62,823
Cash Fund Balances			
Beginning of year		116,804	
End of year		\$ 141,027	

**City of Eden Valley
Combining Balance Sheet -
Nonmajor Governmental Funds
December 31, 2015**

	Special Revenue		
	Police Forfeiture (210)	Housing Rehabilitation (225)	TIF Districts (240, 245, 250 and 280)
Assets			
Cash and investments	\$ 2,614	\$ 12,847	\$ 3,816
Liabilities and Cash			
Fund Balances			
Liabilities			
Due to other funds	\$ -	\$ -	\$ -
Cash fund balances			
Restricted	2,614	12,847	3,816
Committed	-	-	-
Unassigned	-	-	-
Total cash fund balances	2,614	12,847	3,816
Total liabilities and cash fund balances	\$ 2,614	\$ 12,847	\$ 3,816

Special Revenue

Valley Daze Celebration (260)	Park Dedication (265)	Healthy Communities (230)	Hawks Athletic Field (290)	Lions Park (295)	Total
<u>\$ 198</u>	<u>\$ 6,158</u>	<u>\$ 3,726</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,359</u>
\$ -	\$ -	\$ -	\$ 5,000	\$ 1,363	\$ 6,363
-	6,158	-	-	-	25,435
198	-	3,726	-	-	3,924
-	-	-	(5,000)	(1,363)	(6,363)
<u>198</u>	<u>6,158</u>	<u>3,726</u>	<u>(5,000)</u>	<u>(1,363)</u>	<u>22,996</u>
<u>\$ 198</u>	<u>\$ 6,158</u>	<u>\$ 3,726</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,359</u>

**City of Eden Valley
Combining Balance Sheet -
Nonmajor Governmental Funds
December 31, 2015**

	Debt Service	Capital Projects	
	2007 Improvement Bonds (330)	Capital Improvement (410)	Police Equipment (421)
Assets			
Cash and investments	\$ 58,929	\$ 1,472	\$ 21,000
Liabilities and Cash Fund Balances			
Liabilities			
Due to other funds	\$ -	\$ -	\$ -
Cash fund balances			
Restricted	58,929	-	-
Committed	-	1,472	21,000
Unassigned	-	-	-
Total cash fund balances	58,929	1,472	21,000
 Total liabilities and cash fund balances	 \$ 58,929	 \$ 1,472	 \$ 21,000

Capital Projects

<u>Streets & Parks Equipment (431)</u>	<u>Fire and Rescue Equipment (470 and 475)</u>	<u>Total</u>	<u>Total Governmental Funds</u>
<u>\$ 27,000</u>	<u>\$ 85,092</u>	<u>\$ 134,564</u>	<u>\$ 222,852</u>
-	-	-	6,363
-	-	-	84,364
27,000	85,092	134,564	138,488
-	-	-	(6,363)
<u>27,000</u>	<u>85,092</u>	<u>134,564</u>	<u>216,489</u>
<u>\$ 27,000</u>	<u>\$ 85,092</u>	<u>\$ 134,564</u>	<u>\$ 222,852</u>

City of Eden Valley
Combining Statement of Cash Receipts, Disbursements,
and Changes in Cash Fund Balances -
Nonmajor Governmental Funds
Year Ended December 31, 2015

	Special Revenue		
	Police Forfeiture (210)	Housing Rehabilitation (225)	TIF Districts (240, 245, 250 and 280)
Receipts			
General property taxes	\$ -	\$ -	\$ -
Tax Increments	-	-	9,097
Special Assessments	-	-	-
Investment Earnings	-	4	-
Miscellaneous			
Donations and Contributions	-	-	-
Refunds and Reimbursements	-	-	-
Other	-	-	1,000
Total receipts	<u>-</u>	<u>4</u>	<u>10,097</u>
Disbursements			
Current			
Culture and recreation	-	-	-
Economic development	-	1	1,630
Debt service			
Principal	-	-	-
Interest and other charges	-	-	-
Capital outlay			
Economic development	-	-	-
Total disbursements	<u>-</u>	<u>1</u>	<u>1,630</u>
Excess of receipts over (under) disbursements	-	3	8,467
Other Financing Sources (Uses)			
Transfers In	-	-	-
Transfers Out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in cash fund balances	-	3	8,467
Cash Fund Balances			
Beginning of year	<u>2,614</u>	<u>12,844</u>	<u>(4,651)</u>
End of year	<u>\$ 2,614</u>	<u>\$ 12,847</u>	<u>\$ 3,816</u>

Special Revenue

Valley Daze Celebration (260)	Park Dedication (265)	Healthy Communities (230)	Hawks Athletic Field (290)	Lions Park (295)	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	9,097
-	-	-	-	-	-
-	3	-	-	-	7
17,700	-	7,303	6,500	8,000	39,503
-	-	384	-	-	384
-	-	69,645	-	-	70,645
<u>17,700</u>	<u>3</u>	<u>77,332</u>	<u>6,500</u>	<u>8,000</u>	<u>119,636</u>
17,700	-	-	7,205	6,939	31,844
-	-	73,338	-	-	74,969
-	-	-	-	-	-
-	-	-	-	-	-
-	-	157	-	-	157
<u>17,700</u>	<u>-</u>	<u>73,495</u>	<u>7,205</u>	<u>6,939</u>	<u>106,970</u>
-	3	3,837	(705)	1,061	12,666
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	3	3,837	(705)	1,061	12,666
198	6,155	(111)	(4,295)	(2,424)	10,330
<u>\$ 198</u>	<u>\$ 6,158</u>	<u>\$ 3,726</u>	<u>\$ (5,000)</u>	<u>\$ (1,363)</u>	<u>\$ 22,996</u>

City of Eden Valley
Combining Statement Of Cash Receipts, Disbursements
And Changes In Cash Fund Balances -
Nonmajor Governmental Funds
For the Year Ended December 31, 2015

	Debt Service	Capital Projects	
	2007 Improvement Bonds (330)	Capital Improvement (410)	Police Equipment (421)
Receipts			
General property taxes	\$ 12,350	\$ -	\$ -
Tax Increments	-	-	-
Special Assessments	4,480	-	-
Investment Earnings	21	-	-
Miscellaneous			
Donations and Contributions	-	-	-
Refunds and Reimbursements	-	-	-
Other	-	-	-
Total receipts	<u>16,851</u>	<u>-</u>	<u>-</u>
Disbursements			
Current			
Culture and recreation	-	-	-
Economic development	-	-	-
Debt service			
Principal	20,000	-	-
Interest and other charges	4,204	-	-
Capital outlay			
Economic development	-	-	-
Total disbursements	<u>24,204</u>	<u>-</u>	<u>-</u>
Excess of receipts over (under) disbursements	(7,353)	-	-
Other Financing Sources (Uses)			
Transfers In	9,500	-	21,000
Transfers Out	-	-	-
Total other financing sources (uses)	<u>9,500</u>	<u>-</u>	<u>21,000</u>
Net change in cash fund balances	2,147	-	21,000
Cash Fund Balances			
Beginning of year	<u>56,782</u>	<u>1,472</u>	<u>-</u>
End of year	<u>\$ 58,929</u>	<u>\$ 1,472</u>	<u>\$ 21,000</u>

		Capital Projects		Total Nonmajor Governmental Funds
Streets & Parks Equipment (431)	Fire and Rescue Equipment (470 and 475)	Total		
\$ -	\$ -	\$ -	\$ -	\$ 12,350
-	-	-	-	9,097
-	-	-	-	4,480
-	35	35	35	63
-	36,665	36,665	36,665	76,168
-	-	-	-	384
-	-	-	-	70,645
<u>-</u>	<u>36,700</u>	<u>36,700</u>	<u>36,700</u>	<u>173,187</u>
-	-	-	-	31,844
-	-	-	-	74,969
-	20,000	20,000	20,000	40,000
-	5,200	5,200	5,200	9,404
-	-	-	-	157
<u>-</u>	<u>25,200</u>	<u>25,200</u>	<u>25,200</u>	<u>156,374</u>
-	11,500	11,500	11,500	16,813
27,000	8,334	56,334	56,334	65,834
-	-	-	-	-
<u>27,000</u>	<u>8,334</u>	<u>56,334</u>	<u>56,334</u>	<u>65,834</u>
27,000	19,834	67,834	67,834	82,647
-	65,258	66,730	66,730	133,842
<u>\$ 27,000</u>	<u>\$ 85,092</u>	<u>\$ 134,564</u>	<u>\$ 134,564</u>	<u>\$ 216,489</u>

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SUPPLEMENTARY INFORMATION

City of Eden Valley
Schedule of Accounts Receivable
December 31, 2015

Fund	Source of Revenue	Purpose	Amount
2003 Improvement Bonds	Stearns County	January Tax Settlement	\$ 29
2003 Improvement Bonds	Meeker County	January Tax Settlement	5,398
TIF Districts	Meeker County	January Tax Settlement	12,188
2012 MN HWY 22 Improvement	Stearns County	January Tax Settlement	635
2012 MN HWY 22 Improvement	Meeker County	January Tax Settlement	2,159
2007B Improvements Bonds	Meeker County	January Tax Settlement	966
2007B Improvements Bonds	Stearns County	January Tax Settlement	70
General	Arvig	Franchise Fees	3,886
General	State of Minnesota	Court Fines	33
General	ISD #463	Parks Reimbursement	1,383
General	Resource Training and Solutions	ACA Reinsurance Fee	647
General	CentraCare	Grant	2,300
General	Stearns County	January Tax Settlement	2,221
General	Meeker County	January Tax Settlement	12,291
Sewer	Various	Utility Billing	33,346
Sewer	City of Watkins	Shared Equipment	250
Water	Thielen Excavating	Water Sales	632
Water	Underground Tech	Water Sales	83
Water	Various	Utility Billing	50,511
			<u>\$ 129,028</u>
Total			<u>\$ 129,028</u>

City of Eden Valley
Schedule of Accounts Payable and Contingent Liabilities
December 31, 2015

Fund	Vendor Name	Item and Purpose	Amount
General Fund	Ameripride	Uniform Rental	\$ 156
General Fund	Arvig	Phone Service	884
General Fund	Barry's Western Tree Service	Service	350
General Fund	Bolton & Menk	Engineering	120
General Fund	Creative Product Source	Supplies	119
General Fund	Center Point Energy	Natural Gas	928
General Fund	ComData	Supplies and Services	343
General Fund	Central McGowan, Inc	Rental	15
General Fund	Jack's Towing	Services	134
General Fund	Fleet Services	Squad Lease	441
General Fund	K&B Solutions	Supplies	420
General Fund	Jack's Oil Distributing	Gas & Supplies	801
General Fund	Landscaping Plus	Service	360
General Fund	MCFOA	Dues	35
General Fund	Meeker Cooperative	Electric	119
General Fund	Meeker County Auditor	Dispatch Fee	900
General Fund	SRC Central	Supplies	133
General Fund	Surplus Services	Supplies	216
General Fund	MCSI	Supplies	16
General Fund	Paynesville Press	Advertising & Printing	61
General Fund	Bob Peschon	Service	200
General Fund	Rinke Noonan	Legal	55
General Fund	Toshiba	Copier Lease	115
General Fund	Thunder Valley	Repairs	183
General Fund	US Dept HHSCMS	ACA Reinsurance	264
General Fund	Verizon	Phone/Internet Service	264
General Fund	VMG	Supplies	11
General Fund	Xcel Energy	Electric	2,603
General Fund	City Utilities - Water/Sewer	City Utilities	623
Hawks Athletic Field	Arvig	Phone Service	47
Hawks Athletic Field	CenterPoint Energy	Natural Gas	115
Hawks Athletic Field	Xcel Energy	Electric	59
Hawks Athletic Field	City Utilities - Water/Sewer	City Utilities	39

City of Eden Valley
Schedule of Accounts Payable and Contingent Liabilities
December 31, 2015

Fund	Vendor Name	Item and Purpose	Amount
Lions Park	Arvig	Phone Service	\$ 43
Lions Park	Barry's Western Tree Service	Service	350
Lions Park	Xcel Energy	Electric	322
Lions Park	City Utilities - Water/Sewer	City Utilities	38
HWY 22 Project	Kuechle Underground	Hwy 22 Project	8,096
Water	Arvig	Phone Service	225
Water	CenterPoint Energy	Natural Gas	222
Water	City of Watkins	Contracted Services	1,224
Water	Border States	Supplies	139
Water	Gopher State One-Call	Service	6
Water	Hatch Co	Supplies	474
Water	Meeker Cooperative	Electric	541
Water	MN Revenue	Sale Tax & Use Tax	502
Water	UC Lab	Testing	44
Water	Xcel Energy	Electric	875
Sewer	Arvig	Phone Service	129
Sewer	Bolton & Menk	Engineering	2,671
Sewer	Gopher State One-Call	Service	6
Sewer	Electric Pump	Supplies and Repairs	3,020
Sewer	UC Lab	Testing	68
Sewer	Xcel Energy	Electric	205
Sewer	City Utilities - Water/Sewer	City Utilities	4
Senior Housing	Juanita Arens	Service	450
Senior Housing	Arvig	Phone Service	142
Senior Housing	Center Point Energy	Natural Gas	414
Senior Housing	Erkens Water	Supplies	50
Senior Housing	Border States	Supplies	53
Senior Housing	Hutchinson Leader	Advertising	45
Senior Housing	Paynesville Press	Advertiseing & Printing	96
Senior Housing	VMG	Supplies	11
Senior Housing	Xcel Energy	Electric	290
Senior Housing	City Utilities - Water/Sewer	City Utilities	885
Total			<u>\$ 32,769</u>