



Annual Financial Report

City of Centerville

Centerville, Minnesota

For the year ended December 31, 2021



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City of Centerville, Minnesota
Annual Financial Report
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INTRODUCTORY SECTION

CITY OF CENTERVILLE
CENTERVILLE, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2021

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

ELECTED

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
D. Love	Mayor	01/01/23
Michelle Lakso	Council Member	01/01/23
Russ Koski	Council Member	01/01/25
Darrin Mosher	Council Member	01/01/23
Steve King	Council Member	01/01/25

APPOINTED

Mark Statz	City Administrator/City Engineer
Teresa Bender	City Clerk
Bruce DeJong	Finance Director
Paul Palzer	Public Works Director

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FINANCIAL SECTION
CITY OF CENTERVILLE
CENTERVILLE, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2021

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Centerville, Minnesota

Opinions

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

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

Basis for Opinions

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

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 on page 15 and the Schedule of Employer's Shares of the Net Pension Liability and the Schedule of Employer's Contributions and related notes to the required supplementary information starting on page 68 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.

Supplementary Information

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



Other Information

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



Abdo
Minneapolis, Minnesota
June 1, 2022



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Management's Discussion and Analysis

As management of the City of Centerville, 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 \$23,281,049 (net position). Of this amount, \$8,982,423 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased \$721,271. A further breakdown of net position is chronicled under government-wide financial statement analysis.
- At the end of the current fiscal year, unassigned fund balance for the General fund was \$1,974,074, or 79.2 percent of total 2021 General fund expenditures.
- The City's total debt decreased \$456,843, during the current fiscal year. The decrease was due to scheduled debt payments on the City's bonds and the retirement of the G.O. Improvement and Refunding 2013A Bonds.

Overview of the Financial Statements

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 three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This analysis contains other supplemental information in addition to the basic financial statements themselves.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of combining and individual fund financial statements and schedules that further explains and supports the information in the financial statements. Figure 1 shows how the required parts of this annual report are arranged and relate to one another. In addition to these required elements, we have included a section with combining and individual fund financial statements and schedules that provide details about nonmajor governmental funds, which are added together and presented in single columns in the basic financial statements.

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

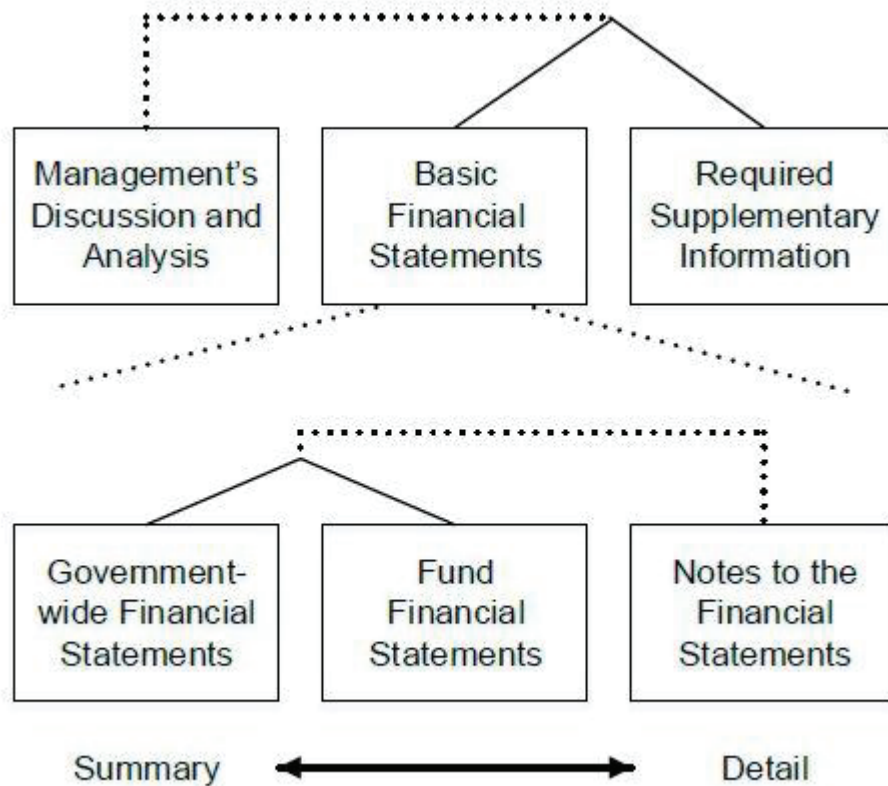


Figure 2 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the 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) and the City's component units	The activities of the City that are not proprietary or fiduciary, such as police, fire and parks	Activities the City operates similar to private businesses, such as the water and sewer system
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"> • Statement of Net Position • Statement of Revenues, Expenses and Changes in Net Position • Statement 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, and 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, and short-term and long-term
Type of deferred Inflows of resources Information	All deferred inflows of resources, regardless of when cash is received or paid	Only deferred inflows of resources that come due during the year or soon thereafter; no capital assets included	All deferred inflows of resources, regardless of when cash is received or paid
Type of inflow/out flow information	All revenues and expenses during 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, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference being 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, public works, economic development, culture and recreation, and interest on long-term debt. The business-type activities of the City include water, sewer, and storm water. The government-wide financial statements include not only the City itself (known as the *primary government*), but also a legally separate Economic Development Authority (the EDA) for which the City is financially accountable. Financial information for this *component unit* is discretely presented from the financial information presented for the primary government itself.

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 several individual governmental funds, many of which are combined into the Debt Service fund. 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, Debt Service, Park and City Street Projects funds. Data from the other non-major governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major 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 Fund. 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, sewer, storm water, garbage and recycling.

The proprietary fund provides 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 enterprise funds.

The basic proprietary fund financial statements start on page 39 of 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 45 of this report.

Required Supplementary Information. 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 benefits to its employees. Required supplementary information can be found starting on page 68 of this report.

Other Information. The combining statements referred to earlier in connection with non-major governmental funds are presented following the notes to the financial statements. Combining and individual fund statements and schedules start on page 72 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 its liabilities and deferred inflow of resources by \$23,281,049 at the close of the most recent fiscal year.

By far, the largest portion of the City's net position (57.9 percent) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment); less any related debt used to acquire those assets that are 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 Centerville's Summary of Net Position

	Governmental Activities			Business-type Activities		
	2021	2020	Increase (Decrease)	2021	2020	Increase (Decrease)
Assets						
Current and other assets	\$ 3,726,988	\$ 3,133,487	\$ 593,501	\$ 7,377,232	\$ 6,590,560	\$ 786,672
Capital assets	10,219,771	10,962,994	(743,223)	5,625,112	5,957,870	(332,758)
Total Assets	13,946,759	14,096,481	(149,722)	13,002,344	12,548,430	453,914
Deferred Outflows of Resources						
Deferred pension resources	214,735	49,875	164,860	84,009	18,665	65,344
Liabilities						
Noncurrent liabilities outstanding	2,702,954	3,193,401	(490,447)	130,154	159,232	(29,078)
Other liabilities	676,837	671,132	5,705	99,719	101,446	(1,727)
Total Liabilities	3,379,791	3,864,533	(484,742)	229,873	260,678	(30,805)
Deferred Outflows of Resources						
Deferred pension resources	256,753	20,711	236,042	100,381	7,751	92,630
Net Position						
Net investment in capital assets	7,854,412	8,202,079	(347,667)	5,625,112	5,957,870	(332,758)
Restricted for						
Debt service	743,174	800,244	(57,070)	-	-	-
Cable TV	32,802	77,870	(45,068)	-	-	-
Public safety	43,126	-	43,126	-	-	-
Unrestricted	1,851,436	1,180,919	670,517	7,130,987	6,340,796	790,191
Total Net Position	\$ 10,524,950	\$ 10,261,112	\$ 263,838	\$ 12,756,099	\$ 12,298,666	\$ 457,433

An additional portion of the City's net position (3.5 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$8,982,423) 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 for the City as a whole, as well as for its separate governmental and business-type activities.

Governmental Activities. Governmental activities increased the City's net position by \$263,838. Key elements of this increase are as follows:

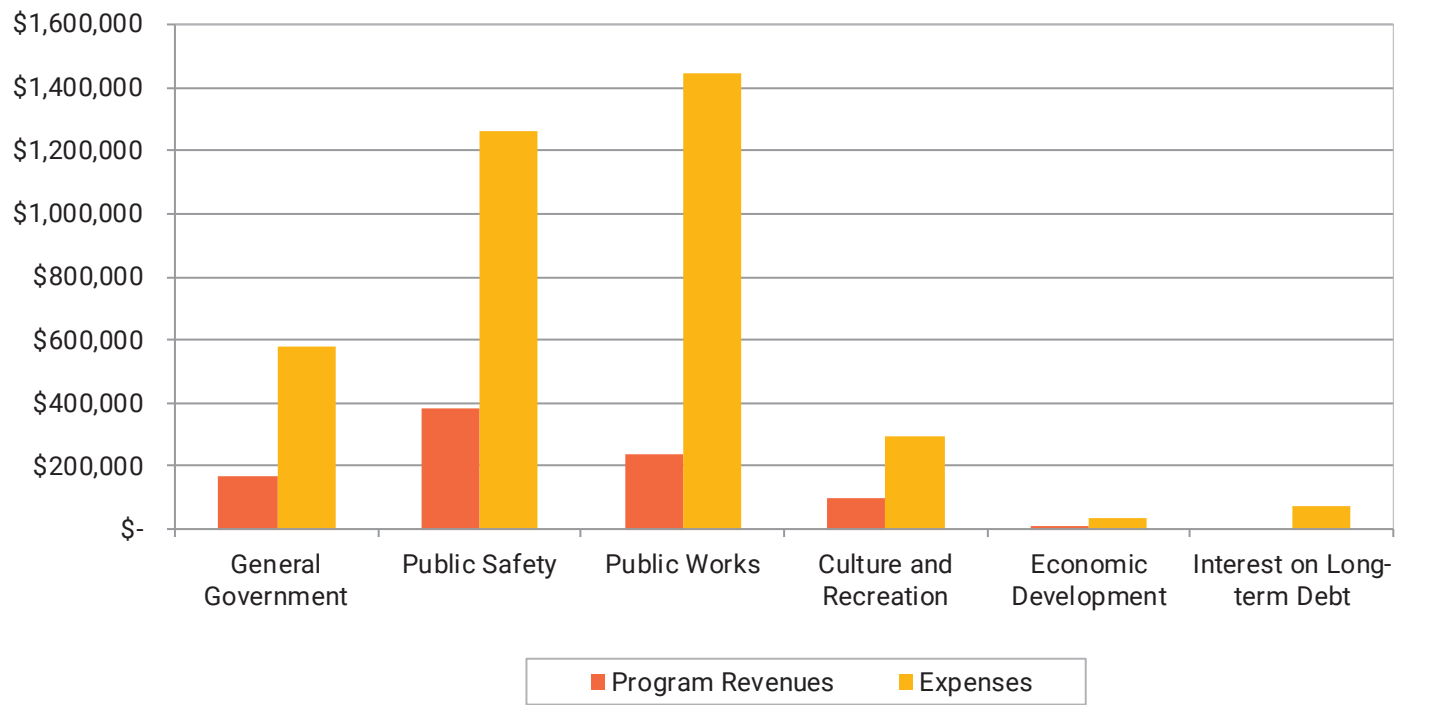
City of Centerville's Changes in Net Position

	Governmental Activities			Business-type Activities		
	2021	2020	Increase (Decrease)	2021	2020	Increase (Decrease)
Revenues						
Program Revenues						
Charges for services	\$ 579,074	\$ 334,838	\$ 244,236	\$ 1,240,416	\$ 1,179,791	\$ 60,625
Operating grants and contributions	286,821	457,393	(170,572)	194,960	13,206	181,754
Capital grants and contributions	33,697	294,184	(260,487)	346,024	163,988	182,036
General Revenues						
Taxes						
Property taxes/tax increments	2,383,576	2,295,858	87,718	-	-	-
Property taxes, levied for debt service	380,239	423,420	(43,181)	-	-	-
Other taxes	202,772	167,325	35,447	-	-	-
Grants and contributions						
not restricted to specific programs	75,834	84,741	(8,907)	-	-	-
Unrestricted investment earnings	(10,652)	31,913	(42,565)	(3,576)	56,410	(59,986)
Gain on sale of capital assets	11,005	-	11,005	-	-	-
Miscellaneous	-	1,000	(1,000)	-	-	-
Total Revenues	<u>3,942,366</u>	<u>4,090,672</u>	<u>(148,306)</u>	<u>1,777,824</u>	<u>1,413,395</u>	<u>364,429</u>
Expenses						
General government	578,042	446,869	131,173	-	-	-
Public safety	1,261,528	1,607,451	(345,923)	-	-	-
Public works	1,442,319	1,408,395	33,924	-	-	-
Culture and recreation	291,373	209,856	81,517	-	-	-
Economic development	34,616	22,800	11,816	-	-	-
Interest on long-term debt	70,650	65,775	4,875	-	-	-
Water	-	-	-	486,285	383,563	102,722
Sewer	-	-	-	510,605	464,672	45,933
Storm water	-	-	-	71,718	80,413	(8,695)
Garbage	-	-	-	199,376	177,109	22,267
Recycling	-	-	-	52,407	47,602	4,805
Total Expenses	<u>3,678,528</u>	<u>3,761,146</u>	<u>(82,618)</u>	<u>1,320,391</u>	<u>1,153,359</u>	<u>167,032</u>
Change in Net Position	263,838	329,526	(65,688)	457,433	260,036	197,397
Net Position, January 1	<u>10,261,112</u>	<u>9,931,586</u>	<u>329,526</u>	<u>12,298,666</u>	<u>12,038,630</u>	<u>260,036</u>
Net Position, December 31	<u>\$ 10,524,950</u>	<u>\$ 10,261,112</u>	<u>\$ 263,838</u>	<u>\$ 12,756,099</u>	<u>\$ 12,298,666</u>	<u>\$ 457,433</u>

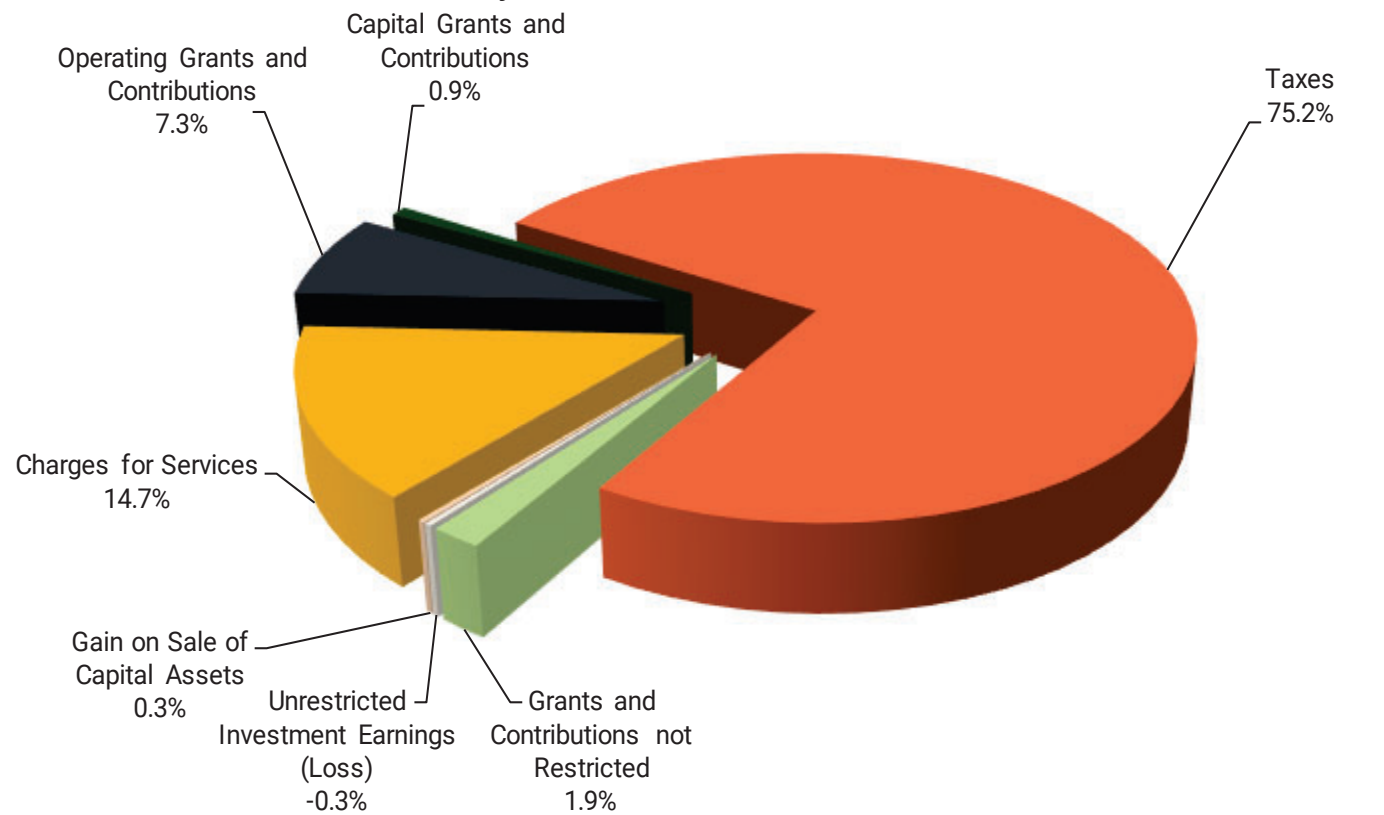
- The \$170,572 decrease in operating grants and contributions is due to the CARES act funding that existed in the prior year.
- The \$244,236 increase in charges for services is due to an increase in building permits and park dedication fees collected.
- The \$260,487 decrease in capital grants and contributions was due to less special assessment revenue than prior year.
- The \$345,923 decrease in public safety expenses is due to less COVID-19 related expenditures.
- The business-type increase in capital grants and contributions of \$182,036 was due to greater special assessment revenue than 2020.

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

Expenses and Program Revenues - Governmental Activities

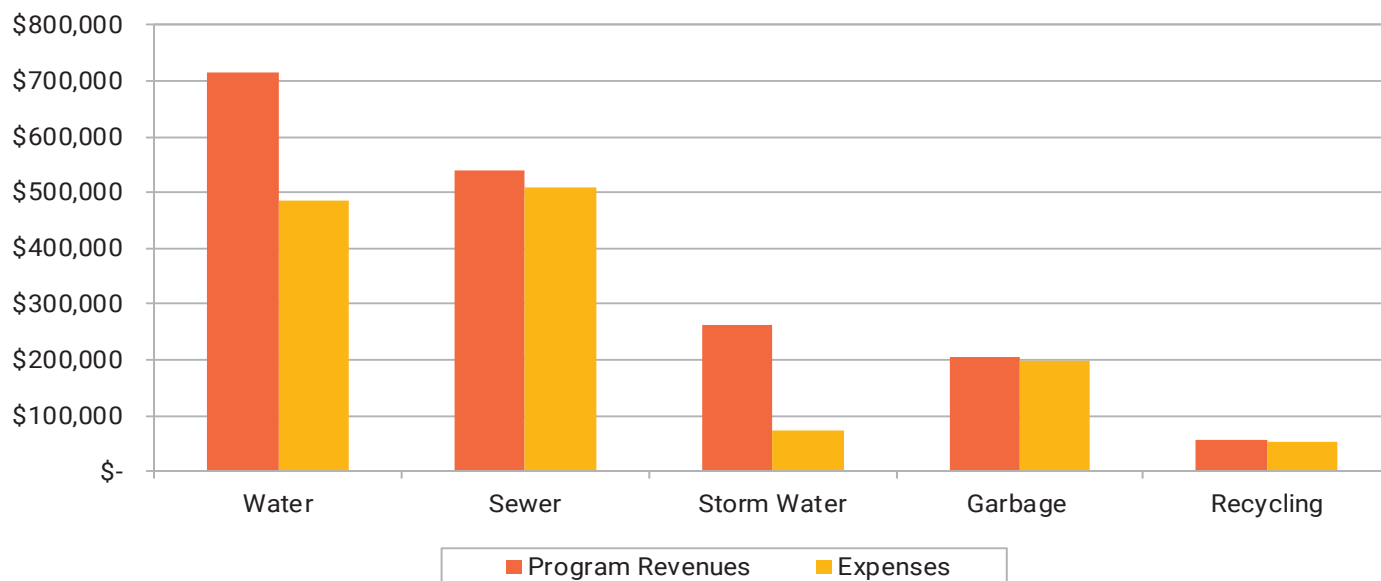


Revenues by Source - Governmental Activities

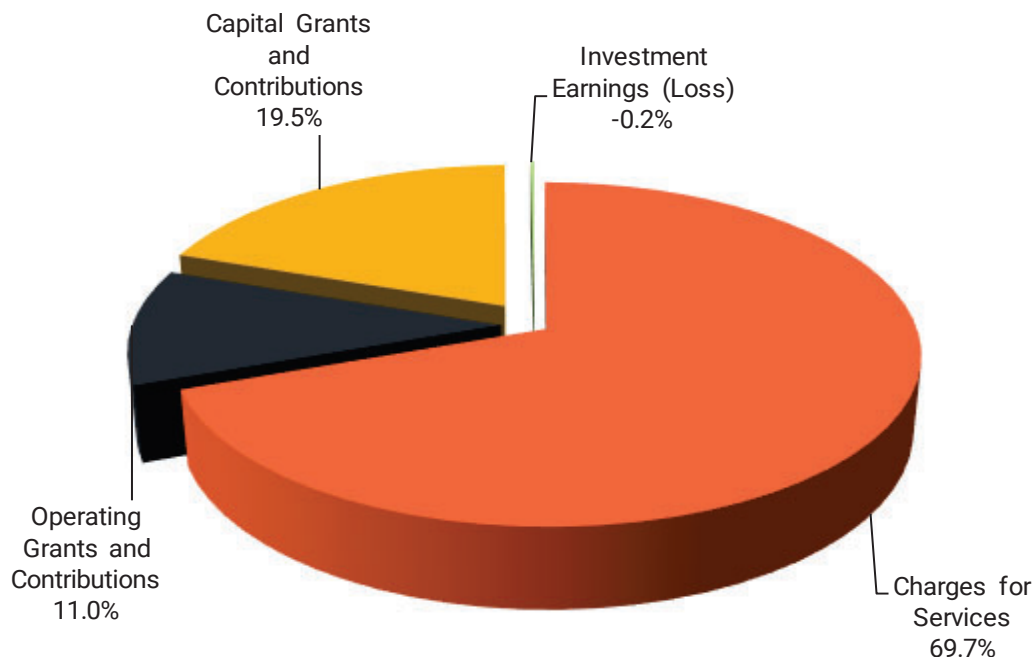


Business-type Activities. Business-type activities increased the City's net position by \$457,433. Key elements of this increase are as follows:

Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities



A further breakdown of expenditures is shown below:

	Governmental Activities			Business-type Activities		
	2021	2020	Increase (Decrease)	2021	2020	Increase (Decrease)
Personnel Costs	\$ 649,432	\$ 671,436	\$ (22,004)	\$ 254,277	\$ 225,407	\$ 28,870
Supplies	40,820	20,415	20,405	23,207	11,844	11,363
Other Charges for Services	2,778,491	2,911,258	(132,767)	1,042,907	916,108	126,799
Capital Outlay	395,254	1,548,003	(1,152,749)	-	-	-
Total	\$ 3,863,997	\$ 5,151,112	\$ (1,287,115)	\$ 1,320,391	\$ 1,153,359	\$ 167,032

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.

Activity in the City's major governmental funds is discussed below:

Major Funds	Fund Balance December 31,		Increase (Decrease)
	2021	2020	
General	\$ 2,019,125	\$ 1,574,009	\$ 445,116
The General fund balance increase is due to positive budget variances for both revenues and expenditures.			
Debt Service	\$ 526,495	\$ 497,849	\$ 28,646
The Debt Service fund balance increased due to revenues in excess of scheduled debt payments.			
Park	\$ (823,419)	\$ (887,624)	\$ 64,205
The Park fund balance increased from the previous year simply due to park dedication fees in excess of expenditures.			
City Street Projects	\$ 526,226	\$ 248,794	\$ 277,432

The City Street Projects fund increased from prior year due to revenues in excess of capital outlays in 2021.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$2,620,161, an increase of \$773,398 in comparison with the prior year. Fund balance of \$1,150,655 constitutes *unassigned fund balance*. The remainder of fund balance (\$1,469,506) is not available for spending because it is either: 1) nonspendable (\$18,376), 2) restricted (\$585,972), or 3) assigned (\$865,158) for the purposes described in the fund balance section of each balance sheet.

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 \$7,130,987. The total increase in net position for the funds was \$457,433.

General Fund Budgetary Highlights

The City's General fund budget was not amended during the year. Revenues had a positive budget variance of \$421,788 and expenditures had a over budget variance of \$5,872. Overall the General fund had a net positive budget variance of \$445,116 after transfers.

Some of the significant variances can be briefly summarized as follows:

- Licenses and permitting revenues came in \$120,135 over budget.
- Miscellaneous revenues were over budget by \$142,634 due to more than expected refunds and reimbursements.
- General government expenditures were under budget by \$33,707 and public works expenditures were also under budget by \$32,263.

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 \$15,844,883 (net of accumulated depreciation). This investment in capital assets includes land, structures, improvements, machinery and equipment, park facilities, roads, highways and bridges.

Additional information on the City's capital assets can be found in Note 3B starting on page 55 of this report.

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

	Governmental Activities			Business-type Activities		
	2021	2020	Increase (Decrease)	2021	2020	Increase (Decrease)
Land	\$ 2,301,990	\$ 2,301,990	\$ -	\$ 200,655	\$ 200,655	\$ -
Construction in Progress	49,428	1,569,050	(1,519,622)	-	975,738	(975,738)
Buildings	1,106,273	682,528	423,745	260,360	307,050	(46,690)
Infrastructure	6,592,421	6,269,225	323,196	5,189,186	4,492,133	697,053
Machinery and Equipment	169,659	140,201	29,458	(25,089)	(17,706)	(7,383)
Total	<u>\$ 10,219,771</u>	<u>\$ 10,962,994</u>	<u>\$ (743,223)</u>	<u>\$ 5,625,112</u>	<u>\$ 5,957,870</u>	<u>\$ (332,758)</u>

Street Maintenance Program. Beginning in 2012 the City began annually accumulating funds for a street maintenance program that will consist of mill and overlay to each segment of street in the city, at approximately every twelve-year intervals. The initial construction program began in 2014 to be paid from funds accumulated in a revolving improvement account. A minimal special assessment of around \$500 per residential lot will cover approximately 20 percent of the cost, which combined with the City levy contribution each year, should sustain the program. Each year going forward, a similar project is anticipated. No project was done in 2021. Funds have been accumulated for the final full depth street reconstruction project in town along with the installation of water service and storm water improvements.

Equipment Funding. In 2012, the City Council approved as part of the budget, a capital replacement program for equipment and other assets that have predictable replacement cycles. All major street equipment, building roofs, carpets and similar items will be funded through an equipment replacement fund that will be sustained by an annual levy. Likewise, the enterprise funds have identified equipment and other assets that need periodic upgrading and replacement. Sufficient retained earnings will be protected to allow these repairs/replacements to be completed without incurring debt.

Long-term Debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$2,270,000. While all of the City's bonds have revenue streams, they are all backed by the full faith and credit of the City.

City of Centerville's Outstanding Debt

	Governmental Activities		
	2021	2020	Increase (Decrease)
General Obligation Bonds	\$ 2,270,000	\$ 2,720,000	\$ (450,000)
General Obligation Capital Notes	34,072	40,915	(6,843)
Total	<u>\$ 2,304,072</u>	<u>\$ 2,760,915</u>	<u>\$ (456,843)</u>

The City's debt decreased due to the 2013A Refunding bond being paid off in 2021. Additional information on the City's long-term debt can be found in Note 3D starting on page 58 of this report.

Economic Factors and Next Year's Budgets and Rates

The area economy continues to show signs of improvement. Property values for taxes payable in 2022 increased by 3.5%. The City's net tax capacity increased 2.3% for taxes payable in 2022. The City raised its property tax levy by 2.7% for taxes payable in 2022. The tax capacity rate went from 51.059 to 51.430 for a 1.3% increase due to a drop in commercial/industrial tax base. Most taxpayers realized an increase on average of 4.9% in City property taxes as a result of the increased value of their properties and the increased City levy.

The City's General fund budget increased for fiscal year 2022 by 4.7%; however, the total tax levy increased by only 2.7%. The increase in General fund expenditures, in the amount of \$132,547, was primarily related to an increase of \$75,700 in salaries with the addition of an Assistant City Administrator position and \$15,000 in additional recycling professional services.

The debt service levy was decreased by \$49,391 for taxes payable in 2022 due to reduced levy requirements for several bond issues. The debt service levy is anticipated to be again reduced in 2023 because the city refinanced the 2013A GO Improvement Bonds.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all parties interested. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Administrator, City of Centerville, 1880 Main Street, Centerville, Minnesota, 55038.

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF CENTERVILLE
CENTERVILLE, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2021

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City of Centerville, Minnesota

Statement of Net Position

December 31, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Economic Development Authority
Assets				
Cash and temporary investments	\$ 3,968,375	\$ 5,944,889	\$ 9,913,264	\$ 27,522
Receivables				
Accrued interest	2,403	3,577	5,980	-
Taxes	51,212	-	51,212	-
Accounts	69,676	210,267	279,943	-
Special assessments	447,488	349,439	796,927	-
Due from other governments	24,585	-	24,585	-
Internal balances	(855,127)	855,127	-	-
Inventories	-	13,333	13,333	-
Prepaid items	18,376	600	18,976	588
Capital assets				
Land and construction and progress	2,351,418	200,655	2,552,073	-
Depreciable assets (net of accumulated depreciation)	7,868,353	5,424,457	13,292,810	-
Total Assets	13,946,759	13,002,344	26,949,103	28,110
Deferred Outflows of Resources				
Deferred pension resources	214,735	84,009	298,744	-
Liabilities				
Accounts and contracts payable	84,513	23,754	108,267	-
Accrued salaries payable	19,406	7,103	26,509	-
Due to other governments	3,514	14,003	17,517	-
Accrued interest payable	26,494	-	26,494	-
Deposits payable	311,456	54,859	366,315	-
Unearned revenue	231,454	-	231,454	-
Noncurrent liabilities				
Due within one year				
Long-term liabilities	430,317	20,501	450,818	-
Due in more than one year				
Long-term liabilities	1,993,679	-	1,993,679	-
Net pension liability	278,958	109,653	388,611	-
Total Liabilities	3,379,791	229,873	3,609,664	-
Deferred Inflows of Resources				
Deferred pension resources	256,753	100,381	357,134	-
Net Position				
Net investment in capital assets	7,854,412	5,625,112	13,479,524	-
Restricted for				
Debt service	743,174	-	743,174	-
Cable TV	32,802	-	32,802	-
Public safety	43,126	-	43,126	-
Unrestricted	1,851,436	7,130,987	8,982,423	28,110
Total Net Position	\$ 10,524,950	\$ 12,756,099	\$ 23,281,049	\$ 28,110

The notes to the financial statements are an integral part of this statement.

City of Centerville, 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	\$ 578,042	\$ 170,137	\$ 150	\$ -
Public safety	1,261,528	268,369	117,141	-
Public works	1,442,319	36,310	169,530	33,697
Culture and recreation	291,373	96,445	-	-
Economic development	34,616	7,813	-	-
Interest on long-term debt	70,650	-	-	-
Total Governmental Activities	<u>3,678,528</u>	<u>579,074</u>	<u>286,821</u>	<u>33,697</u>
Business-type Activities				
Water	486,285	412,438	54,459	249,581
Sewer	510,605	442,428	-	96,443
Storm water	71,718	130,799	131,552	-
Garbage	199,376	201,324	4,474	-
Recycling	52,407	53,427	4,475	-
Total Business-type Activities	<u>1,320,391</u>	<u>1,240,416</u>	<u>194,960</u>	<u>346,024</u>
Total	<u>\$ 4,998,919</u>	<u>\$ 1,819,490</u>	<u>\$ 481,781</u>	<u>\$ 379,721</u>
Component Unit				
Economic Development Authority	<u>\$ 13,937</u>	<u>\$ -</u>	<u>\$ 29,209</u>	<u>\$ -</u>

General Revenues

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt service

Franchise taxes

Gambling taxes

Grants and contributions not restricted to specific programs

Unrestricted investment earnings (loss)

Gain on sale of capital assets

Miscellaneous

Total General Revenues

Change in Net Position

Net Position, January 1

Net Position, December 31

The notes to the financial statements are an integral part of this statement.

Net (Expenses) Revenues and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Economic Development Authority
\$ (407,755)	\$ -	\$ (407,755)	\$ -
(876,018)	-	(876,018)	-
(1,202,782)	-	(1,202,782)	-
(194,928)	-	(194,928)	-
(26,803)	-	(26,803)	-
(70,650)	-	(70,650)	-
(2,778,936)	-	(2,778,936)	-
-	230,193	230,193	-
-	28,266	28,266	-
-	190,633	190,633	-
-	6,422	6,422	-
-	5,495	5,495	-
-	461,009	461,009	-
(2,778,936)	461,009	(2,317,927)	-
			15,272
2,383,576	-	2,383,576	-
380,239	-	380,239	-
169,014	-	169,014	-
33,758	-	33,758	-
75,834	-	75,834	-
(10,652)	(3,576)	(14,228)	-
11,005	-	11,005	-
-	-	-	-
3,042,774	(3,576)	3,039,198	-
263,838	457,433	721,271	15,272
10,261,112	12,298,666	22,559,778	12,838
\$ 10,524,950	\$ 12,756,099	\$ 23,281,049	\$ 28,110

The notes to the financial statements are an integral part of this statement.

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FUND FINANCIAL STATEMENTS

CITY OF CENTERVILLE
CENTERVILLE, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2021

City of Centerville, Minnesota

Balance Sheet
Governmental Funds
December 31, 2021

	101	300's	402	452		
	General	Debt Service	Park	City Street Projects	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and temporary investments	\$ 2,577,974	\$ 507,875	\$ 31,689	\$ 485,590	\$ 365,247	\$ 3,968,375
Receivables						
Accrued interest	1,583	306	19	275	220	2,403
Taxes	51,212	-	-	-	-	51,212
Accounts	29,315	-	-	40,361	-	69,676
Special assessments	-	245,036	-	202,452	-	447,488
Due from other governments	16,722	-	-	-	7,863	24,585
Prepaid items	1,925	16,451	-	-	-	18,376
Total Assets	<u>\$ 2,678,731</u>	<u>\$ 769,668</u>	<u>\$ 31,708</u>	<u>\$ 728,678</u>	<u>\$ 373,330</u>	<u>\$ 4,582,115</u>
Liabilities						
Accounts payable	\$ 83,063	\$ -	\$ -	\$ -	\$ 1,450	\$ 84,513
Deposits payable	311,456	-	-	-	-	311,456
Accrued salaries payable	19,260	-	-	-	146	19,406
Due to other governments	3,514	-	-	-	-	3,514
Advances from other funds	-	-	855,127	-	-	855,127
Unearned revenue	231,454	-	-	-	-	231,454
Total Liabilities	<u>648,747</u>	<u>-</u>	<u>855,127</u>	<u>-</u>	<u>1,596</u>	<u>1,505,470</u>
Deferred Inflows of Resources						
Unavailable revenue - property taxes	10,859	-	-	-	-	10,859
Unavailable revenue - special assessments	-	243,173	-	202,452	-	445,625
Total Deferred Inflows of Resources	<u>10,859</u>	<u>243,173</u>	<u>-</u>	<u>202,452</u>	<u>-</u>	<u>456,484</u>
Fund Balances						
Nonspendable	1,925	16,451	-	-	-	18,376
Restricted	43,126	510,044	-	-	32,802	585,972
Assigned	-	-	-	526,226	338,932	865,158
Unassigned	1,974,074	-	(823,419)	-	-	1,150,655
Total Fund Balances	<u>2,019,125</u>	<u>526,495</u>	<u>(823,419)</u>	<u>526,226</u>	<u>371,734</u>	<u>2,620,161</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 2,678,731</u>	<u>\$ 769,668</u>	<u>\$ 31,708</u>	<u>\$ 728,678</u>	<u>\$ 373,330</u>	<u>\$ 4,582,115</u>

The notes to the financial statements are an integral part of this statement.

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

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

Total Fund Balances - Governmental	\$ 2,620,161
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	
Cost of capital assets	24,397,208
Less accumulated depreciation	(14,177,437)
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	
Bond principal payable	(2,365,359)
Compensated absences payable	(58,637)
Net pension liability	(278,958)
Some receivables are not available soon enough to pay for the current period's expenditures, and therefore are unavailable in the funds.	
Delinquent taxes receivable	10,859
Special assessments receivable	445,625
Governmental funds do not report long-term amounts related to pensions.	
Deferred outflows of pension resources	214,735
Deferred inflows of pension resources	(256,753)
Governmental funds do not report a liability for accrued interest until due and payable.	<u>(26,494)</u>
Total Net Position - Governmental Activities	<u><u>\$ 10,524,950</u></u>

The notes to the financial statements are an integral part of this statement.

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

	101	300's	402	452	Other	Total
	General	Debt Service	Park	City Street Projects	Governmental Funds	Governmental Funds
Revenues						
Taxes						
General property	\$ 2,409,492	\$ 380,239	\$ -	\$ -	\$ -	\$ 2,789,731
Gambling	33,758	-	-	-	-	33,758
Franchise	-	7,926	-	161,088	-	169,014
Licenses and permits	316,335	-	-	-	-	316,335
Intergovernmental	226,175	-	-	59,190	-	285,365
Charges for services	10,968	-	87,000	6,194	-	104,162
Fines and forfeitures	14,761	-	-	-	-	14,761
Special assessments	62,969	107,901	-	83,540	-	254,410
Interest on investments (loss)	(5,929)	(3,156)	409	(1,511)	(465)	(10,652)
Miscellaneous	149,734	-	-	-	8,403	158,137
Total Revenues	<u>3,218,263</u>	<u>492,910</u>	<u>87,409</u>	<u>308,501</u>	<u>7,938</u>	<u>4,115,021</u>
Expenditures						
Current						
General government	552,283	-	-	-	-	552,283
Public safety	1,362,809	-	-	-	-	1,362,809
Public works	336,737	-	-	-	-	336,737
Culture and recreation	153,215	-	-	-	53,450	206,665
Economic development	34,616	-	-	-	-	34,616
Capital outlay						
General government	42,469	-	-	-	1,450	43,919
Public works	-	-	-	231,069	86,974	318,043
Culture and recreation	10,018	-	23,204	-	70	33,292
Debt service						
Principal	-	426,843	-	-	-	426,843
Interest and other	-	53,377	-	-	-	53,377
Bond issuance costs	-	20,903	-	-	-	20,903
Total Expenditures	<u>2,492,147</u>	<u>501,123</u>	<u>23,204</u>	<u>231,069</u>	<u>141,944</u>	<u>3,389,487</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>726,116</u>	<u>(8,213)</u>	<u>64,205</u>	<u>77,432</u>	<u>(134,006)</u>	<u>725,534</u>
Other Financing Sources (Uses)						
Sale of capital assets	-	-	-	-	11,005	11,005
Transfers in	-	161,060	-	200,000	81,000	442,060
Refunding bonds issued	-	1,321,859	-	-	-	1,321,859
Principal paid on refunded bonds	-	(1,285,000)	-	-	-	(1,285,000)
Transfers out	(281,000)	(161,060)	-	-	-	(442,060)
Total Other Financing Sources (Uses)	<u>(281,000)</u>	<u>36,859</u>	<u>-</u>	<u>200,000</u>	<u>92,005</u>	<u>47,864</u>
Net Change in Fund Balances	445,116	28,646	64,205	277,432	(42,001)	773,398
Fund Balances, January 1	<u>1,574,009</u>	<u>497,849</u>	<u>(887,624)</u>	<u>248,794</u>	<u>413,735</u>	<u>1,846,763</u>
Fund Balances, December 31	<u>\$ 2,019,125</u>	<u>\$ 526,495</u>	<u>\$ (823,419)</u>	<u>\$ 526,226</u>	<u>\$ 371,734</u>	<u>\$ 2,620,161</u>

The notes to the financial statements are an integral part of this statement.

City of Centerville, 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

Net Change in Fund Balances - Governmental Funds	\$ 773,398
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	307,681
Depreciation expense	(999,342)
Governmental fund report a loss on sale of capital assets to the extent of cash exchanged, whereas the disposition of the assets book value is included in the total gain (loss) in the statement of activities	
Disposals	(80,227)
Depreciation of disposals	28,665
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 issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are delayed and amortized in the statement of activities.	
Principal repayments	1,711,843
Debt issued or incurred	(1,321,859)
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental fund 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.	3,630
Long-term pension activity is not reported in government funds.	
Pension expense	20,695
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	(25,916)
Special assessments	(157,744)
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.	
Compensated absences payable	3,014
Change in Net Position - Governmental Activities	<u>\$ 263,838</u>

The notes to the financial statements are an integral part of this statement.

City of Centerville, 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				
General property	\$ 2,364,916	\$ 2,364,916	\$ 2,409,492	\$ 44,576
Gambling	2,000	2,000	33,758	31,758
Licenses and permits	196,200	196,200	316,335	120,135
Intergovernmental	195,259	195,259	226,175	30,916
Charges for services	5,000	5,000	10,968	5,968
Fines and forfeitures	13,000	13,000	14,761	1,761
Special assessments	-	-	62,969	62,969
Interest on investments (loss)	13,000	13,000	(5,929)	(18,929)
Miscellaneous	7,100	7,100	149,734	142,634
Total Revenues	<u>2,796,475</u>	<u>2,796,475</u>	<u>3,218,263</u>	<u>421,788</u>
Expenditures				
Current				
General government	585,990	585,990	552,283	33,707
Public safety	1,349,935	1,349,935	1,362,809	(12,874)
Public works	369,000	369,000	336,737	32,263
Culture and recreation	128,850	128,850	153,215	(24,365)
Economic development	-	-	34,616	(34,616)
Capital outlay	52,500	52,500	52,487	13
Total Expenditures	<u>2,486,275</u>	<u>2,486,275</u>	<u>2,492,147</u>	<u>(5,872)</u>
Excess of Revenues Over Expenditures	310,200	310,200	726,116	415,916
Other Financing Uses				
Transfers out	<u>(310,200)</u>	<u>(310,200)</u>	<u>(281,000)</u>	<u>29,200</u>
Net Change in Fund Balances	-	-	445,116	445,116
Fund Balances, January 1	<u>1,574,009</u>	<u>1,574,009</u>	<u>1,574,009</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 1,574,009</u>	<u>\$ 1,574,009</u>	<u>\$ 2,019,125</u>	<u>\$ 445,116</u>

The notes to the financial statements are an integral part of this statement.

City of Centerville, Minnesota
Statement of Net Position
Proprietary Funds
December 31, 2021

	Business-type Activities - Enterprise Funds			
	601	602	Nonmajor Enterprise Funds	Totals
	Water	Sewer		
Assets				
Current Assets				
Cash and temporary investments	\$ 3,363,043	\$ 2,483,925	\$ 97,921	\$ 5,944,889
Receivables				
Accrued interest	2,022	1,490	65	3,577
Accounts	53,592	87,844	68,831	210,267
Special assessments	72,481	8,597	7,036	88,114
Due from other funds	15,199	-	-	15,199
Advance to other funds	-	855,127	-	855,127
Inventories	13,333	-	-	13,333
Prepaid items	450	150	-	600
Total Current Assets	3,520,120	3,437,133	173,853	7,131,106
Noncurrent Assets				
Special assessments receivable	261,325	-	-	261,325
Capital assets				
Land	72,255	124,000	4,400	200,655
Buildings	138,000	276,000	-	414,000
Infrastructure	6,180,356	3,442,483	1,633,841	11,256,680
Machinery and equipment	269,367	96,742	-	366,109
Less accumulated depreciation	(3,623,019)	(2,513,235)	(476,078)	(6,612,332)
Net Capital Assets	3,036,959	1,425,990	1,162,163	5,625,112
Total Noncurrent Assets	3,298,284	1,425,990	1,162,163	5,886,437
Total Assets	6,818,404	4,863,123	1,336,016	13,017,543
Deferred Outflows of Resources				
Deferred pension resources	36,991	37,897	9,121	84,009
Liabilities				
Current Liabilities				
Accounts payable	1,717	471	21,566	23,754
Deposits payable	34,859	20,000	-	54,859
Accrued salaries payable	2,862	2,862	1,379	7,103
Due to other funds	-	-	15,199	15,199
Due to other governments	47	10,283	3,673	14,003
Compensated absences payable - current	8,606	8,606	3,289	20,501
Total Current Liabilities	48,091	42,222	45,106	135,419
Noncurrent Liabilities				
Net pension liability	48,283	49,466	11,904	109,653
Total Liabilities	96,374	91,688	57,010	245,072
Deferred Inflows of Resources				
Deferred pension resources	44,200	45,283	10,898	100,381
Net Position				
Investment in capital assets	3,036,959	1,425,990	1,162,163	5,625,112
Unrestricted	3,677,862	3,338,059	115,066	7,130,987
Total Net Position	\$ 6,714,821	\$ 4,764,049	\$ 1,277,229	\$ 12,756,099

The notes to the financial statements are an integral part of this statement.

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

	Business-type Activities - Enterprise Funds			
	601	602	Nonmajor	
	Water	Sewer	Enterprise	Totals
			Funds	
Operating Revenues				
Charges for services	\$ 402,744	\$ 442,428	\$ 394,499	\$ 1,239,671
Operating Expenses				
Salaries and benefits	110,084	115,848	28,345	254,277
Supplies	21,870	1,337	-	23,207
Other services and charges	95,740	41,336	258,545	395,621
Utilities	19,240	1,038	-	20,278
MCES - disposal charges	-	246,603	-	246,603
Depreciation	239,351	104,443	36,611	380,405
Total Operating Expenses	486,285	510,605	323,501	1,320,391
Operating Income (Loss)	(83,541)	(68,177)	70,998	(80,720)
Nonoperating Revenues				
Interest earnings (loss)	(2,256)	(1,358)	38	(3,576)
Intergovernmental	54,459	-	131,552	186,011
Miscellaneous revenue	9,694	-	-	9,694
Total Nonoperating Revenues	61,897	(1,358)	131,590	192,129
Income (Loss) Before Contributions	(21,644)	(69,535)	202,588	111,409
Capital Contributions	249,581	96,443	-	346,024
Change in Net Position	227,937	26,908	202,588	457,433
Net Position, January 1	6,486,884	4,737,141	1,074,641	12,298,666
Net Position, December 31	\$ 6,714,821	\$ 4,764,049	\$ 1,277,229	\$ 12,756,099

The notes to the financial statements are an integral part of this statement.

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

	Business-type Activities - Enterprise Funds			
	601	602	Nonmajor Enterprise Funds	Totals
	Water	Sewer		
Cash Flows from Operating Activities				
Receipts from customers and users	\$ 406,652	\$ 447,476	\$ 386,855	\$ 1,240,983
Payments to suppliers	(116,358)	(306,889)	(258,104)	(681,351)
Payments to employees	(111,363)	(117,298)	(28,800)	(257,461)
Net Cash Provided by Operating Activities	178,931	23,289	99,951	302,171
Cash Flows from Noncapital Financing Activities				
Payment received on advance to other funds	10,954	147,307	-	158,261
Principal paid on advance from other funds	-	-	(10,954)	(10,954)
Intergovernmental	54,459	-	131,552	186,011
Net Cash Provided by Noncapital Financing Activities	65,413	147,307	120,598	333,318
Cash Flows from Capital and Related Financing Activities				
Acquisition of capital assets	-	-	(47,647)	(47,647)
Hook up fees and unit charges received	122,573	84,845	-	207,418
Special assessments received	317,231	45,303	-	362,534
Net Cash Provided (Used) by Capital and Related Financing Activities	439,804	130,148	(47,647)	522,305
Cash Flows From Investing Activities				
Interest received on investments	(2,652)	(1,781)	118	(4,315)
Net Increase (Decrease) in Cash and Cash Equivalents	681,496	298,963	173,020	1,153,479
Cash and Cash Equivalents, January 1	2,681,547	2,184,962	(75,099)	4,791,410
Cash and Cash Equivalents, December 31	\$ 3,363,043	\$ 2,483,925	\$ 97,921	\$ 5,944,889

The notes to the financial statements are an integral part of this statement.

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

	Business-type Activities - Enterprise Funds			
	601	602	Nonmajor Enterprise Funds	Totals
	Water	Sewer		
Reconciliation of Operating Income (Loss) to Net				
Cash Provided by Operating Activities				
Operating income (loss)	\$ (83,541)	\$ (68,177)	\$ 70,998	\$ (80,720)
Other income related to operations	9,694	-	-	9,694
Adjustments to reconcile operating income (loss) to net cash provided by operating activities				
Depreciation	239,351	104,443	36,611	380,405
(Increase) decrease in assets/deferred outflows of resources				
Accounts receivable	(5,786)	5,048	(6,642)	(7,380)
Special assessments	-	-	(1,002)	(1,002)
Inventories	4,993	-	-	4,993
Prepaid items	(150)	(150)	-	(300)
Deferred pension resources	(28,791)	(29,474)	(7,079)	(65,344)
Increase (decrease) in liabilities/deferred inflows of resources				
Accounts payable	15,705	17,227	(1,462)	31,470
Accrued salaries payable	(561)	(561)	(270)	(1,392)
Compensated absences payable	(37)	(37)	122	48
Pension liability	(12,685)	(13,163)	(3,278)	(29,126)
Deferred pension resources	40,795	41,785	10,050	92,630
Due to other governments	(56)	(33,652)	1,903	(31,805)
Net Cash Provided by Operating Activities	<u>\$ 178,931</u>	<u>\$ 23,289</u>	<u>\$ 99,951</u>	<u>\$ 302,171</u>

The notes to the financial statements are an integral part of this statement.

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

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

The City of Centerville, 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 primary government. As required by accounting principles generally accepted in the United States of America, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Component units for which the City has been determined to be financially accountable can be blended with the primary government or be included as a discrete presentation. Included in the City's reporting entity, based upon the application of these criteria, is the following discretely presented component unit. The discretely presented component unit is reported in a separate column in the government-wide financial statements.

Economic Development Authority. The Economic Development Authority (EDA) 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. The EDA is governed by five board members, two of which are City Council members and three are at-large members. The City Council appoints the EDA governing board and approves tax levies. The City does not have fiduciary responsibility for the EDA. It is this criterion that results in the EDA being reported as a discretely presented component unit. The EDA does not prepare separate financial statements. The EDA fund financial statements begin on page 84.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (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 segment is 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 and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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 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.

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

Note 1: Summary of Significant Accounting Policies (Continued)

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.

The City reports the following major governmental funds:

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

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 *Park fund* captures all park capital items and receives all the City's park dedication fees.

The *City Street Projects* fund accounts for resources accumulated and payments made for street projects within the City.

The City reports the following major proprietary funds:

The *Water fund* accounts for the activities of the water distribution system the City maintains.

The *Sewer fund* accounts for the activities of the City's sewage collection operations.

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

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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.

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

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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

- Negotiable certificates of deposits of \$2,642,967 are valued using a matrix pricing model (Level 2 inputs).

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 and sewer accounts to the County for collection in the following year. Therefore, there has been no allowance for doubtful accounts established.

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."

Property Taxes

The City Council annually adopts a tax levy in December and certifies it to the County for collection in 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 Auditor 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.

Special Assessments

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

Inventories

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

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.

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

Note 1: Summary of Significant Accounting Policies (Continued)

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. Donated capital assets are recorded at acquisition value at the date of donation.

In the case of initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the City chose to include items dating back to June 30, 1980. The City was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the City constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations, the City values these capital assets at the acquisition value of the item at the date of its donation. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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
Land Improvements	4 to 25
Other Improvements	10 to 20
Buildings and Improvements	10 to 50
System Improvements/Infrastructure	20 to 50
Machinery and Equipment	3 to 20
Vehicles	3 to 10
Other Assets	3 to 15

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 only one item that qualifies for reporting in this category. Accordingly, the item, deferred pension resources, is reported only in the statements of net position. This item results from actuarial calculations and current year pension contributions made subsequent to the measurement date.

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. Total 2021 pension expense is \$27,734.

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

Note 1: Summary of Significant Accounting Policies (Continued)

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused paid time off benefits to a maximum of 312 hours. All paid time off pay is accrued when incurred in the government-wide and proprietary funds. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Union employees are allowed severance equal to their unused compensatory time. In governmental fund types the cost of these benefits is recognized when payments are made to the employees. The General fund is typically used to liquidate governmental compensated absences.

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. The 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 financial 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 only one type of item, which arises only under a modified accrual basis of accounting that qualifies as needing to be reported in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

The City has an additional item which qualifies for reporting in this category. The item, deferred pension resources, is reported only in the statements of net position and results from actuarial calculations.

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

Note 1: Summary of Significant Accounting Policies (Continued)

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 Finance Director.

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 a minimum unassigned fund balance of 40-50 percent of budgeted operating expenditures for cash-flow timing needs.

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 - Consist 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 balances 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.

City of Centerville, 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 fund. All annual appropriations lapse at fiscal year-end. The City does not use encumbrance accounting.

In May 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 early 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. There were no budget amendments made during 2021.

B. Deficit Fund Equity

The following fund had a deficit fund balance as of December 31, 2021:

Fund	Amount
Major	
Park	\$ 823,419

The Park fund deficit will be eliminated with park dedication fees collected in future years.

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

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.

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 City.

At year end, the City's carrying amount of deposits was \$7,269,826, and the bank balance was \$7,365,941. Of the bank balance, \$527,673 was covered by federal depository insurance and the remaining balance was covered by collateral held by the City's agent in the City's name.

City of Centerville, 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.

Types of Investments	Credit Quality/ Ratings (1)	Segmented Time Distribution (2)	Amount	Fair Value Measurement Using		
				Level 1	Level 2	Level 3
Pooled Investments at Amortized Costs						
Broker money market funds	N/A	less than 6 months	\$ 27,793			
Pooled Investments at Fair Value						
Negotiable certificates of deposits	N/A	less than 1 year	590,642	\$ -	\$ 590,642	\$ -
Negotiable certificates of deposits	N/A	1 to 5 years	2,052,325	-	2,052,325	-
Total Investments			\$ 2,670,760	\$ -	\$ 2,642,967	\$ -

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

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

N/A Indicates not applicable or available.

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

- *Credit Risk.* The credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Ratings are provided by various credit rating agencies and where applicable, indicate associated credit risk. Minnesota statutes limit the City's investments to the list on page 47 of the notes.
- *Custodial Credit Risk.* The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Generally, the City limits its securities purchases to those insured and registered under the City's name.
- *Concentration of Credit Risk.* The concentration of credit risk for investments is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City has invested more than 5 percent of investments in Discover Bank CD (9.3 percent), Capital One CD (9.3 percent), Texas Exchange Bank CD (7.8 percent), Pathfinder Bank CD (9.3 percent), CIT SLC Bank CD (9.5 percent), JPMorgan Chase Bank CD (9.3 percent), MS Bank CD (9.6 percent) and HBSC Bank CD (9.3 percent).
- *Interest Rate Risk.* The interest rate risk for investments is the risk that changes in interest rates will adversely affect the fair value of an investment.

The City does not currently have a formal investment policy that addresses the above-mentioned risks.

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

Note 3: Detailed Notes on All Funds (Continued)

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

	<u>Total</u>
Carrying Amount of Deposits	\$ 7,269,826
Investments	2,670,760
Petty Cash	<u>200</u>
Total	<u><u>\$ 9,940,786</u></u>
Primary Government	
Cash and Temporary investments	\$ 9,913,264
Discretely Presented Component Unity	
EDA	<u>27,522</u>
Total	<u><u>\$ 9,940,786</u></u>

B. Capital Assets

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets not Being Depreciated				
Land	\$ 2,301,990	\$ -	\$ -	\$ 2,301,990
Construction in progress	1,569,050	210,690	(1,730,312)	49,428
Total Capital Assets not Being Depreciated	<u>3,871,040</u>	<u>210,690</u>	<u>(1,730,312)</u>	<u>2,351,418</u>
Capital Assets Being Depreciated				
Buildings	1,627,438	453,641	-	2,081,079
Infrastructure	17,879,978	1,276,671	-	19,156,649
Machinery and equipment	791,298	96,991	(80,227)	808,062
Total Capital Assets Being Depreciated	<u>20,298,714</u>	<u>1,827,303</u>	<u>(80,227)</u>	<u>22,045,790</u>
Less Accumulated Depreciation for				
Buildings	(944,910)	(29,896)	-	(974,806)
Infrastructure	(11,610,753)	(953,475)	-	(12,564,228)
Machinery and equipment	(651,097)	(15,971)	28,665	(638,403)
Total Accumulated Depreciation	<u>(13,206,760)</u>	<u>(999,342)</u>	<u>28,665</u>	<u>(14,177,437)</u>
Total Capital Assets Being Depreciated, Net	<u>7,091,954</u>	<u>827,961</u>	<u>(51,562)</u>	<u>7,868,353</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 10,962,994</u></u>	<u><u>\$ 1,038,651</u></u>	<u><u>\$ (1,781,874)</u></u>	<u><u>\$ 10,219,771</u></u>

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

Note 3: Detailed Notes on All Funds (Continued)

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

Governmental Activities

General government	\$ 14,415
Public safety	600
Public works	881,641
Culture and recreation	<u>102,686</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 999,342</u></u>

Capital asset activity for the business-type activities for the year ended December 31, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital Assets not Being Depreciated				
Land	\$ 200,655	\$ -	\$ -	\$ 200,655
Construction in progress	<u>975,738</u>	<u>47,647</u>	<u>(1,023,385)</u>	<u>-</u>
Total Capital Assets not Being Depreciated	<u>1,176,393</u>	<u>47,647</u>	<u>(1,023,385)</u>	<u>200,655</u>
Capital Assets Being Depreciated				
Buildings	414,000	-	-	414,000
Infrastructure	10,233,295	1,023,385	-	11,256,680
Machinery and equipment	<u>366,109</u>	<u>-</u>	<u>-</u>	<u>366,109</u>
Total Capital Assets Being Depreciated	<u>11,013,404</u>	<u>1,023,385</u>	<u>-</u>	<u>12,036,789</u>
Less Accumulated Depreciation for				
Buildings	(106,950)	(46,690)	-	(153,640)
Infrastructure	(5,741,162)	(326,332)	-	(6,067,494)
Machinery and equipment	<u>(383,815)</u>	<u>(7,383)</u>	<u>-</u>	<u>(391,198)</u>
Total Accumulated Depreciation	<u>(6,231,927)</u>	<u>(380,405)</u>	<u>-</u>	<u>(6,612,332)</u>
Total Capital Assets Being Depreciated, Net	<u>4,781,477</u>	<u>642,980</u>	<u>-</u>	<u>5,424,457</u>
Business-type Activities Capital Assets, Net	<u><u>\$ 5,957,870</u></u>	<u><u>\$ 690,627</u></u>	<u><u>\$ (1,023,385)</u></u>	<u><u>\$ 5,625,112</u></u>

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

Business-type Activities

Water	\$ 239,351
Sewer	104,443
Storm water	<u>36,611</u>
Total Depreciation Expense - Business-type Activities	<u><u>\$ 380,405</u></u>

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

Note 3: Detailed Notes on All Funds (Continued)

C. Interfund Balances and Transfers

The composition of internal balance as of December 31, 2021 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Advance to/from other Funds		
Sewer	Park	\$ 855,127
Water	Garbage	15,199
		<u> </u>
Total Advances To/From Other Funds		<u><u>\$ 870,326</u></u>

The above interfund advance and the amount due to/from other funds are being paid back according to the amortization schedules. The Sewer fund financed a portion of a project that the Park fund is repaying with park dedication fees. The Water fund loan the Garbage fund \$15,199 to cover deficit cash balances.

Interfund Transfers

<u>Fund</u>	<u>Transfer In</u>			
	City Street Projects	Debt Service	Other Governmental	Total
Transfer out				
General	\$ 200,000	\$ -	\$ 81,000	\$ 281,000
Debt Service	-	161,060	-	161,060
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u><u>\$ 200,000</u></u>	<u><u>\$ 161,060</u></u>	<u><u>\$ 81,000</u></u>	<u><u>\$ 442,060</u></u>

A transfer of \$200,000 and \$81,000 was made from the General fund to the City Street Projects and Capital Equipment Revolving fund for future capital projects and replacement of equipment, vehicles and computers. A \$163,500 transfer was made within the debt service funds to close the 2013A bond fund.

City of Centerville, 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

General obligation improvement bonds are direct obligations and pledge the full faith and credit of the City. The following bonds were issued to finance various improvements and will be repaid primarily from special assessments collections and tax levies. General obligation improvement bonds currently outstanding are as follows:

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Improvement Crossover Refunding Bonds of 2016A	\$ 1,815,000	1.15 - 1.80 %	07/01/16	02/01/25	\$ 1,015,000
G.O. Improvement Refunding 2013A Bond 2021A	1,255,000	2.00	03/31/21	02/01/29	<u>1,255,000</u>
Total General Obligation Improvement Bonds					<u><u>\$ 2,270,000</u></u>

The G.O. Improvement and Refunding Bonds, Series 2021A were issued by the City of Centerville, refunding the G.O. Improvement Bonds of 2013A. As a result of the refunding issue, the City will save \$70,304 in debt service payments and achieve an economic gain (the present value of the difference of the old and the new debt service) of \$73,476-

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

Year Ending December 31,	General Obligation Improvement Bonds		
	Governmental Activities		
	Principal	Interest	Total
2022	\$ 365,000	\$ 48,226	\$ 413,226
2023	360,000	33,178	393,178
2024	355,000	26,595	381,595
2025	340,000	20,150	360,150
2026	240,000	14,600	254,600
2027 - 2029	<u>610,000</u>	<u>17,600</u>	<u>627,600</u>
Total	<u><u>\$ 2,270,000</u></u>	<u><u>\$ 160,349</u></u>	<u><u>\$ 2,430,349</u></u>

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

Note 3: Detailed Notes on All Funds (Continued)

General Obligation Capital Notes

The City issues general obligation capital note to provide funds for the acquisition capital equipment. General obligation capital notes have been issued for governmental activities.

General obligation capital notes are direct obligations and pledge the full faith and credit of the City. General obligation capital notes currently outstanding are as follows:

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Capital Notes					
2016A	\$ 59,619	2.00 %	04/14/16	02/01/26	<u>\$ 34,072</u>

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

Year Ending December 31,	General Obligation Capital Notes		
	Governmental Activities		
	Principal	Interest	Total
2022	\$ 6,680	\$ 621	\$ 7,301
2023	6,680	488	7,168
2024	6,847	352	7,199
2025	7,014	214	7,228
2026	6,851	144	6,995
Total	<u>\$ 34,072</u>	<u>\$ 1,819</u>	<u>\$ 35,891</u>

Changes in Long-term Liabilities

During the year ended December 31, 2021, the following changes occurred in noncurrent liabilities:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
G.O. Improvement Bonds	\$ 2,720,000	\$ 1,255,000	\$ (1,705,000)	\$ 2,270,000	\$ 365,000
G.O. Capital Notes	40,915	-	(6,843)	34,072	6,680
Premium on bonds issued	-	66,859	(5,572)	61,287	-
Compensated Absences Payable	61,651	58,637	(61,651)	58,637	58,637
Governmental Activities Long-term Liabilities	<u>\$ 2,822,566</u>	<u>\$ 1,380,496</u>	<u>\$ (1,779,066)</u>	<u>\$ 2,423,996</u>	<u>\$ 430,317</u>
Business-type Activities					
Compensated Absences Payable	<u>\$ 20,453</u>	<u>\$ 20,502</u>	<u>\$ (20,454)</u>	<u>\$ 20,501</u>	<u>\$ 20,501</u>

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

Note 3: Detailed Notes on All Funds (Continued)

E. Fund Equity

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), policy and/or intent (Assigned). The following is a summary of the components of fund balance:

	General	Debt Service	Park	City Street Projects	Other Governmental Funds	Total
Nonspendable						
Prepaid items	\$ 1,925	\$ 16,451	\$ -	\$ -	\$ -	\$ 18,376
Restricted for						
Debt service	-	510,044	-	-	-	510,044
Cable TV	-	-	-	-	32,802	32,802
Public safety	43,126	-	-	-	-	43,126
Total Restricted	43,126	510,044	-	-	32,802	585,972
Assigned for						
Street projects	-	-	-	526,226	-	526,226
Capital equipment	-	-	-	-	338,932	338,932
Total Assigned	-	-	-	526,226	338,932	865,158
Unassigned	1,974,074	-	(823,419)	-	-	1,150,655
Total	\$ 2,019,125	\$ 526,495	\$ (823,419)	\$ 526,226	\$ 371,734	\$ 2,620,161

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, other than teachers, are covered by the General Employees Plan. GERP members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

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.

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

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.

C. Contributions

Minnesota statutes chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature.

GERP Contributions

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2019 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 \$49,311, \$47,546 and \$44,348, respectively. The City's contributions were equal to the contractually required contributions for each year as set by state statute.

D. Pension Costs

General Employees Fund Pension Costs

At December 31, 2021, the City reported a liability of \$388,611 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 to the fund in 2021. 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 \$11,895. 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 0.0091 percent which was an increase of 0.0006 percent from its proportion measured as of June 30, 2020.

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

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

City's Proportionate Share of the Net Pension Liability	\$ 388,611
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the City	<u>11,895</u>
Total	<u><u>\$ 400,506</u></u>

For the year ended December 31, 2021, the City recognized pension expense of \$26,774 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized \$960 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	\$ 2,125	\$ 11,801
Changes in Actuarial Assumptions	237,278	7,909
Net Difference Between Projected and Actual Earnings on Plan Investments	-	337,424
Changes in Proportion	35,061	-
Contributions Paid to PERA Subsequent to the Measurement Date	<u>24,280</u>	<u>-</u>
Total	<u><u>\$ 298,744</u></u>	<u><u>\$ 357,134</u></u>

The \$24,280 reported as deferred outflows of resources related to pensions resulting from the City's contributions to GERF 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	\$ 4,380
2023	8,642
2024	(3,896)
2025	(91,796)

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.

Inflation is assumed to be 2.25 percent for the General Employees Plan. Benefit increases after retirement are assumed to be 1.25 percent for the General Employees Plan.

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

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

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

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. 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 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 have been no changes since the prior evaluation.

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 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
Cash	16.5	5.30
Total	<u>100.00 %</u>	

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 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.

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

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

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:

	City Proportionate Share of NPL		
	1 Percent Decrease (5.50%)	Current (6.50%)	1 Percent Increase (7.50%)
General Employees Fund	\$ 792,568	\$ 388,611	\$ 57,140

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.

Note 5: Joint Powers Agreements

A. Centennial Fire District

The Centennial Fire District (the District) was formed under the authority of Minnesota statutes 471.59 in 1985 by agreement of the member cities of Centerville, and Circle Pines. The district was created to provide fire protection services to the residents of the member cities. The District is managed through a three-tier system consisting of a Fire Chief, a Steering Committee, and the City Councils of the member cities. The Fire Chief is an appointed position. Each member city appoints two commissioners. One of these commissioners must be an elected official of the City. Each member city contributes funds to cover the budgeted costs of operations as determined by the commissioners. The amount of contributions required by each member is based on each city's population, number of fire calls, and assessed valuations. Contributions made by member cities for 2021, were as follows:

City of Centerville	\$ 298,396	45.79 %
City of Circle Pines	353,276	54.21
Total	<u>\$ 651,672</u>	<u>100.00 %</u>

Volunteer firefighters of the District are members of the Centennial Firefighter's Relief Association (the Association). The Association is a single-employer pension plan (the Plan) that operates under the provisions of Minnesota statutes 69 and 424, as amended. It is governed by a board of six officers and trustees elected by the members of the Association for three-year terms. The ex-officio, non-voting members of the Board of trustees are two representatives from the Centennial Fire Steering Committee and the Fire Chief of the District.

The Association issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the Centennial Fire District 7741 Lake Drive, Lino Lakes, MN 55014.

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

Note 5: Joint Powers Agreements (Continued)

B. Centennial Lakes Police Department

The Centennial Lakes Police Department (the Department) was formed under the authority of Minnesota statutes 436.06 in 2005 by agreement of the member cities of Centerville, Circle Pines and Lexington. The Department was created to provide police protection services to its member cities. The Department is managed through a three-tier system consisting of a Governing Board, an Operations committee, and a Chief of Police. The Governing Board consists of six members, two elected officials appointed by each member city. The Operations Committee is made up of the City administrators from each member city and the Chief of Police. The Chief of Police is appointed by mutual agreement of the City Councils of all member cities. Annual contributions required by each member city are calculated based on complaint history, population, and staffing formulas. Contributions made by member cities for 2021 were as follows:

City of Centerville	\$ 835,327	31.48 %
City of Circle Pines	1,086,954	40.95
City of Lexington	<u>731,591</u>	<u>27.57</u>
Total	<u>\$ 2,653,872</u>	<u>100.00 %</u>

C. Summary Financial Information of the Joint Powers Agreements Entities

The contribution to the joint fire district and the joint police commission are reflected as expenditures in the City's General fund. The fire district and police commission's assets, liabilities, equity and operations are excluded from the City's financial statements as further explained in note 1A.

The following information is from the financial statements of the District and the Department as of December 31, 2021, the most recent audited information available at the time of this report. The amounts reported for the District are those presented in its government-wide financial statements. These financial statements are available for viewing at the Centerville City hall.

	Centennial Fire District	Centennial Lakes Police Department
Total Assets and Deferred Outflows of Resources	\$ 2,252,505	\$ 2,818,013
Total Liabilities and Deferred Inflows of Resources	769,906	3,824,998
Total Net Position	1,482,599	(1,006,985)
Total Revenue	784,399	2,788,112
Total Expenses	603,844	2,408,785

Volunteer firefighters of the District are members of the Centennial Firefighter's Relief Association (the Association). The Association is a single-employer pension plan (the Plan) that operates under the provisions of Minnesota statutes 69 and 424, as amended. It is governed by a board of six officers and trustees elected by the members of the Association for three-year terms. The ex-officio, non-voting members of the Board of trustees are two representatives from the Centennial Fire Steering Committee and the Fire Chief of the District.

The Association issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the Centennial Fire District 7741 Lake Drive, Lino Lakes, MN 55014.

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

Note 5: Joint Powers Agreements (Continued)

D. North Metro Telecommunications Commission

The general purpose of the Commission is to award, administer and enforce a cable communications franchise in member municipalities. The member Cities included the City of Blaine, Centerville, Circle Pines, Ham Lake, Lexington, Lino Lakes, and Spring Lake Park. Each member has a representative on the Commissions Board.

Note 6: 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. Net debt is payable solely from ad valorem taxes and, therefore, excludes debt financed partially or entirely by special assessments, Enterprise fund revenues or tax increments. As of December 31, 2021, the City is under the legal debt margin.

Note 7: 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.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CENTERVILLE
CENTERVILLE, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2021

City of Centerville, Minnesota
Required Supplementary Information
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/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/21	0.0091 %	\$ 388,611	\$ 11,895	\$ 400,506	\$ 657,194	59.1 %	87.0 %
06/30/20	0.0085	509,614	15,783	525,397	607,373	83.9	79.0
06/30/19	0.0081	447,831	13,999	461,830	574,515	77.9	80.2
06/30/18	0.0078	432,713	14,272	446,985	524,878	82.4	79.5
06/30/17	0.0082	523,483	6,573	530,056	527,475	99.2	75.9
06/30/16	0.0084	682,038	8,898	690,936	519,227	131.4	68.9
06/30/15	0.0083	430,149	-	430,149	485,521	88.6	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	\$ 49,311	\$ 49,311	\$ -	\$ 657,484	7.50 %
12/31/20	47,546	47,546	-	633,941	7.50
12/31/19	44,348	44,348	-	591,305	7.50
12/31/18	42,276	42,276	-	563,678	7.50
12/31/17	38,001	38,001	-	506,678	7.50
12/31/16	38,675	38,675	-	515,669	7.50
12/31/15	37,110	37,110	-	494,796	7.50

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

City of Centerville, Minnesota
Required Supplementary Information (Continued)
December 31, 2021

Notes to the Required Supplementary Information - General Employees 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 Centerville, Minnesota
Required Supplementary Information (Continued)
December 31, 2021

Notes to the Required Supplementary Information - General Employees 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.

COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES

CITY OF CENTERVILLE
CENTERVILLE, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2021

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

	Special Revenue 614	Capital Projects 409	Total Nonmajor Governmental Funds
	Cable T.V.	Capital Equipment Revolving	
Assets			
Cash and temporary investments	\$ 25,070	\$ 340,177	\$ 365,247
Receivables			
Accrued interest	15	205	220
Due from other governments	7,863	-	7,863
	<u>32,948</u>	<u>340,382</u>	<u>373,330</u>
Total Assets	<u>\$ 32,948</u>	<u>\$ 340,382</u>	<u>\$ 373,330</u>
Liabilities			
Accounts payable	\$ -	\$ 1,450	\$ 1,450
Accrued salaries payable	146	-	146
Total Liabilities	<u>146</u>	<u>1,450</u>	<u>1,596</u>
Fund Balances			
Restricted for			
Cable TV	32,802	-	32,802
Assigned for			
Capital equipment	-	338,932	338,932
Total Fund Balances	<u>32,802</u>	<u>338,932</u>	<u>371,734</u>
	<u>32,948</u>	<u>340,382</u>	<u>373,330</u>
Total Liabilities	<u>\$ 32,948</u>	<u>\$ 340,382</u>	<u>\$ 373,330</u>
and Fund Balances			

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

	Special Revenue 614	Capital Projects 409	Total Nonmajor Governmental Funds
	Cable T.V.	Capital Equipment Revolving	
Revenues			
Interest on investments (loss)	\$ 49	\$ (514)	\$ (465)
Miscellaneous			
Refunds and reimbursements	8,403	-	8,403
Total Revenues	<u>8,452</u>	<u>(514)</u>	<u>7,938</u>
Expenditures			
Current			
Culture and recreation			
Personal services	4,533	-	4,533
Supplies	29	-	29
Other services and charges	48,888	-	48,888
Capital outlay			
General government	-	1,450	1,450
Public works	-	86,974	86,974
Culture and recreation	70	-	70
Total Expenditures	<u>53,520</u>	<u>88,424</u>	<u>141,944</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(45,068)</u>	<u>(88,938)</u>	<u>(134,006)</u>
Other Financing Sources			
Transfers in	-	81,000	81,000
Sale of capital assets	-	11,005	11,005
Total Other Financing Sources	<u>-</u>	<u>92,005</u>	<u>92,005</u>
Net Change in Fund Balances	(45,068)	3,067	(42,001)
Fund Balances, January 1	<u>77,870</u>	<u>335,865</u>	<u>413,735</u>
Fund Balances, December 31	<u>\$ 32,802</u>	<u>\$ 338,932</u>	<u>\$ 371,734</u>

City of Centerville, Minnesota
Statement of Net Position
Nonmajor Proprietary Funds
December 31, 2021

	603 Storm	604 Garbage	605 Recycling	Total
Current Assets				
Cash and temporary investments	\$ 96,796	\$ -	\$ 1,125	\$ 97,921
Receivables				
Accrued interest	58	4	3	65
Accounts	21,158	37,578	10,095	68,831
Special assessments	-	3,518	3,518	7,036
Total Current Assets	<u>118,012</u>	<u>41,100</u>	<u>14,741</u>	<u>173,853</u>
Noncurrent Assets				
Capital assets				
Land	4,400	-	-	4,400
Infrastructure	1,633,841	-	-	1,633,841
Less accumulated depreciation	<u>(476,078)</u>	<u>-</u>	<u>-</u>	<u>(476,078)</u>
Net Capital Assets	<u>1,162,163</u>	<u>-</u>	<u>-</u>	<u>1,162,163</u>
 Total Assets	 <u>1,280,175</u>	 <u>41,100</u>	 <u>14,741</u>	 <u>1,336,016</u>
Deferred Outflows of Resources				
Deferred pension resources	<u>9,121</u>	<u>-</u>	<u>-</u>	<u>9,121</u>
Liabilities				
Current Liabilities				
Accounts payable	41	16,952	4,573	21,566
Accrued salaries payable	1,379	-	-	1,379
Due to other funds	-	15,199	-	15,199
Due to other governments	-	3,673	-	3,673
Compensated absences payable - current	3,289	-	-	3,289
Total Current Liabilities	<u>4,709</u>	<u>35,824</u>	<u>4,573</u>	<u>45,106</u>
Noncurrent Liabilities				
Net pension liability	<u>11,904</u>	<u>-</u>	<u>-</u>	<u>11,904</u>
 Total Liabilities	 <u>16,613</u>	 <u>35,824</u>	 <u>4,573</u>	 <u>57,010</u>
Deferred Inflows of Resources				
Deferred pension resources	<u>10,898</u>	<u>-</u>	<u>-</u>	<u>10,898</u>
Net Position				
Investment in capital assets	1,162,163	-	-	1,162,163
Unrestricted	<u>99,622</u>	<u>5,276</u>	<u>10,168</u>	<u>115,066</u>
 Total Net Position	 <u><u>\$ 1,261,785</u></u>	 <u><u>\$ 5,276</u></u>	 <u><u>\$ 10,168</u></u>	 <u><u>\$ 1,277,229</u></u>

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

	603 Storm	604 Garbage	605 Recycling	Total
Operating Revenues				
Charges for services	\$ 130,799	\$ 205,798	\$ 57,902	\$ 394,499
Operating Expenses				
Salaries and benefits	28,345	-	-	28,345
Other services and charges	6,762	199,376	52,407	258,545
Depreciation	36,611	-	-	36,611
Total Operating Expenses	71,718	199,376	52,407	323,501
Operating Income	59,081	6,422	5,495	70,998
Nonoperating Revenues				
Interest earnings (loss)	89	(29)	(22)	38
Intergovernmental	131,552	-	-	131,552
Total Nonoperating Revenues	131,641	(29)	(22)	131,590
Change in Net Position	190,722	6,393	5,473	202,588
Net Position, January 1	1,071,063	(1,117)	4,695	1,074,641
Net Position, December 31	<u>\$ 1,261,785</u>	<u>\$ 5,276</u>	<u>\$ 10,168</u>	<u>\$ 1,277,229</u>

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

	603 Storm Water	604 Garbage	605 Recycling	Totals
Cash Flows from Operating Activities				
Receipts from customers and users	\$ 125,295	\$ 204,107	\$ 57,453	\$ 386,855
Payments to suppliers	(8,681)	(197,125)	(52,298)	(258,104)
Payments to employees	(28,800)	-	-	(28,800)
Net Cash Provided by Operating Activities	87,814	6,982	5,155	99,951
Cash Flows from Noncapital Financing Activities				
Principal paid on advance from other funds	-	(6,949)	(4,005)	(10,954)
Intergovernmental	131,552	-	-	131,552
Net Cash Provided (Used) by Noncapital Financing Activities	131,552	(6,949)	(4,005)	120,598
Cash Flows from Capital and Related Financing Activities				
Acquisition of capital assets	(47,647)	-	-	(47,647)
Cash Flows From Investing Activities				
Interest received on investments	176	(33)	(25)	118
Net Increase (Decrease) in Cash and Cash Equivalents	171,895	-	1,125	173,020
Cash and Cash Equivalents, January 1	(75,099)	-	-	(75,099)
Cash and Cash Equivalents, December 31	\$ 96,796	\$ -	\$ 1,125	\$ 97,921
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating income	\$ 59,081	\$ 6,422	\$ 5,495	\$ 70,998
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation	36,611	-	-	36,611
(Increase) decrease in assets/deferred outflows of resources				
Accounts receivable	(5,504)	(1,190)	52	(6,642)
Special assessments	-	(501)	(501)	(1,002)
Deferred pension resources	(7,079)	-	-	(7,079)
Increase (decrease) in liabilities/deferred inflows of resources				
Accounts payable	(1,919)	348	109	(1,462)
Accrued salaries payable	(270)	-	-	(270)
Compensated absences payable	122	-	-	122
Pension liability	(3,278)	-	-	(3,278)
Deferred pension resources	10,050	-	-	10,050
Due to other governments	-	1,903	-	1,903
Net Cash Provided by Operating Activities	\$ 87,814	\$ 6,982	\$ 5,155	\$ 99,951

City of Centerville, 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 Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Taxes					
General property	\$ 2,364,916	\$ 2,364,916	\$ 2,409,492	\$ 44,576	\$ 2,279,874
Gambling	2,000	2,000	33,758	31,758	-
Total taxes	2,366,916	2,366,916	2,443,250	76,334	2,279,874
Licenses and permits					
Business	23,200	23,200	18,703	(4,497)	15,585
Nonbusiness	173,000	173,000	297,632	124,632	228,767
Total licenses and permits	196,200	196,200	316,335	120,135	244,352
Intergovernmental					
Federal - other	-	-	-	-	306,939
State					
Local government aid	75,626	75,626	75,626	-	84,536
Market value agricultural credit	100	100	208	108	205
Police aid	48,000	48,000	42,453	(5,547)	48,621
Fire aid	52,200	52,200	59,927	7,727	53,418
Other	1,333	1,333	-	(1,333)	7,465
County - other	18,000	18,000	47,961	29,961	30,762
Total intergovernmental	195,259	195,259	226,175	30,916	531,946
Charges for services					
General government	2,500	2,500	9,000	6,500	630
Culture and recreation	2,500	2,500	1,865	(635)	-
Other	-	-	103	103	23
Total charges for services	5,000	5,000	10,968	5,968	653
Fines and forfeitures	13,000	13,000	14,761	1,761	10,188
Special assessments	-	-	62,969	62,969	-
Interest on investments (loss)	13,000	13,000	(5,929)	(18,929)	20,384
Miscellaneous					
Refunds and reimbursements	6,000	6,000	81,688	75,688	6,989
Other	1,100	1,100	68,046	66,946	646
Total miscellaneous	7,100	7,100	149,734	142,634	7,635
Total Revenues	2,796,475	2,796,475	3,218,263	421,788	3,095,032

City of Centerville, 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	\$ 30,200	\$ 30,200	\$ 30,159	\$ 41	\$ 48,347
Other services and charges	21,000	21,000	494	20,506	163
Total mayor and council	51,200	51,200	30,653	20,547	48,510
Elections					
Personal services	2,740	2,740	-	2,740	23,616
Supplies	200	200	-	200	99
Other services and charges	350	350	-	350	800
Total elections	3,290	3,290	-	3,290	24,515
Planning and zoning					
Personal services	-	-	4,037	(4,037)	2,530
Other services and charges	9,100	9,100	12,970	(3,870)	5,140
	9,100	9,100	17,007	(7,907)	7,670
Administration					
Personal services	302,400	302,400	301,460	940	256,087
Supplies	2,500	2,500	5,254	(2,754)	4,659
Other services and charges	67,400	67,400	64,081	3,319	60,319
Total administration	372,300	372,300	370,795	1,505	321,065
Assessing					
Other services and charges	18,400	18,400	19,355	(955)	18,635
Legal and auditing					
Other services and charges	111,900	111,900	94,460	17,440	74,593
General government building					
Personal services	3,700	3,700	1,173	2,527	672
Supplies	400	400	141	259	-
Other services and charges	15,700	15,700	18,699	(2,999)	49,565
Total general government building	19,800	19,800	20,013	(213)	50,237
Total general government	585,990	585,990	552,283	33,707	545,225

City of Centerville, 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)					
Public safety					
Police protection					
Personal services	\$ -	\$ -	\$ 846	\$ (846)	\$ 2,349
Supplies	-	-	125	(125)	2,555
Other services and charges	853,289	853,289	857,783	(4,494)	1,089,417
Total police protection	853,289	853,289	858,754	(5,465)	1,094,321
Fire protection					
Remittance to relief association	52,200	52,200	55,927	(3,727)	56,419
Other services and charges	298,396	298,396	298,396	-	297,824
Total fire protection	350,596	350,596	354,323	(3,727)	354,243
Building inspection					
Personal services	126,900	126,900	137,915	(11,015)	147,969
Supplies	2,900	2,900	2,886	14	1,361
Other services and charges	14,750	14,750	8,930	5,820	10,275
Total building inspection	144,550	144,550	149,731	(5,181)	159,605
Civil defense					
Other services and charges	1,500	1,500	1	1,499	554
Total public safety	1,349,935	1,349,935	1,362,809	(12,874)	1,608,723
Public works					
Streets					
Personal services	151,300	151,300	128,010	23,290	132,386
Supplies	35,100	35,100	20,882	14,218	9,023
Other services and charges	132,800	132,800	95,608	37,192	83,988
Total streets	319,200	319,200	244,500	74,700	225,397
Recycling					
Personal services	10,300	10,300	18,328	(8,028)	16,754
Supplies	100	100	1,571	(1,471)	1,373
Other services and charges	9,400	9,400	19,956	(10,556)	20,665
Total recycling	19,800	19,800	39,855	(20,055)	38,792

City of Centerville, 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)					
Public works (continued)					
Engineering services					
Other services and charges	\$ 30,000	\$ 30,000	\$ 52,382	\$ (22,382)	\$ 29,171
Total public works	369,000	369,000	336,737	32,263	293,360
Culture and recreation					
Parks and recreation					
Personal services	44,850	44,850	46,680	(1,830)	37,176
Supplies	3,300	3,300	9,932	(6,632)	1,345
Other services and charges	70,300	70,300	84,041	(13,741)	82,609
Total parks and recreation	118,450	118,450	140,653	(22,203)	121,130
City festival					
Other services and charges	10,400	10,400	12,562	(2,162)	140
Total culture and recreation	128,850	128,850	153,215	(24,365)	121,270
Economic development					
Other services and charges	-	-	34,616	(34,616)	22,800
Total economic development	-	-	34,616	(34,616)	22,800
Total current	2,433,775	2,433,775	2,439,660	(5,885)	2,591,378
Capital outlay					
General government	52,500	52,500	42,469	10,031	306,116
Culture and recreation	-	-	10,018	(10,018)	-
Total capital outlay	52,500	52,500	52,487	13	306,116
Total Expenditures	2,486,275	2,486,275	2,492,147	(5,872)	2,897,494
Excess of Revenues					
Over Expenditures	310,200	310,200	726,116	415,916	197,538
Other Financing Uses					
Transfers out	(310,200)	(310,200)	(281,000)	29,200	(276,000)
Net Change in Fund Balances	-	-	445,116	445,116	(78,462)
Fund Balances, January 1	1,574,009	1,574,009	1,574,009	-	1,652,471
Fund Balances, December 31	\$ 1,574,009	\$ 1,574,009	\$ 2,019,125	\$ 445,116	\$ 1,574,009

City of Centerville, Minnesota

Debt Service Funds

Combining Balance Sheet

December 31, 2021

	302	309	351	352	353	
	G.O.	Joint	G.O.	G.O.	G.O.	
	Capital Notes	Police	Improvement	Improvement	Refunding	
	2016A	Station	Bonds of	Bonds of	Bonds of	Total
		2012A	2009A/2016A	2013A	2021A	
Assets						
Cash and temporary investments	\$ 416	\$ 63,267	\$ 279,964	\$ -	\$ 164,228	\$ 507,875
Receivables						
Accrued interest	-	38	266	-	2	306
Special assessments	-	-	245,036	-	-	245,036
Prepaid items	16,451	-	-	-	-	16,451
Total Assets	<u>\$ 16,867</u>	<u>\$ 63,305</u>	<u>\$ 525,266</u>	<u>\$ -</u>	<u>\$ 164,230</u>	<u>\$ 769,668</u>
Deferred Inflows of Resources						
Unavailable revenue - special assessments	\$ -	\$ -	\$ 243,173	\$ -	\$ -	\$ 243,173
Fund Balances						
Nonspendable	16,451	-	-	-	-	16,451
Restricted for debt service	416	63,305	282,093	-	164,230	510,044
Total Fund Balances	<u>16,867</u>	<u>63,305</u>	<u>282,093</u>	<u>-</u>	<u>164,230</u>	<u>526,495</u>
Total Deferred Inflows of Resources and Fund Balances	<u>\$ 16,867</u>	<u>\$ 63,305</u>	<u>\$ 525,266</u>	<u>\$ -</u>	<u>\$ 164,230</u>	<u>\$ 769,668</u>

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

	302 G.O. Capital Notes 2016A	309 Joint Police Station 2012A	351 G.O. Improvement Bonds of 2009A/2016A	352 G.O. Improvement Bonds of 2013A	353 G.O. Refunding Bonds of 2021A	Total
Revenues						
Taxes						
General property	\$ -	\$ -	\$ 212,937	\$ 167,302	\$ -	\$ 380,239
Franchise	7,926	-	-	-	-	7,926
Special assessments	-	-	84,140	23,761	-	107,901
Interest on investments (loss)	30	(43)	(2,417)	(724)	(2)	(3,156)
Total Revenues	<u>7,956</u>	<u>(43)</u>	<u>294,660</u>	<u>190,339</u>	<u>(2)</u>	<u>492,910</u>
Expenditures						
Debt service						
Principal	5,604	6,239	265,000	150,000	-	426,843
Interest and other	1,992	-	20,498	23,637	7,250	53,377
Bond issuance costs	-	-	-	20,903	-	20,903
Total Expenditures	<u>7,596</u>	<u>6,239</u>	<u>285,498</u>	<u>194,540</u>	<u>7,250</u>	<u>501,123</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>360</u>	<u>(6,282)</u>	<u>9,162</u>	<u>(4,201)</u>	<u>(7,252)</u>	<u>(8,213)</u>
Other Financing Sources (Uses)						
Transfers in	-	-	-	-	161,060	161,060
Transfers out	-	-	-	(161,060)	-	(161,060)
Principal paid on refunded bonds	-	-	-	(1,285,000)	-	(1,285,000)
Refunding bonds issued	-	-	-	1,311,437	10,422	1,321,859
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(134,623)</u>	<u>171,482</u>	<u>36,859</u>
Net Change in Fund Balances	360	(6,282)	9,162	(138,824)	164,230	28,646
Fund Balances, January 1	<u>16,507</u>	<u>69,587</u>	<u>272,931</u>	<u>138,824</u>	<u>-</u>	<u>497,849</u>
Fund Balances, December 31	<u>\$ 16,867</u>	<u>\$ 63,305</u>	<u>\$ 282,093</u>	<u>\$ -</u>	<u>\$ 164,230</u>	<u>\$ 526,495</u>

City of Centerville, Minnesota
Economic Development Authority
(Discretely Presented Component Unit)
Balance Sheet
December 31, 2021

	201
	Economic Development Authority
Assets	
Cash and temporary investments	\$ 27,522
Prepaid items	<u>588</u>
Total Assets	<u><u>\$ 28,110</u></u>
Fund Balances	
Nonspendable	
Prepaid items	588
Assigned for economic development	<u>27,522</u>
Total Fund Balances	<u><u>\$ 28,110</u></u>

City of Centerville, Minnesota
Economic Development Authority
(Discretely Presented Component Unit)
Statement of Revenues, Expenditures and
Changes in Fund Balance
For the Year Ended December 31, 2021

	201 Economic Development Authority
Revenues	
Interest on investments	\$ 9
Intergovernmental	<u>29,200</u>
Total Revenues	<u>29,209</u>
Expenditures	
Current	
Housing and economic development	<u>13,937</u>
Net Change in Fund Balances	15,272
Fund Balances, January 1	<u>12,838</u>
Fund Balances, December 31	<u><u>\$ 28,110</u></u>

City of Centerville, 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	\$ 2,992,503	\$ 2,870,619	4.25 %
Licenses and permits	316,335	244,352	29.46
Intergovernmental	285,365	531,946	(46.35)
Charges for services	104,162	67,981	53.22
Fines and forfeitures	14,761	10,188	44.89
Special assessments	254,410	122,221	108.16
Interest on investments (loss)	(10,652)	31,913	(133.38)
Miscellaneous	158,137	22,505	602.67
Total Revenues	<u>\$ 4,115,021</u>	<u>\$ 3,901,725</u>	5.47 %
Per Capita	<u>\$ 1,056</u>	<u>\$ 963</u>	9.64 %
Expenditures			
Current			
General government	\$ 552,283	\$ 545,047	1.33 %
Public safety	1,362,809	1,608,901	(15.30)
Public works	336,737	293,361	14.79
Culture and recreation	206,665	125,327	64.90
Economic development	34,616	22,800	51.82
Capital outlay			
General government	43,919	309,714	(85.82)
Public works	318,043	1,241,887	(74.39)
Culture and recreation	33,292	994	3,249.30
Debt service			
Principal	426,843	1,451,346	(70.59)
Interest and other	53,377	76,618	(30.33)
Bond issuance costs	20,903	-	N/A
Total Expenditures	<u>\$ 3,389,487</u>	<u>\$ 5,675,995</u>	(40.28) %
Per Capita	<u>\$ 870</u>	<u>\$ 1,401</u>	(37.92) %
Total Long-term Indebtedness	\$ 2,304,072	\$ 2,760,915	(16.55) %
Per Capita	591	682	(13.25)
General Fund Balance - December 31	\$ 2,019,125	\$ 1,574,009	28.28 %
Per Capita	518	389	33.35

The purpose of this report is to provide a summary of financial information concerning the City of Centerville to interested citizens. The complete financial statements may be examined at City Hall, 1880 Main Street, Centerville, MN 55038. Questions about this report should be directed to City Hall at (651) 429-3232.

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OTHER REQUIRED REPORT

CITY OF CENTERVILLE
CENTERVILLE, 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 Centerville, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Centerville, Minnesota (the City), as of and for the year ended December 31, 2021, and the related notes to the financial statements, and have issued our report thereon dated June 1, 2022.

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

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. Accordingly, this communication is not suitable for any other purpose.



Abdo
Minneapolis, Minnesota
June 1, 2022