



Annual Financial Report

City of the Village of Minnetonka Beach

Minnetonka Beach, Minnesota

For the year ended December 31, 2022



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City of the Village of Minnetonka Beach, Minnesota
Annual Financial Report
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INTRODUCTORY SECTION

CITY OF THE VILLAGE OF MINNETONKA BEACH
MINNETONKA BEACH, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2022

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City of the Village of Minnetonka Beach
Elected and Appointed Officials
For the Year Ended December 31, 2022

ELECTED OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Jaci Lindstrom	Mayor	12/31/22
Steve Howarth	Council Member	Resigned May 2022
Susan Enlow	Council Member	12/31/22
Tracey Breazeale	Council Member	12/31/24
Vibhu Sharma	Council Member	12/31/24
Chris Zinn	Treasurer	12/31/24

APPOINTED OFFICIALS

Heidi Honey	City Administrator
Jane Burgess	City Clerk

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FINANCIAL SECTION
CITY OF THE VILLAGE OF MINNETONKA BEACH
MINNETONKA BEACH, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2022

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of the Village of Minnetonka Beach, Minnesota

Opinions

We have audited the accompanying financial statements of each major fund of the governmental and proprietary funds and the aggregate remaining fund information of the City of the Village of Minnetonka Beach, Minnesota, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's financial statements as listed in the table of contents.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements of the governmental funds referred to in the first paragraph present fairly, in all material respects, the cash and unencumbered cash balances of each fund of the City, as of December 31, 2022, and the revenues it received and expenditures it paid for the year then ended, in accordance with the financial reporting provisions the Minnesota Office of the State Auditor as described in Note 1B. Also, in our opinion, the financial statements of the proprietary funds referred to in the first paragraph present fairly, in all material respects, the respective financial position of each fund of the City, as of December 31, 2022, and their respective changes in financial position and cash flows, for the year then ended, on the basis of the financial reporting provisions the Minnesota Office of the State Auditor as described in Note 1B.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis of Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the City, as of December 31, 2022, the changes in financial position for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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.

Basis of Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Minnesota Office of the State auditor, as described in Note 1B. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards, we:

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

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

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

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



Abdo
Minneapolis, Minnesota
February 16, 2023



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BASIC FINANCIAL STATEMENTS - REGULATORY BASIS

CITY OF THE VILLAGE OF MINNETONKA BEACH
MINNETONKA BEACH, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2022

City of the Village of Minnetonka Beach, Minnesota
Statement of Balances Arising from Cash Transactions
Governmental Funds
December 31, 2022

	101 General	Other Nonmajor Governmental Funds	Total Governmental Funds
Assets			
Cash and temporary investments	\$ 951,114	\$ 273,459	\$ 1,224,573
Cash Fund Balances			
Restricted			
Debt service	\$ -	\$ 71,136	\$ 71,136
Street maintenance	18,898	-	18,898
Assigned for			
Capital purchases	-	202,323	202,323
Unassigned	932,216	-	932,216
Total Cash Fund Balances	\$ 951,114	\$ 273,459	\$ 1,224,573

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

City of the Village of Minnetonka Beach, Minnesota
Statement of Cash Receipts, Disbursements and Changes in Cash Fund Balances
Governmental Funds
For the Year Ended December 31, 2022

	101	Other	Total
	General	Nonmajor Governmental Funds	Gokernmental Funds
Receipts			
Taxes	\$ 887,490	\$ 68,208	\$ 955,698
Licenses and permits	200,301	-	200,301
Intergovernmental	4,263	-	4,263
Charges for services	97,076	-	97,076
Fines and forfeitures	5,804	-	5,804
Investment earnings	10,066	-	10,066
Miscellaneous	3,473	-	3,473
Total Receipts	<u>1,208,473</u>	<u>68,208</u>	<u>1,276,681</u>
Disbursements			
Current			
General government	395,968	-	395,968
Public safety	272,164	-	272,164
Streets and highways	147,792	-	147,792
Sanitation and recycling	79,617	-	79,617
Culture and recreation	55,346	-	55,346
Capital outlay			
Streets and highways	8,528	84,629	93,157
Culture and recreation	1,995	983	2,978
Debt service			
Principal payments	-	34,000	34,000
Interest and other fiscal charges	-	35,390	35,390
Total Disbursements	<u>961,410</u>	<u>155,002</u>	<u>1,116,412</u>
Excess (Deficiency) of Receipts Over (Under) Disbursements	<u>247,063</u>	<u>(86,794)</u>	<u>160,269</u>
Other Financing Sources (Uses)			
Transfers in	-	73,000	73,000
Transfers out	(73,000)	-	(73,000)
Total Other Financing Sources (Uses)	<u>(73,000)</u>	<u>73,000</u>	<u>-</u>
Net Change in Cash Fund Balances	174,063	(13,794)	160,269
Cash Fund Balances, January 1	<u>777,051</u>	<u>287,253</u>	<u>1,064,304</u>
Cash Fund Balances, December 31	<u>\$ 951,114</u>	<u>\$ 273,459</u>	<u>\$ 1,224,573</u>

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

City of the Village of Minnetonka Beach, Minnesota
Statement of Net Position
Proprietary Funds
December 31, 2022

	Business-type Activities Enterprise Funds			Total
	601 Water Utility	602 Sewer Utility	Nonmajor 603	
			Stormwater Utility	
Assets				
Current Assets				
Cash and temporary investments	\$ 345,387	\$ 111,105	\$ 81,282	\$ 537,774
Accounts receivable	37,587	25,391	5,172	68,150
Total Current Assets	<u>382,974</u>	<u>136,496</u>	<u>86,454</u>	<u>605,924</u>
Noncurrent Assets				
Capital assets				
Improvements other than buildings	5,198,487	21,759	101,937	5,322,183
Equipment	82,857	169,614	-	252,471
Less accumulated depreciation	(892,665)	(46,843)	(7,644)	(947,152)
Total Capital Assets (Net of Accumulated Depreciation)	<u>4,388,679</u>	<u>144,530</u>	<u>94,293</u>	<u>4,627,502</u>
Total Assets	<u>4,771,653</u>	<u>281,026</u>	<u>180,747</u>	<u>5,233,426</u>
Liabilities				
Current Liabilities				
Accounts payable	2,095	-	-	2,095
Accrued interest payable	30,836	-	-	30,836
Current portion of bonds payable	209,000	-	-	209,000
Total Current Liabilities	<u>241,931</u>	<u>-</u>	<u>-</u>	<u>241,931</u>
Noncurrent Liabilities				
Bonds payable	3,820,370	-	-	3,820,370
Total Liabilities	<u>4,062,301</u>	<u>-</u>	<u>-</u>	<u>4,062,301</u>
Net Position				
Net investment in capital assets	359,309	144,530	94,293	598,132
Unrestricted	350,043	136,496	86,454	572,993
Total Net Position	<u>\$ 709,352</u>	<u>\$ 281,026</u>	<u>\$ 180,747</u>	<u>\$ 1,171,125</u>

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

City of the Village of Minnetonka Beach, Minnesota
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2022

	Business-type Activities Enterprise Funds			Total
	601	602	Nonmajor 603	
	Water Utility	Sewer Utility	Stormwater Utility	
Operating Revenues				
Charges for services	\$ 196,191	\$ 92,632	\$ 18,585	\$ 307,408
Operating Expenses				
Personnel services	20,633	9,799	-	30,432
Supplies	1,264	-	-	1,264
MCES charges	-	54,460	-	54,460
Depreciation	105,568	14,152	2,548	122,268
Other services and charges	69,450	57,837	9,200	136,487
Total Operating Expenses	<u>196,915</u>	<u>136,248</u>	<u>11,748</u>	<u>344,911</u>
Operating Income (Loss)	<u>(724)</u>	<u>(43,616)</u>	<u>6,837</u>	<u>(37,503)</u>
Nonoperating Revenues (Expenses)				
Investment earnings	418	-	-	418
Taxes	148,591	-	-	148,591
Intergovernmental	-	31,746	-	31,746
Interest expense and other	(95,180)	-	-	(95,180)
Total Nonoperating Revenues (Expenses)	<u>53,829</u>	<u>31,746</u>	<u>-</u>	<u>85,575</u>
Change in Net Position	53,105	(11,870)	6,837	48,072
Net Position, January 1	<u>656,247</u>	<u>292,896</u>	<u>173,910</u>	<u>1,123,053</u>
Net Position, December 31	<u>\$ 709,352</u>	<u>\$ 281,026</u>	<u>\$ 180,747</u>	<u>\$ 1,171,125</u>

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

City of the Village of Minnetonka Beach, Minnesota
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2022

	Business-type Activities Enterprise Funds			Total
	601 Water Utility	602 Sewer Utility	Nonmajor	
			603 Stormwater Utility	
Cash Flows from Operating Activities				
Receipts from customers	\$ 189,472	\$ 92,632	\$ 18,119	\$ 300,223
Other operating receipts	-	31,746	-	31,746
Payments to suppliers	(70,793)	(114,264)	(9,200)	(194,257)
Payments to employees	(20,633)	(9,799)	-	(30,432)
Net Cash Provided (Used) by Operating Activities	<u>98,046</u>	<u>315</u>	<u>8,919</u>	<u>107,280</u>
Cash Flows from Capital and Related Financing Activities				
Taxes collected	148,591	-	-	148,591
Acquisition of capital assets	(74,721)	-	-	(74,721)
Principal paid on long-term debt	(191,000)	-	-	(191,000)
Principal paid from refunding bond escrow	(960,000)	-	-	(960,000)
Interest paid on long-term debt	(116,542)	-	-	(116,542)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,193,672)</u>	<u>-</u>	<u>-</u>	<u>(1,193,672)</u>
Cash Flows from Investing Activities				
Investment earnings	418	-	-	418
Net Increase (Decrease) in Cash and Cash Equivalents	(1,095,208)	315	8,919	(1,085,974)
Cash and Cash Equivalents, January 1	<u>1,440,595</u>	<u>110,790</u>	<u>72,363</u>	<u>1,623,748</u>
Cash and Cash Equivalents , December 31	<u>\$ 345,387</u>	<u>\$ 111,105</u>	<u>\$ 81,282</u>	<u>\$ 537,774</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities				
Operating income (loss)	\$ (724)	\$ (43,616)	\$ 6,837	\$ (37,503)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Other income related to operations	-	31,746	-	31,746
Depreciation	105,568	14,152	2,548	122,268
(Increase) in assets				
Accounts receivable	(6,719)	(1,967)	(466)	(9,152)
Increase (Decrease) in liabilities				
Accounts payable	(79)	-	-	(79)
Net Cash Provided (Used) by Operating Activities	<u>\$ 98,046</u>	<u>\$ 315</u>	<u>\$ 8,919</u>	<u>\$ 107,280</u>
Schedule of Noncash Capital and Related Financing Activities				
Amortization of bond premium	<u>\$ 7,812</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,812</u>

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

City of the Village of Minnetonka Beach, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

The City of the Village of Minnetonka Beach, Minnesota (the City), operates under “Optional Plan A” as defined in the State of Minnesota statutes. The City is governed by an elected Mayor, a four-member City Council and an elected Treasurer. 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. The City has no component units that meet the GASB criteria.

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

The accompanying financial statements have been prepared under the regulatory basis of accounting as described in the Minnesota Office of the State Auditor’s Reporting and Publishing Requirements for Cities under 2,500 in population published in February of 2016. Under that basis, governmental fund receipts are recognized when received rather than when measurable and available, and disbursements are recognized when paid rather than when the obligation is incurred. That basis differs from accounting principles generally accepted in the United States of America primarily because the City has not provided a management discussion and analysis letter, government-wide statement of net position and government-wide statement of activities and the City does not recognize governmental fund receipts and disbursements in accordance with the modified accrual basis of accounting.

The accounts of the City are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

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.

Governmental funds are used to account for the City’s general government activities and are accounted for using the regulatory basis of accounting. Their receipts are recognized when received in cash and disbursements are recognized when paid in cash. The regulatory basis of accounting is a special purpose framework other than GAAP. Under GAAP, governmental funds use the modified accrual method of accounting. The difference between the regulatory basis and modified accrual basis of accounting is that under the modified accrual basis of accounting, receipts are recognized when susceptible to accrual (i.e., when they are “measurable and available”). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period.

Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows.

City of the Village of Minnetonka Beach, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants, entitlement and donations. On the regulatory basis, receipts from property taxes are recognized in the year the tax is collected. Receipts from grants, entitlements and donations are recognized in the year in which they are collected. For proprietary funds, 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 disbursements requirements, in which the resources are provided to the City on a reimbursement basis.

Preparation of the financial statements 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 City reports the following major enterprise funds:

The *Water Utility fund* accounts for activities related to providing water to customers.

The *Sewer Utility fund* accounts for activities related to providing sanitary sewer service to customers.

Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the City Council has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

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 enterprise funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. 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.

C. Assets, Liabilities 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 of the cash and temporary investments pool is considered to be cash and cash equivalents for purposes of the Statements 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.

City of the Village of Minnetonka Beach, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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, 2022:

- Governmental Bonds of \$218,469 and Treasury Notes of \$332,000 are valued using quoted market prices (Level 1 Inputs)

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

City of the Village of Minnetonka Beach, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

Property Taxes

The City Council annually adopts a tax levy and certifies it to the County in December 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 Treasurer and tax settlements are made to the City during January, June, and December of each year.

Accounts Receivable

Accounts receivable in the enterprise funds include amounts billed for services provided before year end. The City annually certifies delinquent water and sewer accounts to the County for collection. As a result, there is no allowance for uncollectible accounts. There City has no outstanding utility receivables older than one year.

Capital Assets

Under the regulatory basis, the City does not account for capital assets used in governmental funds.

Property, plant and equipment in the proprietary funds of the City are recorded at cost. Capital assets are defined by the City as assets with an initial individual cost of more than \$2,500 and an estimated useful life in excess of three years. Property, plant and equipment donated to these proprietary fund type operations are recorded at their acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized in the proprietary funds.

Major outlays for capital assets and improvements are capitalized in proprietary funds as projects are constructed.

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

Assets	Useful Lives in Years
Improvements Other than Buildings	20 to 50
Machinery and Equipment	4 to 20

Compensated Absences

Each regular full-time employee who terminates employment in good standing with the City after five years of full-time employment and who provides one month advance notice shall receive all accumulated vacation time and a one-time lump-sum severance payment amount equal to 50 percent of the employee's individual accumulated sick leave balance at the date of the termination, not to exceed 960 hours, compensated at the employee's normal straight-time rate of pay in effect on the employee's termination date.

In governmental funds, the cost of these benefits is recognized when payments are made to the employees.

City of the Village of Minnetonka Beach, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

Long-term Obligations

In the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable proprietary fund type statement of net position. The recognition of bond premiums and discounts are 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 funds recognize 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 disbursements.

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 Treasurer.

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 disbursements 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 65 percent of budgeted operating disbursements for cash-flow timing.

City of the Village of Minnetonka Beach, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

Net Position

Net position represents the difference between assets and liabilities. Net position is displayed in three components:

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

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

Note 2: Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on the regulatory basis which is a basis of accounting that is not 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 August of each year, all departments of the City submit requests for appropriations to the Administration so that a budget may be prepared. Before September 30, 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 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 in 2022.

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 market value of collateral pledged must equal 110 percent of the deposits not covered by insurance or bonds, with the exception of irrevocable standby letters of credit issued by Federal Home Loan Banks as this type of collateral only requires collateral pledged equal to 100 percent of the deposits not covered by insurance or bonds.

City of the Village of Minnetonka Beach, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 3: Detailed Notes on All Funds (Continued)

Authorized collateral in lieu of a corporate surety bond includes:

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

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

At year end, the City's carrying amount of deposits was \$32,460 and the bank balance was \$94,416. \$94,416 of the bank balance was covered by federal depository insurance.

Investments

At year end, the City's investment balances were as follows:

Types of Investments	Credit Quality/ Ratings (1)	Segmented Time Distribution (2)	Amount	Fair Value Measurement		
				Level 1	Level 2	Level 3
Pooled Investments at Amortized Costs						
Broker Money Market	N/A	less than 6 months	\$ 1,250			
4M Fund	PI	less than 6 months	1,178,068			
Non-pooled Investments at Fair Value						
Treasury Note	N/A	6 months to 1 year	332,000	332,000	-	-
Governmental Bonds	AA	1 year to 3 years	218,469	218,469	-	-
Total Investments			<u>\$ 1,729,787</u>	<u>\$ 550,469</u>	<u>\$ -</u>	<u>\$ -</u>

(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.

City of the Village of Minnetonka Beach, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 3: Detailed Notes on All Funds (Continued)

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

- *Credit Risk* 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 and the City's investment policy limit the City's investments to the list on page 23 of the notes.
- *Custodial Credit Risk* 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. The investment in the Minnesota Municipal Money Market Mutual Fund is not subject to the custodial credit risk classifications as noted in paragraph 9 of GASB Statement No. 40. The City's investment policy minimizes this risk by: Maintaining a list of public depositories, financial institutions and broker/dealers authorized to provide deposit and investment services and all public depositories, financial institutions and broker/dealers authorized to provide deposit and investment services must supply as appropriate audited financial statements demonstrating compliance with state and federal capital adequacy guidelines.
- *Concentration of Credit Risk* is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City places no limit on the amount that may be invested in any one issuer. In accordance with the City's investment policy, the City diversifies its investment portfolio to eliminate the risk of loss resulting from over-concentration of assets in a specific maturity, a specific issuer or a specific class of securities.
- *Interest Rate Risk* is the risk that changes in interest rates will adversely affect the fair value of an investment. The City's investment policy minimizes the risk by Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.

A reconciliation of cash and temporary investments as shown on the statements for the City follows:

Deposits	\$ 32,460
Petty Cash	100
Investments	<u>1,729,787</u>
Total	<u><u>\$ 1,762,347</u></u>
Governmental Funds	
Unrestricted	\$ 1,224,573
Proprietary Funds	
Unrestricted	<u>537,774</u>
Total	<u><u>\$ 1,762,347</u></u>

City of the Village of Minnetonka Beach, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 3: Detailed Notes on All Funds (Continued)

B. Capital Assets

A summary of changes in business-type activity capital assets follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type Activities				
Capital assets not being depreciated				
Construction in progress	\$ 1,251,116	\$ 20,372	\$ (1,271,488)	\$ -
Capital Assets being Depreciated				
Improvements other than buildings	4,050,695	1,271,488	-	5,322,183
Equipment	252,471	-	-	252,471
Total Capital Assets being Depreciated	<u>4,303,166</u>	<u>1,271,488</u>	<u>-</u>	<u>5,574,654</u>
Less Accumulated Depreciation for				
Improvements other than buildings	(742,527)	(104,087)	-	(846,614)
Equipment	(82,357)	(18,181)	-	(100,538)
Total Accumulated Depreciation	<u>(824,884)</u>	<u>(122,268)</u>	<u>-</u>	<u>(947,152)</u>
Total Capital Assets being Depreciated, Net	<u>3,478,282</u>	<u>1,149,220</u>	<u>-</u>	<u>4,627,502</u>
Business-type Activities Capital Assets, Net	<u>\$ 4,729,398</u>	<u>\$ 1,169,592</u>	<u>\$ (1,271,488)</u>	<u>\$ 4,627,502</u>

The depreciation expense for the Water fund, Sewer fund and Stormwater Utility was as follows:

Business-type activities	
Water	\$ 105,568
Sewer	14,152
Stormwater	<u>2,548</u>
Total depreciation expense - business-type activities	<u>\$ 122,268</u>

C. Interfund Transfers

During the year ended December 31, 2022 the General fund transferred \$73,000 to the Capital Improvement Fund to fund capital improvement projects.

City of the Village of Minnetonka Beach, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 3: Detailed Notes on All Funds (Continued)

D. Long-term Debt

General Obligation (G.O.) Bonds

The City issues G.O. bonds to provide funds for the acquisition and construction of major capital facilities. G.O. bonds have been issued for governmental and enterprise funds. In addition, refunding G.O. bonds have been issued. G.O. bonds are direct obligations and pledge the full faith and credit of the government. G.O. bonds currently outstanding for they are as follows:

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Bonds, Series 2019A	2,385,000	3.00 - 4.00	07/01/19	02/01/40	\$ 2,215,000
G.O. Bonds, Series 2020A	2,385,000	3.00 - 4.00	07/01/20	02/01/41	1,300,000
G.O. Bonds, Series 2021A	1,185,000	2.00 - 3.00	12/01/21	02/01/32	1,185,000
Total G.O. Bonds					<u>\$ 4,700,000</u>

Annual debt service requirements to maturity for the G.O. bonds are as follows:

Year Ending December 31,	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 36,000	\$ 28,240	\$ 64,240	\$ 209,000	\$ 96,760	\$ 305,760
2024	38,000	26,760	64,760	227,000	90,240	317,240
2025	38,000	25,240	63,240	227,000	83,460	310,460
2026	40,000	23,680	63,680	235,000	76,545	311,545
2027	42,000	22,040	64,040	243,000	69,360	312,360
2028 - 2032	234,000	86,890	320,890	1,311,000	247,235	1,558,235
2033 - 2037	272,000	48,780	320,780	768,000	122,970	890,970
2038 - 2041	186,000	8,490	194,490	594,000	25,485	619,485
Total	<u>\$ 886,000</u>	<u>\$ 270,120</u>	<u>\$ 1,156,120</u>	<u>\$ 3,814,000</u>	<u>\$ 812,055</u>	<u>\$ 4,626,055</u>

Changes in Long-term Liabilities

During the year ended December 31, 2022, the following changes occurred in long-term liabilities:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
G.O. Bonds Payable	<u>\$ 920,000</u>	<u>\$ -</u>	<u>\$ (34,000)</u>	<u>\$ 886,000</u>	<u>\$ 36,000</u>
Business-type Activities					
G.O. Bonds Payable	\$ 4,965,000	\$ -	\$ (1,151,000)	\$ 3,814,000	\$ 209,000
Unamortized Premium on Bonds	223,182	-	(7,812)	215,370	-
Business-type Activity Long-term Liabilities	<u>\$ 5,188,182</u>	<u>\$ -</u>	<u>\$ (1,158,812)</u>	<u>\$ 4,029,370</u>	<u>\$ 209,000</u>

Note 4: Defined Benefit Pension Plan - Statewide

A. Plan Description

All full-time and certain part-time employees of the City are covered by defined benefit plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Fund (GERP), which are cost-sharing, multiple-employer retirement plans. These plans are established and administered in accordance with Minnesota statutes, chapters 353 and 356.

General Employees Plan members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan.

PERA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by Minnesota statute, and vest after three years of credited service. The defined retirement 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 and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first 10 years of service and 2.7 percent for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first 10 years and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. For all General Employee Plan members hired prior to July 1, 1989 whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90. Normal retirement age is the age for unreduced Social Security benefits capped at 66 for Coordinated members hired on or after July 1, 1989. A reduced retirement annuity is also available to eligible members seeking early retirement.

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

The benefit provisions stated in the previous paragraphs of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

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

B. Funding Policy

Minnesota statutes, chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the state legislature. The City makes annual contributions to the pension plans equal to the amount required by Minnesota statutes. General Employees Basic Plan members and Coordinated Plan members were required to contribute 9.10 percent and 6.50 percent, respectively, of their annual covered salary in 2022. In 2022, the City was required to contribute the following percentages of annual covered payroll: 11.78 percent for Basic Plan General Employees Plan members and 7.50 percent for Coordinated Plan General Employees Plan members. The City's contributions to the General Employees Plan for the years ended December 31, 2022, 2021 and 2020 were \$20,743, \$19,940, and \$17,435, respectively. The City's contributions were equal to the contractually required contributions for each year as set by Minnesota statute.

City of the Village of Minnetonka Beach, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 5: Other Information

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the City carries insurance. The City obtains insurance through participation in the League of Minnesota Cities Insurance Trust (LMCIT) which is a risk sharing pool with approximately 800 other governmental units. The City pays an annual premium to LMCIT for its workers compensation and property and casualty insurance. The LMCIT is self-sustaining through member premiums and will reinsure for claims above a prescribed dollar amount for each insurance event. Settled claims have not exceeded this 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. The market value of taxable property within the City is \$403,731,060 making the legal debt margin \$12,111,932. The City currently has \$4,700,000 debt subject to this limit.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

CITY OF THE VILLAGE OF MINNETONKA BEACH
MINNETONKA BEACH, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2022

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City of the Village of Minnetonka Beach, Minnesota
 Nonmajor Governmental Funds
 Combining Statement of Balances Arising from Cash Transactions
 December 31, 2022

	Capital Project Funds		301 Debt Service	Total Governmental Funds
	401 Capital Projects	201 Park Capital		
Assets				
Cash and temporary investments	\$ 202,323	\$ -	\$ 71,136	\$ 273,459
Cash Fund Balances				
Restricted for debt service				
Debt service	\$ -	\$ -	\$ 71,136	\$ 71,136
Assigned for				
Capital purchases	202,323	-	-	202,323
Total Cash Fund Balances	\$ 202,323	\$ -	\$ 71,136	\$ 273,459

City of the Village of Minnetonka Beach, Minnesota
Combining Schedule of Cash Receipts, Disbursements and Changes in Cash Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2022

	Capital Project Funds			Total
	401 Capital Projects	201 Park Capital	301 Debt Service	
Receipts				
Taxes	\$ -	\$ -	\$ 68,208	\$ 68,208
Disbursements				
Capital outlay				
Streets and highways	84,629	-	-	84,629
Culture and recreation	-	983	-	983
Debt service				
Principal payments	-	-	34,000	34,000
Interest and other fiscal charges	-	-	35,390	35,390
Total Disbursements	<u>84,629</u>	<u>983</u>	<u>69,390</u>	<u>155,002</u>
Excess (Deficiency) of Receipts Over (Under) Disbursements	(84,629)	(983)	(1,182)	(86,794)
Other Financing Sources				
Transfers in	<u>73,000</u>	<u>-</u>	<u>-</u>	<u>73,000</u>
Net Change in Cash Fund Balances	(11,629)	(983)	(1,182)	(13,794)
Cash Fund Balances, January 1	<u>213,952</u>	<u>983</u>	<u>72,318</u>	<u>287,253</u>
Cash Fund Balances, December 31	<u>\$ 202,323</u>	<u>\$ -</u>	<u>\$ 71,136</u>	<u>\$ 273,459</u>

City of the Village of Minnetonka Beach, Minnesota
 General Fund
 Budgetary Comparison Schedule - Regulatory Basis (Continued on the Following Pages)
 For the Year Ended December 31, 2022
 (With Comparative Actual Amounts for the Year Ended December 31, 2021)

	2022			Variance with Final Budget	2021
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Budgetary Fund Balances, January 1	\$ 777,051	\$ 777,051	\$ 777,051	\$ -	\$ 732,887
Receipts					
Taxes					
General property taxes	875,085	875,085	887,490	12,405	814,960
Licenses and permits					
Business	1,200	1,200	450	(750)	2,400
Nonbusiness	92,100	92,100	199,851	107,751	141,829
Total licenses And permits	93,300	93,300	200,301	107,001	144,229
Intergovernmental					
State					
Other	-	-	-	-	18,916
County					
Other	2,700	2,700	4,263	1,563	26,930
Total Intergovernmental	2,700	2,700	4,263	1,563	45,846
Charges for services					
Leaf pick-up	15,400	15,400	14,110	(1,290)	13,133
US Post Office	5,000	5,000	5,000	-	5,000
Sanitation and recycling	78,791	78,791	77,966	(825)	83,222
Total charges for services	99,191	99,191	97,076	(2,115)	101,355
Fines and forfeitures	3,000	3,000	5,804	2,804	2,978
Special assessments	-	-	-	-	32,170
Investment earnings	3,000	3,000	10,066	7,066	(247)
Miscellaneous					
Other	800	800	3,473	2,673	6,833
Total Receipts	1,077,076	1,077,076	1,208,473	131,397	1,148,124
Amounts Available for Appropriation	1,854,127	1,854,127	1,985,524	131,397	1,881,011

City of the Village of Minnetonka Beach, Minnesota
 General Fund
 Budgetary Comparison Schedule - Regulatory Basis (Continued)
 For the Year Ended December 31, 2022
 (With Comparative Actual Amounts for the Year Ended December 31, 2021)

	2022			Variance with Final Budget	2021
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Disbursements					
Current					
General government					
Administration and finance					
Personnel services	\$ 253,749	\$ 253,749	\$ 251,508	\$ 2,241	\$ 239,753
Elections					
Other services and charges	6,000	6,000	5,379	621	893
City hall					
Supplies	18,000	18,000	20,641	(2,641)	19,849
Other services and charges	75,255	75,255	11,826	63,429	57,520
Total city hall	93,255	93,255	32,467	60,788	77,369
Assessor					
Other services and charges	11,000	11,000	11,000	-	10,000
Insurance					
Other services and charges	21,500	21,500	23,040	(1,540)	20,978
Legal					
Other services and charges	45,000	45,000	46,370	(1,370)	71,996
Audit and accounting					
Other services and charges	17,000	17,000	17,032	(32)	17,584
Planning and zoning					
Other services and charges	-	-	9,172	(9,172)	22,315
Total General Government	447,504	447,504	395,968	51,536	460,888
Public safety					
Police					
Other services and charges	154,100	154,100	152,970	1,130	149,592
Fire					
Other services and charges	54,000	54,000	53,226	774	50,500
Building inspection					
Other services and charges	23,000	23,000	65,968	(42,968)	28,577
Prisoner room and board					
Other services and charges	150	150	-	150	75
Public safety - continued					
Animal control					
Other services and charges	100	100	-	100	-
Total Public Safety	231,350	231,350	272,164	(40,814)	228,744

City of the Village of Minnetonka Beach, Minnesota
General Fund
Budgetary Comparison Schedule - Regulatory Basis (Continued)
For the Year Ended December 31, 2022
(With Comparative Actual Amounts for the Year Ended December 31, 2021)

	2022			Variance with Final Budget	2021
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Disbursements (Continued)					
Current (continued)					
Streets and highways					
Street lighting					
Other services and charges	\$ 8,000	\$ 8,000	\$ 10,075	\$ (2,075)	\$ 8,460
Street maintenance					
Personnel services	86,680	86,680	85,768	912	82,316
Supplies	14,000	14,000	11,383	2,617	9,689
Other services and charges	57,400	57,400	40,566	16,834	32,791
Total street maintenance	<u>158,080</u>	<u>158,080</u>	<u>137,717</u>	<u>20,363</u>	<u>124,796</u>
Total Streets and Highways	<u>166,080</u>	<u>166,080</u>	<u>147,792</u>	<u>18,288</u>	<u>133,256</u>
Sanitation and recycling					
Other services and charges	<u>78,791</u>	<u>78,791</u>	<u>79,617</u>	<u>(826)</u>	<u>76,854</u>
Culture and recreation					
Parks and recreation					
Supplies	750	750	-	750	-
Other services and charges	<u>45,900</u>	<u>45,900</u>	<u>55,346</u>	<u>(9,446)</u>	<u>73,126</u>
Total culture and recreation	<u>46,650</u>	<u>46,650</u>	<u>55,346</u>	<u>(8,696)</u>	<u>73,126</u>
Total Current Disbursements	<u>970,375</u>	<u>970,375</u>	<u>950,887</u>	<u>19,488</u>	<u>972,868</u>
Capital outlay					
Streets and highways	-	-	8,528	(8,528)	4,951
Culture and recreation	-	-	1,995	(1,995)	2,641
Total capital outlay	<u>-</u>	<u>-</u>	<u>10,523</u>	<u>(10,523)</u>	<u>7,592</u>
Total Disbursements	<u>970,375</u>	<u>970,375</u>	<u>961,410</u>	<u>8,965</u>	<u>980,460</u>
Other Financing Uses					
Transfers out	<u>73,000</u>	<u>73,000</u>	<u>73,000</u>	<u>-</u>	<u>123,500</u>
Total Disbursements and Other Financing Uses	<u>1,043,375</u>	<u>1,043,375</u>	<u>1,034,410</u>	<u>8,965</u>	<u>1,103,960</u>
Budgetary Fund Balances, December 31	<u>\$ 810,752</u>	<u>\$ 810,752</u>	<u>\$ 951,114</u>	<u>\$ 140,362</u>	<u>\$ 777,051</u>

City of the Village of Minnetonka Beach, Minnesota
 Summary Financial Report
 Receipts and Disbursements for General Operations -
 Governmental Funds
 For the Years Ended December 31, 2022 and 2021

	Total		Percent Increase (Decrease)
	2022	2021	
Receipts			
Taxes	\$ 955,698	\$ 882,496	8.29 %
Licenses and permits	200,301	144,229	38.88
Intergovernmental	4,263	45,846	(90.70)
Charges for services	97,076	101,355	(4.22)
Fines	5,804	2,978	94.90
Special assessments	-	32,170	(100.00)
Investment earnings	10,066	(239)	(4,311.72)
Miscellaneous	3,473	152,353	(97.72)
Total Receipts	\$ 1,276,681	\$ 1,361,188	(6.21) %
Per Capita	\$ 2,334	\$ 2,493	(6.38) %
Disbursements			
Current			
General government	\$ 395,968	\$ 460,888	(14.09) %
Public safety	272,164	228,744	18.98
Streets and highways	147,792	182,406	(18.98)
Sanitation and recycling	79,617	76,854	3.60
Culture and recreation	55,346	73,126	(24.31)
Streets and highways	93,157	4,951	1,781.58
Culture and recreation	2,978	147,186	N/A
Debt service			
Principal	34,000	34,000	-
Interest and other charges	35,390	32,425	9.14
Total Disbursements	\$ 1,116,412	\$ 1,240,580	(10.01) %
Per Capita	\$ 2,041	\$ 2,272	(10.17) %
Total Long-term Indebtedness	\$ 886,000	\$ 920,000	(3.70) %
Per Capita	1,620	1,685	(3.87)
General Fund Balance - December 31	\$ 951,114	\$ 777,051	22.40 %
Per Capita	1,739	1,423	22.18

The purpose of this report is to provide a summary of financial information concerning the City of the Village of Minnetonka Beach to interested citizens. The complete financial statements may be examined at City Hall, 2945 Westwood Road, Minnetonka Beach, MN 55361. Questions about this report should be directed to Heidi Honey, City Administrator.

SUPPLEMENTARY INFORMATION (UNAUDITED)

CITY OF THE VILLAGE OF MINNETONKA BEACH
MINNETONKA BEACH, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2022

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City of the Village of Minnetonka Beach, Minnesota
 Supplementary Information (Unaudited)
 December 31, 2022

Schedule of Accounts Receivable

Fund	Source of Revenue and Purpose	Amount
General	January tax settlement	<u>\$ 15,708</u>

Schedule of Accounts Payable and Contingent Liabilities

Fund	Vendor Name	Item and Purpose	Claim Number	Amount
General	Minnesota Dept of Labor and Industry	Building Permit Surcharge	Unpaid	\$ 2,955
General	Lynette M. Rohde	Accounting Services	Unpaid	142
General	VISA	Varios	Unpaid	1,679
General	Delta Dental	Employee Benefits	Unpaid	322
General	Kenneth N. Potts, P.,A.	Legal Services	Unpaid	300
General	Hennepin County Assessor	Assessor Services	Unpaid	6,000
General	Republic Services	Garbage Contract	Unpaid	6,201
	City employees	Accrued wages and compensated absences	Multiple	<u>40,740</u>
	Total			<u>\$ 58,339</u>

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OTHER REQUIRED REPORT

CITY OF THE VILLAGE OF MINNETONKA BEACH
MINNETONKA BEACH, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2022

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**INDEPENDENT AUDITOR'S REPORT
ON MINNESOTA LEGAL COMPLIANCE**

Honorable Mayor and City Council
City of the Village of Minnetonka Beach, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of each major fund of the governmental and proprietary funds and the aggregate remaining fund information of the City of the Village of Minnetonka Beach, Minnesota (the City), as of and for the year ended December 31, 2022, and the related notes to the financial statements, and have issued our report thereon dated February 16, 2023. In our report, our opinion was adverse because the City prepared its financial statements on the regulatory basis, which is a special purpose framework other than accounting principles generally accepted in the United States of America.

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

This report is intended solely for the information and use those charged with governance and management of the City and the State Auditor and is not intended to be and should not be used by anyone other than these specified parties.
February 16, 2023



Abdo
Minneapolis, Minnesota
February 16, 2023