

CITY OF GHENT, MINNESOTA
FINANCIAL STATEMENTS
INDEPENDENT ACCOUNTANT'S REVIEW REPORT
DECEMBER 31, 2022



**DANA F. COLE
& COMPANY** LLP
CERTIFIED PUBLIC ACCOUNTANTS

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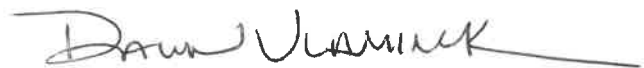
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CITY FINANCIAL REPORT
CITY OF GHENT
LYON COUNTY
STATE OF MINNESOTA

To the City Council:

I herewith submit to you the City of Ghent, Minnesota's Financial Statement for the year ended December 31, 2022. This financial report contains statements of receipts and disbursements, a balance sheet, an operating statement and a statement of financial position for the enterprise funds, a statement of indebtedness, a statement of accounts receivable, and a statement of accounts payable of the City. This report was prepared pursuant to Minnesota Statutes Section 471.698.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Dawn Vlaminck", with a long horizontal line extending to the right.

City Clerk/Finance Officer



**DANA F. COLE
& COMPANY_{LLP}**
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Honorable Mayor and
Members of the City Council
City of Ghent, Minnesota

We have reviewed the accompanying prescribed cash basis financial statements of the governmental activities, the business-type activities, and the aggregate discretely presented component units of the City of Ghent, 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 basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to the City's financial data and making inquiries of City personnel. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. We do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with a prescribed cash basis of accounting that demonstrates compliance with the laws of the State of Minnesota and is described in Note 1; this includes determining that the prescribed cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with a prescribed cash basis of accounting that demonstrates compliance with the laws of the State of Minnesota, as described in Note 1. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of the City of Ghent, Minnesota, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our review, with the exception of the matter described in the following paragraph, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the prescribed cash basis of accounting that demonstrates compliance with the laws of the state of Minnesota, as described in Note 1.

The City's financial statements do not include reporting and disclosure requirements of Governmental Accounting Standards Board (GASB) 68 - *Accounting and Financial Reporting for Pensions*. Disclosure and reporting of that information is required under the prescribed cash basis of accounting, described in Note 1, as pension costs are allocated to the City's proprietary funds. The effects of this departure from the prescribed cash basis of accounting described in Note 1, have not been determined.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the basis of the financial reporting provisions prescribed by the State of Minnesota, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the financial reporting provisions of the state referred to above. Our conclusion is not modified with respect to this matter.

Supplementary Information

The accompanying supplementary information included in pages 33 - 37 is presented for purposes of additional analysis and is 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 financial statements. The supplementary information has been subjected to the review procedures applied in our review of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and do not express an opinion on such information.

Restriction on Use

This report is intended solely for the information and use of the City Council and management of the City of Ghent, Minnesota, and the state of Minnesota, and is not intended to be, and should not be, used by anyone other than these specified parties.

Dana F Cole + Company, LLP

Marshall, Minnesota
June 6, 2023

CITY OF GHENT, MINNESOTA
 COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND BALANCES
 ALL GOVERNMENTAL FUND TYPES, PROPRIETARY FUND TYPES, AND DISCRETELY PRESENTED COMPONENT UNITS
 SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT
 DECEMBER 31, 2022

	Governmental Fund Types					Proprietary Fund Types			Total (Memorandum Only)		Total (Memorandum Only) Reporting Entity
	General Fund	Special Revenue	Debt Service	Capital Projects	Water	Sewer	Refuse	Total (Memorandum Only)			
								Primary Government	Component Units		
CLERK'S BALANCE, January 1	242,007	9,211	81,790	397,150	83,675	89,580	13,153	916,566	39,359	955,925	
Receipts	319,278	47,097	84,807	95,224	111,267	80,223	30,817	768,713	11,691	780,404	
Sale of investments											
Transfers in	868	11,845	14,172	93,056				119,073	(868)	119,073	
Interfund loans								868			
Disbursements	(204,733)	(49,860)	(179,412)	(38,765)	(75,715)	(101,230)	(33,271)	(682,986)	(8,316)	(691,302)	
Transfers out	(114,974)	(4,099)						(119,073)		(119,073)	
CLERK'S BALANCE, December 31	242,446	14,194	1,357	546,665	119,227	68,573	10,699	1,003,161	41,866	1,045,027	
INVESTMENTS BALANCE, December 31	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	

See accompanying notes to financial statements.

CITY OF GHENT, MINNESOTA
 GENERAL FUND
 STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
 SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT
 FOR THE YEAR ENDED DECEMBER 31, 2022

RECEIPTS	
Taxes	
General property tax	
Current, delinquent, penalties, and interest	<u>198,197</u>
Licenses and permits	
Business	2,145
Nonbusiness	<u>8,121</u>
Total licenses and permits	<u>10,266</u>
Intergovernmental revenue	
State grants	
Local governmental aid	<u>104,641</u>
Charges for services	
General government	<u>725</u>
Fines and forfeits	
Lyon County Court	<u>204</u>
Miscellaneous receipts	
Refunds and reimbursements	301
Rebate	1,936
Rental	1,321
Interest	653
Other	<u>1,034</u>
Total miscellaneous receipts	<u>5,245</u>
TOTAL RECEIPTS	<u><u>319,278</u></u>

CITY OF GHENT, MINNESOTA
 GENERAL FUND
 STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
 SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT
 FOR THE YEAR ENDED DECEMBER 31, 2022

DISBURSEMENTS

General Government

Mayor and Council	
Current	3,581
Finance/Municipal Clerk	
Current	52,440
Assessor	
Current	2,892
Independent accounting	
Current	5,073
Legal	
Current	2,327
Instructors	
Current	534
City Hall	
Current	<u>8,793</u>
Total General Government	<u>75,640</u>

Public Safety

Fire protection	
Current	1,840
Police	
Current	24,691
Building inspection	
Current	<u>14,302</u>
Total Public Safety	<u>40,833</u>

Streets and Highways

Street and alley	
Current	63,385
Street lighting	
Current	<u>6,727</u>
Total Streets and Highways	<u>70,112</u>

CITY OF GHENT, MINNESOTA
 GENERAL FUND
 STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
 SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT
 FOR THE YEAR ENDED DECEMBER 31, 2022

DISBURSEMENTS (Continued)	
Public Safety (continued)	
Culture and Recreation	
Parks and boulevards	
Current	11,619
Capital outlay - building	<u>6,529</u>
Total Culture and Recreation	<u>18,148</u>
Total disbursements	<u>204,733</u>
OTHER FINANCING USES	
Transfers to Debt Service Fund	14,172
Transfers to General Capital Projects Fund	88,957
Transfers to Fire Department Fund for fire protection	<u>11,845</u>
Total other financing uses	<u>114,974</u>
TOTAL DISBURSEMENTS AND OTHER FINANCING USES	<u>319,707</u>

See accompanying notes to financial statements.

CITY OF GHENT, MINNESOTA
SPECIAL REVENUE FUND - FIRE DEPARTMENT
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT
FOR THE YEAR ENDED DECEMBER 31, 2022

RECEIPTS

Intergovernmental revenues

State grant and aids

Fire State Aid	8,294
Fire Supplemental Aid	1,674
Firefighter Training Aid	1,650
Firefighter SBR	<u>1,000</u>
Total state grant and aids	<u>12,618</u>

Charges for services

Fire calls	2,000
Vallers Township - fire contract	3,900
Fairview Township - fire contract	4,400
Grandview Township - fire contract	<u>10,044</u>
Total charges for services	<u>20,344</u>

Other receipts

Refunds and reimbursements	5
Contributions and donations	<u>14,130</u>
Total other receipts	<u>14,135</u>

Total receipts	<u>47,097</u>
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OTHER FINANCING SOURCES

Transfer from General Fund for fire protection	<u>11,845</u>
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TOTAL RECEIPTS AND OTHER FINANCING SOURCES	<u>58,942</u>
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DISBURSEMENTS

Public Safety

Fire	
Current	<u>49,860</u>

OTHER FINANCING USES

Transfer to General Capital Projects Fund	<u>4,099</u>
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TOTAL DISBURSEMENTS AND OTHER FINANCING USES	<u>53,959</u>
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See accompanying notes to financial statements.

CITY OF GHENT, MINNESOTA
GENERAL DEBT SERVICE FUND
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT
FOR THE YEAR ENDED DECEMBER 31, 2022

RECEIPTS	<u>- 0 -</u>
OTHER FINANCING SOURCES	
Transfer from General Fund	<u>14,172</u>
TOTAL RECEIPTS AND OTHER FINANCING SOURCES	<u><u>14,172</u></u>
DISBURSEMENTS	<u><u>- 0 -</u></u>

See accompanying notes to financial statements.

CITY OF GHENT, MINNESOTA
 TAX INCREMENT FINANCING DEBT SERVICE FUND
 STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
 SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT
 FOR THE YEAR ENDED DECEMBER 31, 2022

RECEIPTS	
Taxes	
General property tax	
Current, delinquent, penalties, and interest	<u>84,807</u>
DISBURSEMENTS	
Debt Service	
Principal	38,000
Interest	<u>5,040</u>
Total debt service	<u>43,040</u>
Highway, Streets, and Roadway	
Capital outlay - improvements other than buildings	<u>134,422</u>
Professional Services	
Auditing and accounting services	
Current	1,650
Legal fees	
Current	<u>300</u>
Total professional services	<u>1,950</u>
TOTAL DISBURSEMENTS	<u>179,412</u>

See accompanying notes to financial statements.

CITY OF GHENT, MINNESOTA
 GENERAL CAPITAL PROJECTS FUND
 STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
 SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT
 FOR THE YEAR ENDED DECEMBER 31, 2022

RECEIPTS	
Miscellaneous receipts	
Rentals	31,505
Sign movement and storage	2,360
Refunds and reimbursements	<u>6,355</u>
Total miscellaneous receipts	<u>40,220</u>
Intergovernmental revenue	
State grants	
American Rescue Plan	<u>19,999</u>
Total receipts	<u>60,219</u>
OTHER FINANCING SOURCES	
Sale of equipment	17,500
Transfer from Fire Department Fund	4,099
Transfer from General Fund	<u>88,957</u>
Total other financing sources	<u>110,556</u>
TOTAL RECEIPTS AND OTHER FINANCING SOURCES	<u><u>170,775</u></u>
DISBURSEMENTS	
Culture and Recreation	
Parks and boulevards	
Current	<u>7,926</u>
Public Safety	
Fire protection	
Capital outlay - buildings and structures	17,493
Capital outlay - vehicles	<u>12,380</u>
Total public safety	<u>29,873</u>
TOTAL DISBURSEMENTS	<u><u>37,799</u></u>

See accompanying notes to financial statements.

CITY OF GHENT, MINNESOTA
REDEVELOPMENT GRANT FUND
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT
FOR THE YEAR ENDED DECEMBER 31, 2022

RECEIPTS	
Miscellaneous receipts	
Refunds and reimbursements	<u>17,505</u>
DISBURSEMENTS	
Urban Redevelopment and Housing	
Urban Redevelopment	<u>966</u>

See accompanying notes to financial statements.

CITY OF GHENT, MINNESOTA
 WATER ENTERPRISE FUND
 STATEMENT OF NET POSITION
 SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT
 DECEMBER 31, 2022

ASSETS

CURRENT ASSETS	
Cash	119,227
Accounts receivable	9,600
Total current assets	<u>128,827</u>
FIXED ASSETS	
Land	6,440
Water system	541,719
Less: allowance for depreciation	<u>(401,239)</u>
Total fixed assets	<u>146,920</u>
TOTAL ASSETS	<u><u>275,747</u></u>

LIABILITIES AND NET POSITION

CURRENT LIABILITIES	
Accounts payable	<u>2,776</u>
NET POSITION	
Net investments in capital assets	146,920
Unrestricted	<u>126,051</u>
Total net position	<u>272,971</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>275,747</u></u>

See accompanying notes to financial statements.

CITY OF GHENT, MINNESOTA
 WATER ENTERPRISE FUND
 STATEMENT OF REVENUES, EXPENSES, AND
 CHANGES IN NET POSITION
 SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT
 FOR THE YEAR ENDED DECEMBER 31, 2022

OPERATING REVENUES	
Metered water sales	114,963
Connection fees	<u>1,602</u>
Total operating revenues	<u>116,565</u>
OPERATING EXPENSES	
Salaries	20,391
Pension contributions	1,530
Payroll taxes	1,560
Dues and subscriptions	886
Office expenses	600
Workers' compensation	134
Utilities	343
Depreciation	13,342
Repairs and maintenance	7,315
Lincoln Pipestone Rural Water - water costs	<u>28,994</u>
Total operating expenses	<u>75,095</u>
OPERATING INCOME	<u>41,470</u>
NONOPERATING REVENUES (EXPENSES)	
Taxes	41
Special assessments (include penalties and interest)	930
Interest expense	<u>(172)</u>
Total nonoperating revenue (expense)	<u>799</u>
CHANGE IN NET POSITION	42,269
TOTAL NET POSITION, beginning of year	<u>230,702</u>
TOTAL NET POSITION, end of year	<u><u>272,971</u></u>

See accompanying notes to financial statements.

CITY OF GHENT, MINNESOTA
 WATER ENTERPRISE FUND
 STATEMENT OF CASH FLOWS
 SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT
 FOR THE YEAR ENDED DECEMBER 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	111,203
Payments to suppliers	(28,710)
Payments to employees	(23,726)
Other receipts (payments)	<u>(9,043)</u>
Net cash provided by operating activities	<u>49,724</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal paid on capital debt	(14,000)
Interest paid on capital debt	<u>(172)</u>
Net cash used in capital and related financing activities	<u>(14,172)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	35,552
CASH AND CASH EQUIVALENTS, beginning of the year	<u>83,675</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>119,227</u></u>
CASH AND CASH EQUIVALENTS	
Cash	<u><u>119,227</u></u>

See accompanying notes to financial statements.

CITY OF GHENT, MINNESOTA
SEWER ENTERPRISE FUND
STATEMENT OF NET POSITION
SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT
DECEMBER 31, 2022

ASSETS

CURRENT ASSETS

Cash	68,573
Accounts receivable	8,372
Due from other funds	<u>724</u>
Total current assets	<u>77,669</u>

FIXED ASSETS

Land	5,360
Sewer system	406,891
Less: allowance for depreciation	<u>(343,509)</u>
Total fixed assets	<u>68,742</u>

TOTAL ASSETS

146,411

LIABILITIES AND NET POSITION

CURRENT LIABILITIES

Accounts payable	<u>3,493</u>
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NET POSITION

Unrestricted	<u>142,918</u>
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TOTAL LIABILITIES AND NET POSITION

146,411

See accompanying notes to financial statements.

CITY OF GHENT, MINNESOTA
SEWER ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT
FOR THE YEAR ENDED DECEMBER 31, 2022

OPERATING REVENUES	
Sewer charges	<u>85,223</u>
OPERATING EXPENSES	
Salaries	20,391
Pension contributions	1,530
Payroll taxes	1,560
Office supplies	450
Workers' compensation	305
Heat, light, and power	184
Depreciation	8,020
Repairs and maintenance	43,267
Professional fees	1,187
Dues and subscriptions	<u>801</u>
Total operating expenses	<u>77,695</u>
OPERATING INCOME	<u>7,528</u>
CHANGE IN NET POSITION	7,528
TOTAL NET POSITION, beginning of year	<u>135,390</u>
TOTAL NET POSITION, end of year	<u><u>142,918</u></u>

See accompanying notes to financial statements.

CITY OF GHENT, MINNESOTA
SEWER ENTERPRISE FUND
STATEMENT OF CASH FLOWS
SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT
FOR THE YEAR ENDED DECEMBER 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	80,223
Payments to suppliers	(1,187)
Payments to employees	(23,897)
Other payments	<u>(42,150)</u>
Net cash provided by operating activities	<u>12,989</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of capital assets	<u>(33,996)</u>
Net cash used in capital and related financing activities	<u>(33,996)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(21,007)
CASH AND CASH EQUIVALENTS, beginning of the year	<u>89,580</u>
CASH AND CASH EQUIVALENTS, end of the year	<u>68,573</u>
CASH AND CASH EQUIVALENTS	
Cash	<u>68,573</u>

See accompanying notes to financial statements.

CITY OF GHENT, MINNESOTA
 REFUSE ENTERPRISE FUND
 STATEMENT OF NET POSITION
 SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT
 DECEMBER 31, 2022

ASSETS

ASSETS	
Cash	10,699
Accounts receivable	<u>4,625</u>
 TOTAL ASSETS	 <u>15,324</u>

LIABILITIES AND NET POSITION

CURRENT LIABILITIES	
Accounts payable	<u>2,560</u>
 NET POSITION	
Unrestricted	<u>12,764</u>
 TOTAL LIABILITIES AND NET POSITION	 <u>15,324</u>

See accompanying notes to financial statements.

CITY OF GHENT, MINNESOTA
 REFUSE ENTERPRISE FUND
 STATEMENT OF REVENUES, EXPENSES, AND
 CHANGES IN NET POSITION
 SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT
 FOR THE YEAR ENDED DECEMBER 31, 2022

OPERATING REVENUES	
Sanitation charges	<u>31,604</u>
OPERATING EXPENSES	
Salaries	6,894
Pension contributions	517
Payroll taxes	527
Subcontractor	<u>25,331</u>
Total operating expenses	<u>33,269</u>
OPERATING LOSS	(1,665)
NONOPERATING REVENUES	
Taxes	<u>466</u>
CHANGE IN NET POSITION	(1,199)
TOTAL NET POSITION, beginning of year	<u>13,963</u>
TOTAL NET POSITION, end of year	<u><u>12,764</u></u>

See accompanying notes to financial statements.

CITY OF GHENT, MINNESOTA
 REFUSE ENTERPRISE FUND
 STATEMENT OF CASH FLOWS
 SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT
 FOR THE YEAR ENDED DECEMBER 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	33,211
Payments to suppliers	(25,344)
Payments to employees	(7,927)
Other payments	<u>(2,394)</u>
Net cash used in operating activities	<u>(2,454)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,454)
CASH AND CASH EQUIVALENTS, beginning of the year	<u>13,153</u>
CASH AND CASH EQUIVALENTS, end of the year	<u>10,699</u>
 CASH AND CASH EQUIVALENTS	
Cash	<u>10,699</u>

See accompanying notes to financial statements.

CITY OF GHENT, MINNESOTA
 STATEMENT OF CITY INDEBTEDNESS
 SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT
 FOR THE YEAR ENDED DECEMBER 31, 2022

	Interest Rate	Issue Date	Final Maturity Date	Outstanding January 1, 2022	Issued in 2022	Paid in 2022	Outstanding December 31, 2022
Direct Placement Notes							
General Obligation							
2017 Utility Revenue Note	2.45%	6/28/17	2/1/22	14,000		14,000	
2019 GO TIF Note	3.15%	7/1/19	7/1/26	<u>160,000</u>		<u>38,000</u>	<u>122,000</u>
Total GO Direct Placement Notes				<u>174,000</u>		<u>52,000</u>	<u>122,000</u>

See accompanying notes to financial statements.

CITY OF GHENT, MINNESOTA
STATEMENT OF ACCOUNTS RECEIVABLE
SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT
DECEMBER 31, 2022

Fund	Source of Revenues	Amount
Water	Customer user charges	9,600
Sewer	Customer user charges	8,372
Refuse	Customer user charges	4,625
Redevelopment Grant	Grant repayments	<u>547</u>
		<u><u>23,144</u></u>

See accompanying notes to financial statements.

CITY OF GHENT, MINNESOTA
STATEMENT OF ACCOUNTS PAYABLE AND CONTINGENT LIABILITIES
SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT
DECEMBER 31, 2022

Fund	Vendor Name	Item and Purpose	Amount
General	Ottertail Power Company	December electricity	746
General	Minnesota Mayors Association	2022 Mayor dues	30
General	Ag Plus Coop	December fuel statement	1,565
General	Marco, Inc.	December statement	211
General	Frontier Communications	December phone	283
General	Public Employees Retirement Assoc.	Retirement	154
General	Internal Revenue	December 941 payment	1,282
General	Minnesota Revenue	4th quarter withholding	522
Refuse	Southwest Sanitation, Inc.	December garbage service	1,669
Refuse	Internal Revenue	December 941 payment	114
Refuse	Minnesota Revenue	4th quarter withholding	58
Refuse	Minnesota Revenue	4th quarter sales tax	719
Sewer	Ottertail Power Company	December electricity	200
Sewer	Dakota Pump & Control Inc	Repair completed Dec 6th	2,543
Sewer	Public Employees Retirement Assoc.	Retirement	72
Sewer	Internal Revenue	December 941 payment	466
Sewer	Minnesota Revenue	4th quarter withholding	212
Water	Lincoln Pipestone Rural Water	December water	1,846
Water	Gopher State One-Call	December billing	1
Water	Lyon-Lincoln Electric Coop	December electric	87
Water	Public Employees Retirement Assoc.	Retirement	72
Water	Internal Revenue	December 941 payment	466
Water	Minnesota Revenue	4th quarter withholding	212
Water	Minnesota Revenue	4th quarter sales tax	92
Fire	Ottertail Power Company	December electricity	55
Fire	Ag Plus Coop	December fuel statement	88
Fire	Frontier Communications	December phone	40
Fire	Internal Revenue	December 941 payment	924
			<u>14,729</u>

See accompanying notes to financial statements.

CITY OF GHENT, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
SEE INDEPENDENT ACCOUNTANT'S REPORT

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared on the basis prescribed by the Auditor of the State of Minnesota, pursuant to Minnesota Statute 471.698. The accounting policies of the City of Ghent, Minnesota, do not conform to accounting principles generally accepted in the United States of America as applicable to governments in that the revenues and expenditures are recognized in the accounts and reported in the financial statements when cash is received and disbursed. The following is a summary of the more significant policies:

A. REPORTING ENTITY

In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in accounting principles generally accepted in the United States of America as applied to governmental units. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. Other criteria are the scope of public service and existence of special financing relationships. Based on this criteria, the City has the following component units:

The Economic Development Administration
The Ghent Parks and Recreation Association

B. FUND ACCOUNTING

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, receipts, and disbursements. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in the financial statements in this report into four generic fund types and two broad fund categories as follows:

Governmental Funds

General Fund - The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

CITY OF GHENT, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
SEE INDEPENDENT ACCOUNTANT'S REPORT

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. FUND ACCOUNTING (Continued)

Governmental Funds (Continued)

Special Revenue Fund - The special revenue fund for the City is the Fire Department Fund. This fund is used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Service Funds - The City has two debt service funds:

The General Debt Service Fund is used to account for the repayment of General Obligation Notes that do not have another specified fund to repay.

The Tax Increment Financing Fund is used for repayment of the 2019 General Obligation Tax Increment Financing Note and collection of special tax increment financing revenues used to retire the note.

Capital Projects Funds - The City has two capital projects funds that are used to finance large purchases or other capital projects that arise. Funding for these funds comes from transfers from the other funds, grants, donations, sales of equipment, and reimbursements.

Proprietary Funds

Enterprise Funds - Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided that periodic determination of revenues received, expenses paid, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City has three enterprise funds: Water Fund, Sewer Fund, and Refuse Fund.

Component Units

Component units are not funds. They represent separate entities that are included in the financial statements because of their relationship to the primary government.

The Economic Development Administration was established in 2001 in anticipation of future housing needs in Ghent. The EDA currently administers the housing development in the City.

CITY OF GHENT, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
SEE INDEPENDENT ACCOUNTANT'S REPORT

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. FUND ACCOUNTING (Continued)

Component Units (Continued)

The Ghent Parks and Recreation Association was established to assist in obtaining federal and state grants which will be used to enhance current and build future parks and recreational areas.

C. FIXED ASSETS AND LONG-TERM LIABILITIES

Fixed assets used in governmental fund type operations (general fixed assets) have not been accounted for in these financial statements because there is no accurate history of these assets being maintained by the City. Fixed asset accounting together with provision for depreciation is maintained for the Water and Sewer Funds. The fixed assets are depreciated on the straight-line method over their estimated useful lives, which range from 5 to 33 years.

In 2017, the City of Ghent, Minnesota, issued a direct placement General Obligation Utility Revenue Note to finance the construction of a new water system. This note was paid off in 2022.

In 2019, the City of Ghent, Minnesota, issued a direct placement General Obligation Note to finance street and drainage system improvements.

D. BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The City of Ghent, Minnesota, utilizes the cash basis of accounting in accordance with the basis prescribed by the Auditor of the State of Minnesota pursuant to Minnesota Statute 471.698. Under this basis of accounting, the City recognizes receipts or revenues and disbursements or expenses when cash is received and disbursed.

E. ENCUMBRANCES

The City does not employ encumbrance accounting.

F. CASH AND CASH EQUIVALENTS

For purposes of the City's general purpose financial statements, cash includes all cash and checking accounts.

CITY OF GHENT, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
SEE INDEPENDENT ACCOUNTANT'S REPORT

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. DUE FROM/TO OTHER FUNDS

Interfund loans receivable and payable reported in "Due From" and "Due To" accounts are considered "available, spendable resources" and "current obligations" of each fund affected by these accounts.

H. PROPERTY TAXES

Property taxes are set by the City Council and certified to the County Auditor, who acts as collecting agent, in the year prior to collection. The County spreads the levies over all taxable property. Such taxes become a lien on January 1 and are receivables of the City at that date. Real property taxes may be paid by taxpayers in two equal installments on May 15 and October 16. Personal property taxes may be paid on February 28 and July 3. The County provides tax settlements to the taxing districts three times a year, in January, June, and December.

Property tax revenue includes amounts collected by the County during the year and remitted to the City. Only tax collected directly from property owners is reflected in tax revenue. Delinquent property taxes are deferred and recognized when received or in the hands of the collecting agent.

I. EQUITY

Equity is classified as net position and displayed in two components:

Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups, such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) through constitutional provision or enabling legislation.

Unrestricted net position - All other assets that do not meet the definition of "restricted."

J. TOTAL COLUMN ON COMBINED STATEMENT

The total columns on the combined statement are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns does not present financial position, results of operations, or changes in financial position in conformity with accounting principles generally accepted in the United States of America. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

CITY OF GHENT, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
SEE INDEPENDENT ACCOUNTANT'S REPORT

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. USE OF ESTIMATES

The preparation of financial statements in conformity with the prescribed method of accounting, as described in Note 1, requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets and Budgetary Accounting

An annual budget for the General Fund is adopted on a basis consistent with the cash basis of accounting prescribed by the Auditor of the State of Minnesota pursuant to Minnesota Statute 471.698. Revisions to the originally adopted budget require approval of the City Council. The 2022 budget was not revised during the year. Budgets are not adopted for other funds of the City.

Unexpended budget amounts lapse at the end of the budget year. Spending control (the level at which expenditure may not legally exceed budget) is established by the amount of expenditures budgeted for the fund, but management control is exercised at budgetary line-item levels.

NOTE 3. DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The City's deposit policy for custodial credit risk requires compliance with the provisions of state law.

In accordance with Minnesota Statutes, the City maintains deposits at those depository banks authorized by the City Council, 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% of the deposits not covered by insurance or bonds. Minnesota Statutes require that securities pledged as collateral and surety bonds be held in safekeeping by the City Treasurer or in a financial institution other than that furnishing the collateral.

The City maintains a cash balance in one financial institution. The balance is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2022, the City's cash balance exceeded the FDIC limit; however, the City had adequate surety to cover the excess deposits.

CITY OF GHENT, MINNESOTA
 NOTES TO FINANCIAL STATEMENTS
 SEE INDEPENDENT ACCOUNTANT'S REPORT

NOTE 4. LONG-TERM DEBT

The City of Ghent, Minnesota, has long-term debt comprised of direct placement notes which are being accounted for in both debt service funds and the Water Fund.

	Outstanding January 1, 2022	Issued in 2022	Paid in 2022	Outstanding December 31, 2022
<u>Governmental Funds</u>				
Direct Placements				
General Obligation Tax				
Increment Financing Note, Series 2019A, issued on July 1, 2019, with an interest rate of 3.15% and a final maturity date of July 1, 2026.				
	160,000		38,000	122,000
 <u>Proprietary Funds</u>				
Direct Placement Notes				
2017 General Obligation				
Utility Revenue Note, issued on June 28, 2017, with an interest rate of 2.45% and a final maturity date of February 1, 2022.				
	14,000		14,000	
Total General Obligation	174,000		52,000	122,000

The annual debt service requirements to maturity as of December 31, 2022, are as follows:

	Governmental		Total	
	Principal	Interest	Principal	Interest
2023	- 0 -	- 0 -	- 0 -	- 0 -
2024	39,000	3,854	39,000	3,854
2025	41,000	2,615	41,000	2,615
2026	42,000	1,323	42,000	1,323
	122,000	7,792	122,000	7,792

CITY OF GHENT, MINNESOTA
 NOTES TO FINANCIAL STATEMENTS
 SEE INDEPENDENT ACCOUNTANT'S REPORT

NOTE 5. SOURCES OF REVENUE

Property Taxes

The City receives property tax payments from Lyon County based on taxes levied on December 15, 2021, which were based on the assessed value listed as of January 2, 2021. For the calendar year 2022, the City received \$202,670 plus \$84,807 in tax increment revenue.

NOTE 6. INTERFUND TRANSFERS AND DUE TO/FROM OTHER FUNDS

The following is a schedule of interfund transfers for 2022:

Fund Transferred To	Fund Transferred From	Amount
Fire Department	General	11,845
General Debt Service	General	14,172
General Capital Projects	General	88,957
	Fire Department	4,099

The following is a schedule of the funds due to/due from other funds for 2022:

Due to	Due from	Amount
General	Fire Department	1,505
Sewer	General	724
Economic Development Admin.	General	6,989

NOTE 7. COMMITMENTS

In March 2015, the City entered into an agreement with Lyon County to provide law enforcement protection and services for the period March 1, 2015 through December 31, 2018. This agreement was extended through December 31, 2024. The amount paid for law enforcement protection in 2022 was \$24,691.

NOTE 8. TAX ABATEMENT AND BUSINESS SUBSIDY AGREEMENT

In October 2018, pursuant to Minnesota Statutes, Sections 469.1812 through 469.1815, the City established a Tax Abatement Program. Commencing on February 1, 2019, and going through February 1, 2026, the City shall pay to Lyon County Farm Service (Company) the amount of real estate tax on the abatement property received by

CITY OF GHENT, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
SEE INDEPENDENT ACCOUNTANT'S REPORT

NOTE 8. TAX ABATEMENT AND BUSINESS SUBSIDY AGREEMENT (Continued)

the City during the previous 12-month period up to a maximum of \$26,301 in any year, or a cumulative total of \$197,107. In exchange, the Company agrees to employ a minimum of 12 individuals at the abatement property earning an average salary of \$50,000 per year. In 2022, the amount of the tax abatement was \$26,301.

In March 2021, pursuant to Minnesota Statutes, Sections 469.1812 through 469.1815, the City added to the Tax Abatement Program. Commencing in 2022 the property taxes for Kurt and Jamie Gillund, owners of Little Explorers Daycare Center, shall be abated on two parcels (location of the daycare) in an amount not to exceed \$10,713 per year for a period of up to five years. In 2022 no tax was assessed.

In October 2018, pursuant to Minnesota Statutes, Sections 116J.993 TO 116J.995, the City agreed to grant Lyon County Farm Services a business subsidy to finance construction by the Company of additional agriculture service facilities within the City. The total amount of this subsidy granted shall be the cumulative total of the Tax Abatement awarded in the amount of \$197,107. In exchange for this subsidy the Company agreed to remain in the City for a minimum of five years. In 2022, the amount of subsidy paid was \$- 0 -.

NOTE 9. SUBSEQUENT EVENTS

In preparing the financial statements, the City has evaluated events and transactions for potential recognition or disclosure through June 6, 2023, the date the financial statements were available to be issued.

In response to the state pollution division finding problems with the sewer system the City intends to make corrective actions by improving the storm sewers. Further details on this project is currently still under discussion.

SUPPLEMENTARY INFORMATION

CITY OF GHENT, MINNESOTA
GENERAL FUND
SCHEDULE OF ASSETS, LIABILITIES, AND NET POSITION
ARISING FROM CASH TRANSACTIONS
SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT
DECEMBER 31, 2022

ASSETS

ASSETS	
Cash	242,446
Due from other funds	<u>1,505</u>
TOTAL ASSETS	<u>243,951</u>

LIABILITIES AND NET POSITION

LIABILITIES	
Payroll taxes payable	1,804
Due to other funds	<u>6,989</u>
Total liabilities	<u>8,793</u>
NET POSITION	
Unrestricted	<u>235,158</u>
TOTAL LIABILITIES AND NET POSITION	<u>243,951</u>

See accompanying notes to financial statements.

CITY OF GHENT, MINNESOTA
DISCRETELY PRESENTED COMPONENT UNITS
ECONOMIC DEVELOPMENT ADMINISTRATION
SCHEDULE OF NET POSITION
SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT
DECEMBER 31, 2022

ASSETS

ASSETS	
Cash	37,659
Due from other funds	<u>6,265</u>
TOTAL ASSETS	<u>43,924</u>

LIABILITIES AND NET POSITION

LIABILITIES	<u>- 0 -</u>
NET POSITION	
Unrestricted	<u>43,924</u>
TOTAL LIABILITIES AND NET POSITION	<u>43,924</u>

See accompanying notes to financial statements.

CITY OF GHENT, MINNESOTA
DISCRETELY PRESENTED COMPONENT UNITS
ECONOMIC DEVELOPMENT ADMINISTRATION
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS
SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT
FOR THE YEAR ENDED DECEMBER 31, 2022

RECEIPTS	
Taxes	
General property tax	
Current, delinquent, penalties and interest	<u>4,473</u>
Other receipts	
Interest income	<u>24</u>
Total receipts	<u>4,497</u>
OTHER FINANCING SOURCES	
Sale of land	<u>7,190</u>
TOTAL RECEIPTS AND OTHER FINANCING SOURCES	<u><u>11,687</u></u>
DISBURSEMENTS	
Economic development	
Current expense	<u>8,316</u>
TOTAL DISBURSEMENTS	<u><u>8,316</u></u>

See accompanying notes to financial statements.

CITY OF GHENT, MINNESOTA
DISCRETELY PRESENTED COMPONENT UNITS
GHENT PARKS AND RECREATION ASSOCIATION
SCHEDULE OF NET POSITION
SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT
DECEMBER 31, 2022

ASSETS

ASSETS	
Cash	<u>4,207</u>

LIABILITIES AND NET POSITION

LIABILITIES	<u>- 0 -</u>
NET POSITION	
Unrestricted	<u>4,207</u>
TOTAL LIABILITIES AND NET POSITION	<u>4,207</u>

See accompanying notes to financial statements.

CITY OF GHENT, MINNESOTA
DISCRETELY PRESENTED COMPONENT UNITS
GHENT PARKS AND RECREATION ASSOCIATION
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS
SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT
FOR THE YEAR ENDED DECEMBER 31, 2022

RECEIPTS	
Other receipts	
Interest	4
TOTAL RECEIPTS	4
DISBURSEMENTS	
Culture and Recreation	
Parks and boulevards	
Current	- 0 -
TOTAL DISBURSEMENTS	- 0 -
OTHER FINANCING USES	- 0 -

See accompanying notes to financial statements.