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Reporting and Publishing Requirements – Summary Financial Report

For Cities Under 2,500 in Population

Reporting on the Regulatory Basis of Accounting

Year Ended December 31, 2026

STATE OF MINNESOTA
OFFICE OF THE STATE AUDITOR
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Reporting and Publishing Requirements – Summary Financial Report

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Summary Financial Report

Introduction

Reporting and Publishing Requirements for Cities Under 2,500 in Population

The State Auditor is authorized by Minn. Stat. § 471.698 to prescribe the form of the financial statements to be prepared by cities under 2,500 in population. Such reports must contain financial statements, classified by source of receipts and function of disbursements, and disclosures which present the results of city operations in detailed statements.

The city clerk or finance officer must prepare a detailed statement of the city's operations in a format prescribed by the State Auditor. The format can be found in the publication, "City Audited Financial Statements For Cities Under 2,500 in Population Reporting on the Regulatory Basis of Accounting," or "City Financial Statements For Cities Under 2,500 in Population Reporting on the Cash Basis of Accounting" which can be found on the Office of the State Auditor's website in the Audit + Accounting Documents section under the Training and Guidance tab.

The financial statement or a summary of the statement in a form prescribed by the State Auditor (see pages 3-9) must be published or posted, as described in the statute, within 90 days of the close of the calendar year.

Reporting and Auditing Requirements for Municipal Liquor Stores

Minnesota Statutes, Section 471.6985, subdivision 1, requires any city operating a municipal liquor store to publish a balance sheet and a statement of operations in conformance with generally accepted accounting principles and that the form and style shall be prescribed by the State Auditor and published within 90 days after the close of the fiscal year. The format prescribed on pages 3-9 meets the reporting requirements of Minn. Stat. § 471.6985, subd. 1.

Pursuant to Minn. Stat. § 471.6985, subd. 2, cities that operate a municipal liquor store with total annual sales in excess of $750,000 are required to submit audited financial statements to the State Auditor within 180 days after the close of the fiscal year. If you have a municipal liquor store with $750,000 or more in sales, generally accepted accounting principles-based financial statements and notes are required. Please refer to the Governmental Accounting Standards Board for required statements and disclosures.

Reporting and Publishing Requirements –
Summary Financial Report

Description of City Summary Financial Report and Statements for Publication

The prescribed publishing requirements for a city reporting on the cash basis of accounting consist of a summary financial report required for all cities and three additional statements **required for municipal liquor stores** (**recommended for all enterprise funds**) as described below. Examples of the summary financial report and statements begin on page 3.

Summary Financial Report

The summary financial report provides information on the receipts, disbursements, and long-term indebtedness for all governmental funds and proprietary funds of the city. This report should include the cash fund balance of the General Fund.

Statement of Net Position – Proprietary Funds

This statement is in a balance sheet format. Each enterprise fund is shown in a separate column. The total for all enterprise funds is the next column. If the city has an internal service fund, it is shown as the last column. This statement is recommended for all enterprise funds but required for city liquor store enterprise funds.

Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds

This statement is in an operating statement format. Each enterprise fund is shown in a separate column. The total for all enterprise funds is the next column. If the city has an internal service fund, it is shown as the last column. This statement is recommended for all enterprise funds but required for city liquor store enterprise funds.

Statement of Cash Flows – Proprietary Funds

Each enterprise fund is shown in a separate column. The total for all enterprise funds is the next column. If the city has an internal service fund, it is shown as the last column. This statement is recommended for all enterprise funds but required for city liquor store enterprise funds.

The water, sewer, refuse disposal, electric, gas, and heat utilities, along with municipal hospitals, nursing homes, municipal dispensaries, and liquor stores, are required to be reported as enterprise funds.

Sample Financial Statement Publication Format

The purpose of this report is to provide a summary of financial information concerning the Example City to interested citizens. The complete financial statements may be examined at the City Hall, 123 - 2nd Street. Questions about this report should be directed to the City Clerk at (651) 555-1234.

City of Example
[City], Minnesota

Receipts and Disbursements
For the Year Ended December 31, 20XX

	Governmental Activities	Business-Type Activities	Total
Receipts			
Taxes	$ 89,650	$ 2,677	$ 92,327
Special assessments	131,701	8,543	140,244
Licenses and permits	2,300	-	2,300
Intergovernmental	482,827	657	483,484
Charges for services	13,716	242,805	256,521
Fines and forfeits	4,128	2,720	6,848
Gifts and contributions	129,377		
Investment earnings	18,755	21,833	40,588
Miscellaneous	4,626	3,849	8,475
Total Receipts	**$ 877,080**	**$ 283,084**	**$ 1,030,787**
Per Capita	**$ 584**	**$ 189**	**$ 687**
Disbursements			
Current			
General government	$ 30,317	$ -	$ 30,317
Public safety	51,146	-	51,146
Highways and streets	31,256	-	31,256
Sanitation	10,700	-	10,700
Cemetery	4,411	-	4,411
Culture and recreation	15,159	-	15,159
Airport	2,560	-	2,560
Water	-	54,568	54,568
Sewer	-	36,057	36,057
Liquor	-	128,507	128,507
Capital outlay			
Public safety	280,469		280,469
Highways and streets	500,254		500,254
Economic development			
Debt service			
Principal	20,000	25,000	45,000
Interest and other charges	24,779	26,600	51,379
Total Disbursements	**$ 971,051**	**$ 270,732**	**$ 1,241,783**
Per Capita	**$ 647**	**$ 180**	**$ 827**
Total long-term indebtedness	$ 1,759,360		
Per Capita	1,172		
General fund cash fund balance, ending	$ 116,928		
Per Capita	78		

City of Example
[City], Minnesota

Statement of Net Position
Proprietary Funds
For the Year Ended December 31, 20XX

	Enterprise Funds			
	Water	Sewer	Liquor	Total
Assets				
Current assets				
Cash and cash equivalents	$ 29,447	$ 11,210	$ 9,546	$ 50,203
Investments	-	108,852	15,000	123,852
Accounts receivables, net	1,250	6,378	-	7,628
Accrued interest receivable	791	2,091	-	2,882
Due from other governments	-	5,000	-	5,000
Inventories	4,200	-	18,043	22,243
Prepaid expenses	7,312	406	1,934	9,652
Total current assets	**$ 43,000**	**$ 133,937**	**$ 44,523**	**$ 221,460**
Noncurrent assets				
Restricted cash and cash equivalents				
Cash and cash equivalents	$ 15,315	$ -	$ 3,589	$ 18,904
Investments	47,075	-	-	47,075
Capital assets				
Land	32,163	36,215	26,395	94,773
Buildings	85,977	98,524	75,000	259,501
Machinery and equipment	1,985,464	542,632	15,800	2,543,896
Less: accumulated depreciation	(1,023,663)	(181,782)	(54,749)	(1,260,194)
Total noncurrent assets	**$ 1,142,331**	**$ 495,589**	**$ 66,035**	**$ 1,703,955**
Total Assets	**$ 1,185,331**	**$ 629,526**	**$ 110,558**	**$ 1,925,415**
Deferred Outflows of Resources				
Deferred other postemployment benefits outflows	$ 11,685	$ 9,685	$ 22,568	$ 43,938
Deferred pension outflows	24,813	22,843	76,861	124,517
Total Deferred Outflows of Resources	**$ 36,498**	**$ 32,528**	**$ 99,429**	**$ 168,455**

City of Example
[City], Minnesota

Statement of Net Position
Proprietary Funds
For the Year Ended December 31, 20XX

	Enterprise Funds			
	Water	Sewer	Liquor	Total
Liabilities				
Current liabilities				
Accounts payable	$ 2,538	$ 2,734	$ 2,564	$ 7,836
Sales tax payable	1,127	-	-	1,127
Accrued salaries payable	1,589	2,555	1,858	6,002
Accrued payroll liabilities	361	782	524	1,667
Due to other funds	-	-	282	282
Compensated absences	525	297	420	1,242
Bonds, notes, and loans payable	20,000	-	5,000	25,000
Total current liabilities	**$ 26,140**	**$ 6,368**	**$ 10,648**	**$ 43,156**
Current liabilities payable from restricted assets				
Accrued bond interest payable	**$ 4,564**	**$ -**	**$ 69**	**$ 4,633**
Noncurrent liabilities				
Compensated absences	$ 3,250	$ 895	$ 1,536	$ 5,681
Bonds, notes, and loans payable	470,000	-	10,000	480,000
Other postemployment benefits liability	18,413	16,843	32,923	68,179
Net pension liability	42,865	40,633	108,579	192,077
Total noncurrent liabilities	**$ 534,528**	**$ 58,371**	**$ 153,038**	**$ 745,937**
Total Liabilities	**$ 565,232**	**$ 64,739**	**$ 163,755**	**$ 793,726**
Deferred Inflows of Resources				
Deferred other postemployment benefits inflows	$ 5,286	$ 4,586	$ 11,841	$ 21,713
Deferred pension inflows	27,238	23,182	83,223	133,643
Total Deferred Inflows of Resources	**$ 32,524**	**$ 27,768**	**$ 95,064**	**$ 155,356**
Net Position				
Net investment in capital assets	$ 589,941	$ 495,589	$ 47,446	$ 1,132,976
Restricted for debt service	57,826	-	3,520	61,346
Unrestricted	(23,694)	73,958	(99,798)	(49,534)
Total Net Position	**$ 624,073**	**$ 569,547**	**$ (48,832)**	**$ 1,144,788**

City of Example
[City], Minnesota

Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 20XX

	Enterprise Funds			
	Water	Sewer	Liquor	Total
Operating Revenues				
Charges for services	$ 73,926	$ 32,485	$ 139,291	$ 245,702
Connection fees	2,720	-	-	2,720
Special assessments	8,543	-	-	8,543
Miscellaneous	-	150	3,699	3,849
Total Operating Revenues	**$ 85,189**	**$ 32,635**	**$ 142,990**	**$ 260,814**
Operating Expenses				
Personal services	$ 71,543	$ 66,204	$ 167,773	$ 305,520
Health and life insurance contributions	1,705	996	3,784	6,485
Pension contributions	65	56	2,305	2,426
Materials	-	-	81,057	81,057
Utilities	7,452	9,586	1,792	18,830
Repairs and maintenance	13,909	7,438	1,228	22,575
Supplies	5,774	768	3,100	9,642
Insurance claims and expenses	5,188	1,140	5,826	12,154
Testing	-	840	-	840
Other expenses	1,870	691	157	2,718
Depreciation	23,857	11,654	2,894	38,405
Total Operating Expenses	**$ 131,363**	**$ 99,373**	**$ 269,916**	**$ 500,652**
Operating Income (Loss)	**$ (46,174)**	**$ (66,738)**	**$ (126,926)**	**$ (239,838)**
Noncapital Subsidies				
Property taxes	$ 2,677	$ -	$ -	$ 2,677
Federal grants	-	-	-	-
Market value credits	657	-	-	657
Other state grants	215	202	482	899
County and local unit grants	-	-	-	-
Transfers in	6,200	-	-	6,200
Transfers out	-	-	(10,000)	(10,000)
Total Noncapital Subsidies	**$ 9,749**	**$ 202**	**$ (9,518)**	**$ 433**
Total Operating Income (Loss) and Noncapital Subsidies	**$ (36,425)**	**$ (66,536)**	**$ (136,444)**	**$ (239,405)**
Nonoperating Revenues (Expenses)				
Interest and investment revenue	$ 9,108	$ 11,347	$ 1,378	$ 21,833
Capital contributions	-	-	-	-
Interest expense	(25,500)	-	(1,100)	(26,600)
Total Nonoperating Revenues (Expenses)	**$ (16,392)**	**$ 11,347**	**$ 278**	**$ (4,767)**
Change in Net Position	**$ (52,817)**	**$ (55,189)**	**$ (136,166)**	**$ (244,172)**
Total Net Position, Beginning	**676,890**	**624,736**	**87,334**	**1,388,960**
Total Net Position, Ending	**$ 624,073**	**$ 569,547**	**$ (48,832)**	**$ 1,144,788**

City of Example
[City], Minnesota

Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 20XX

	Enterprise Funds			
	Water	Sewer	Liquor	Total
Cash Flows from Operating Activities				
Receipts from customers	$ 75,036	$ 31,348	$ 141,095	$ 247,479
Payments to suppliers	(35,620)	(21,388)	(98,739)	(155,747)
Payments to employees	(13,677)	(12,428)	(28,991)	(55,096)
Internal activity – payments to other funds	-	-	-	-
Other receipts (payments)	11,877	-	1,895	13,772
Net cash provided by (used in) operating activities	**$ 37,616**	**$ (2,468)**	**$ 15,260**	**$ 50,408**
Cash Flows from Noncapital Financing Activities				
Transfers from (to) other funds	**$ 6,200**	**$ -**	**$ (10,000)**	**$ (3,800)**
Cash Flows from Capital and Related Financing Activities				
Proceeds from capital debt	$ -	$ -	$ -	$ -
Capital contributions	-	-	-	-
Purchases of capital assets	(5,061)	(2,241)	(725)	(8,027)
Principal paid on capital debt	(20,000)	-	(5,000)	(25,000)
Interest paid on capital debt	(25,710)	-	(1,152)	(26,862)
Other receipts (payments)	-	-	-	-
Net cash provided by (used in) capital and related financing activities	**$ (50,771)**	**$ (2,241)**	**$ (6,877)**	**$ (59,889)**
Cash Flows from Investing Activities				
Proceeds from sales and maturities of investments	$ -	$ -	$ -	$ -
Purchase of investments	-	(11,000)	(10,000)	(21,000)
Interest and dividends	9,108	11,347	1,378	21,833
Net cash provided by (used in) investing activities	**$ 9,108**	**$ 347**	**$ (8,622)**	**$ 833**
Net Increase (Decrease) in Cash and Cash Equivalents	**$ 2,153**	**$ (4,362)**	**$ (10,239)**	**$ (12,448)**
Cash and Cash Equivalents at January 1	**42,609**	**15,572**	**23,374**	**81,555**
Cash and Cash Equivalents at December 31	**$ 44,762**	**$ 11,210**	**$ 13,135**	**$ 69,107**
Cash and Cash Equivalents				
Current assets	$ 29,447	$ 11,210	$ 9,546	$ 50,203
Restricted assets	15,315	-	3,589	18,904
Total Cash and Cash Equivalents	**$ 44,762**	**$ 11,210**	**$ 13,135**	**$ 69,107**

City of Example
[City], Minnesota

Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 20XX

	Enterprise Funds			
	Water	Sewer	Liquor	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities				
Operating income (loss)	**$ (54,507)**	**$ (66,738)**	**$ (128,769)**	**$ (250,014)**
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation expense	$ 23,857	$ 11,654	$ 2,894	$ 38,405
(Increase) decrease in accounts receivable	603	-	-	603
(Increase) decrease in due from other governments	-	5,984	-	5,984
(Increase) decrease in deferred pension outflows	20,135	18,983	64,832	103,950
(Increase) decrease in deferred other postemployment benefits outflows	6,632	6,453	22,846	35,931
Increase (decrease) in accounts payable	1,586	2,734	1,284	5,604
Increase (decrease) in salaries payable	138	284	213	635
Increase (decrease) in compensated absences – current	525	297	420	1,242
Increase (decrease) in due to other funds	-	-	(282)	(282)
Increase (decrease) in compensated absences – long-term	3,250	895	1,536	5,681
Increase (decrease) in other postemployment benefits liability	(618)	(542)	(1,852)	(3,012)
Increase (decrease) in deferred other postemployment benefits inflows	818	798	2,823	4,439
Increase (decrease) in deferred pension inflows	3,654	2,998	9,065	15,717
Increase (decrease) in net pension liability	31,543	13,732	40,250	85,525
Total adjustments	**$ 92,123**	**$ 64,270**	**$ 144,029**	**$ 300,422**
Net Cash Provided by (Used in) Operating Activities	**$ 37,616**	**$ (2,468)**	**$ 15,260**	**$ 50,408**

Non-cash investing, capital, and related financing activities				
Donated assets	$ 25,000			