

CITY OF WANAMINGO, MINNESOTA

FINANCIAL STATEMENTS

DECEMBER 31, 2023

CITY OF WANAMINGO, MINNESOTA
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CITY OF WANAMINGO, MINNESOTA

INTRODUCTORY SECTION

DECEMBER 31, 2023

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CITY OF WANAMINGO, MINNESOTA

CITY OFFICIALS

DECEMBER 31, 2023

| | |
|--------------------|--------------------|
| Ryan Holmes | Mayor |
| Stuart Ohr | Council Member |
| Rebecca Haugen | Council Member |
| Jeremiah Flotterud | Council Member |
| Eric Dierks | Council Member |
| Michael Boulton | City Administrator |
| Karen Masters | Deputy Clerk |

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CITY OF WANAMINGO, MINNESOTA

FINANCIAL SECTION

DECEMBER 31, 2023

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the City Council
City of Wanamingo, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Wanamingo, Minnesota, as of and for the year ended December 31, 2023, and the related notes to financial statements, which collectively comprise the City of Wanamingo, Minnesota's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Wanamingo, Minnesota, as of December 31, 2023, and the respective changes in financial position, and cash flows thereof, and the respective budgetary comparisons for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Wanamingo, Minnesota 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Wanamingo, Minnesota's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Wanamingo, Minnesota'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 of Wanamingo, Minnesota'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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Wanamingo, Minnesota's basic financial statements. The combining and individual nonmajor fund statements and supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund statements and supplementary information are the responsibility of management and were derived from and relate 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 nonmajor fund statements and the supplementary information 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 report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial 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.

Report on Summarized Comparative Information

The financial statements include partial prior year comparative information. Such information does not include all of the information required to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the City's financial statements for the year ended December 31, 2022, from which such partial information was derived.

We have previously audited the City's 2022 financial statements and our report dated March 30, 2023, expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Smith, Schafu and Associates, Ltd.

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CITY OF WANAMINGO, MINNESOTA MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Wanamingo, Minnesota, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2023.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City of Wanamingo, Minnesota, exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$6,206,880 (*net position*). Of this amount, \$1,434,410 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors in accordance with the City's fund designations and fiscal policies.
- The City's total net position increased by \$375,586.
- As of the close of the current fiscal year, the City of Wanamingo, Minnesota's governmental funds reported combined ending fund balances of \$1,840,736.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$580,273.
- The City of Wanamingo, Minnesota decreased total outstanding debt obligations by \$636,000 during the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Wanamingo, Minnesota's basic financial statements. The City of Wanamingo, Minnesota's basic financial statements comprise three components:

1. Government-wide financial statements, providing information for the City as a whole.
2. Fund financial statements, providing detailed information for the City's significant funds.
3. Notes to the financial statements, providing additional information that is essential to understanding the government-wide and fund statements.

This report also contains other supplementary information in addition to the basic financial statements themselves. Additional explanation of these sections of the financial statements follows.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Wanamingo, Minnesota's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City of Wanamingo, Minnesota's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two sections reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Wanamingo, Minnesota is improving or deteriorating.

CITY OF WANAMINGO, MINNESOTA MANAGEMENT'S DISCUSSION AND ANALYSIS

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of the related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned, but not used, compensated absences).

Both of the government-wide financial statements distinguish functions of the City of Wanamingo, Minnesota that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Wanamingo, Minnesota include general government, public safety, public works, culture and recreation, and economic development. The business-type activities of the City of Wanamingo, Minnesota include the water, waste water, sanitation and, medical center funds. The government-wide financial statements can be found on pages 14-16 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Wanamingo, Minnesota, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Wanamingo, Minnesota can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Wanamingo, Minnesota maintains twenty-three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund which is considered to be a major fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City of Wanamingo, Minnesota adopts an annual appropriated budget for its general fund. The budgetary comparison statement has been provided for the general fund (pages 21-25) to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 17-18 of this report.

**CITY OF WANAMINGO, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Proprietary funds. The City of Wanamingo, Minnesota maintains one type of proprietary funds – enterprise funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Wanamingo, Minnesota uses enterprise funds to account for its water, wastewater, and sanitation utilities, as well as the rental of the medical center building.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, waste water, sanitation, and medical center funds, all of which are considered to be major funds of the City of Wanamingo, Minnesota.

The basic proprietary fund financial statements can be found on pages 26-29 of this report.

Notes to financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 30-58 of this report.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds can be found on pages 60-67 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Wanamingo, assets and deferred outflows of resources and exceeded liabilities and deferred inflows of resources by \$6,206,880 at the close of the most recent fiscal year.

City of Wanamingo's Net Position

| | Governmental Activities | | Business-Type Activities | | Total | |
|-----------------------------------|-------------------------|--------------|--------------------------|--------------|--------------|--------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Current and other assets | \$ 2,129,251 | \$ 2,057,669 | \$ 1,541,039 | \$ 1,836,783 | \$ 3,670,290 | \$ 3,894,452 |
| Capital assets | 3,874,821 | 3,978,021 | 4,589,329 | 4,565,934 | 8,464,150 | 8,543,955 |
| Total assets | 6,004,072 | 6,035,690 | 6,130,368 | 6,402,717 | 12,134,440 | 12,438,407 |
| Deferred outflows of resources | 21,196 | 43,601 | 49,839 | 56,914 | 71,035 | 100,515 |
| Long-term liabilities outstanding | 2,679,228 | 3,228,402 | 2,956,808 | 3,123,862 | 5,636,036 | 6,352,264 |
| Other liabilities | 69,701 | 71,251 | 125,720 | 180,987 | 195,421 | 252,238 |
| Total liabilities | 2,748,929 | 3,299,653 | 3,082,528 | 3,304,849 | 5,831,457 | 6,604,502 |
| Deferred inflows of resources | 34,133 | 3,313 | 133,005 | 99,813 | 167,138 | 103,126 |
| Net position: | | | | | | |
| Net investment in capital assets | 1,292,723 | 880,165 | 2,282,711 | 2,418,057 | 3,575,434 | 3,298,222 |
| Restricted | 1,197,036 | 1,107,496 | | | 1,197,036 | 1,107,496 |
| Unrestricted | 752,447 | 788,664 | 681,963 | 636,912 | 1,434,410 | 1,425,576 |
| Total net position | \$ 3,242,206 | \$ 2,776,325 | \$ 2,964,674 | \$ 3,054,969 | \$ 6,206,880 | \$ 5,831,294 |

A portion of the City of Wanamingo, Minnesota's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* of \$1,434,410 may be used to meet the government's ongoing obligations to citizens and creditors.

**CITY OF WANAMINGO, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Governmental activities. Governmental activities increased the City of Wanamingo, Minnesota's net position by \$465,881.

Business-type activities. Business-type activities decreased the City of Wanamingo, Minnesota's net position by \$90,295.

A condensed version of the Statement of Activities follows:

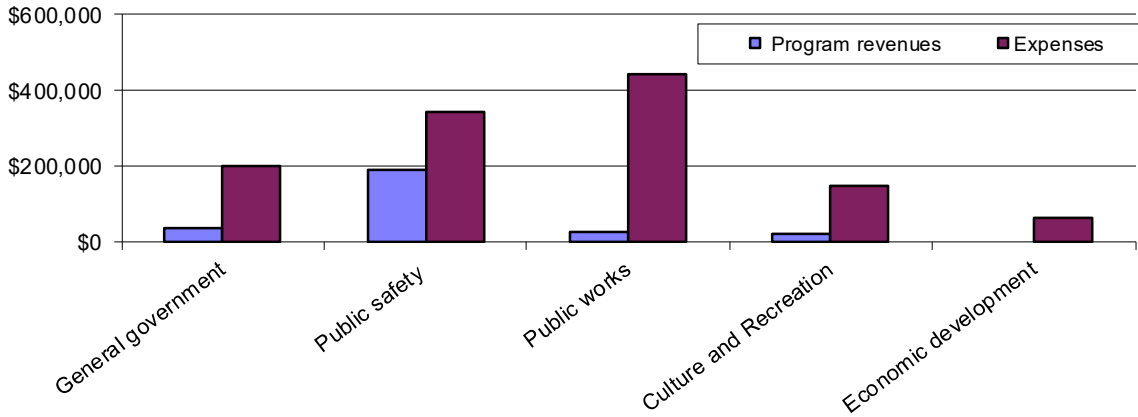
City of Wanamingo's Change in Net Position

| | Governmental Activities | | Business-Type Activities | | Total | |
|--|-------------------------|--------------|--------------------------|--------------|--------------|--------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Revenue: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 131,913 | \$ 129,804 | \$ 845,130 | \$ 774,427 | \$ 977,043 | \$ 904,231 |
| Operating grants and contributions | 149,649 | 79,815 | | | 149,649 | 79,815 |
| Capital grants and contributions | 1,517 | 18,704 | 162 | 118,656 | 1,679 | 137,360 |
| General revenues: | | | | | | |
| Property taxes | 985,873 | 912,623 | | | 985,873 | 912,623 |
| Tax increments | 110,342 | 91,072 | | | 110,342 | 91,072 |
| Grants and contributions not restricted to specific programs | 276,274 | 272,583 | | | 276,274 | 272,583 |
| Other | 61,737 | 17,394 | 27,391 | 16,972 | 89,128 | 34,366 |
| Total revenues | 1,717,305 | 1,521,995 | 872,683 | 910,055 | 2,589,988 | 2,432,050 |
| Expenses: | | | | | | |
| General government | 202,013 | 196,487 | | | 202,013 | 196,487 |
| Public safety and transportation | 343,201 | 317,906 | | | 343,201 | 317,906 |
| Public works | 441,982 | 499,277 | | | 441,982 | 499,277 |
| Culture and recreation | 149,152 | 139,844 | | | 149,152 | 139,844 |
| Economic development | 65,795 | 62,031 | | | 65,795 | 62,031 |
| Interest on long-term debt | 49,281 | 74,917 | | | 49,281 | 74,917 |
| Water | | | 482,354 | 389,370 | 482,354 | 389,370 |
| Waste water | | | 329,325 | 322,062 | 329,325 | 322,062 |
| Sanitation | | | 106,632 | 103,095 | 106,632 | 103,095 |
| Medical center | | | 44,667 | 43,221 | 44,667 | 43,221 |
| Total expenses | 1,251,424 | 1,290,462 | 962,978 | 857,748 | 2,214,402 | 2,148,210 |
| Increase in net position | 465,881 | 231,533 | (90,295) | 52,307 | 375,586 | 283,840 |
| Net position, beginning of year | 2,776,325 | 2,544,792 | 3,054,969 | 3,002,662 | 5,831,294 | 5,547,454 |
| Net position, end of year | \$ 3,242,206 | \$ 2,776,325 | \$ 2,964,674 | \$ 3,054,969 | \$ 6,206,880 | \$ 5,831,294 |

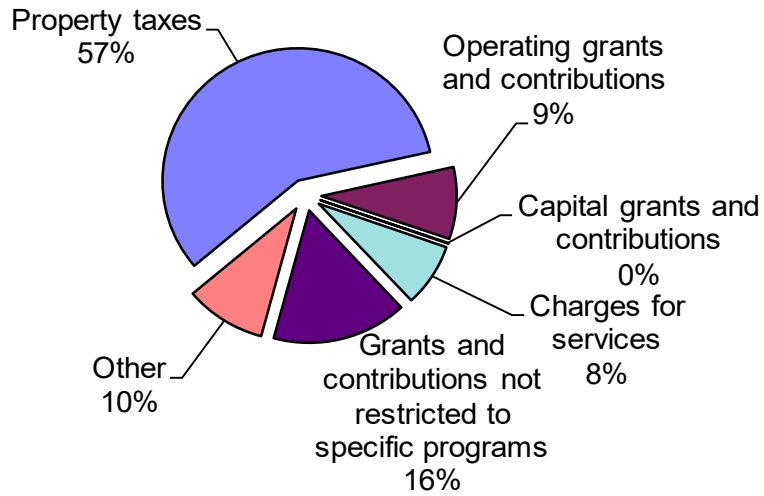
**CITY OF WANAMINGO, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Below are specific graphs that provide comparisons of the governmental activities direct program revenues with their expenses. Any shortfalls in direct revenues are primarily supported by property tax levy or general state aid.

Expenses and Program Revenues - Governmental Activities



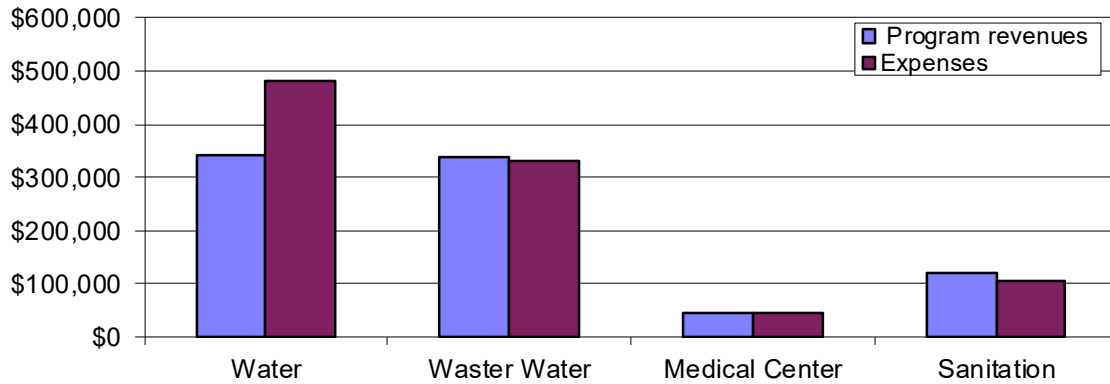
Revenues by Source - Governmental Activities



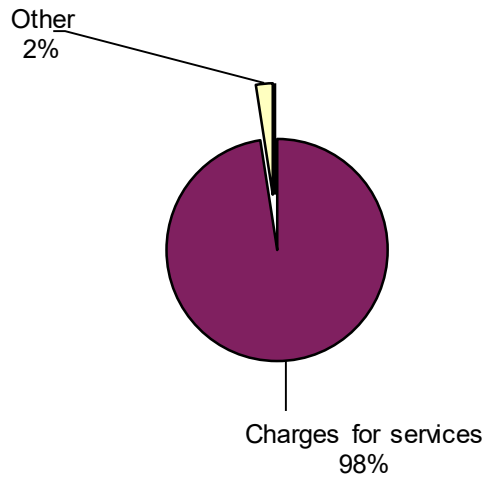
**CITY OF WANAMINGO, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The following graphs relate the various business-type activities' program revenues with their expenses. Since all five of these activities require significant physical assets to operate, any excess revenues are held for planned capital expenses to keep pace with growing demand for services.

Expenses and Program Revenues - Business-Type Activities



Revenues by Source - Business-Type Activities



CITY OF WANAMINGO, MINNESOTA MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Analysis of the Government's Funds

As noted earlier, the City of Wanamingo, Minnesota uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City of Wanamingo, Minnesota's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City of Wanamingo, Minnesota's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Fund Balance Reporting and Governmental Fund Type Definitions, requires fund balances to be classified as follows:

Non-spendable – representing that portion of fund balance that is not in a spendable form. Included in this category are advances to other funds, prepaid items, and inventory.

Restricted – reports resources that have external constraints placed upon their use.

Committed – reports those resources for a specific purpose by formal Council action (Resolution). The constraints cannot be changed or removed without Council action (Resolution).

Assigned – represents the portion of fund balance that reflects the amounts the City intends to use for a specific purpose. The Council has authorized the City Administrator to assign fund balance.

Unassigned – comparable to the old unreserved, undesignated classification of fund balance, this represents the amount available for any purpose. However, only the General Fund may report a positive fund balance. Fund balance in other governmental funds will fall into one or more of the categories listed above unless a fund has a negative fund balance.

Detailed information regarding the fund balance classifications are found in Note 8 in the Notes to Financial Statements.

At the end of the current fiscal year, the City of Wanamingo, Minnesota's governmental funds reported combined ending fund balances of \$1,840,736, an increase of \$40,837. The planned fund increases have slowed due to increased spending because of inflation and decreased building permit and construction-related revenue. Approximately 45 percent of this total amount or \$827,758 constitutes unassigned, assigned, and committed fund balance, which is available for spending at the government's discretion. The remainder of this fund balance is nonspendable or restricted to indicate that it is not available for new spending because it has already been committed to repay interfund advances or other debt.

The general fund is the chief operating fund of the City of Wanamingo, Minnesota. At the end of the current fiscal year, unassigned fund balance of the general fund was \$580,273.

The general fund's total fund balance decreased by \$24,599.

CITY OF WANAMINGO, MINNESOTA MANAGEMENT'S DISCUSSION AND ANALYSIS

Proprietary funds. The City of Wanamingo, Minnesota's proprietary funds statements found on pages 26-29 provide the same type of information found in the government-wide financial statements, but in more detail.

The unrestricted net position in the respective proprietary funds are Water - \$54,892, Waste water - \$585,380, Sanitation - \$76,751, and Medical center - (\$35,060).

The water utility fund's decrease of \$132,486 is mainly due to a number of anticipated water line leaks after the increase in water pressure with the construction of a new tower in 2022. The leaks were mainly from faulty stainless-steel bolts in hydrant water shut-off valves. The water fund paid for street and sidewalk restoration from the leaks. There may be additional leaks anticipated to occur in 2024. The City also completed the city-wide water meter replacements that started in November of 2021 and went through August of 2023. The City plans to increase base rates in future years to build up cash balances in the water fund. The City constructed a new water tower and additional water line loops in 2022. The City will be constructing a new wellhouse/chemical treatment facility in 2024. The projects are financed through the 2022A Utility Improvements Bond.

The waste water utility fund's increase of \$12,603 was due to planning toward a multi-city regional waste water treatment facility and increased operating costs due to inflation. The State of Minnesota contributed \$10 million toward the project pre-design and land acquisition. The City plans to increase either per 1,000-gallon rates or base rates in future years to build up cash balances in the waste water fund. The City's share of the cost is anticipated to be between \$3 to \$5.5 million for multi-city regional waste water treatment facility within the next 4-6 years.

The sanitation utility fund's increase of \$12,121 was due to a planned surplus to cover future technology upgrades and logistics for utility billing.

The medical center utility fund's increase of \$17,467 was due to the facilities four suites being fully occupied in 2024. It is anticipated that all four suites will be fully occupied and will generate similar rents for the foreseeable future.

General Fund Budgetary Highlights

The City approved the 2023 general fund budget anticipating a decrease of \$2,167 before transfers in general fund reserves. The City did not amend its budget during the year. The City is working on maintaining a 35% to 65% reserve balance of expenditures, or a \$500,000 General Fund cash reserve, whichever is greater, set forth by City policy in 2018. The Council will be considering changing the reserve fund balance to \$600,000 in general fund reserve due to increases in the yearly general fund expenses. The City is positioning itself in order to maintain bond ratings and potential to increase the bond rating in the future with adherence to the amended policy. Once achieved the City has street, equipment, and park capital needs to address.

At the close of the year, general fund total expenditures were \$127,678 more than final budget. The increase in expenditures were a result of capital expenditures that were not budgeted or fully budgeted such as the Prairie Ridge Estates park shelter, street equipment, new doors at City Hall/Community Room, and street repairs. Revenues exceeded the final budget by \$119,020 due to significantly higher interest rates on investments, higher than expected building permit fees, increased state aid, and donations. The fund showed a decrease in fund balance totaling \$24,599 for the year ended December 31, 2023.

**CITY OF WANAMINGO, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Capital Asset and Debt Administration

Capital assets. The City of Wanamingo, Minnesota's investment in capital assets for its governmental and business-type activities as of December 31, 2023, amounts to \$8,464,150 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, roads and highways. The total decrease in the City of Wanamingo, Minnesota's reported investment in capital assets for the current fiscal year was \$79,805.

City of Wanamingo's Capital Assets
(net of depreciation)

| | Governmental Activities | | Business-Type Activities | | Total | |
|--------------------------------------|----------------------------|---------------------|-----------------------------|---------------------|---------------------|---------------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Land | \$ 114,068 | \$ 114,068 | \$ 10,000 | \$ 10,000 | \$ 124,068 | \$ 124,068 |
| Work in progress | | | 469,992 | 637,272 | 469,992 | 637,272 |
| Buildings and improvements | 671,753 | 633,559 | 3,903,496 | 3,755,603 | 4,575,249 | 4,389,162 |
| Improvements other than buildings | 2,811,572 | 2,913,643 | | | 2,811,572 | 2,913,643 |
| Machinery and equipment | 277,428 | 316,751 | 205,841 | 163,059 | 483,269 | 479,810 |
| Total | \$ 3,874,821 | \$ 3,978,021 | \$ 4,589,329 | \$ 4,565,934 | \$ 8,464,150 | \$ 8,543,955 |

Additional information on the City of Wanamingo, Minnesota's capital assets can be found in Note 4 on pages 42-43 of this report.

Long-term debt. At the end of the current fiscal year, the City of Wanamingo, Minnesota had \$5,364,000 in bonds and notes outstanding.

City of Wanamingo's Outstanding Debt

| | Governmental Activities | | Business-Type Activities | | Total | |
|--|----------------------------|---------------------|-----------------------------|---------------------|---------------------|---------------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| General obligation improvement bonds | \$ 2,231,000 | \$ 2,649,000 | \$ | \$ | \$ 2,231,000 | \$ 2,649,000 |
| General obligation revenue bonds | | | 2,803,000 | 2,925,000 | 2,803,000 | 2,925,000 |
| General obligation tax increment bonds | 130,000 | 180,000 | | | 130,000 | 180,000 |
| General obligation equipment certificates | 200,000 | 246,000 | | | 200,000 | 246,000 |
| Total | \$ 2,561,000 | \$ 3,075,000 | \$ 2,803,000 | \$ 2,925,000 | \$ 5,364,000 | \$ 6,000,000 |

The City of Wanamingo, Minnesota's total bonds and notes payable decreased by \$636,000. A more detailed breakdown of these obligations can be found in Note 5, beginning on page 43.

**CITY OF WANAMINGO, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Economic Factors and Next Year's Budgets and Rates

- The City anticipates growth in the commercial and industrial market due to current business needs. The residential market has slowed but continues to show needs for growth once interest rates and construction costs stabilize.
- The City anticipates additional general fund budgeting maintenance and reconstruction of street surfaces in the near future based upon the pavement management plan updated by the City Council in April of 2021. The next phases are scheduled to occur in 2024 (maintenance) and reconstruction in 2026/2027.
- A combination of additional state aid and decreasing debt service obligations could have an impact on the general tax levy in future years.
- The Council has set a priority of general fund dollars, beyond the 35-65% (or \$500,000 whichever is greater) City reserve policy. The goal is to stabilize more than a \$600,000 reserve balance and no longer have other funds owe the general fund due to temporary negative balances. Excess general fund dollars above \$600,000 will be directed towards street equipment purchases, street maintenance (crack filling, seal coating, manhole rehab, and mill/overlay projects), and park improvements. The Council created a Street Capital fund and line item levy in 2022 with anticipation of future street and building capital costs.
- The Council expects to increase the water and sewer rates each of the next few years with the intention of building up reserves. The water fund balance will have been lowered due to the 2022 water tower and water main looping project, the 2024 well house chemical building construction, and the 2021-2023 water meter replacements. A regional wastewater plant is planned within the next 4-6 years.
- The Council captured the 2023 increase in tax capacity and went beyond by increasing the levy by 9.18% in order to combat inflation, meet additional debt service obligations, and dedicate additional funds to street equipment and maintenance. The Council has been willing to increase the yearly levies in preparation for capital needs the last five years. The Council is planning a similar increase in the levy for 2024 to 2025.

All of these factors were considered in preparing the City of Wanamingo, Minnesota's budget for the 2024 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the City of Wanamingo, Minnesota's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City Administrator, City Hall, Wanamingo, MN 55983.

CITY OF WANAMINGO, MINNESOTA

BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2023

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CITY OF WANAMINGO, MINNESOTA
STATEMENT OF NET POSITION
December 31, 2023
With Comparative Totals for December 31, 2022

| | Governmental | Business-Type | Totals | |
|--|---------------------|---------------------|---------------------|---------------------|
| | Activities | Activities | 2023 | 2022 |
| ASSETS | | | | |
| Cash and investments | \$ 1,767,449 | \$ 1,410,859 | \$ 3,178,308 | \$ 3,432,327 |
| Restricted cash | 50,000 | | 50,000 | 50,000 |
| Receivables | 260,842 | 73,645 | 334,487 | 301,894 |
| Due from other governmental units | 16,519 | | 16,519 | 14,743 |
| Internal balances | 34,441 | (34,441) | | |
| Lease receivables | | 90,976 | 90,976 | 95,488 |
| Capital assets: | | | | |
| Nondepreciable | 114,068 | 479,992 | 594,060 | 761,340 |
| Depreciable, net | 3,760,753 | 4,109,337 | 7,870,090 | 7,782,615 |
| Total Assets | 6,004,072 | 6,130,368 | 12,134,440 | 12,438,407 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Deferred outflows from pension activity | 21,196 | 49,839 | 71,035 | 100,515 |
| LIABILITIES | | | | |
| Accounts payable | 20,773 | 63,220 | 83,993 | 117,064 |
| Accrued liabilities | 9,315 | 4,404 | 13,719 | 14,176 |
| Accrued interest payable | 20,528 | 29,505 | 50,033 | 76,463 |
| Compensated absences | 19,085 | 28,591 | 47,676 | 44,535 |
| Noncurrent liabilities: | | | | |
| Due within one year | 402,000 | 80,000 | 482,000 | 609,000 |
| Due in more than one year | 2,180,098 | 2,750,262 | 4,930,360 | 5,442,303 |
| Net pension liability | 97,130 | 126,546 | 223,676 | 300,961 |
| Total Liabilities | 2,748,929 | 3,082,528 | 5,831,457 | 6,604,502 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Deferred inflows from lease activity | | 90,976 | 90,976 | 95,488 |
| Deferred inflows from pension activity | 34,133 | 42,029 | 76,162 | 7,638 |
| Total Deferred Inflows of Resources | 34,133 | 133,005 | 167,138 | 103,126 |
| NET POSITION | | | | |
| Net investment in capital assets | 1,292,723 | 2,282,711 | 3,575,434 | 3,298,222 |
| Restricted for: | | | | |
| Debt service | 961,726 | | 961,726 | 961,822 |
| MIF revolving loan | 100,000 | | 100,000 | 100,000 |
| Tax increment financing | 135,310 | | 135,310 | 45,674 |
| Unrestricted | 752,447 | 681,963 | 1,434,410 | 1,425,576 |
| Total Net Position | \$ 3,242,206 | \$ 2,964,674 | \$ 6,206,880 | \$ 5,831,294 |

See Notes to Financial Statements

CITY OF WANAMINGO, MINNESOTA
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2023
With Comparative Totals for the Year Ended December 31, 2022

| Functions/Programs | Expenses | Program Revenues | | |
|---------------------------------------|---------------------|----------------------|------------------------------------|----------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Governmental activities: | | | | |
| General government | \$ 202,013 | \$ 38,175 | \$ | \$ |
| Public safety | 343,201 | 52,047 | 140,089 | |
| Public works | 441,982 | 26,304 | 2,360 | 1,517 |
| Culture and recreation | 149,152 | 15,387 | 7,200 | |
| Economic development | 65,795 | | | |
| Interest on long-term debt | 49,281 | | | |
| Total governmental activities | 1,251,424 | 131,913 | 149,649 | 1,517 |
| Business-Type activities: | | | | |
| Water | 482,354 | 341,298 | | 162 |
| Waste water | 329,325 | 338,959 | | |
| Sanitation | 106,632 | 118,753 | | |
| Medical center | 44,667 | 46,120 | | |
| Total business-type activities | 962,978 | 845,130 | | 162 |
| Total | \$ 2,214,402 | \$ 977,043 | \$ 149,649 | \$ 1,679 |

General revenues:
General property taxes
Tax increments
Grants and contributions not restricted to specific programs
Investment earnings
Gain on sale of assets
Miscellaneous
Total general revenues

Change in net position

Net position - beginning

Net position - ending

Net (Expense) Revenue
and Changes in Net Position

| Governmental Activities | Business-Type Activities | Totals | |
|----------------------------|-----------------------------|---------------------|---------------------|
| | | 2023 | 2022 |
| \$ (163,838) | \$ | \$ (163,838) | \$ (158,116) |
| (151,065) | | (151,065) | (200,938) |
| (411,801) | | (411,801) | (454,403) |
| (126,565) | | (126,565) | (111,734) |
| (65,795) | | (65,795) | (62,031) |
| (49,281) | | (49,281) | (74,917) |
| <u>(968,345)</u> | | <u>(968,345)</u> | <u>(1,062,139)</u> |
| | (140,894) | (140,894) | 51,081 |
| | 9,634 | 9,634 | (11,911) |
| | 12,121 | 12,121 | 9,869 |
| | 1,453 | 1,453 | (13,704) |
| | <u>(117,686)</u> | <u>(117,686)</u> | <u>35,335</u> |
| <u>(968,345)</u> | <u>(117,686)</u> | <u>(1,086,031)</u> | <u>(1,026,804)</u> |
| 985,873 | | 985,873 | 912,623 |
| 110,342 | 6,117 | 116,459 | 97,517 |
| 276,274 | | 276,274 | 272,583 |
| 48,367 | | 48,367 | 1,861 |
| 6,271 | | 6,271 | 700 |
| 7,099 | 21,274 | 28,373 | 25,360 |
| <u>1,434,226</u> | <u>27,391</u> | <u>1,461,617</u> | <u>1,310,644</u> |
| 465,881 | (90,295) | 375,586 | 283,840 |
| <u>2,776,325</u> | <u>3,054,969</u> | <u>5,831,294</u> | <u>5,547,454</u> |
| <u>\$ 3,242,206</u> | <u>\$ 2,964,674</u> | <u>\$ 6,206,880</u> | <u>\$ 5,831,294</u> |

**CITY OF WANAMINGO, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS**

December 31, 2023

With Comparative Totals for December 31, 2022

| | 101 General | Other Governmental Funds | Total Governmental Funds | |
|---|-------------------|--------------------------------|--------------------------|---------------------|
| | | | 2023 | 2022 |
| ASSETS | | | | |
| Cash and investments | \$ 511,475 | \$ 1,255,974 | \$ 1,767,449 | \$ 1,725,833 |
| Accounts receivable | | 2,415 | 2,415 | 2,468 |
| Taxes receivable delinquent | 14,349 | 66,138 | 80,487 | 19,974 |
| Special assessments receivable: | | | | |
| Deferred | 29,793 | 147,732 | 177,525 | 206,059 |
| Delinquent | | 415 | 415 | 3,850 |
| Deposits | | 50,000 | 50,000 | 50,000 |
| Advance to other funds | 9,699 | | 9,699 | 15,231 |
| Due from other funds | 90,024 | | 90,024 | 79,104 |
| Due from other governmental units | 8,205 | 8,314 | 16,519 | 14,743 |
| TOTAL ASSETS | \$ 663,545 | \$ 1,530,988 | \$ 2,194,533 | \$ 2,117,262 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE | | | | |
| Liabilities | | | | |
| Accounts payable | \$ 20,711 | \$ 62 | \$ 20,773 | \$ 18,091 |
| Accrued expenses | 8,720 | 595 | 9,315 | 9,796 |
| Advance from other funds | | 9,699 | 9,699 | 15,231 |
| Due to other funds | | 55,583 | 55,583 | 44,362 |
| Total Liabilities | 29,431 | 65,939 | 95,370 | 87,480 |
| Deferred Inflows of Resources | | | | |
| Unavailable: | | | | |
| Property taxes | 14,349 | 66,138 | 80,487 | 19,974 |
| Special assessments | 29,793 | 148,147 | 177,940 | 209,909 |
| Total Deferred Inflows of Resources | 44,142 | 214,285 | 258,427 | 229,883 |
| Fund Balance | | | | |
| Nonspendable: | | | | |
| Advances to other funds | 9,699 | | 9,699 | 15,231 |
| Restricted: | | | | |
| Creditors | | 820,409 | 820,409 | 798,992 |
| Regulations | | 182,870 | 182,870 | 145,674 |
| Committed | | 98,468 | 98,468 | 72,399 |
| Assigned | | 213,975 | 213,975 | 227,534 |
| Unassigned | 580,273 | (64,958) | 515,315 | 540,069 |
| Total Fund Balance | 589,972 | 1,250,764 | 1,840,736 | 1,799,899 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE | \$ 663,545 | \$ 1,530,988 | \$ 2,194,533 | \$ 2,117,262 |

See Notes to Financial Statements

CITY OF WANAMINGO, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Year Ended December 31, 2023
With Comparative Totals for the Year Ended December 31, 2022

| | 101 General | Other Governmental Funds | Total Governmental Funds | |
|--|-------------------|--------------------------------|--------------------------|---------------------|
| | | | 2023 | 2022 |
| REVENUES | | | | |
| General property taxes | \$ 413,768 | \$ 564,032 | \$ 977,800 | \$ 916,936 |
| Tax increment | | 57,902 | 57,902 | 133,600 |
| Special assessments | 2,462 | 31,024 | 33,486 | 51,324 |
| Licenses and permits | 34,960 | | 34,960 | 35,166 |
| Intergovernmental revenues | 326,580 | 50,018 | 376,598 | 305,327 |
| Charges for services | 72,060 | | 72,060 | 70,919 |
| Fines and forfeits | 2,279 | | 2,279 | 1,103 |
| Investment income | 48,298 | 69 | 48,367 | 1,861 |
| Miscellaneous revenues | 45,734 | 33,304 | 79,038 | 86,830 |
| Total Revenues | <u>946,141</u> | <u>736,349</u> | <u>1,682,490</u> | <u>1,603,066</u> |
| EXPENDITURES | | | | |
| General government | 153,693 | | 153,693 | 146,849 |
| Public safety | 293,332 | | 293,332 | 260,004 |
| Public works | 222,740 | | 222,740 | 199,779 |
| Culture and recreation | 134,724 | | 134,724 | 129,573 |
| Economic development | | 77,334 | 77,334 | 176,909 |
| Debt service | | 569,921 | 569,921 | 587,961 |
| Capital outlay | 152,477 | 43,703 | 196,180 | 22,602 |
| Total Expenditures | <u>956,966</u> | <u>690,958</u> | <u>1,647,924</u> | <u>1,523,677</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(10,825)</u> | <u>45,391</u> | <u>34,566</u> | <u>79,389</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sale of assets | 6,271 | | 6,271 | 700 |
| Transfers in | | 20,045 | 20,045 | 20,977 |
| Transfers out | (20,045) | | (20,045) | (20,977) |
| Bond refunding payments | | | | (1,375,000) |
| Total Other Financing Sources (Uses) | <u>(13,774)</u> | <u>20,045</u> | <u>6,271</u> | <u>(1,374,300)</u> |
| Net change in fund balances | <u>(24,599)</u> | <u>65,436</u> | <u>40,837</u> | <u>(1,294,911)</u> |
| Fund Balance - beginning | <u>614,571</u> | <u>1,185,328</u> | <u>1,799,899</u> | <u>3,094,810</u> |
| Fund Balance - ending | <u>\$ 589,972</u> | <u>\$ 1,250,764</u> | <u>\$ 1,840,736</u> | <u>\$ 1,799,899</u> |

See Notes to Financial Statements

CITY OF WANAMINGO, MINNESOTA
RECONCILIATION OF NET POSITION IN THE
GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND BALANCES
IN THE FUND BASIS FINANCIAL STATEMENTS
December 31, 2023

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

| | | |
|--|--------------------|----------------------------|
| Total governmental fund balances (page 17) | | \$ 1,840,736 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | | |
| Governmental funds - capital assets | \$ 8,197,056 | |
| Less: Accumulated depreciation | <u>(4,322,235)</u> | 3,874,821 |
| Some receivables are not available soon enough to pay for current period expenditures and, therefore, are unavailable in the funds. | | |
| Delinquent property taxes | \$ 80,487 | |
| Deferred and delinquent special assessments | <u>177,940</u> | 258,427 |
| Long-term liabilities, including bonds payable, net pension liability, compensated absences, and accrued interest payable are not due and payable in the current period and therefore are not reported in the funds. | | |
| Bonds payable, net of unamortized bond premium | \$ (2,582,098) | |
| Net pension liability | (110,067) | |
| Compensated absences | (19,085) | |
| Accrued interest | <u>(20,528)</u> | <u>(2,731,778)</u> |
| Net position of governmental activities (page 14) | | <u><u>\$ 3,242,206</u></u> |

CITY OF WANAMINGO, MINNESOTA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2023

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

| | | |
|--|------------------|-----------------------|
| Net change in fund balances - total governmental funds (page 18) | \$ | 40,837 |
| <p>Governmental funds reported capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p> | | |
| Capital outlay | \$ 182,060 | |
| Depreciation expense | <u>(285,260)</u> | (103,200) |
| <p>Certain revenues in the statement of activities do not provide current financial resources are not reported as revenues in the funds.</p> | | |
| Property taxes | \$ 60,513 | |
| Special assessments | <u>(31,969)</u> | 28,544 |
| <p>The governmental funds report bond proceeds as financing sources, while repayment of bond principal is report as an expenditure. In the statement of net position, however, issuing debt increases long term liabilities and does not affect the statement of activities and repayment of principal reduces the liability. Also, governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Interest is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, however, interest expense is recognized as it accrues, regardless of when it is due. The net effect of these differences in the treatment of general obligation bonds and related items is as follows.</p> | | |
| Principal retirement on long-term debt | \$ 514,000 | |
| Change in accrued interest | 4,981 | |
| Amortization of bond premium | <u>1,758</u> | 520,739 |
| <p>In the statement of activities, certain operating expenses - compensated absences and net pension liability - are measured by the amounts earned during the year. In governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).</p> | | |
| Change in accrued compensated absences | \$ (1,230) | |
| Change in net pension liability | <u>(19,809)</u> | (21,039) |
| Change in net position of governmental activities (pages 15 and 16) | \$ | <u><u>465,881</u></u> |

See Notes to Financial Statements

CITY OF WANAMINGO, MINNESOTA
GENERAL FUND
STATEMENTS OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2023
With Comparative Totals for the Year Ended December 31, 2022

| | Budgeted Amounts | | 2023 Actual Amounts | Variance with Final Budget - Positive (Negative) | 2022 Actual Amounts |
|-----------------------------------|------------------|------------|---------------------------|---|---------------------------|
| | Original | Final | | | |
| REVENUES | | | | | |
| Property Taxes | \$ 415,000 | \$ 415,000 | \$ 413,768 | \$ (1,232) | \$ 368,033 |
| Special Assessments | 2,000 | 2,000 | 2,462 | 462 | 3,114 |
| Licenses and Permits | | | | | |
| Business | 2,700 | 2,700 | 5,750 | 3,050 | 2,700 |
| Nonbusiness | 18,100 | 18,100 | 29,210 | 11,110 | 32,466 |
| Total Licenses and Permits | 20,800 | 20,800 | 34,960 | 14,160 | 35,166 |
| Intergovernmental Revenues | | | | | |
| Local government aid | 276,253 | 276,253 | 276,253 | | 272,559 |
| Other state aid | 2,300 | 2,300 | 19,331 | 17,031 | 4,626 |
| Fire state aid | 22,000 | 22,000 | 30,996 | 8,996 | 28,142 |
| Total Intergovernmental Revenues | 300,553 | 300,553 | 326,580 | 26,027 | 305,327 |
| Charges for Services | | | | | |
| Township fire contributions | 49,768 | 49,768 | 49,768 | | 47,413 |
| Swimming pool fees | 14,800 | 14,800 | 19,077 | 4,277 | 20,301 |
| Other | 6,200 | 6,200 | 3,215 | (2,985) | 3,205 |
| Total Charges for Services | 70,768 | 70,768 | 72,060 | 1,292 | 70,919 |
| Fines and Forfeits | 2,500 | 2,500 | 2,279 | (221) | 1,103 |
| Investment Income | 4,000 | 4,000 | 48,298 | 44,298 | 1,841 |
| Miscellaneous Revenues | | | | | |
| Donations | 11,500 | 11,500 | 42,325 | 30,825 | 47,381 |
| Refunds and reimbursements | | | 3,019 | 3,019 | 7,946 |
| Other | | | 390 | 390 | 1,326 |
| Total Miscellaneous Revenues | 11,500 | 11,500 | 45,734 | 34,234 | 56,653 |
| TOTAL REVENUES | \$ 827,121 | \$ 827,121 | \$ 946,141 | \$ 119,020 | \$ 842,156 |

See Notes to Financial Statements

CITY OF WANAMINGO, MINNESOTA
GENERAL FUND
STATEMENTS OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2023
With Comparative Totals for the Year Ended December 31, 2022

| | Budgeted Amounts | | 2023 Actual Amounts | Variance with Final Budget - Positive (Negative) | 2022 Actual Amounts |
|--|------------------|------------|---------------------------|---|---------------------------|
| | Original | Final | | | |
| EXPENDITURES | | | | | |
| General Government | | | | | |
| Mayor and Council | | | | | |
| Employee services | \$ 11,500 | \$ 11,500 | \$ 10,290 | \$ 1,210 | \$ 10,780 |
| Employee benefits and retirement | 815 | 815 | 639 | 176 | 825 |
| Insurance | 1,350 | 1,350 | 1,092 | 258 | 1,177 |
| Training | 300 | 300 | 161 | 139 | 410 |
| Total Mayor and Council | 13,965 | 13,965 | 12,182 | 1,783 | 13,192 |
| Election and Voter Registration | 700 | 700 | 815 | (115) | 2,795 |
| City Administration | | | | | |
| Employee services | 40,600 | 40,600 | 42,350 | (1,750) | 40,482 |
| Employee benefits and retirement | 10,350 | 10,350 | 9,784 | 566 | 8,129 |
| Materials and supplies | 4,000 | 4,000 | 2,113 | 1,887 | 2,750 |
| Telephone | 3,825 | 3,825 | 5,623 | (1,798) | 3,905 |
| Utilities | 2,950 | 2,950 | 2,587 | 363 | 2,779 |
| Repairs and maintenance | 1,100 | 1,100 | 1,279 | (179) | 1,734 |
| Printing and publishing | 5,000 | 5,000 | 6,021 | (1,021) | 4,852 |
| Contracted services | 4,500 | 4,500 | 3,490 | 1,010 | 4,900 |
| Insurance | 11,825 | 11,825 | 13,742 | (1,917) | 11,579 |
| Other charges | 5,250 | 5,250 | 5,263 | (13) | 4,897 |
| Capital outlay | 1,000 | 1,000 | 6,563 | (5,563) | 1,103 |
| Total City Administration | 90,400 | 90,400 | 98,815 | (8,415) | 87,110 |
| Professional Services | | | | | |
| Legal | 9,000 | 9,000 | 6,370 | 2,630 | 6,600 |
| Accounting and audit | 23,600 | 23,600 | 24,500 | (900) | 23,600 |
| Engineering | 3,000 | 3,000 | 7,189 | (4,189) | 3,620 |
| Contracted services | 11,800 | 11,800 | 10,385 | 1,415 | 15,275 |
| Total Professional Services | 47,400 | 47,400 | 48,444 | (1,044) | 49,095 |
| Total General Government | \$ 152,465 | \$ 152,465 | \$ 160,256 | \$ (7,791) | \$ 152,192 |

See Notes to Financial Statements

CITY OF WANAMINGO, MINNESOTA
GENERAL FUND
STATEMENTS OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2023
With Comparative Totals for the Year Ended December 31, 2022

| | Budgeted Amounts | | 2023 Actual Amounts | Variance with Final Budget - Positive (Negative) | 2022 Actual Amounts |
|----------------------------|------------------|------------|---------------------------|---|---------------------------|
| | Original | Final | | | |
| EXPENDITURES | | | | | |
| Public Safety | | | | | |
| Police Protection | | | | | |
| Contractual services | \$ 121,933 | \$ 121,933 | \$ 121,933 | \$ | \$ 116,254 |
| Legal services | 12,000 | 12,000 | 12,000 | | 12,000 |
| Total Police Protection | 133,933 | 133,933 | 133,933 | | 128,254 |
| Ambulance | | | | | |
| Contractual services | 14,050 | 14,050 | 13,913 | 137 | 11,130 |
| Fire Protection | | | | | |
| State fire aid | 22,000 | 22,000 | 30,996 | (8,996) | 28,142 |
| Fire relief | | | 43,500 | (43,500) | |
| Materials and supplies | 19,000 | 19,000 | 6,700 | 12,300 | 22,428 |
| Utilities | 10,500 | 10,500 | 8,255 | 2,245 | 9,324 |
| Repairs and maintenance | 19,000 | 19,000 | 7,585 | 11,415 | 11,410 |
| Insurance | 11,800 | 11,800 | 10,821 | 979 | 10,745 |
| Training | 7,500 | 7,500 | 7,800 | (300) | 17,350 |
| Other charges | 4,300 | 4,300 | 3,071 | 1,229 | 2,931 |
| Capital outlay | | | 36,914 | (36,914) | |
| Total Fire Protection | 94,100 | 94,100 | 155,642 | (61,542) | 102,330 |
| Building Inspection | | | | | |
| Contractual services | 12,500 | 12,500 | 26,758 | (14,258) | 18,290 |
| Total Public Safety | \$ 254,583 | \$ 254,583 | \$ 330,246 | \$ (75,663) | \$ 260,004 |

See Notes to Financial Statements

CITY OF WANAMINGO, MINNESOTA
GENERAL FUND
STATEMENTS OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2023
With Comparative Totals for the Year Ended December 31, 2022

| | Budgeted Amounts | | 2023 Actual Amounts | Variance with Final Budget - Positive (Negative) | 2022 Actual Amounts |
|--|------------------|------------|---------------------------|---|---------------------------|
| | Original | Final | | | |
| EXPENDITURES | | | | | |
| Public Works | | | | | |
| Highways, Streets, and Alleys | | | | | |
| Employee services | \$ 69,000 | \$ 69,000 | \$ 63,110 | \$ 5,890 | \$ 58,897 |
| Employee benefits and retirement | 34,300 | 34,300 | 27,544 | 6,756 | 24,807 |
| Materials and supplies | 15,000 | 15,000 | 16,639 | (1,639) | 21,361 |
| Repairs and maintenance | 26,000 | 26,000 | 41,103 | (15,103) | 18,398 |
| Utilities | 9,230 | 9,230 | 6,547 | 2,683 | 6,550 |
| Telephone | 2,175 | 2,175 | 2,012 | 163 | 1,787 |
| Insurance | 9,060 | 9,060 | 8,037 | 1,023 | 7,908 |
| Training | 1,500 | 1,500 | 1,751 | (251) | 1,209 |
| Contracted services | 2,000 | 2,000 | 8,062 | (6,062) | 6,252 |
| Other charges | 1,200 | 1,200 | 2,706 | (1,506) | 1,765 |
| Capital outlay | 50,000 | 50,000 | 67,900 | (17,900) | 12,220 |
| Total Highways, Streets, and Alleys | 219,465 | 219,465 | 245,411 | (25,946) | 161,154 |
| Snow Removal | 15,000 | 15,000 | 10,499 | 4,501 | 18,913 |
| Street Lights | 30,000 | 30,000 | 34,730 | (4,730) | 31,932 |
| Total Public Works | \$ 264,465 | \$ 264,465 | \$ 290,640 | \$ (26,175) | \$ 211,999 |
| Culture and Recreation | | | | | |
| Community Center | | | | | |
| Employee services | \$ 4,800 | \$ 4,800 | \$ 7,531 | \$ (2,731) | \$ 4,796 |
| Employee benefits and retirement | 450 | 450 | 1,028 | (578) | 575 |
| Material and supplies | 300 | 300 | 731 | (431) | 681 |
| Utilities | 6,900 | 6,900 | 5,527 | 1,373 | 6,288 |
| Repairs and maintenance | 550 | 550 | 2,171 | (1,621) | 184 |
| Capital outlay | | | 6,490 | (6,490) | 450 |
| Total Community Center | \$ 13,000 | \$ 13,000 | \$ 23,478 | \$ (10,478) | \$ 12,974 |

See Notes to Financial Statements

CITY OF WANAMINGO, MINNESOTA
GENERAL FUND
STATEMENTS OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended December 31, 2023

With Comparative Totals for the Year Ended December 31, 2022

| | Budgeted Amounts | | 2023 Actual Amounts | Variance with Final Budget - Positive (Negative) | 2022 Actual Amounts |
|--|-------------------|-------------------|---------------------------|---|---------------------------|
| | Original | Final | | | |
| EXPENDITURES | | | | | |
| Culture and Recreation | | | | | |
| Parks | | | | | |
| Employee services | \$ 5,000 | \$ 5,000 | \$ 4,488 | \$ 512 | \$ 6,155 |
| Employee benefits and retirement | 525 | 525 | 658 | (133) | 610 |
| Materials and supplies | 1,150 | 1,150 | 1,824 | (674) | 3,291 |
| Repairs and maintenance | 4,000 | 4,000 | 791 | 3,209 | 4,631 |
| Utilities | 2,275 | 2,275 | 3,058 | (783) | 1,836 |
| Insurance | 4,600 | 4,600 | 2,417 | 2,183 | 2,303 |
| Contracted services | 19,000 | 19,000 | 16,800 | 2,200 | 15,216 |
| Capital outlay | 15,000 | 15,000 | 34,610 | (19,610) | 4,438 |
| Other charges | 15,600 | 15,600 | 16,750 | (1,150) | 14,850 |
| Total Parks | 67,150 | 67,150 | 81,396 | (14,246) | 53,330 |
| Swimming Pool | | | | | |
| Employee services | 44,000 | 44,000 | 38,672 | 5,328 | 39,594 |
| Employee benefits and retirement | 4,250 | 4,250 | 3,429 | 821 | 3,192 |
| Materials and supplies | 5,200 | 5,200 | 5,217 | (17) | 4,023 |
| Repairs and maintenance | 5,000 | 5,000 | 9,941 | (4,941) | 4,421 |
| Utilities | 8,900 | 8,900 | 6,987 | 1,913 | 10,222 |
| Insurance | 6,775 | 6,775 | 4,873 | 1,902 | 4,926 |
| Other charges | 3,500 | 3,500 | 1,831 | 1,669 | 1,779 |
| Total Swimming Pool | 77,625 | 77,625 | 70,950 | 6,675 | 68,157 |
| Total Culture and Recreation | 157,775 | 157,775 | 175,824 | (18,049) | 134,461 |
| TOTAL EXPENDITURES | 829,288 | 829,288 | 956,966 | (127,678) | 758,656 |
| Excess (deficiency) of revenues over (under) expenditures | (2,167) | (2,167) | (10,825) | (8,658) | 83,500 |
| Other Financing Uses | | | | | |
| Sale of assets | | | 6,271 | 6,271 | 700 |
| Transfers out | (20,045) | (20,045) | (20,045) | | (20,977) |
| Total other financing uses | (20,045) | (20,045) | (13,774) | 6,271 | (20,277) |
| Net change in fund balances | (22,212) | (22,212) | (24,599) | (2,387) | 63,223 |
| FUND BALANCE - beginning | 614,571 | 614,571 | 614,571 | | 551,348 |
| FUND BALANCE - ending | \$ 592,359 | \$ 592,359 | \$ 589,972 | \$ (2,387) | \$ 614,571 |

See Notes to Financial Statements

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**CITY OF WANAMINGO, MINNESOTA
PROPRIETARY FUNDS
STATEMENT OF NET POSITION**

For the Year Ended December 31, 2023

With Comparative Totals for the Year Ended December 31, 2022

| | Business - Type Activities - Enterprise Funds | | | | | |
|--|---|---------------------|------------------|--------------------|---------------------|---------------------|
| | Water | Waste | | Medical Center | Totals | |
| | | Water | Sanitation | | 2023 | 2022 |
| ASSETS | | | | | | |
| Current Assets | | | | | | |
| Cash and investments | \$ 701,322 | \$ 644,359 | \$ 65,178 | \$ | \$ 1,410,859 | \$ 1,706,494 |
| Accounts receivable | 26,683 | 27,554 | 12,237 | | 66,474 | 65,224 |
| Special assessments receivable | 7,171 | | | | 7,171 | 4,319 |
| Lease receivable | 2,401 | | | 14,142 | 16,543 | 15,344 |
| Total Current Assets | <u>737,577</u> | <u>671,913</u> | <u>77,415</u> | <u>14,142</u> | <u>1,501,047</u> | <u>1,791,381</u> |
| Noncurrent Assets | | | | | | |
| Lease receivable, noncurrent | 34,488 | | | 39,945 | 74,433 | 80,144 |
| Capital assets: | | | | | | |
| Nondepreciable | 450,697 | 29,295 | | | 479,992 | 647,272 |
| Depreciable | 5,556,560 | 2,772,595 | 15,992 | 641,993 | 8,987,140 | 8,635,555 |
| Less: Accumulated depreciation | 2,516,835 | 2,020,402 | 4,979 | 335,587 | 4,877,803 | 4,716,893 |
| Total Noncurrent Assets | <u>3,524,910</u> | <u>781,488</u> | <u>11,013</u> | <u>346,351</u> | <u>4,663,762</u> | <u>4,646,078</u> |
| TOTAL ASSETS | <u>4,262,487</u> | <u>1,453,401</u> | <u>88,428</u> | <u>360,493</u> | <u>6,164,809</u> | <u>6,437,459</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | | |
| Deferred outflows from pension activity | 21,910 | 27,929 | | | 49,839 | 56,914 |
| LIABILITIES | | | | | | |
| Current Liabilities | | | | | | |
| Accounts payable | 58,645 | 3,956 | | 619 | 63,220 | 98,973 |
| Accrued expenses | 2,466 | 1,274 | 664 | | 4,404 | 4,380 |
| Accrued interest | 29,505 | | | | 29,505 | 50,954 |
| Compensated absences payable | 14,253 | 14,338 | | | 28,591 | 26,680 |
| Due to other funds | | | | 34,441 | 34,441 | 34,742 |
| Current maturities of bonds payable | 80,000 | | | | 80,000 | 95,000 |
| Total Current Liabilities | <u>184,869</u> | <u>19,568</u> | <u>664</u> | <u>35,060</u> | <u>240,161</u> | <u>310,729</u> |
| Noncurrent Liabilities | | | | | | |
| Bonds payable, net of current maturities and unamortized premium | 2,452,262 | | | 298,000 | 2,750,262 | 2,858,447 |
| Net pension liability | 55,320 | 71,226 | | | 126,546 | 170,415 |
| Total Noncurrent Liabilities | <u>2,507,582</u> | <u>71,226</u> | | <u>298,000</u> | <u>2,876,808</u> | <u>3,028,862</u> |
| TOTAL LIABILITIES | <u>2,692,451</u> | <u>90,794</u> | <u>664</u> | <u>333,060</u> | <u>3,116,969</u> | <u>3,339,591</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Deferred inflows from leasing activity | 36,889 | | | 54,087 | 90,976 | 95,488 |
| Deferred inflows from pension activity | 18,361 | 23,668 | | | 42,029 | 4,325 |
| Total Deferred Inflows of Resources | <u>55,250</u> | <u>23,668</u> | | <u>54,087</u> | <u>133,005</u> | <u>99,813</u> |
| NET POSITION | | | | | | |
| Net investment in capital assets | 1,481,804 | 781,488 | 11,013 | 8,406 | 2,282,711 | 2,418,057 |
| Unrestricted | 54,892 | 585,380 | 76,751 | (35,060) | 681,963 | 636,912 |
| TOTAL NET POSITION | <u>\$ 1,536,696</u> | <u>\$ 1,366,868</u> | <u>\$ 87,764</u> | <u>\$ (26,654)</u> | <u>\$ 2,964,674</u> | <u>\$ 3,054,969</u> |

See Notes to Financial Statements

CITY OF WANAMINGO, MINNESOTA
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
For the Year Ended December 31, 2023
With Comparative Totals for the Year Ended December 31, 2022

| | Business - Type Activities - Enterprise Funds | | | | | |
|--|---|--------------|------------|-------------------|--------------|--------------|
| | Water | Waste | | Medical Center | Total | |
| | | Water | Sanitation | | 2023 | 2022 |
| Operating Revenues | | | | | | |
| Sales | \$ 337,448 | \$ 334,059 | \$ 118,753 | \$ 46,120 | \$ 836,380 | \$ 763,177 |
| Operating Expenses | | | | | | |
| Employee services | 80,988 | 104,018 | | | 185,006 | 179,990 |
| Employee benefits and retirements | 27,637 | 55,168 | | | 82,805 | 100,290 |
| Materials and supplies | 5,747 | 1,496 | 103 | | 7,346 | 4,705 |
| Repairs and maintenance | 78,308 | 8,662 | | 2,211 | 89,181 | 17,882 |
| Utilities | 15,324 | 28,244 | | 5,635 | 49,203 | 48,118 |
| Depreciation | 134,412 | 59,620 | 2,711 | 16,766 | 213,509 | 188,747 |
| Contracted services | 4,251 | 42,568 | 103,818 | 4,210 | 154,847 | 140,616 |
| Insurance | 6,209 | 8,851 | | 1,839 | 16,899 | 13,900 |
| Other charges | 8,506 | 20,698 | | 93 | 29,297 | 27,274 |
| Total Operating Expenses | 361,382 | 329,325 | 106,632 | 30,754 | 828,093 | 721,522 |
| Operating Income (Loss) | (23,934) | 4,734 | 12,121 | 15,366 | 8,287 | 41,655 |
| Nonoperating Revenues (Expenses) | | | | | | |
| Special assessments | 162 | | | | 162 | 850 |
| Tax increment | | | | 6,117 | 6,117 | 6,445 |
| Connection fees | 3,850 | 4,900 | | | 8,750 | 11,250 |
| Refunds and reimbursements | | | | 9,897 | 9,897 | 2,455 |
| Miscellaneous income | 4,845 | 2,969 | | | 7,814 | 4,027 |
| Water meter fee | 3,563 | | | | 3,563 | 4,045 |
| Loss on disposal of capital assets | (50,651) | | | | (50,651) | |
| Bond issuance costs | | | | | | (70,485) |
| Interest expense | (70,321) | | | (13,913) | (84,234) | (65,741) |
| Total Nonoperating Revenues (Expenses) | (108,552) | 7,869 | | 2,101 | (98,582) | (107,154) |
| Income (Loss) Before Capital Grants | (132,486) | 12,603 | 12,121 | 17,467 | (90,295) | (65,499) |
| Capital grants | | | | | | 117,806 |
| Change in Net Position | (132,486) | 12,603 | 12,121 | 17,467 | (90,295) | 52,307 |
| NET POSITION - Beginning of Year | 1,669,182 | 1,354,265 | 75,643 | (44,121) | 3,054,969 | 3,002,662 |
| NET POSITION - End of Year | \$ 1,536,696 | \$ 1,366,868 | \$ 87,764 | \$ (26,654) | \$ 2,964,674 | \$ 3,054,969 |

See Notes to Financial Statements

**CITY OF WANAMINGO, MINNESOTA
PROPRIETARY FUNDS
STATEMENT OF CASH FLOW**

For the Year Ended December 31, 2023

With Comparative Totals for the Year Ended December 31, 2022

| | Business - Type Activities - Enterprise Funds | | | | | |
|--|---|------------|------------|-------------------|--------------|--------------|
| | Water | Waste | | Medical Center | Total | |
| | | Water | Sanitation | | 2023 | 2022 |
| Cash Flows From Operating Activities | | | | | | |
| Cash received from customers | \$ 334,174 | \$ 333,663 | \$ 118,321 | \$ 56,017 | \$ 842,175 | \$ 764,955 |
| Cash paid to suppliers | (116,778) | (109,804) | (103,895) | (15,970) | (346,447) | (251,957) |
| Cash paid to employees | (109,753) | (156,187) | | | (265,940) | (258,179) |
| Net Cash Provided By Operating Activities | 107,643 | 67,672 | 14,426 | 40,047 | 229,788 | 254,819 |
| Cash Flows From Noncapital Financing Activities | | | | | | |
| Other income | 8,408 | 2,969 | | | 11,377 | 8,072 |
| Connection fees | 3,850 | 4,900 | | | 8,750 | 11,250 |
| Due to other funds | | | | (301) | (301) | 13,050 |
| Net Cash Provided By (Used In) Noncapital Financing Activities | 12,258 | 7,869 | | (301) | 19,826 | 32,372 |
| Cash Flows From Capital and Related Financing Activities | | | | | | |
| Acquisition of capital assets | (313,060) | | (4,650) | (4,950) | (322,660) | (1,857,497) |
| Tax increment collections | | | | 6,117 | 6,117 | 6,445 |
| ARPA funds | | | | | | 58,903 |
| Special assessment collections | 162 | | | | 162 | 850 |
| Proceeds from issuance of bonds | | | | | | 2,628,447 |
| Principal paid on long-term debt | (95,000) | | | (27,000) | (122,000) | (38,000) |
| Interest and fiscal agent fees | (92,955) | | | (13,913) | (106,868) | (85,389) |
| Net Cash Provided By (Used In) Capital and Related Financing Activities | (500,853) | | (4,650) | (39,746) | (545,249) | 713,759 |
| NET INCREASE (DECREASE) IN CASH AND CASH INVESTMENTS | (380,952) | 75,541 | 9,776 | | (295,635) | 1,000,950 |
| CASH AND INVESTMENTS - Beginning of Year | 1,082,274 | 568,818 | 55,402 | | 1,706,494 | 705,544 |
| CASH AND INVESTMENTS - End of Year | \$ 701,322 | \$ 644,359 | \$ 65,178 | | \$ 1,410,859 | \$ 1,706,494 |

See Notes to Financial Statements

**RECONCILIATION OF OPERATING INCOME (LOSS)
TO NET CASH PROVIDED BY OPERATING ACTIVITIES**

| | Business - Type Activities - Enterprise Funds | | | | | |
|--|---|----------------|---------------|-------------------|----------------|----------------|
| | Water | Waste Water | Sanitation | Medical Center | Total | |
| | | | | | 2023 | 2022 |
| Operating Income (Loss) | \$ (23,934) | \$ 4,734 | \$ 12,121 | \$ 15,366 | \$ 8,287 | \$ 41,655 |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities: | | | | | | |
| Depreciation | 134,412 | 59,620 | 2,711 | 16,766 | 213,509 | 188,747 |
| Change in net pension liability | (1,128) | 2,038 | | | 910 | 21,902 |
| Other income | | | | 9,897 | 9,897 | 2,455 |
| (Increase) Decrease In: | | | | | | |
| Accounts receivable | (422) | (396) | (432) | | (1,250) | (2,279) |
| Special assessments receivable | (2,852) | | | | (2,852) | 2,098 |
| Increase (Decrease) In: | | | | | | |
| Accounts payable | 619 | 715 | | | 1,334 | (810) |
| Accrued expenses | 948 | 961 | 26 | (1,982) | (47) | 1,547 |
| Unearned revenue | | | | | | (496) |
| Net Cash Provided By Operating Activities | \$ 107,643 | \$ 67,672 | \$ 14,426 | \$ 40,047 | \$ 229,788 | \$ 254,819 |
| Summary of Non Cash Transactions | | | | | | |
| Capital asset additions included in accounts payable | \$ 57,250 | \$ | \$ | \$ | \$ 57,250 | \$ 92,355 |

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CITY OF WANAMINGO, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

CITY OF WANAMINGO, MINNESOTA

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

The City of Wanamingo, Minnesota was first incorporated in 1917. The City operates under the “optional Plan A” form of government as defined by Minnesota State Statutes which prescribes a Mayor-Council form of government. Five Council members and the Mayor are each elected to four-year terms.

The accounting policies of the City of Wanamingo, Minnesota’s conform to generally accepted accounting principles applicable to governmental units. The following is a summary of the more significant accounting policies.

Reporting Entity

In accordance with GASB Statement No. 14 the City's financial statements include the primary government and the component units of the City of Wanamingo, Minnesota, defined as follows:

Primary Government - Includes all funds, account groups, organizations, institutions, agencies, departments, or offices which are not legally separate from the City of Wanamingo, Minnesota.

Component Units - Component units are legally separate organizations for which the elected officials of the City of Wanamingo, Minnesota are financially accountable or for which the nature or significance of their relationship with the City of Wanamingo, Minnesota would, if excluded, cause the financial statements to be misleading or incomplete.

The Economic Development Authority of the City was created pursuant to Minnesota Statutes 469.090 through 469.108 to carry out economic and industrial development and redevelopment consistent with policies established by the City Council. The EDA activities are blended and reported in a separate Special Revenue Fund. Separate financial statements are not issued for this component unit.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

CITY OF WANAMINGO, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, licenses and permits, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the tax is levied. Revenue from grants and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year in which 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 specific purpose; and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it is recognized.

Unearned revenue is recorded when assets are recognized before revenue recognition criteria have been satisfied. Grants received before eligibility requirements other than time requirements are met and recorded as unearned revenue. Grants received before time requirements are met are recorded as a deferred inflow of resources.

CITY OF WANAMINGO, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

The City reports the following major governmental fund:

The *General fund* is the government'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 proprietary funds:

The *Water fund* accounts for the operation of the City owned water utility system.

The *Waste water fund* accounts for the operation of the City owned sewer utility system.

The *Sanitation fund* accounts for the operation of the City sanitary enterprise.

The *Medical center fund* accounts for the operation of the Wanamingo medical facility.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's enterprise funds and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

CITY OF WANAMINGO, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity

Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Formal budgetary accounting is employed as a management control for funds of the City. Annual operating budgets are adopted each fiscal year through passage of an annual budget ordinance and may be amended by formal council action. All budget appropriations lapse at the end of the budget year. Budgeted amounts for the General and major special revenue funds have been presented in the financial statements.

Cash and Investments

Except where otherwise required, the City maintains all deposits in bank accounts in the name of the City. These deposits are invested on a short-term basis with interest income allocated to the fund which holds the investment balance. The balances shown in each fund represents an equity interest in the commingled pool of cash and temporary cash investments which is under the management of the City. Temporary cash investments are stated at cost, which approximates market.

The City has designated cash and cash equivalents as demand deposits and all investments with an original maturity of three months or less.

Property Taxes

Property tax levies are set by the City Council each year and are certified to the County for collection in the following year. In Minnesota, counties act as collection agents for all property taxes. The County spreads all levies over taxable property. Such taxes become a lien on January 1, following, and are recorded as receivables by the City at that date. Revenues from property taxes are accrued and recognized in the year collectible, net of delinquencies.

Real property taxes may be paid by taxpayers in two equal installments on May 15 and October 15. Personal property taxes may be paid on February 28 and June 30. The County provides tax settlements to cities and other taxing districts normally during the months of January, April, June and November.

Taxes which remain unpaid at December 31 are classified as delinquent taxes receivable. The amount of delinquent taxes receivable are fully offset by deferred inflow of resources in the governmental fund types because they are not known to be available to finance current expenditures.

Special Assessments

Assessments are levied at various times by City resolution for property owner improvements made by the City. Generally, assessment collections are deferred over periods ranging from one to fifty years with interest charges of 3.35% to 6.0%. Revenue from these assessments is recognized as the annual installments become collectible. Annual installments not collected as of each December 31 are classified as delinquent assessments receivable. The amount of delinquent assessments receivable are fully offset by deferred inflow of resources in the governmental fund types because they are not known to be available to finance current expenditures.

CITY OF WANAMINGO, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

Property, plant and equipment are capitalized when acquired, and depreciation is provided using the straight-line method applied over the following estimated useful lives of the assets.

| | <u>Useful Life in Years</u> |
|-----------------------------------|---------------------------------|
| Buildings | 20 - 40 |
| Improvements other than buildings | 20 - 40 |
| Machinery and Equipment | 5 - 10 |

These financial statements do not include the historical cost of related depreciation of infrastructure constructed prior to 2004.

Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as expenditure and a fund liability of the governmental fund of the fund financial statements that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as an expense and liability in the government wide financial statements. Vested or accumulated vacation leave of enterprise funds is recorded as an expense and liability of those funds as the benefits accrue to employees.

CITY OF WANAMINGO, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)

Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statements of net position. Bond premiums and discounts are deferred inflows of resources and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the year of issuance.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Interfund Transactions

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are report as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Concentration of Credit Risk

Financial instruments which expose the City to a concentration of credit risk consist primarily of cash investments and accounts receivable. Credit risk associated with cash and investments are discussed in Note 2.

The City's accounts receivable are concentrated geographically, as for the most part, amounts are due from individuals residing in and businesses located in the City of Wanamingo, Minnesota.

CITY OF WANAMINGO, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)

Net Position / Fund Balance

In the government-wide and proprietary financial statements, net position is classified in the following categories:

Net Investment in Capital Assets – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Position – This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments.

Unrestricted Net Position – This amount is all net position that does not meet the definition of “net investment in capital assets or “restricted net position”

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the City classifies governmental fund balances as follows:

Non-spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual restraints.

Restricted – This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the City Council through formal action (Resolution) and remain binding unless removed by the City Council by subsequent formal action (Resolution).

Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. The City Council, by majority vote, may assign fund balances to be used for specific purposes when appropriate. The Council also delegates the power to assign fund balances to the following: City Administrator.

Unassigned – includes positive fund balances within the General Fund which has not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

The City uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring for dollar spending. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The City has adopted a minimum fund balance policy to maintain fund balance in the General Fund between 35% and 65%, or a \$500,000 unrestricted general fund balance, as a percentage of total General Fund expenditures.

CITY OF WANAMINGO, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)

Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows of Resources

In addition to assets, the financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The City has one type and is pension related and is reported on the statement of net position.

Deferred Inflows of Resources

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City recognized three types. The first type of deferred inflows of resources occurs because governmental fund revenues are not recognized until available under the modified accrual basis of accounting. The second type is pension related and reported in the statement of net position. The third type is lease related and reported on the statement of net position.

Reclassifications

Certain amounts in the 2022 financial statements have been reclassified to conform with the 2023 presentation.

Leases

For leases with term exceeding 12 months, the City recognizes a lease liability and a right to use lease asset in the government-wide financial statements.

The right to use lease asset is calculated at the initial amount of the lease liability, plus any lease payments made to the lessor before the lease commencement date, plus certain initial direct costs incurred, minus any lease incentives received. Subsequently, the right to use lease asset is amortized on a straight-line basis over its useful life. The City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of the lease payments made. Remeasurement of the right to use lease asset and lease liability occurs when certain changes occur that are likely to have a significant impact on the lease liability.

CITY OF WANAMINGO, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)

Leases (Continued)

Right to use lease assets are reported with capital assets and lease liabilities are reported with long-term debt on the statement of net position.

The City leases water tower space and medical center office space to external parties. Lease receivables and deferred inflows of resources are recorded based on the present value of expected receipts over the term of the respective leases. The expected payments and receipts are discounted using the interest rate charged on the lease, if available, and are otherwise discounted using the City's incremental borrowing rate. Variable payments are excluded from the valuations unless they are fixed in substance. For leases featuring payments tied to an index or market rate, the valuation is based on the initial index or market rate. The City does not have any leases subject to a residual value guarantee.

Implementation of New Accounting Principles

During the year, the City implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on accounting and financial reporting for subscription-based information technology. Under this Statement, government organizations are required to recognize a subscription liability and a right-to-use capitalized asset. The subscription liability should be initially measured at the present value of subscription payments expected to be made during the subscription term. This Statement establishes uniform accounting and financial reporting requirements for Subscription-Based Information Technology Arrangements; improves the comparability of government financial statements; and enhances the relevance, understandability, reliability, and consistency of information regarding these arrangements. The Statement has been implemented.

CITY OF WANAMINGO, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2. Cash and Investments

Summary of Cash and Investments

As of December 31, 2023, the City's cash and investments consisted of the following items, all of which are held in an internal cash and investment pool:

| | |
|--|----------------------------|
| Deposits | \$ 1,203,874 |
| Money Market | 847,769 |
| Non-Negotiable Certificates of Deposit | <u>1,126,665</u> |
| Total Cash and Investments | 3,178,308 |
| Restricted Deposits | <u>50,000</u> |
| Total Cash and Investments Per Statement of Net Position | <u><u>\$ 3,228,308</u></u> |

Investments Authorized by Minnesota Statutes

The City is authorized by Minnesota Statutes to invest idle funds as follows:

- (a) Direct obligations or obligations guaranteed by the United States or its agencies.
- (b) Shares of investment companies registered under the Federal Investment Company Act of 1940 and whose only investments are in securities described in (a) above.
- (c) General obligations of the State of Minnesota or its municipalities.
- (d) Bankers acceptances of United States banks eligible for purchase by the Federal Reserve System.
- (e) Commercial paper issued by United States corporations or their Canadian subsidiaries, of the highest quality, and maturing in 270 days or less.
- (f) Repurchase agreements with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a reporting dealer to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.
- (g) Money market funds with institutions that have portfolios consisting exclusively of United States Treasury obligations and Federal Agency issues.

CITY OF WANAMINGO, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2. Cash and Investments (Continued)

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The City’s deposit policy for custodial credit risk follows Minnesota Statutes for deposits. The City’s deposits are entirely covered by federal depository insurance or by collateral held by the City’s custodial banks in the City’s name.

Minnesota Statutes require that all City deposits be insured, secured by surety bonds, or be collateralized. Except for notes secured by first mortgages of future maturity, the market value of collateral pledged by the custodial bank must equal 110% of the deposits not covered by insurance or surety bonds.

Authorized collateral includes certain state of local government obligations and legal investments. Minnesota Statutes also require that securities pledged as collateral be held in safekeeping by the Treasurer, or in a financial institution other than the institution furnishing the collateral.

Concentration of Credit Risk

The investment policy of the City contains no limitation on the amount that can be invested in any one issuer. Investments in any one issuer that represent 5% or more of total investments are as follows:

| | |
|--|------|
| Non-Negotiable Certificates of Deposit | 100% |
|--|------|

Fair Value Measurements

Fair value measurements are determined utilizing the framework established by the Governmental Accounting Standards Board. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the City has the ability to access.
- Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data. Inputs to the valuation methodology include:
 - Quoted prices for similar assets or liabilities in active markets
 - Quoted prices for identical assets or liabilities in inactive markets
 - Inputs other than quoted prices that are observable for the asset or liability
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other meansIf the asset or liability has a specific (contractual) term, Level 2 input must be observable for substantially the full term of the asset or liability
- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

CITY OF WANAMINGO, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2. Cash and Investments (Continued)

Fair Value Measurements (Continued)

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

There were no investments measured at fair value at the City as of December 31, 2023.

3. Due From Other Governmental Units

Amounts due from other governmental units as of December 31, 2023 are as follows:

| <u>Fund</u> | <u>Goodhue County</u> |
|-----------------------------|---------------------------|
| General | \$ 8,205 |
| 2021B Refunding Bond | 2,593 |
| 2021A Refunding Bond | 1,378 |
| 2010A Refunding Bond | 1,702 |
| 2016A Improvement Bond | 113 |
| 2017A Improvement Bond | 370 |
| 2018 Equipment Certificates | 729 |
| 2020A Improvement Bond | 1,429 |
| Total | <u>\$ 16,519</u> |

CITY OF WANAMINGO, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

4. Capital Assets

Capital asset activity for the year ended December 31, 2023 was as follows:

| Governmental Activities | Beginning Balance | Increases | Decreases | Ending Balance |
|--|----------------------|--------------|-----------|-------------------|
| Capital assets, not being depreciated: | | | | |
| Land | \$ 114,068 | \$ | \$ | \$ 114,068 |
| Total capital assets, not being depreciated | 114,068 | | | 114,068 |
| Capital assets, being depreciated: | | | | |
| Buildings | 1,573,075 | 74,151 | | 1,647,226 |
| Improvements other than buildings | 4,638,469 | 72,378 | | 4,710,847 |
| Machinery and equipment | 1,735,559 | 35,531 | 46,175 | 1,724,915 |
| Total capital assets, being depreciated | 7,947,103 | 182,060 | 46,175 | 8,082,988 |
| Less accumulated depreciation for: | | | | |
| Buildings | 939,516 | 35,957 | | 975,473 |
| Improvements other than buildings | 1,724,826 | 174,449 | | 1,899,275 |
| Machinery and equipment | 1,418,808 | 74,854 | 46,175 | 1,447,487 |
| Total accumulated depreciation | 4,083,150 | 285,260 | 46,175 | 4,322,235 |
| Total capital assets, being depreciated, net | 3,863,953 | (103,200) | | 3,760,753 |
| Governmental activities capital assets, net | \$ 3,978,021 | \$ (103,200) | \$ | \$ 3,874,821 |

| Business-Type Activities | Beginning Balance | Increases | Decreases | Ending Balance |
|--|----------------------|------------|------------|-------------------|
| Capital assets, not being depreciated: | | | | |
| Land | \$ 10,000 | \$ | \$ | \$ 10,000 |
| Work in progress | 637,272 | 114,569 | 281,849 | 469,992 |
| Total capital assets, not being depreciated | 647,272 | 114,569 | 281,849 | 479,992 |
| Capital assets, being depreciated: | | | | |
| Buildings and improvements | 8,317,363 | 398,745 | 94,970 | 8,621,138 |
| Machinery and equipment | 318,192 | 56,090 | 8,280 | 366,002 |
| Total capital assets, being depreciated | 8,635,555 | 454,835 | 103,250 | 8,987,140 |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | 4,561,760 | 200,201 | 44,319 | 4,717,642 |
| Machinery and equipment | 155,133 | 13,308 | 8,280 | 160,161 |
| Total accumulated depreciation | 4,716,893 | 213,509 | 52,599 | 4,877,803 |
| Total capital assets, being depreciated, net | 3,918,662 | 241,326 | 50,651 | 4,109,337 |
| Business-type activities capital assets, net | \$ 4,565,934 | \$ 355,895 | \$ 332,500 | \$ 4,589,329 |

CITY OF WANAMINGO, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

4. Capital Assets (Continued)

Governmental Activities:

| | |
|------------------------|---------------|
| General government | \$ 12,635 |
| Public safety | 61,869 |
| Public works | 181,008 |
| Culture and recreation | <u>29,748</u> |

Total depreciation expense - governmental activities \$ 285,260

Business-Type Activities:

| | |
|----------------|---------------|
| Water | \$ 134,412 |
| Waste Water | 59,620 |
| Sanitation | 2,711 |
| Medical Center | <u>16,766</u> |

Total depreciation expense - business-type activities \$ 213,509

5. Long-Term Debt

The long-term debt obligations outstanding and related maturities and interest rates are summarized in the schedule of bonds payable and compensated absences.

General Obligation Improvement Bonds:

The bonds are payable primarily from special assessments levied on the properties benefiting from the improvements and/or ad valorem tax levies. They are backed by the full faith and credit of the City.

General Obligation Tax Increment Bonds:

General Obligation Tax Increment Bonds provide funds for the acquisition and construction of major capital improvements. These bonds are payable primarily from tax increments and are backed by the full faith and credit of the City.

General Obligation Equipment Certificates:

General Obligation Equipment Certificates provide funds for the acquisition of equipment. These bonds are payable primarily from ad valorem tax levies and are backed by the full faith and credit of the City.

CITY OF WANAMINGO, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

5. Long-Term Debt (Continued)

General Obligation Revenue Bonds:

The Medical Facility bonds were issued by the Economic Development Authority (a blended component unit) to provide funds for construction of a medical facility. These bonds are payable primarily from building lease revenues.

The 2022A Water bonds were issued by the Water Enterprise fund to provide funds for construction of a new water tower, water looping, and well house. These bonds are payable primarily from the revenues generated through charges to customers for water service.

A summary of interest rates, maturities and December 31, 2023 balances are as follows:

| | Original Amount of Debt | Range of Interest Rates | Final Maturity | Balance December 31, 2023 |
|---|-------------------------------|----------------------------|-------------------|---------------------------------|
| General Obligation Improvement Bonds: | | | | |
| Series 2016A | 172,000 | 2.50% | 2/1/2025 | \$ 46,000 |
| Series 2017A | 206,000 | 2.50% | 2/1/2026 | 82,000 |
| Series 2020A | 581,000 | 2.40% | 2/1/2031 | 476,000 |
| Series 2021A Refunding | 753,000 | 1.25% | 2/1/2031 | 492,000 |
| Series 2021B Refunding | 1,220,000 | 1.0%-2.0% | 2/1/2035 | 1,135,000 |
| General Obligation Tax Increment Bonds: | | | | |
| Series 2021B Refunding | 180,000 | 2.00% | 2/1/2025 | 130,000 |
| General Obligation Revenue Bonds: | | | | |
| Medical Facility Bonds, series 2003 | 670,000 | 4.25% | 1/1/2033 | 298,000 |
| Series 2022A Water | 2,600,000 | 1.8%-3.25% | 2/1/2046 | 2,505,000 |
| General Obligation Equipment Certificate: | | | | |
| Series 2018A | 376,000 | 4.50% | 2/1/2027 | 200,000 |
| Compensated Absences | | | | 47,676 |
| Unamortized Premium - Governmental | | | | 21,098 |
| Unamortized Premium - Enterprise | | | | 27,262 |
| | | | | <u>27,262</u> |
| Total Long-Term Debt | | | | <u>\$ 5,460,036</u> |

For governmental activities, compensated absences have generally been liquidated by General and EDA funds.

CITY OF WANAMINGO, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

5. Long-Term Debt (Continued)

A summary of the changes in long-term debt for the year ended December 31, 2023, are as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Amounts Due Within One Year |
|---|----------------------|------------------|-------------------|---------------------|-----------------------------------|
| GOVERNMENTAL ACTIVITIES | | | | | |
| General Obligation Improvement Bonds: | | | | | |
| Series 2010B Refunding | \$ 100,000 | \$ | \$ 100,000 | \$ | \$ |
| Series 2016A | 68,000 | | 22,000 | 46,000 | 23,000 |
| Series 2017A | 108,000 | | 26,000 | 82,000 | 27,000 |
| Series 2020A | 529,000 | | 53,000 | 476,000 | 55,000 |
| Series 2021A Refunding | 624,000 | | 132,000 | 492,000 | 99,000 |
| Series 2021B Refunding | 1,220,000 | | 85,000 | 1,135,000 | 85,000 |
| General Obligation Tax Increment Bonds: | | | | | |
| Series 2021B Refunding | 180,000 | | 50,000 | 130,000 | 65,000 |
| General Obligation Equipment Certificates: | | | | | |
| Series 2018A | 246,000 | | 46,000 | 200,000 | 48,000 |
| Plus: Unamortized Premium | 22,856 | | 1,758 | 21,098 | |
| Compensated Absences | 17,855 | 9,294 | 8,064 | 19,085 | 19,085 |
| Governmental Activities Long-term Liabilities | <u>3,115,711</u> | <u>9,294</u> | <u>523,822</u> | <u>2,601,183</u> | <u>421,085</u> |
| BUSINESS-TYPE ACTIVITIES | | | | | |
| General Obligation Revenue Bonds: | | | | | |
| Medical Facility Bonds, series 2003 | 325,000 | | 27,000 | 298,000 | |
| Series 2022A | 2,600,000 | | 95,000 | 2,505,000 | 80,000 |
| Plus: Unamortized Premium | 28,447 | | 1,185 | 27,262 | |
| Compensated Absences | 26,680 | 14,872 | 12,961 | 28,591 | 28,591 |
| Business-type Activities Long-term Liabilities | <u>2,980,127</u> | <u>14,872</u> | <u>136,146</u> | <u>2,858,853</u> | <u>108,591</u> |
| Total Long-term Liabilities | <u>\$ 6,095,838</u> | <u>\$ 24,166</u> | <u>\$ 659,968</u> | <u>\$ 5,460,036</u> | <u>\$ 529,676</u> |

CITY OF WANAMINGO, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

5. Long-Term Debt (Continued)

The annual requirements to amortize all long-term debt outstanding as of December 31, 2023, excluding compensated absences over the life of the debt, are summarized below:

| Years | General Obligation Improvement Bonds | | General Obligation Tax Increment Bonds | | General Obligation Revenue Bonds / Notes | | General Obligation Equipment Certificate | |
|---------------------------------|--------------------------------------|-------------------|--|-----------------|--|-------------------|--|------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest |
| <u>Governmental Activities</u> | | | | | | | | |
| 2024 | \$ 289,000 | \$ 37,676 | \$ 65,000 | \$ 1,950 | \$ | \$ | \$ 48,000 | \$ 5,632 |
| 2025 | 288,000 | 32,148 | 65,000 | 650 | | | 49,000 | 4,080 |
| 2026 | 271,000 | 27,287 | | | | | 51,000 | 2,480 |
| 2027 | 190,000 | 23,783 | | | | | 52,000 | 832 |
| 2028 | 195,000 | 20,781 | | | | | | |
| 2029 - 2033 | 793,000 | 54,156 | | | | | | |
| 2034 - 2035 | 205,000 | 4,150 | | | | | | |
| Totals | <u>\$ 2,231,000</u> | <u>\$ 199,981</u> | <u>\$ 130,000</u> | <u>\$ 2,600</u> | <u>\$</u> | <u>\$</u> | <u>\$ 200,000</u> | <u>\$ 13,024</u> |
| <u>Business-Type Activities</u> | | | | | | | | |
| 2024 | | | | | \$ 80,000 | \$ 84,139 | | |
| 2025 | | | | | 113,000 | 81,506 | | |
| 2026 | | | | | 114,000 | 78,786 | | |
| 2027 | | | | | 115,000 | 75,817 | | |
| 2028 | | | | | 122,000 | 72,847 | | |
| 2029 - 2033 | | | | | 649,000 | 307,593 | | |
| 2034 - 2038 | | | | | 545,000 | 208,435 | | |
| 2039 - 2043 | | | | | 635,000 | 120,067 | | |
| 2044 - 2046 | | | | | 430,000 | 21,127 | | |
| Totals | | | | | <u>\$ 2,803,000</u> | <u>\$ 909,123</u> | | |

CITY OF WANAMINGO, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

6. Leases

In September 2022, the City entered into a lease with an internet provider. Under the lease, the internet provider pays the City \$100 per month for two-hundred forty months in exchange for providing internet services to the City residents with antennas on top of the water towers. The lease receivable is measured as the present value of the future rent payments expected to be received during the lease term at a discount rate of 3.25%, which is the assumed rate based on the City’s most recent bond rate.

In June 2014, the City entered into a lease with an internet provider. Under the lease, the internet provider pays the City \$100 per month for two-hundred forty months in exchange for providing internet services to the City residents with antennas on top of the water towers. The lease receivable is measured as the present value of the future rent payments expected to be received during the lease term at a discount rate of 3.25%, which is the assumed rate based on the City’s most recent bond rate.

In July 2014, the City entered into a lease with an internet provider. Under the lease, the internet provider pays the City \$100 per month for two-hundred forty months in exchange for providing internet services to the City residents with antennas on top of the water towers. The lease receivable is measured as the present value of the future rent payments expected to be received during the lease term at a discount rate of 3.25%, which is the assumed rate based on the City’s most recent bond rate.

In 2023, the City recognized \$2,326 of lease revenue and \$1,274 of interest revenue under these water tower antenna space leases.

In September 2022, the City entered into a lease with a nutrition company. Under the lease, the nutrition company pays the City \$1,325 per month for sixty months in exchange for operating its business within two spaces in the medical center. The lease receivable is measured as the present value of the future rent payments expected to be received during the lease term at a discount rate of 3.25%, which is the assumed rate based on the City’s most recent bond rate.

In 2023, the City recognized \$9,228 of lease revenue and \$1,372 interest revenue under this medical center lease.

The annual requirements related to the medical center lease as of December 31, 2023 are as follows:

| | Medical Center | |
|------|------------------|-----------------|
| | Principal | Interest |
| 2024 | \$ 14,142 | \$ 1,758 |
| 2025 | 14,602 | 1,298 |
| 2026 | 15,076 | 824 |
| 2027 | 10,267 | 222 |
| | <u>\$ 54,087</u> | <u>\$ 4,102</u> |

CITY OF WANAMINGO, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

7. Individual Fund Disclosures

The amounts advanced to and advanced from other funds as of December 31, 2023 follow below:

| | Advances From Other Funds | Advances To Other Funds |
|------------------------------------|------------------------------|----------------------------|
| Capital Project Funds | | |
| General | \$ | \$ 9,699 |
| Tax Increment District #4-2 Fulton | 9,699 | |

The amounts due to and due from other funds as of December 31, 2023 follow below:

| | Due From Other Funds | Due To Other Funds |
|--|-------------------------|-----------------------|
| General Fund | \$ 90,024 | \$ |
| Debt Service Fund: | | |
| 2005A G.O. Improvement Refunding | | 33,197 |
| Capital Project Funds: | | |
| Tax Increment District #2-7 St. Marc | | 8,920 |
| Tax Increment District #2-8 J&S Repair | | 13,466 |
| Enterprise Fund: | | |
| Medical Center | | 34,441 |
| Total | <u>\$ 90,024</u> | <u>\$ 90,024</u> |

Excess expenditures over budgeted appropriations at the individual fund level during 2023 are as follows:

| | |
|--------------|------------|
| General Fund | \$ 127,678 |
|--------------|------------|

Excess expenditures were the result of a planned process.

CITY OF WANAMINGO, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

7. Individual Fund Disclosures (Continued)

As of December 31, 2023, the following funds had deficit fund balances/net position:

| | | |
|--|----|--------|
| Debt Service Fund: | | |
| 2005A G.O. Tax Increment Refunding | \$ | 32,873 |
| Capital Project Funds: | | |
| Tax Increment District #4-2 Fulton | | 9,699 |
| Tax Increment District #2-7 St. Marc | | 8,920 |
| Tax Increment District #2-8 J&S Repair | | 13,466 |
| Enterprise Fund: | | |
| Medical Center | | 26,654 |

The City intends to fund accumulated deficits through additional revenue sources.

Transfers during the year ended December 31, 2023 were as follows:

| | Transfers In | Transfers Out |
|-----------------------------|-----------------|------------------|
| General Fund | \$ | \$ 20,045 |
| Debt Service Fund: | | |
| 2018 Equipment Certificates | 20,045 | |

The City generally utilizes interfund transfers and interfund balances for cash flow purposes.

CITY OF WANAMINGO, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

8. Fund Balance and Net Position

The City has committed and assigned portions of the fund balance in the governmental funds. A summary of the committed and assigned portion of the fund balance at December 31, 2023 is as follows:

| Committed Fund Balance | | | | | |
|-------------------------------|---------------------------|---------------------------------------|---------------------------------|------------------------|----------------------|
| Equipment Replacement | | | | | |
| Fire | | | | \$ | 59,468 |
| Street | | | | | 39,000 |
| | | | | \$ | <u>98,468</u> |
| <u>Specific Purpose</u> | <u>Revolving Loan</u> | <u>Senior Housing Reserve</u> | <u>Economic Development</u> | <u>Storm Sewer</u> | <u>WAC / SAC</u> |
| Assigned Fund Balance | | | | | |
| Economic development | \$ 62,570 | \$ | \$ 8,545 | \$ | \$ |
| Senior housing | | 50,000 | | | |
| Storm sewer | | | | 34,030 | |
| Public works | | | | | 58,830 |
| Total Assigned Fund Balance | <u>\$ 62,570</u> | <u>\$ 50,000</u> | <u>\$ 8,545</u> | <u>\$ 34,030</u> | <u>\$ 58,830</u> |

The City has restricted portions of fund balance in the fund financial statements and net position in the government-wide financial statements. The restricted fund balance / net position represents the portion not available for expenditure or legally segregated for specific use. A summary of the restricted portion of the fund balance / net position at December 31, 2023 is as follows:

| <u>Specific Purpose</u> | <u>Restriction Imposed By</u> | |
|--------------------------------|-------------------------------|--------------------|
| | <u>Creditors</u> | <u>Regulations</u> |
| Restricted Fund Balance | | |
| Debt Service Funds: | | |
| Debt service requirements | \$ 820,409 | \$ |
| Special Revenue Funds: | | |
| MIF Revolving Loan | | 100,000 |
| Capital Project Funds: | | |
| Tax increment financing | | 82,870 |
| Total Restricted Fund Balance | <u>\$ 820,409</u> | <u>\$ 182,870</u> |
| Restricted Net Position | | |
| Debt service requirements | \$ 961,726 | \$ |
| MIF Revolving Loan | | 100,000 |
| Tax increment financing | | 135,310 |
| Total Restricted Net Position | <u>\$ 961,726</u> | <u>\$ 235,310</u> |

CITY OF WANAMINGO, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

9. Defined Benefit Pension Plans - Statewide

Plan Description

The City participates in the following cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees Retirement Association of Minnesota (PERA). PERA's defined benefit pension plans are established and administered in accordance with *Minnesota Statutes*, Chapters 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

General Employees Retirement Plan

All full-time and certain part-time employees of the City are covered by the General Employees Plan. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

Benefits Provided

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state legislature. Vested Terminated employees who are entitled to benefits, but are not receiving them yet, are bound by the provisions in effect at the time they last terminated their public service.

General Employees Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2 percent for each of the first 10 years of service and 1.7 percent for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7 percent for all years of service. For members hired prior to July 1, 1989 a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. In 2023, legislation repealed the statute delaying increases for members retiring before full retirement age.

CITY OF WANAMINGO, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

9. Defined Benefit Pension Plans – Statewide (Continued)

Contributions

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

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2023 and the City was required to contribute 7.50 percent for Coordinated Plan members. The City's contributions to the General Employees Fund for the year ended December 31, 2023, were \$23,688. The City's contributions were equal to the required contributions as set by state statute.

Pension Costs

At December 31, 2023, the City reported a liability of \$223,676 for its proportionate share of the General Employees Fund's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$6,151.

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2022 through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0040 percent at the end of the measurement period and 0.0038 percent for the beginning of the period.

| | |
|--|-------------------|
| City's proportionate share of the net pension liability | \$ 223,676 |
| State of Minnesota's proportionate share of the net pension liability associated with the City | 6,151 |
| Total | <u>\$ 229,827</u> |

For the year ended December 31, 2023, the City recognized pension expense of \$20,719 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized an additional \$28 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

CITY OF WANAMINGO, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

9. Defined Benefit Pension Plans - Statewide (Continued)

Pension Costs (Continued)

At December 31, 2023, the City reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Difference between expected and actual economic experience | \$ 7,256 | \$ 1,500 |
| Changes in actuarial assumptions | 35,268 | 61,308 |
| Net difference between projected and actual investment earnings | | 11,219 |
| Changes in proportion | 16,372 | 2,135 |
| Contributions paid to PERA subsequent to the measurement date | 12,139 | |
| Total | \$ 71,035 | \$ 76,162 |

The \$12,139 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ending December 31: | Pension Expense Amount |
|--------------------------|---------------------------|
| 2024 | \$ 10,968 |
| 2025 | (31,134) |
| 2026 | 7,749 |
| 2027 | (4,849) |

CITY OF WANAMINGO, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

9. Defined Benefit Pension Plans - Statewide (Continued)

Long-Term Expected Return on Investment

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|----------------------|--------------------------|---|
| Domestic Equity | 33.5% | 5.10% |
| International Equity | 16.5% | 5.30% |
| Fixed Income | 25.0% | 0.75% |
| Private Markets | 25.0% | 5.90% |
| Total | 100% | |

Actuarial Methods and Assumptions

The total pension liability in the June 30, 2023, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 7.0 percent. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 7.0 percent was deemed to be within that range of reasonableness for financial reporting purposes.

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

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25 percent after one year of service to 3.0 percent after 27 years of service.

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. The tables are adjusted slightly to fit PERA's experience.

Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study for the General Employees Plan was completed in 2022. The assumption changes were adopted by the Board and became effective with the July 1, 2023 actuarial valuation.

CITY OF WANAMINGO, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

9. Defined Benefit Pension Plans - Statewide (Continued)

There following changes in actuarial assumptions and plan provisions occurred in 2023:

Changes in Actuarial Assumptions:

- The investment return assumption and single discount rate were changed from 6.5 percent to 7.00 percent.

Changes in Plan Provisions:

- An additional one-time direct state aid contribution of \$170.1 million will be contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, non-compounding benefit increase of 2.5 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

Discount Rate

The discount rate used to measure the total pension liability in 2023 was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net positions of the General Employees Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension Liability Sensitivity

The following presents the City's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

| Sensitivity Analysis | | | |
|--|-------------------------------|----|---------|
| <i>Net Pension Liability at Different Discount Rates</i> | | | |
| | <u>General Employees Fund</u> | | |
| 1% Lower | 6.00% | \$ | 395,700 |
| Current Discount Rate | 7.00% | | 223,676 |
| 1% Higher | 8.00% | | 82,179 |

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at www.mnpera.org.

CITY OF WANAMINGO, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

10. Defined Contribution Pension Plan - Volunteer Fire Relief Association

Plan Description

The Wanamingo Fireman’s Relief Association is the administrator of a single employer Public Employee Retirement System (PERS) established to provide benefits to members of the Wanamingo Volunteer Fire Department.

The Fireman’s Relief Association maintains a separate Special Fund to accumulate assets to fund the retirement benefits earned by the Fire Department’s membership. Funding for the Relief Association is derived primarily from an insurance premium tax in accordance with the Volunteer Firefighter’s Relief Associations Financial Guidelines Act of 1971 (Chapter 261 as amended by Chapter 509 of Minnesota Statutes 1980).

The financial requirements of the Special Fund are determined in accordance with Section 69.772 of the Minnesota Statutes, which requires the payment of pension benefits in a lump sum or optionally in annual installments. The benefits are payable after age 50, 20 years of service, and 10 years of Association membership or upon death.

Insurance premium taxes received, and interest earned on the Special Fund assets are allocated equally among the members of the Association each year. Therefore, the assets of the Association are equal to the liability of the Association.

11. Tax Abatement – Pay-As-You-Go Tax Increment

The City may enter into tax abatement agreements as authorized by Minnesota Abatement Laws under State Statutes Sections 469.174 to 469.1794 through a pay-as-you-go tax increment financing program. Any parcel of property in the City could qualify for tax abatement under this program. The City negotiates tax increment financing agreements on an individual basis generally with the purpose of promoting economic development within the City.

The City has made no commitments, other than tax abatement, under the agreements. Under the program, the City agrees to abate real estate taxes based on the increased property value from improvements on the subject property. Generally, the agreements require 95% of the property tax increments collected to be returned to the property owner as reimbursement of certain improvement costs. The remaining 5% is retained by the City for administrative costs.

The City has four pay-as-you-go tax increment financing district, one of which is active. For the year ended December 31, 2023, the City paid tax increments totaling \$15,055 related to these agreements.

CITY OF WANAMINGO, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

12. 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. The City carries insurance for liability, property, and automotive insurance through the League of Minnesota Cities Insurance Trust (LMCIT). The City provides employee health insurance through a private insurance carrier. Settled claims resulting from these risks have not exceeded the insurance coverage in any of the past three years. There were no reductions in insurance coverage in 2023.

The City participates in a group workers' compensation plan of the LMCIT, which is a public entity risk pool currently operating as a common risk management and insurance program for member Minnesota Cities. All cities participating in the plan are jointly and severally liable for all claims and expenses of the plan. The LMCIT workers' compensation plan is self-sustaining based on the premiums charged, so that total contributions plus compounded earnings on those contributions will be sufficient to satisfy claims, liabilities and other expenses of the plan. The LMCIT plan participates in the Workers' Compensation Reinsurance Association with coverage of \$1,000,000 per claim for plan year 2023. The amount of any liability in excess of plan assets may be assessed to participating Cities in a method and amount determined by the LMCIT.

13. Contribution and Reimbursement Agreement - SEMMCHRA

In 2009, the City sold the Heritage Hills Senior Housing Facility to the Southeastern Minnesota Multi-County Housing and Redevelopment Authority (SEMMCHRA). As part of the sale agreement, the City has pledged its full faith, credit and taxing powers to the payment of bonds issued by SEMMCHRA to finance the acquisition of the facility. The City is obligated to pay the difference between the required annual debt service and the net facility operating cash flow through the maturity or repayment of the SEMMCHRA facility bonds. The balance outstanding on these bonds at December 31, 2023 totaled \$670,000.

In addition, the City has agreed to fund an operating reserve totaling \$50,000 which was recorded by the City as a deposit in the Senior Housing Reserve Fund. The City is required to replenish this reserve fund annually upon usage of any of the funds for operations. The City's obligation to maintain this reserve fund shall continue as long as the facility bonds remain outstanding. At the time of payment in full or refunding of the bonds, the balance of the operating reserve fund will be returned to the City.

No liability relative to this agreement has been accrued in these financial statements at December 31, 2023 because of the uncertainty and determination of required future payments, if any.

CITY OF WANAMINGO, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

14. Jointly Governed Organization

The City is a member of the North Zumbro Sanitary Sewer Regional Facility (“District”) which was established in 2023 by its four member parties. The primary objective of the District is to build, construct, reconstruct, repair, enlarge, improve, or in any other manner obtain sanitary sewer systems, including sewage treatment works, disposal systems, and other facilities for disposing of sewage, industrial waste, or other wastes, and maintain and operate such facilities inside or outside their corporate limits. Each member has a proportionate share (25%) of the District.

CITY OF WANAMINGO, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2023

CITY OF WANAMINGO, MINNESOTA
Schedule of City and Non-Employer Proportionate Share of Net Pension Liability
PERA General Employees Retirement Fund
Last Ten Years (presented prospectively)

| Fiscal Year Ended June 30 | Employer's Proportionate Share (Percentage) of Net Pension Liability (Asset) | Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a) | State's Proportionate Share (Amount) of the Net Pension Liability Associated with the City (b) | Employer's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with the City (a+b) | Covered Payroll (c) | Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a+b)/c | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
|---------------------------|--|--|--|---|---------------------|--|--|
| 2014 | 0.0039% | \$ 183,202 | \$ | \$ 183,202 | \$ 197,341 | 93% | 78.70% |
| 2015 | 0.0033% | 171,023 | | 171,023 | 205,257 | 83% | 78.19% |
| 2016 | 0.0032% | 259,824 | 3,350 | 263,174 | 195,193 | 135% | 68.91% |
| 2017 | 0.0031% | 197,902 | 2,476 | 200,378 | 198,540 | 101% | 75.90% |
| 2018 | 0.0031% | 171,974 | 5,638 | 177,612 | 203,893 | 87% | 79.53% |
| 2019 | 0.0032% | 176,921 | 5,500 | 182,421 | 216,193 | 84% | 80.23% |
| 2020 | 0.0036% | 215,836 | 6,636 | 222,472 | 240,873 | 92% | 79.06% |
| 2021 | 0.0039% | 166,547 | 5,062 | 171,609 | 268,827 | 64% | 87.00% |
| 2022 | 0.0038% | 300,961 | 9,023 | 309,984 | 283,547 | 109% | 76.70% |
| 2023 | 0.0040% | 223,676 | 6,151 | 229,827 | 301,847 | 76% | 83.10% |

CITY OF WANAMINGO, MINNESOTA
Schedule of City Pension Contributions
PERA General Employees Retirement Fund
Last Ten Years (presented prospectively)

| Year Ended December 31 | Statutorily Required Contribution (a) | Contributions in Relation to Statutorily Required Contribution (b) | Contribution Deficiency (Excess) (a-b) | Covered Payroll (c) | Contribution as a Percentage of Covered Payroll |
|------------------------|---------------------------------------|--|--|---------------------|---|
| 2014 | \$ 14,747 | \$ 14,747 | \$ | \$ 218,474 | 6.75% |
| 2015 | 14,403 | 14,403 | | 192,040 | 7.50% |
| 2016 | 14,876 | 14,876 | | 198,347 | 7.50% |
| 2017 | 14,905 | 14,905 | | 198,733 | 7.50% |
| 2018 | 15,679 | 15,679 | | 209,053 | 7.50% |
| 2019 | 16,750 | 16,750 | | 223,333 | 7.50% |
| 2020 | 19,381 | 19,381 | | 258,413 | 7.50% |
| 2021 | 20,943 | 20,943 | | 279,240 | 7.50% |
| 2022 | 21,589 | 21,589 | | 287,853 | 7.50% |
| 2023 | 23,688 | 23,688 | | 315,840 | 7.50% |

CITY OF WANAMINGO, MINNESOTA

**COMBINING AND INDIVIDUAL FUND
STATEMENTS**

DECEMBER 31, 2023

**CITY OF WANAMINGO, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2023**

| | Special Revenue | | | | Debt Service | |
|---|--------------------------------|--------------------------|------------------------------|-------------------------------------|---|---|
| | 251 Economic Development | 210 Revolving Loan | 211 MIF Revolving Loan | 230 Senior Housing Reserve | 306 2009A G.O. Tax Increment Refunding (2015A Refunding) (2021B Refunding) | 308 2005A G.O. Improvement Refunding (2014A Refunding) (2021A Refunding) |
| ASSETS | | | | | | |
| Cash and investments | \$ 9,202 | \$ 62,570 | \$ 100,000 | \$ | \$ 77,319 | \$ |
| Accounts receivable | | | | | | |
| Taxes receivable delinquent | | | | | 1,303 | 579 |
| Special assessments receivable: | | | | | | |
| Deferred | | | | | | 1,838 |
| Delinquent | | | | | | |
| Operating reserve | | | | 50,000 | | |
| Due from other governmental units | | | | | 729 | 324 |
| TOTAL ASSETS | \$ 9,202 | \$ 62,570 | \$ 100,000 | \$ 50,000 | \$ 79,351 | \$ 2,741 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE | | | | | | |
| Liabilities | | | | | | |
| Accounts payable | \$ 62 | \$ | \$ | \$ | \$ | \$ |
| Accrued expenses | 595 | | | | | |
| Advance from other funds | | | | | | |
| Due to other funds | | | | | | 33,197 |
| Total Liabilities | 657 | | | | | 33,197 |
| Deferred Inflows of Resources | | | | | | |
| Unavailable: | | | | | | |
| Property taxes | | | | | 1,303 | 579 |
| Special assessments | | | | | | 1,838 |
| Total Deferred Inflows of Resources | | | | | 1,303 | 2,417 |
| Fund Balance | | | | | | |
| Restricted: | | | | | | |
| Creditors | | | | | 78,048 | |
| Regulations | | | 100,000 | | | |
| Committed | | | | | | |
| Assigned | 8,545 | 62,570 | | 50,000 | | |
| Unassigned | | | | | | (32,873) |
| Total Fund Balance | 8,545 | 62,570 | 100,000 | 50,000 | 78,048 | (32,873) |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE | \$ 9,202 | \$ 62,570 | \$ 100,000 | \$ 50,000 | \$ 79,351 | \$ 2,741 |

Debt Service

| 316 2010 G.O. Refunding Bond | 323 2005 Improvement (2014A Refunding) (2021A Refunding) | 328 2007 G.O. Refunding (2015A Refunding) (2021B Refunding) | 330 2016A G.O. Improvement Bonds (2016 Roadway) | 331 2014C G.O. Improvement Bond (2021A Refunding) | 332 2017 Roadway Improvement Project | 333 2018 Equipment Certificates | 335 2020A Roadway Utility Improvement Bond |
|---------------------------------------|--|---|---|---|---|--|--|
| \$ 20,542 | \$ 23,363 | \$ 69,646 | \$ 37,234 | \$ 275,666 | \$ 32,097 | \$ 196,808 | \$ 79,744 |
| 3,041 | 1,593 | 3,330 | 203 | 290 | 492 | 1,303 | 1,564 |
| 1,127 | 27,714 | 26,759 | 7,072 | | 5,846 | | 77,376 415 |
| 1,702 | 892 | 1,864 | 113 | 162 | 370 | 729 | 1,429 |
| <u>\$ 26,412</u> | <u>\$ 53,562</u> | <u>\$ 101,599</u> | <u>\$ 44,622</u> | <u>\$ 276,118</u> | <u>\$ 38,805</u> | <u>\$ 198,840</u> | <u>\$ 160,528</u> |
| \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| 3,041 | 1,593 | 3,330 | 203 | 290 | 492 | 1,303 | 1,564 |
| 1,127 | 27,714 | 26,759 | 7,072 | | 5,846 | | 77,791 |
| 4,168 | 29,307 | 30,089 | 7,275 | 290 | 6,338 | 1,303 | 79,355 |
| 22,244 | 24,255 | 71,510 | 37,347 | 275,828 | 32,467 | 197,537 | 81,173 |
| <u>22,244</u> | <u>24,255</u> | <u>71,510</u> | <u>37,347</u> | <u>275,828</u> | <u>32,467</u> | <u>197,537</u> | <u>81,173</u> |
| <u>\$ 26,412</u> | <u>\$ 53,562</u> | <u>\$ 101,599</u> | <u>\$ 44,622</u> | <u>\$ 276,118</u> | <u>\$ 38,805</u> | <u>\$ 198,840</u> | <u>\$ 160,528</u> |

**CITY OF WANAMINGO, MINNESOTA
 COMBINING BALANCE SHEET (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2023**

| | Capital Projects | | | |
|---|------------------|-----------|-----------|-----------|
| | 220 | 221 | 448 | 449 |
| | Fire | Street | Storm | WAC / |
| | Capital | Capital | Sewer | SAC |
| | | | | |
| ASSETS | | | | |
| Cash and investments | \$ 59,468 | \$ 39,000 | \$ 31,615 | \$ 58,830 |
| Accounts receivable | | | 2,415 | |
| Taxes receivable delinquent | | | | |
| Special assessments receivable: | | | | |
| Delinquent | | | | |
| Deferred | | | | |
| Operating reserve | | | | |
| Due from other governmental units | | | | |
| TOTAL ASSETS | \$ 59,468 | \$ 39,000 | \$ 34,030 | \$ 58,830 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE | | | | |
| Liabilities | | | | |
| Accounts payable | \$ | \$ | \$ | \$ |
| Accrued expenses | | | | |
| Advance from other funds | | | | |
| Due to other funds | | | | |
| Total Liabilities | | | | |
| Deferred Inflows of Resources | | | | |
| Unavailable: | | | | |
| Property taxes | | | | |
| Special assessments | | | | |
| Total Deferred Inflows of Resources | | | | |
| Fund Balance | | | | |
| Restricted: | | | | |
| Creditors | | | | |
| Regulations | | | | |
| Committed | 59,468 | 39,000 | | |
| Assigned | | | 34,030 | 58,830 |
| Unassigned | | | | |
| Total Fund Balance | 59,468 | 39,000 | 34,030 | 58,830 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE | \$ 59,468 | \$ 39,000 | \$ 34,030 | \$ 58,830 |

Capital Projects

| 473 Tax Increment District #4-2 Fulton | 480 Tax Increment District #3-1 Maple Island | 481 Tax Increment District #2-7 St. Marc | 482 Tax Increment District #2-8 J&S Repair | Total Nonmajor Governmental Funds 2023 |
|---|---|---|---|---|
| \$ | \$ 82,870 | \$ | \$ | \$ 1,255,974 |
| | 52,440 | | | 2,415 |
| | | | | 66,138 |
| | | | | 147,732 |
| | | | | 415 |
| | | | | 50,000 |
| | | | | 8,314 |
| <u>\$</u> | <u>\$ 135,310</u> | <u>\$</u> | <u>\$</u> | <u>\$ 1,530,988</u> |
| \$ | \$ | \$ | \$ | \$ 62 |
| | | | | 595 |
| 9,699 | | | | 9,699 |
| | | 8,920 | 13,466 | 55,583 |
| <u>9,699</u> | | <u>8,920</u> | <u>13,466</u> | <u>65,939</u> |
| | 52,440 | | | 66,138 |
| | | | | 148,147 |
| | <u>52,440</u> | | | <u>214,285</u> |
| | 82,870 | | | 820,409 |
| | | | | 182,870 |
| | | | | 98,468 |
| | | | | 213,975 |
| (9,699) | | (8,920) | (13,466) | (64,958) |
| <u>(9,699)</u> | <u>82,870</u> | <u>(8,920)</u> | <u>(13,466)</u> | <u>1,250,764</u> |
| <u>\$</u> | <u>\$ 135,310</u> | <u>\$</u> | <u>\$</u> | <u>\$ 1,530,988</u> |

**CITY OF WANAMINGO, MINNESOTA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended December 31, 2023**

| | Special Revenue | | | | Debt Service | |
|--|--------------------------------|--------------------------|------------------------------|-------------------------------------|---|---|
| | 251 Economic Development | 210 Revolving Loan | 211 MIF Revolving Loan | 230 Senior Housing Reserve | 306 2009A G.O. Tax Increment Refunding (2015A Refunding) (2021B Refunding) | 308 2005A G.O. Improvement Refunding (2014A Refunding) (2021A Refunding) |
| REVENUES | | | | | | |
| Property taxes | \$ 41,000 | | | \$ 25,000 | \$ 44,908 | \$ 19,959 |
| Tax increments | | | | | | |
| Special assessments | | | | | | 264 |
| Intergovernmental revenues | | | | | | |
| Investment income | | | | | | |
| Miscellaneous revenues | | | | | | |
| Total Revenues | 41,000 | | | 25,000 | 44,908 | 20,223 |
| EXPENDITURES | | | | | | |
| Economic development | 37,160 | | | 25,000 | | |
| Debt service: | | | | | | |
| Principal | | | | | 50,000 | 31,000 |
| Interest and fiscal | | | | | 3,347 | 442 |
| Capital outlay | | | | | | |
| Total Expenditures | 37,160 | | | 25,000 | 53,347 | 31,442 |
| Excess (deficiency) of revenues over (under) expenditures | 3,840 | | | | (8,439) | (11,219) |
| OTHER FINANCING SOURCES | | | | | | |
| Transfers in | | | | | | |
| Net change in fund balances | 3,840 | | | | (8,439) | (11,219) |
| Fund Balance - beginning | 4,705 | 62,570 | 100,000 | 50,000 | 86,487 | (21,654) |
| Fund Balance - ending | \$ 8,545 | \$ 62,570 | \$ 100,000 | \$ 50,000 | \$ 78,048 | \$ (32,873) |

Debt Service

| 316 2010 G.O. Refunding Bond | 323 2005 Improvement (2014A Refunding) (2021A Refunding) | 328 2007 G.O. Refunding (2015A Refunding) (2021B Refunding) | 330 2016A G.O. Improvement Bonds (2016 Roadway) | 331 2014C G.O. Improvement Bond (2021A Refunding) | 332 2017 Roadway Improvement Bond | 333 2018 Equipment Certificates | 335 2020A Roadway Utility Improvement Bond |
|---------------------------------------|--|---|---|---|--|--|--|
| \$ 104,785 | \$ 54,887 | \$ 114,765 | \$ 6,986 | \$ 9,980 | \$ 16,965 | \$ 44,908 | \$ 53,889 |
| | 3,878 | 4,160 | 7,072 | | 2,987 | 50,018 | 12,663 |
| | | | | | | 7,000 | |
| 104,785 | 58,765 | 118,925 | 14,058 | 9,980 | 19,952 | 101,926 | 66,552 |
| 100,000 | 63,000 | 85,000 | 22,000 | 38,000 | 26,000 | 46,000 | 53,000 |
| 1,850 | 2,645 | 20,505 | 1,424 | 4,138 | 2,375 | 7,135 | 12,060 |
| 101,850 | 65,645 | 105,505 | 23,424 | 42,138 | 28,375 | 53,135 | 65,060 |
| 2,935 | (6,880) | 13,420 | (9,366) | (32,158) | (8,423) | 48,791 | 1,492 |
| | | | | | | 20,045 | |
| 2,935 | (6,880) | 13,420 | (9,366) | (32,158) | (8,423) | 68,836 | 1,492 |
| 19,309 | 31,135 | 58,090 | 46,713 | 307,986 | 40,890 | 128,701 | 79,681 |
| \$ 22,244 | \$ 24,255 | \$ 71,510 | \$ 37,347 | \$ 275,828 | \$ 32,467 | \$ 197,537 | \$ 81,173 |

**CITY OF WANAMINGO, MINNESOTA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended December 31, 2023**

| | Capital Projects | | | |
|--|------------------|-----------|-----------|-----------|
| | 220 | 221 | 448 | 449 |
| | Fire | Street | Storm | WAC / |
| | Capital | Capital | Sewer | SAC |
| REVENUES | | | | |
| Property taxes | \$ | \$ 26,000 | \$ | \$ |
| Tax increments | | | | |
| Special assessments | | | | |
| Intergovernmental revenues | | | | |
| Investment income | 69 | | | |
| Miscellaneous revenues | | | 26,304 | |
| | | | | |
| Total Revenues | 69 | 26,000 | 26,304 | |
| EXPENDITURES | | | | |
| Economic development | | | | |
| Debt service: | | | | |
| Principal | | | | |
| Interest and fiscal | | | | |
| Capital outlay | | | 43,703 | |
| | | | | |
| Total Expenditures | | | 43,703 | |
| Excess (deficiency) of revenues over (under) expenditures | 69 | 26,000 | (17,399) | |
| OTHER FINANCING SOURCES | | | | |
| Transfers in | | | | |
| | | | | |
| Net change in fund balances | 69 | 26,000 | (17,399) | |
| Fund Balance - beginning | 59,399 | 13,000 | 51,429 | 58,830 |
| Fund Balance - ending | \$ 59,468 | \$ 39,000 | \$ 34,030 | \$ 58,830 |

Capital Projects

| 473 Tax Increment District #4-2 Fulton | 480 Tax Increment District #3-1 Maple Island | 481 Tax Increment District #2-7 St. Marc | 482 Tax Increment District #2-8 J&S Repair | Total Nonmajor Governmental Funds 2023 |
|---|---|---|---|--|
| \$ 5,651 | \$ 52,251 | \$ | \$ | \$ 564,032 57,902 31,024 50,018 69 33,304 |
| 5,651 | 52,251 | | | 736,349 |
| | | | | |
| | | | | |
| 119 | 15,055 | | | 77,334 514,000 55,921 43,703 |
| 119 | 15,055 | | | 690,958 |
| | | | | |
| 5,532 | 37,196 | | | 45,391 20,045 |
| 5,532 | 37,196 | | | 65,436 |
| (15,231) | 45,674 | (8,920) | (13,466) | 1,185,328 |
| \$ (9,699) | \$ 82,870 | \$ (8,920) | \$ (13,466) | \$ 1,250,764 |

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CITY OF WANAMINGO, MINNESOTA

SUPPLEMENTARY INFORMATION

DECEMBER 31, 2023

CITY OF WANAMINGO, MINNESOTA
WATER FUND
Statements of Net Position
December 31, 2023 and 2022

| | 2023 | 2022 |
|--|--------------|--------------|
| ASSETS | | |
| Current Assets | | |
| Cash and investments | \$ 701,322 | \$ 1,082,274 |
| Accounts receivable | 26,683 | 26,261 |
| Special assessments receivable | 7,171 | 4,319 |
| Lease receivables | 2,401 | 2,326 |
| Total Current Assets | 737,577 | 1,115,180 |
| Noncurrent Assets | | |
| Lease receivables, noncurrent | 34,488 | 36,889 |
| Capital assets: | | |
| Nondepreciable | 450,697 | 617,977 |
| Depreciable | 5,556,560 | 5,214,575 |
| Less: Accumulated depreciation | 2,516,835 | 2,435,022 |
| Total Noncurrent Assets | 3,524,910 | 3,434,419 |
| TOTAL ASSETS | 4,262,487 | 4,549,599 |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Deferred outflows from pension activity | 21,910 | 25,552 |
| LIABILITIES | | |
| Current Liabilities | | |
| Accounts payable | 58,645 | 93,131 |
| Accrued expenses | 2,466 | 2,471 |
| Compensated absences payable | 14,253 | 13,300 |
| Accrued interest | 29,505 | 50,954 |
| Current maturities of bonds payable | 80,000 | 95,000 |
| Total Current Liabilities | 184,869 | 254,856 |
| Noncurrent Liabilities | | |
| Bonds payable, net of current maturities and unamortized premium | 2,452,262 | 2,533,447 |
| Net pension liability | 55,320 | 76,509 |
| Total Noncurrent Liabilities | 2,507,582 | 2,609,956 |
| Total Liabilities | 2,692,451 | 2,864,812 |
| DEFERRED INFLOWS OF RESOURCES | | |
| Deferred inflows from leasing activity | 36,889 | 39,215 |
| Deferred inflows from pension activity | 18,361 | 1,942 |
| Total Deferred Inflows of Resources | 55,250 | 41,157 |
| NET POSITION | | |
| Net investment in capital assets | 1,481,804 | 1,519,242 |
| Unrestricted | 54,892 | 149,940 |
| Total Net Position | \$ 1,536,696 | \$ 1,669,182 |

**CITY OF WANAMINGO, MINNESOTA
WATER FUND
Statements of Revenues, Expenses,
and Changes in Net Position
For the Years Ended December 31, 2023 and 2022**

| | 2023 | 2022 |
|---|--------------|--------------|
| Operating Revenues | | |
| User fees | \$ 151,858 | \$ 143,908 |
| Base fees | 185,590 | 172,937 |
| Total Operating Revenues | 337,448 | 316,845 |
| Operating Expenses | | |
| Employee services | 80,988 | 80,661 |
| Employee benefits and retirements | 27,637 | 37,533 |
| Materials and supplies | 5,747 | 3,713 |
| Repairs and maintenance | 78,308 | 4,385 |
| Utilities | 15,324 | 16,812 |
| Depreciation | 134,412 | 110,151 |
| Contracted services | 4,251 | 2,038 |
| Insurance | 6,209 | 4,355 |
| Other charges | 8,506 | 8,514 |
| Total Operating Expenses | 361,382 | 268,162 |
| Operating Income (Loss) | (23,934) | 48,683 |
| Nonoperating Revenues (Expenses) | | |
| Special assessments | 162 | 850 |
| Connection fees | 3,850 | 4,950 |
| Lease income | 3,571 | 2,253 |
| Lease interest | 1,274 | 1,347 |
| Water meter fee | 3,563 | 4,045 |
| Loss on disposal of capital assets | (50,651) | |
| Bond issuance costs | | (70,485) |
| Interest expense | (70,321) | (50,723) |
| Total Nonoperating Revenues (Expenses) | (108,552) | (107,763) |
| Loss Before Capital Grants | (132,486) | (59,080) |
| Capital grants | | 117,806 |
| Change in Net Position | (132,486) | 58,726 |
| NET POSITION - Beginning of Year | 1,669,182 | 1,610,456 |
| NET POSITION - End of Year | \$ 1,536,696 | \$ 1,669,182 |

CITY OF WANAMINGO, MINNESOTA
WASTE WATER FUND
Statements of Net Position
December 31, 2023 and 2022

| | 2023 | 2022 |
|---|--------------|--------------|
| ASSETS | | |
| Current Assets | | |
| Cash and investments | \$ 644,359 | \$ 568,818 |
| Accounts receivable | 27,554 | 27,158 |
| Total Current Assets | 671,913 | 595,976 |
| Capital Assets | | |
| Nondepreciable | 29,295 | 29,295 |
| Depreciable | 2,772,595 | 2,772,595 |
| Less: Accumulated depreciation | 2,020,402 | 1,960,782 |
| Total Capital Assets | 781,488 | 841,108 |
| TOTAL ASSETS | 1,453,401 | 1,437,084 |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Deferred outflows from pension activity | 27,929 | 31,362 |
| LIABILITIES | | |
| Current Liabilities | | |
| Accounts payable | 3,956 | 3,241 |
| Compensated absences payable | 14,338 | 13,380 |
| Accrued expenses | 1,274 | 1,271 |
| Total Current Liabilities | 19,568 | 17,892 |
| Noncurrent Liabilities | | |
| Net pension liability | 71,226 | 93,906 |
| Total Liabilities | 90,794 | 111,798 |
| DEFERRED INFLOWS OF RESOURCES | | |
| Deferred inflows from pension activity | 23,668 | 2,383 |
| NET POSITION | | |
| Investment in capital assets | 781,488 | 841,108 |
| Unrestricted | 585,380 | 513,157 |
| Total Net Position | \$ 1,366,868 | \$ 1,354,265 |

CITY OF WANAMINGO, MINNESOTA
WASTE WATER FUND
Statements of Revenues, Expenses,
and Changes in Net Position
For the Years Ended December 31, 2023 and 2022

| | 2023 | 2022 |
|---|--------------|--------------|
| Operating Revenues | | |
| User fees | \$ 174,954 | \$ 159,559 |
| Base fees | 159,105 | 144,292 |
| Total Operating Revenues | 334,059 | 303,851 |
| Operating Expenses | | |
| Employee services | 104,018 | 99,329 |
| Employee benefits and retirements | 55,168 | 62,757 |
| Materials and supplies | 1,496 | 992 |
| Repairs and maintenance | 8,662 | 13,424 |
| Utilities | 28,244 | 27,061 |
| Depreciation | 59,620 | 59,644 |
| Contracted services | 42,568 | 32,763 |
| Insurance | 8,851 | 7,988 |
| Other charges | 20,698 | 18,104 |
| Total Operating Expenses | 329,325 | 322,062 |
| Operating Income (Loss) | 4,734 | (18,211) |
| Nonoperating Revenues | | |
| Connection fees | 4,900 | 6,300 |
| Refunds and reimbursements | 2,969 | 427 |
| Total Nonoperating Revenues | 7,869 | 6,727 |
| Change in Net Position | 12,603 | (11,484) |
| NET POSITION - Beginning of Year | 1,354,265 | 1,365,749 |
| NET POSITION - End of Year | \$ 1,366,868 | \$ 1,354,265 |

**CITY OF WANAMINGO, MINNESOTA
SANITATION FUND
Statements of Net Position
December 31, 2023 and 2022**

| | 2023 | 2022 |
|--------------------------------|---------------|---------------|
| ASSETS | | |
| Current Assets | | |
| Cash and investments | \$ 65,178 | \$ 55,402 |
| Accounts receivable | 12,237 | 11,805 |
| Total Current Assets | 77,415 | 67,207 |
| Capital Assets | | |
| Depreciable | 15,992 | 11,342 |
| Less: Accumulated depreciation | 4,979 | 2,268 |
| Total Capital Assets | 11,013 | 9,074 |
| TOTAL ASSETS | 88,428 | 76,281 |
| LIABILITIES | | |
| Current Liabilities | | |
| Accrued expenses | 664 | 638 |
| NET POSITION | | |
| Investment in capital assets | 11,013 | 9,074 |
| Unrestricted | 76,751 | 66,569 |
| Total Net Position | \$ 87,764 | \$ 75,643 |

**CITY OF WANAMINGO, MINNESOTA
SANITATION FUND
Statements of Revenues, Expenses,
and Changes in Net Position
For the Years Ended December 31, 2023 and 2022**

| | 2023 | 2022 |
|---|------------|------------|
| Operating Revenues | | |
| Sales | \$ 118,753 | \$ 112,964 |
| Operating Expenses | | |
| Depreciation | 2,711 | 2,268 |
| Materials and supplies | 103 | |
| Contracted services | 103,818 | 100,827 |
| Total Operating Expenses | 106,632 | 103,095 |
| Operating Income | 12,121 | 9,869 |
| NET POSITION - Beginning of Year | 75,643 | 65,774 |
| NET POSITION - End of Year | \$ 87,764 | \$ 75,643 |

**CITY OF WANAMINGO, MINNESOTA
MEDICAL CENTER
Statements of Net Position
December 31, 2023 and 2022**

| | 2023 | 2022 |
|--|-------------|-------------|
| ASSETS | | |
| Current Assets | | |
| Lease receivable | \$ 14,142 | \$ 13,018 |
| Noncurrent Assets | | |
| Lease receivable, noncurrent | 39,945 | 43,255 |
| Capital assets: | | |
| Depreciable | 641,993 | 637,043 |
| Less: Accumulated depreciation | 335,587 | 318,821 |
| Total Noncurrent Assets | 346,351 | 361,477 |
| TOTAL ASSETS | 360,493 | 374,495 |
| LIABILITIES | | |
| Current Liabilities | | |
| Accounts payable | 619 | 2,601 |
| Due to other funds | 34,441 | 34,742 |
| Total Current Liabilities | 35,060 | 37,343 |
| Noncurrent Liabilities | | |
| Bonds payable | 298,000 | 325,000 |
| Total Liabilities | 333,060 | 362,343 |
| DEFERRED INFLOWS OF RESOURCES | | |
| Deferred inflows from leasing activity | 54,087 | 56,273 |
| NET POSITION | | |
| Net investment in capital assets | 8,406 | (6,778) |
| Unrestricted | (35,060) | (37,343) |
| Total Net Position | \$ (26,654) | \$ (44,121) |

**CITY OF WANAMINGO, MINNESOTA
MEDICAL CENTER
Statements of Revenues, Expenses,
and Changes in Net Position
For the Years Ended December 31, 2023 and 2022**

| | 2023 | 2022 |
|---|-------------|-------------|
| Operating Revenues | | |
| Lease revenue | \$ 44,138 | \$ 28,867 |
| Lease interest | 1,982 | 650 |
| Total Operating Revenues | 46,120 | 29,517 |
| Operating Expenses | | |
| Repairs and maintenance | 2,211 | 73 |
| Utilities | 5,635 | 4,245 |
| Depreciation | 16,766 | 16,684 |
| Insurance | 1,839 | 1,557 |
| Contracted services | 4,210 | 4,988 |
| Other charges | 93 | 656 |
| Total Operating Expenses | 30,754 | 28,203 |
| Operating Income | 15,366 | 1,314 |
| Nonoperating Revenues (Expenses) | | |
| Tax increment | 6,117 | 6,445 |
| Refunds and reimbursements | 9,897 | 2,455 |
| Interest expense | (13,913) | (15,018) |
| Total Nonoperating Revenues (Expenses) | 2,101 | (6,118) |
| Change in Net Position | 17,467 | (4,804) |
| NET POSITION - Beginning of Year | (44,121) | (39,317) |
| NET POSITION - End of Year | \$ (26,654) | \$ (44,121) |

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MINNESOTA LEGAL COMPLIANCE**Independent Auditor's Report**

Honorable Mayor and Members
of the City Council
City of Wanamingo, Minnesota

We have audited in accordance with auditing standards generally accepted in the United States of America, the financial statements of the City of Wanamingo, Minnesota as of and for the year ended December 31, 2023, and the related notes to financial statements, which collectively comprise the City of Wanamingo, Minnesota's basic financial statements, and have issued our report thereon dated March 18, 2024.

In connection with our audit, nothing came to our attention that caused us to believe that the City of Wanamingo, Minnesota failed to comply with the provisions of the contracting – bid laws, depositories of public funds and public 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 of Wanamingo, Minnesota's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

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

Smith, Schafu and Associates, Ltd.

Rochester, Minnesota
March 18, 2024