

**INDEPENDENT AUDITOR'S REPORT**

**CITY OF JASPER  
JASPER, MINNESOTA 56144**

**FOR THE YEAR ENDED DECEMBER 31, 2023**

**Meulebroeck, Taubert & Co., PLLP  
Certified Public Accountants  
PO Box 707  
Pipestone, Minnesota 56164**



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**MEMBERS OF THE CITY COUNCIL AND CITY OFFICIALS**

Mike Baustian	Mayor (Resigned 9/12/23)
Les Nath	Mayor (Appointed 10/10/23)
Kim Lape	Council Member
Bryan Sievert	Council Member
Tim Houg	Council Member
Deb Plahn	Council Member
Cortney Kounkel	City Clerk/Treasurer (1/1/23 – 2/27/23)
Trinidad Garcia	City Clerk/Treasurer (6/1/23 – Present)

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Daryl J. Kanthak, CPA  
Blake R. Klinsing, CPA  
Amy L. Mollerberg, CPA

*WITH THE FIRM*

Kirk W. Morgan, CPA

**INDEPENDENT AUDITOR'S REPORT**

Honorable Mayor and  
Members of the City Council  
Jasper, Minnesota

**Report on the Audit of the Financial Statements**

***Opinions***

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

***Basis for Qualified Opinions***

The City has not adopted GASB Statement No. 68, Accounting and Financial Reporting for Pensions, for the Volunteer Firefighters' Relief Association in the governmental activities, business-type activities and each major fund and, accordingly, has not shown activity related to this standard.

***Qualified Opinions***

In our opinion, except for the possible effects of the matter described in the "Basis for Qualified Opinions", the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City of Jasper, Jasper, Minnesota, as of December 31, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the major special revenue funds (Ambulance Fund and Fire Department Fund), for the year ended in accordance with accounting principles generally accepted in the United States of America.

***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 Jasper, Jasper, 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

The Financial statements include partial prior-year comparative information, which does not include all of the information required in a presentation in conformity with accounting principles generally accepted in the United States of America. The prior year partial comparative information has been derived from the City's financial statements for the year ended December 31, 2022, and in our report dated August 31, 2023, we expressed qualified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. Accordingly, such information should be read in conjunction with the City's financial statements for the year ended December 31, 2022, from which it was derived.

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and Required Supplementary Information Other than MD&A 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 inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

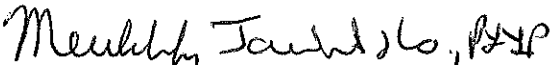
#### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Jasper, Jasper, Minnesota's basic financial statements. The accompanying combining and individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to

the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 23, 2024, on our consideration of the City of Jasper, Jasper, Minnesota's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Jasper, Jasper, Minnesota's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Jasper, Jasper, Minnesota's internal control over financial reporting and compliance.

  
Meulebroeck, Taubert & Co., PLLP  
Certified Public Accountants  
Pipestone, Minnesota

July 23, 2024

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FISCAL YEAR ENDED DECEMBER 31, 2023**

This section of the City of Jasper's annual financial report presents management's discussion and analysis of the City's financial performance during the fiscal year ended December 31, 2023. Please read it in conjunction with the other components of the City's annual financial report.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 --*Basic Financial Statements -- and Management's Discussion and Analysis -- for State and Local Governments*. Certain comparative information between the current year (2023) and the prior year (2022) is required to be presented in the MD&A.

**Financial Highlights**

Key financial highlights for the 2023 fiscal year include the following:

- Governmental net position decreased by \$58,780 or 1.4% from December 31, 2022.
- Proprietary net position increased by \$192,406 or 40.8% from December 31, 2022. The increase was due primarily to the gain on the sale of the EDA Twin Homes.
- Total governmental revenues increased by \$289,708 in comparison to fiscal year 2022, and total governmental expenditures increased by \$410,516 in comparison to fiscal year 2022, both increases were due to the Small Cities Development Grant program income and expenses for 2023.
- Total proprietary revenues decreased by \$6,332 in comparison to fiscal year 2022 and total proprietary expenditures decreased by \$71,150 in comparison to fiscal year 2022. The decrease was due primarily to the Sale of the EDA Twin Homes.

**Overview of the Financial Statements**

The financial section of the annual report consists of four parts -- Independent Auditor's Report, required supplementary information, which includes the management's discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include government-wide financial statements and fund financial statements and the notes to the financial statements.

**Government-Wide Statements**

The government-wide statements (statement of net position and statement of activities) report information about the City as a whole using accounting methods similar to those used by private sector companies. The statement of net position includes all of the City's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net position and how they have changed. Net position -- the difference between the City's assets and liabilities -- is one way to measure the City's financial health or position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. You also need to consider other nonfinancial factors, however, such as changes in government support to assess the overall health of the City.

### Fund Financial Statements

The fund financial statements include more detailed information about a City's individual funds. The City maintains two types of funds.

Governmental Funds - The City's services are included in this type of fund, which generally focuses on 1) how cash and other financial assets that can readily be converted to cash flow in and out, and 2) the balances left at year-end that are available for spending. Consequently, the governmental funds provide a detailed short-term view that helps to determine whether there are more or less financial resources that can be spent in the near future to finance the City's activities. Because this information does not encompass the additional long-term focus of the City-wide statements, we provide additional information (reconciliation schedules) immediately following the governmental fund statements that explain the relationship (or differences) between these two types of financial statement presentations.

The City maintains five 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, Fire Department Fund, and the Ambulance Fund, which are considered to be major funds. Data from the other nonmajor 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 individual and combining statements elsewhere in the report.

Proprietary Funds – The City of Jasper maintains six proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Jasper uses the enterprise funds to account for Water Service, Sewer Service, Garbage Service, the EDA Housing project, and the Wellness Center. 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, Sewer, Garbage, EDA Housing, and Wellness Center operations. The EDA Twin Homes were sold in 2023. These are considered to be major funds of the City of Jasper.



**Financial Analysis of the City as a Whole/Financial Analysis of the City's Funds (Government-Wide Statements)**

As noted, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Jasper, assets exceeded liabilities by \$4,784,555 at the close of the most recent fiscal year. This was an increase of 2.9% from the previous year total of \$4,650,929.

Table 1 is a summarized view of the City's Statement of Net Position.

<b>Table 1 Statement of Net Position As of December 31, 2023</b>						
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
<b>Assets</b>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Current and other assets	1,117,150	1,011,158	427,740	249,153	1,544,890	1,260,311
Capital assets, net of depreciation	<u>3,255,255</u>	<u>3,394,325</u>	<u>327,670</u>	<u>610,926</u>	<u>3,582,925</u>	<u>4,005,251</u>
<b>Total Assets</b>	<u>4,372,405</u>	<u>4,405,483</u>	<u>755,410</u>	<u>860,079</u>	<u>5,127,815</u>	<u>5,265,562</u>
<b>Deferred Outflows of Resources</b>						
Related to pensions	<u>27,924</u>	<u>49,700</u>	<u>5,719</u>	<u>10,180</u>	<u>33,643</u>	<u>59,880</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>4,400,329</u>	<u>4,455,183</u>	<u>761,129</u>	<u>870,259</u>	<u>5,161,458</u>	<u>5,325,442</u>
<b>Liabilities</b>						
Current and other liabilities	88,428	60,725	72,610	64,400	161,038	125,125
Long-term liabilities	<u>161,806</u>	<u>213,781</u>	<u>18,062</u>	<u>333,584</u>	<u>179,868</u>	<u>547,365</u>
<b>Total Liabilities</b>	250,234	274,506	90,672	397,984	340,906	672,490
<b>Deferred Inflows of Resources</b>						
Related to pensions	29,877	1,679	6,120	344	35,997	2,023
<b>Net Position</b>						
Invested in capital assets, net of related debt	3,172,947	3,303,735	299,670	253,649	3,472,617	3,557,384
Restricted	193,103	51,884			193,103	51,884
Unrestricted	<u>754,168</u>	<u>823,379</u>	<u>364,667</u>	<u>218,282</u>	<u>1,118,835</u>	<u>1,041,661</u>
<b>Net Position</b>	<u>4,120,218</u>	<u>4,178,998</u>	<u>664,337</u>	<u>471,931</u>	<u>4,784,555</u>	<u>4,650,929</u>
<b>Total Liabilities and Net Position</b>	<u>4,400,329</u>	<u>4,455,183</u>	<u>761,129</u>	<u>870,259</u>	<u>5,161,458</u>	<u>5,325,442</u>

The City's financial position is the product of numerous factors. Therefore, it is important to view the net assets balance as a starting point to evaluate future years' results, rather than to just focus on the current balance.

Table 2 presents a condensed version of the change in net position of the City.

	<b>Governmental Activities</b>		<b>Business-Type    Activities</b>		<b>Total</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
<b>Revenues</b>						
Program Revenues						
Charges for Services	126,920	154,270	259,036	265,368	385,956	419,638
Operating Grants and Contributions	204,969	51,301			204,969	51,301
General Revenues						
Property Taxes	382,026	202,293			382,026	202,293
State Aid Not Restricted For Specific Purposes	318,117	251,039			318,117	251,039
Unrestricted Investment Earnings	12,744	3,728	4,969	1,291	17,713	5,019
Other Revenues	<u>124,090</u>	<u>60,096</u>	<u>179,440</u>	<u>58,358</u>	<u>303,530</u>	<u>118,454</u>
<b>Total Revenues</b>	<u>1,168,866</u>	<u>722,727</u>	<u>443,445</u>	<u>325,017</u>	<u>1,612,311</u>	<u>1,047,744</u>
<b>Expenses</b>						
General Government	411,979	401,615			411,979	401,615
Public Safety	38,157	107,120			38,157	107,120
Fire	127,834				127,834	
Ambulance	91,526	74,460			91,526	74,460
Street	193,666	155,504			193,666	155,504
Recreation	12,734	18,409			12,734	18,409
Miscellaneous	351,750	82,569			351,750	82,569
Interest on Long-Term Debt		4,801				4,801
Water			79,764	75,891	79,764	75,891
Sewer			57,641	66,466	57,641	66,466
Garbage			43,864	55,711	43,864	55,711
EDA Housing			61,874	121,479	61,874	121,479
Wellness Center			<u>7,896</u>	<u>3,966</u>	<u>7,896</u>	<u>3,966</u>
<b>Total Expenses</b>	<u>1,227,646</u>	<u>844,478</u>	<u>251,039</u>	<u>323,513</u>	<u>1,478,685</u>	<u>1,167,991</u>
<b>Change in Net Position</b>	<u>(58,780)</u>	<u>(121,751)</u>	<u>192,406</u>	<u>1,504</u>	<u>133,626</u>	<u>(120,247)</u>

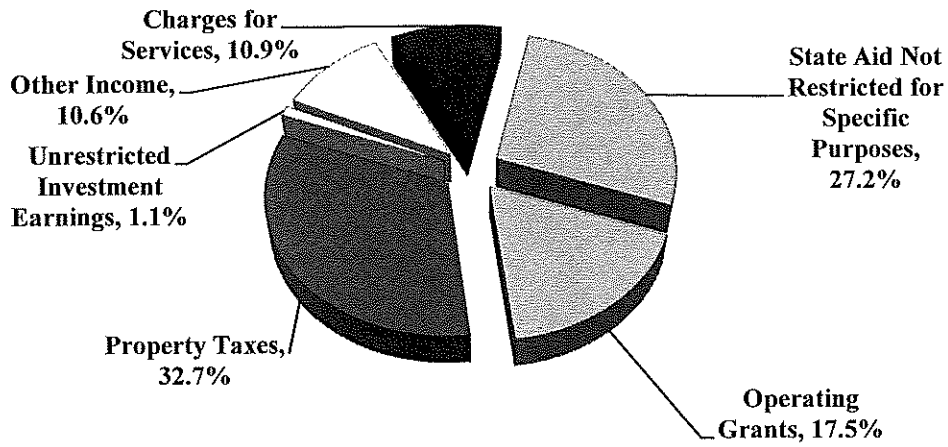
The City's total revenue consisted of program revenues of \$590,925, property taxes of \$382,026, state aids not restricted to specific purposes of \$318,007, investment earnings of \$17,713 and miscellaneous revenues of \$303,530.

The cost of all governmental and business-type activities this year was \$1,478,685.

- The users of the city programs paid for 26.0%, or \$385,956 of the costs.
- The federal and state government subsidized certain programs with grants and contributions. This totaled \$204,969 or 13.9% of the total costs.

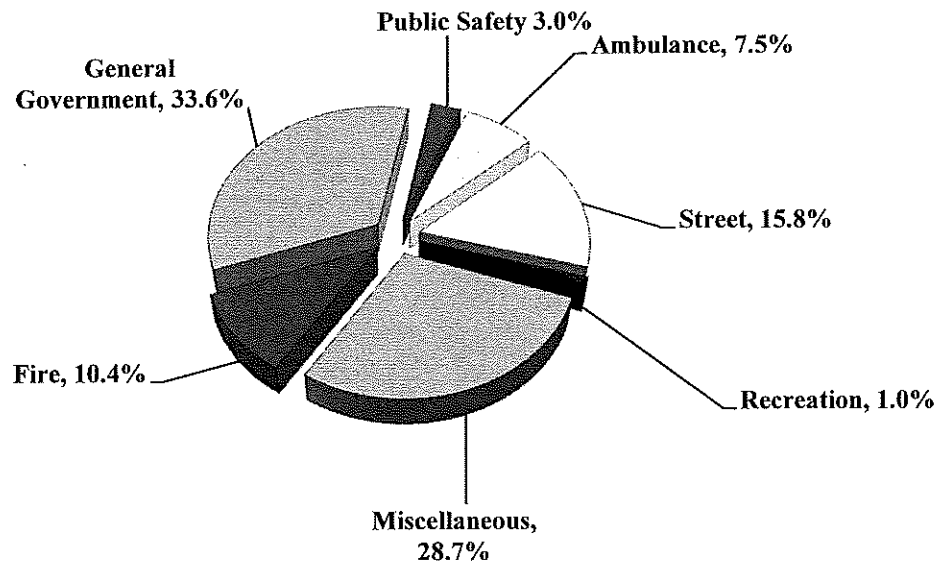
Figure A and Figure B show further analysis of these revenue sources and expenditure functions for

**Figure A - Sources of Revenues for Fiscal Year 2023  
Governmental Activities**

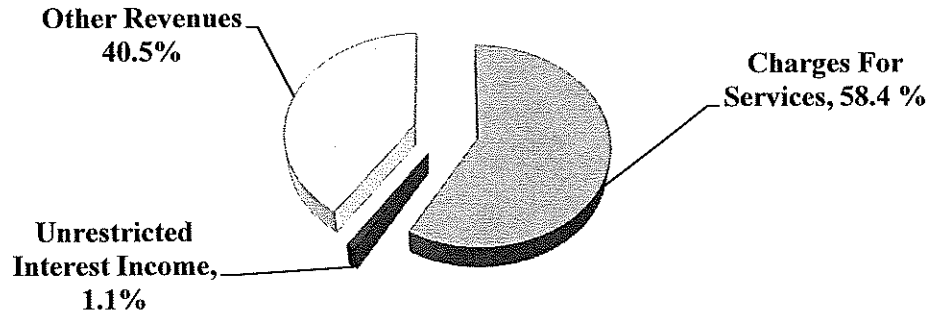


Governmental activities. Figure C and D show further analysis of these revenue sources and expenditures functions for Business-Type Activities.

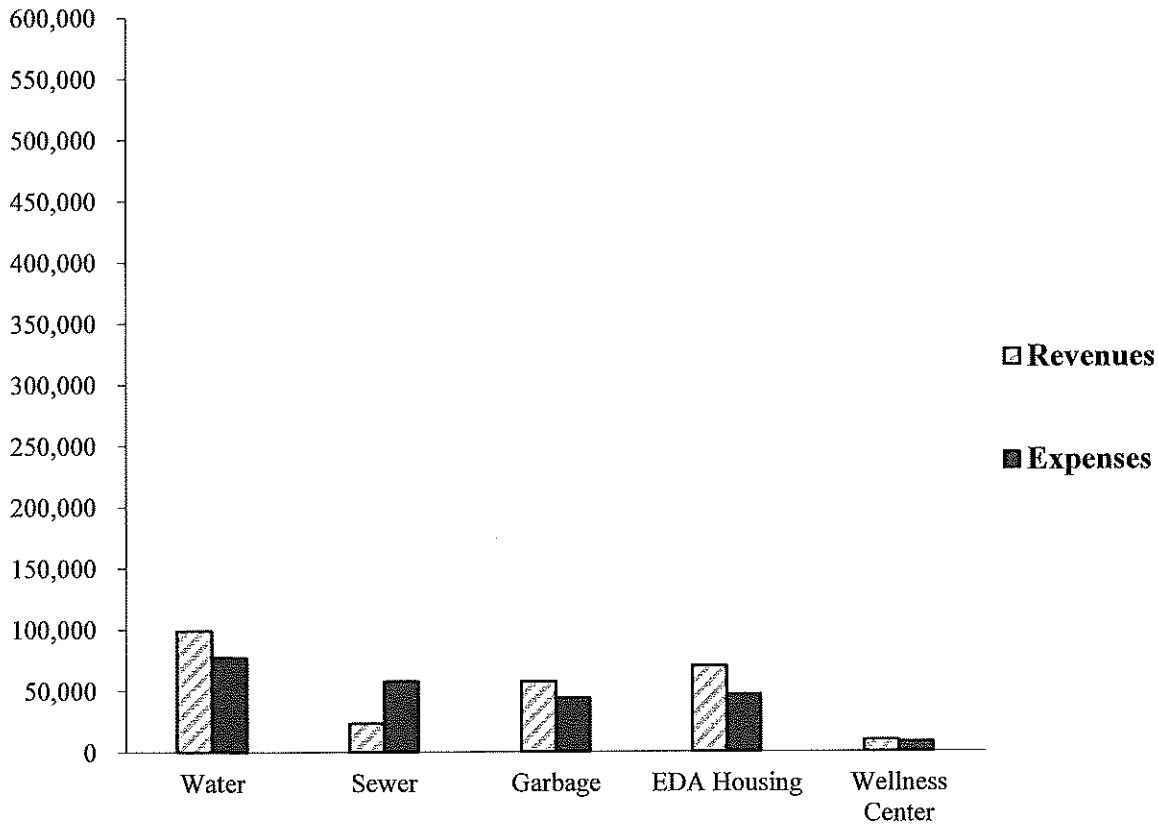
**Figure B - Expenses for Fiscal Year 2023  
Governmental Activities**



**Figure C - Sources of Revenues for Fiscal Year 2023  
 Business-Type Activities**



**Figure D - Expenses and Program Revenues for Fiscal Year 2023  
 Business-Type Activities**



**Financial Analysis of the City's Funds (Fund Financial Statements) Fund Balance/Net Position**

The financial performance of the city as a whole is reflected in its governmental funds as well. As the city completed the year, the governmental funds reported a combined fund balance of \$855,840. The prior year fund balance was \$943,384, a decrease of \$87,544. The General Fund decrease of \$195,575 was due to the SCDG program and the fire department starting their own fund, and transfers to the Debt Service Fund and Public Works Equipment Fund to close them out. The Fire Fund decrease of \$33,188 was due to large repairs and maintenance and fire relief fund contributions. The Ambulance Fund decrease of \$4,401 was due to decreased ambulance call revenue. The Public Works Equipment Fund was closed in 2023. The Quarry Festival Fund decreased by \$19,927 as the money was paid out to the Quartziter Club. The Debt Service Fund was closed in 2023.

The proprietary funds completed the year with combined net position of \$664,337. The prior year net position was \$471,931. The Water Fund increase of \$20,559 was due to similar revenue and expenditures. The Sewer Fund decrease of \$32,519 was due to operating expenses exceeding operating revenue. The Garbage Fund increase of \$13,711 was due to decreased operating expenditures. The EDA Housing Fund increase of \$189,234 is due to the sale of the EDA twin homes. The Wellness Center Fund increase of \$1,421 is due to similar revenue and expenditures.

**Revenues and Expenditures/Expenses**

Revenues of the city's governmental funds totaled \$1,002,630 while total expenditures were \$1,090,174. A summary of the revenues and expenditures reported on the governmental financial statements is as follows:

	<u>Revenue</u>	<u>Expenditures</u>	<u>Other Financing Sources (Uses)</u>	<u>Fund Balance Increase (Decrease)</u>
General Fund	879,347	909,375	(165,547)	(195,575)
Fire Department Fund	81,715	114,903		(33,188)
Ambulance Fund	41,568	45,969		(4,401)
Debt Service Fund			125,874	125,874
Other Governmental Funds		19,927	39,673	19,746
Total	<u>1,002,630</u>	<u>1,090,174</u>	<u>-0-</u>	<u>(87,544)</u>

Revenues of the city's proprietary funds totaled \$259,036, while total expenses were \$233,215. A summary of the revenues and expenses reported on the proprietary funds statements are as follows:

	<u>Revenue</u>	<u>Expenditures</u>	<u>Non-Operating Revenues (Expenses)</u>	<u>Change in Net Assets</u>
Water Fund	98,855	77,064	( 1,232)	20,559
Sewer Fund	23,210	57,641	1,912	(32,519)
Garbage Fund	57,575	43,864		13,711
EDA Housing Fund	70,079	46,750	165,905	189,234
Wellness Center Fund	9,317	7,896		1,421
Total	<u>259,036</u>	<u>233,215</u>	<u>166,585</u>	<u>192,406</u>

**General Fund Budgetary Highlights**

The City is not required to adopt an operating budget prior to the beginning of its fiscal year. Once the General Fund budget has been adopted, the City might amend it for known changes in circumstances such as legislative funding. During fiscal year 2023, the City did not revise its original budget. The city’s budget anticipated that revenues would exceed expenditures for year 2023. The actual results for the year showed an excess of expenditures over revenues of \$195,575.

- Actual revenues were over budget by \$246,540. State aids, county aids, federal aid, fines and forfeits, interest income, and miscellaneous revenues were over budget, while taxes, license and permits, charges for services, and donations were under budget.
- Actual expenditures were over budget by \$369,476 due primarily to higher expenditures and the SCDG expenditures not budgeted.

**Capital Assets**

Table 3 shows the City’s capital assets, together with changes from the previous year. The table also shows the total depreciation expense for fiscal year ending December 31, 2023 and 2022.

<b>Table 3 Capital Assets</b>			
<b>Governmental Activities</b>	<b>2023</b>	<b>2022</b>	<b>Increase (Decrease)</b>
Land	52,290	52,290	
Land Improvements	73,694	73,694	
Buildings	1,499,409	1,499,409	
Furniture and Equipment	1,525,543	1,460,657	64,886
Infrastructure	4,046,650	4,046,650	
Less accumulated depreciation	<u>(3,942,331)</u>	<u>(3,738,375)</u>	<u>(203,956)</u>
Total	<u>3,255,255</u>	<u>3,394,325</u>	<u>(139,070)</u>
Depreciation Expense	<u>203,956</u>	<u>208,074</u>	<u>(4,118)</u>
<b>Business-Type Activities</b>			
Land		9,500	(9,500)
Land Improvements	1,950,615	1,954,822	(4,207)
Buildings	323,548	925,281	(601,733)
Furniture and Equipment	120,951	147,717	(26,766)
Less accumulated depreciation	<u>(2,067,444)</u>	<u>(2,426,394)</u>	<u>358,950</u>
Total	<u>327,670</u>	<u>610,926</u>	<u>(283,256)</u>
Depreciation Expense	<u>54,851</u>	<u>60,363</u>	<u>(5,512)</u>

The Water fund purchased a Juniper handheld device, the twin homes and 4-plex had new water softeners and washer/dryer and microwaves in the Proprietary Funds. In the Governmental funds the ambulance purchased

dispatch equipment, the fire department part of the dispatch system and mobile radios, general fund two computers and monitors, and public works a street sweeper, disc mower, and silverado pickup.

**Long-Term Liabilities**

At the end of the current fiscal year, the City had total bonded debt outstanding of \$28,000. The City’s bonded debt consists of bonds secured by specified revenue sources (i.e. revenue bonds).

<b>Table 4 Outstanding Debt As of December 31, 2023</b>			
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
General Obligation Revenue Bonds	<u>          </u>	<u>28,000</u>	<u>28,000</u>
Total Bonded Debt		28,000	28,000
Notes Payable	82,308		82,308
Pension Liability	<u>88,183</u>	<u>18,062</u>	<u>106,245</u>
Total Debt	<u>170,491</u>	<u>46,062</u>	<u>216,553</u>

**Factors Bearing on the City’s Future**

The City is dependent on the State of Minnesota for a significant portion of its funding. The continuation of this funding is dependent on the actions taken by Minnesota legislature in the future.

**Contacting the City’s Management**

This financial report is designed to provide a general overview of the City’s finances and to demonstrate the City’s accountability for the money it receives. If you have questions about this report or need additional financial information contact the City of Jasper at 105 Wall Street E., PO Box 277, Jasper, Minnesota 56144.

**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2023**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	
			<b>2023</b>	<b>2022</b>
<b><u>Assets</u></b>				
Cash	800,106	423,195	1,223,301	1,122,583
Receivables				
Accounts	82,928	19,110	102,038	49,698
Delinquent Taxes	18,981		18,981	20,088
SCDG	167,238		167,238	
Internal Balances	17,488	(17,488)		
Prepaid Items	30,409	2,923	33,332	67,942
Capital Assets (net of accumulated depreciation)	3,255,255	327,670	3,582,925	4,005,251
Total Assets	<u>4,372,405</u>	<u>755,410</u>	<u>5,127,815</u>	<u>5,265,562</u>
<b><u>Deferred Outflows of Resources</u></b>				
Related to Pensions	27,924	5,719	33,643	59,880
Total Assets and Deferred Outflows of Resources	<u>4,400,329</u>	<u>761,129</u>	<u>5,161,458</u>	<u>5,325,442</u>
<b><u>Liabilities</u></b>				
Accounts Payable and Other Current Liabilities	79,743	37,677	117,420	60,459
Deposits Payable				2,960
Unearned Revenue		6,933	6,933	2,803
Noncurrent Liabilities				
Net Pension Liability	88,183	18,062	106,245	158,401
Due within one year	8,685	28,000	36,685	58,903
Due in more than one year	73,623		73,623	388,964
Total Liabilities	<u>250,234</u>	<u>90,672</u>	<u>340,906</u>	<u>672,490</u>
<b><u>Deferred Inflows of Resources</u></b>				
Related to Pensions	29,877	6,120	35,997	2,023
<b><u>Net Position</u></b>				
Invested in Capital Assets, Net of Related Debt	3,172,947	299,670	3,472,617	3,557,384
Restricted for:				
Quarry Festival				19,927
Ambulance	193,103		193,103	197,504
Unrestricted	754,168	364,667	1,118,835	876,114
Total Net Position	<u>4,120,218</u>	<u>664,337</u>	<u>4,784,555</u>	<u>4,650,929</u>
Total Liabilities and Net Position	<u>4,400,329</u>	<u>761,129</u>	<u>5,161,458</u>	<u>5,325,442</u>

See accompanying notes to the financial statements.



**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

Functions	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total	
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	2023	2022
<b>Governmental Activities:</b>								
General Government	411,979	59,647	173,026		(179,306)	(179,306)	(303,221)	
Public Safety	38,157	8,050	12,968		(17,139)	(17,139)	(60,138)	
Fire	127,834	33,259	8,370		(86,205)	(86,205)		
Ambulance	91,526	25,964	10,605		(54,957)	(54,957)	(14,265)	
Street	193,666				(193,666)	(193,666)	(155,504)	
Recreation	12,734				(12,734)	(12,734)	(18,409)	
Miscellaneous	351,750				(351,750)	(351,750)	(82,569)	
Interest on Long-Term Debt							(4,801)	
<b>Total Governmental Activities</b>	<b>1,227,646</b>	<b>126,920</b>	<b>204,969</b>	<b>-0-</b>	<b>(895,757)</b>	<b>(895,757)</b>	<b>(638,907)</b>	
<b>Business-Type Activities:</b>								
Water	79,764	98,855				19,091	26,656	
Sewer	57,641	23,210				(34,431)	(42,021)	
Garbage	43,864	57,575				13,711	4,294	
EDA Housing	61,874	70,079				8,205	(53,081)	
Wellness Center	7,896	9,317				1,421	6,007	
<b>Total Business-Type Activities</b>	<b>251,039</b>	<b>259,036</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>7,997</b>	<b>(58,145)</b>	
<b>Total Government</b>	<b>1,478,685</b>	<b>385,956</b>	<b>204,969</b>	<b>-0-</b>	<b>(895,757)</b>	<b>7,997</b>	<b>(697,052)</b>	
<b>General Revenues</b>								
Property Taxes					382,026	382,026	202,293	
State Aid Not Restricted to Specific Purposes					318,117	318,117	251,039	
Unrestricted Investment Earnings					12,744	4,969	5,019	
Sale of Equipment							9,895	
Gain/(Loss) on the Sale of Real Estate						156,059	156,059	
Insurance Proceeds					12,818	12,818		
Transfer In					165,547		16,670	
Transfer Out					(165,547)		(16,670)	
Other Revenues					111,272	23,381	108,559	
<b>Total General Revenues and Transfers</b>					<b>836,977</b>	<b>184,409</b>	<b>576,805</b>	
Change in Net Position					(58,780)	192,406	(120,247)	
Net Position - Beginning					4,178,998	471,931	4,771,176	
Net Position - Ending					<b>4,120,218</b>	<b>664,337</b>	<b>4,784,555</b>	

See accompanying notes to the financial statements.

**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2023**

<u>Assets</u>	General	Fire	Ambulance	<u>Total Governmental Funds</u>	
	Fund	Department Fund	Fund	2023	2022
Cash	608,269		191,837	800,106	870,060
Delinquent Taxes Receivable	18,981			18,981	20,088
Due From Other Funds	53,194			53,194	189,212
Notes Receivable - SCDG	167,238			167,238	
Accounts Receivable	36,696	45,133	1,099	82,928	34,159
Prepaid Items	26,808	2,472	1,129	30,409	62,433
Total Assets	<u>911,186</u>	<u>47,605</u>	<u>194,065</u>	<u>1,152,856</u>	<u>1,175,952</u>
<b><u>Liabilities, Deferred Inflows of Resources, and Fund Equity</u></b>					
<b><u>Liabilities</u></b>					
Accounts Payable	27,906	45,087	962	73,955	44,694
Payroll Taxes Payable	5,788			5,788	7,749
Due To Other Funds		35,706		35,706	164,794
Total Liabilities	<u>33,694</u>	<u>80,793</u>	<u>962</u>	<u>115,449</u>	<u>217,237</u>
<b><u>Deferred Inflows of Resources</u></b>					
Unearned Revenue	181,567			181,567	15,331
<b><u>Fund Balances</u></b>					
Non-Spendable	26,808			26,808	62,433
Assigned	68,680		193,103	261,783	286,111
Unassigned	600,437	(33,188)		567,249	594,840
Total Fund Equity	<u>695,925</u>	<u>(33,188)</u>	<u>193,103</u>	<u>855,840</u>	<u>943,384</u>
Total Liabilities, Deferred Inflows of Resources and Fund Equity	<u>911,186</u>	<u>47,605</u>	<u>194,065</u>	<u>1,152,856</u>	<u>1,175,952</u>

See accompanying notes to the financial statements.

**RECONCILIATION OF THE BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2023**

	<b>2023</b>		<b>2022</b>	
Total Governmental Fund Balances	855,840		943,384	
Amounts Reported in Governmental Activities in the Statement of Net Position are Different Because:				
Capital assets used in the governmental activities are not financial resources and therefore are not reported in the funds				
Cost of Capital Assets	7,197,586		7,132,700	
Less: Accumulated Depreciation	(3,942,331)	3,255,255	(3,738,375)	3,394,325
Other long-term assets are not available to pay for current-period expenditures and therefore, are deferred in the funds				
		181,567		15,331
Deferred outflows and inflows of resources related to pensions are applicable to future periods, and , therefore, are not reported in the funds.				
Deferred Outflows of Resources Related to Pensions	27,924		49,700	
Deferred Inflows of Resources Related to Pensions	(29,877)	(1,953)	(1,679)	48,021
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. Long-term liabilities at year end-consist of :				
Net Pension Liability	(88,183)		(131,473)	
Bonds / Notes Payable	(82,308)	(170,491)	(90,590)	(222,063)
Total net position - governmental activities	4,120,218		4,178,998	

See accompanying notes to the financial statements.

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	General Fund	Fire Department Fund	Ambulance Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds	
						2023	2022
<b>Revenues</b>							
Taxes and Special Assessments	215,790					215,790	202,921
Licenses and Permits	2,010					2,010	1,545
State Aid	294,945	23,172				318,117	251,039
County Aid	12,968					12,968	9,681
Federal Aid	172,696					172,696	32,949
Fines and Forfeits	699					699	523
Charges for Services	64,988	33,259	25,964			124,211	152,202
Interest Income	9,202		3,542			12,744	3,728
Grants		7,720	4,800			12,520	
Donations	330	650	5,805			6,785	8,671
Insurance Proceeds		12,818				12,818	
Refunds and Reimbursements		1,796	1,457			3,253	14,200
Miscellaneous Revenues	105,719	2,300				108,019	35,462
<b>Total Revenues</b>	<b>879,347</b>	<b>81,715</b>	<b>41,568</b>	<b>-0-</b>	<b>-0-</b>	<b>1,002,630</b>	<b>712,921</b>
<b>Expenditures</b>							
General Government	403,828					403,828	383,585
Public Safety	38,157					38,157	89,580
Fire		114,903				114,903	
Ambulance			45,969			45,969	39,972
Streets	130,462					130,462	58,445
Recreation	5,105					5,105	12,809
Miscellaneous	331,823				19,927	351,750	82,569
Debt Service:							
Principal							7,897
Interest							4,801
<b>Total Expenditures</b>	<b>909,375</b>	<b>114,903</b>	<b>45,969</b>	<b>-0-</b>	<b>19,927</b>	<b>1,090,174</b>	<b>679,658</b>
Excess of Revenues Over (Under) Expenditures	(30,028)	(33,188)	(4,401)	-0-	(19,927)	(87,544)	33,263
<b>Other Financing Sources (Uses)</b>							
Sale of Equipment							9,895
Transfer In				125,874	39,673	165,547	539
Transfer Out	(165,547)					(165,547)	
<b>Total Other Financing Sources (Uses)</b>	<b>(165,547)</b>	<b>-0-</b>	<b>-0-</b>	<b>125,874</b>	<b>39,673</b>	<b>-0-</b>	<b>10,434</b>
<b>Net Change in Fund Balances</b>	<b>(195,575)</b>	<b>(33,188)</b>	<b>(4,401)</b>	<b>125,874</b>	<b>19,746</b>	<b>(87,544)</b>	<b>43,697</b>
Fund Balance-Beginning	891,500	-0-	197,504	(125,874)	(19,746)	943,384	899,687
<b>Fund Balance-Ending</b>	<b>695,925</b>	<b>(33,188)</b>	<b>193,103</b>	<b>-0-</b>	<b>-0-</b>	<b>855,840</b>	<b>943,384</b>

See accompanying notes to the financial statements.

**RECONCILIATION OF THE STATEMENT OF REVENUES,  
 EXPENDITURES AND CHANGES IN FUND BALANCE  
 TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED DECEMBER 31, 2023**

	<b>2023</b>	<b>2022</b>
Net Change in Governmental Fund Balances	(87,544)	43,697

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

Governmental funds report capital outlays as expenditures, however, in the statement of activities, assets with an initial, individual cost of more than \$500.00 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period

Capital Outlay	64,886	46,075
Disposal of Assets		(100)
Depreciation Expense	(203,956)	(208,074)
	(139,070)	(162,099)

Governmental funds report long-term debt proceeds as financing sources, while repayment of long-term debt principal is reported 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. 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. The net effect of these differences is as follows:

Payment of Bond Principal	8,282	7,897
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Certain revenues are recognized as soon as they are earned. Under the modified accrual basis of accounting, certain revenues cannot be recognized until they are available to liquidate liabilities of the current period.

Change in Unearned Revenue	166,236	(628)
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds

Change in Pension Benefits	(6,684)	(10,618)
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Change in Net Position of Governmental Activities	(58,780)	(121,751)
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See accompanying notes to the financial statements.

**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**-BUDGET AND ACTUAL-**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

<b>Revenues</b>	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance With Final Budget</b>
	<b>Original</b>	<b>Final</b>		
Taxes	266,537	266,537	215,790	(50,747)
Licenses and Permits	2,215	2,215	2,010	(205)
State Aid	232,373	232,373	294,945	62,572
County Aid	10,000	10,000	12,968	2,968
Federal Aid			172,696	172,696
Fines and Forfeits	500	500	699	199
Charges for Services	71,250	71,250	64,988	(6,262)
Interest Income	2,000	2,000	9,202	7,202
Donations	3,000	3,000	330	(2,670)
Miscellaneous Revenues	44,932	44,932	105,719	60,787
<b>Total Revenues</b>	<b>632,807</b>	<b>632,807</b>	<b>879,347</b>	<b>246,540</b>
<b>Expenditures</b>				
General Government	252,165	252,165	403,828	(151,663)
Public Safety	40,019	40,019	38,157	1,862
Streets	158,495	158,495	130,462	28,033
Recreation	17,250	17,250	5,105	12,145
Miscellaneous	71,970	71,970	331,823	(259,853)
<b>Total Expenditures</b>	<b>539,899</b>	<b>539,899</b>	<b>909,375</b>	<b>(369,476)</b>
<b>Excess of Revenues Over(Under) Expenditures</b>	<b>92,908</b>	<b>92,908</b>	<b>(30,028)</b>	<b>(122,936)</b>
<b>Other Financing Sources (Uses)</b>				
Principal Paid	(35,000)	(35,000)		35,000
Interest Paid	(15,152)	(15,152)		15,152
Transfer In	37,200	37,200		(37,200)
Transfer Out	(1,000)	(1,000)	(165,547)	(164,547)
<b>Total Other Financing Sources (Uses)</b>	<b>(13,952)</b>	<b>(13,952)</b>	<b>(165,547)</b>	<b>(151,595)</b>
<b>Net Change in Fund Balance</b>	<b>78,956</b>	<b>78,956</b>	<b>(195,575)</b>	<b>(274,531)</b>
Fund Balance-Beginning			891,500	
Fund Balance-Ending			<b>695,925</b>	

See accompanying notes to the financial statements.

**FIRE DEPARTMENT FUND**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**- BUDGET AND ACTUAL -**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

<u>Revenues</u>	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Charges for Services			9,152	9,152
County/Township Support			24,107	24,107
State Aid			23,172	23,172
Donations			650	650
Grants			7,720	7,720
Insurance Proceeds			12,818	12,818
Refunds and Reimbursements			1,796	1,796
Miscellaneous	7,500	7,500	2,300	(5,200)
<b>Total Revenues</b>	<b>7,500</b>	<b>7,500</b>	<b>81,715</b>	<b>74,215</b>
<u>Expenditures</u>				
Benefits	1,020	1,020	662	358
Capital Outlay			3,575	(3,575)
Dues and Subscriptions			1,536	(1,536)
Insurance	8,600	8,600	8,041	559
Loan Interest			4,416	(4,416)
Loan Principal	12,698	12,698	8,282	4,416
Miscellaneous	1,300	1,300	315	985
Office Supplies			18	(18)
Relief Contribution	14,000	14,000	41,138	(27,138)
Repairs and Maintenance	22,763	22,763	30,639	(7,876)
Salaries	14,000	14,000	7,891	6,109
Supplies			1,063	(1,063)
Travel			126	(126)
Utilities	7,000	7,000	7,201	(201)
<b>Total Expenditures</b>	<b>81,381</b>	<b>81,381</b>	<b>114,903</b>	<b>(33,522)</b>
Net Change in Fund Balance	(73,881)	(73,881)	(33,188)	40,693
Fund Balance - Beginning			-0-	
Fund Balance - Ending			(33,188)	

See accompanying notes to the financial statements.

**AMBULANCE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**- BUDGET AND ACTUAL -**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance With</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b><u>Revenues</u></b>				
Ambulance Calls	25,000	25,000	20,714	(4,286)
County/Township Support	6,500	6,500	5,250	(1,250)
Donations	3,250	3,250	5,805	2,555
Grants			4,800	4,800
Interest Income	900	900	3,542	2,642
Refunds and Reimbursements	3,600	3,600	1,457	(2,143)
State of Minnesota	4,500	4,500		(4,500)
Total Revenues	43,750	43,750	41,568	(2,182)
<b><u>Expenditures</u></b>				
Capital Outlay	10,000	10,000		10,000
Dues and Subscriptions			6,963	(6,963)
Electric			3,912	(3,912)
Insurance	4,825	4,825	4,256	569
Miscellaneous	1,700	1,700	6,496	(4,796)
Payroll Benefits	1,000	1,000	1,612	(612)
Personnel Recruitment	2,600	2,600		2,600
Postage	200	200	88	112
Repairs and Maintenance	2,000	2,000		2,000
Salaries	22,500	22,500	21,223	1,277
Supplies	2,000	2,000	774	1,226
Telephone	750	750	2	748
Vehicle	2,000	2,000	643	1,357
Total Expenditures	49,575	49,575	45,969	3,606
Net Change in Fund Balance	(5,825)	(5,825)	(4,401)	1,424
Fund Balance - Beginning			197,504	
Fund Balance - Ending			193,103	

See accompanying notes to the financial statements.



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**ALL PROPRIETARY FUND TYPES**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2023**

	<b><u>Water Fund</u></b>	<b><u>Sewer Fund</u></b>	<b><u>Garbage Fund</u></b>	<b><u>EDA Housing Fund</u></b>
<b><u>Assets</u></b>				
<b><u>Current Assets</u></b>				
Cash	116,088	14,069	28,440	264,598
Receivables				
Accounts	9,237	2,361	7,512	
Due from Other Funds				794
Prepaid Items	1,079	1,844		
Total Current Assets	<u>126,404</u>	<u>18,274</u>	<u>35,952</u>	<u>265,392</u>
<b><u>Noncurrent Assets</u></b>				
<b><u>Capital Assets</u></b>				
Property and Equipment	1,247,920	1,068,661		
Less: Accumulated Depreciation	<u>(1,245,093)</u>	<u>(790,853)</u>		
Total Noncurrent Assets	<u>2,827</u>	<u>277,808</u>	<u>-0-</u>	<u>-0-</u>
Total Assets	<u>129,231</u>	<u>296,082</u>	<u>35,952</u>	<u>265,392</u>
<b><u>Deferred Outflows of Resources</u></b>				
Related to Pensions	<u>2,355</u>	<u>3,364</u>		
Total Assets and Deferred Outflows of Resources	<u><u>131,586</u></u>	<u><u>299,446</u></u>	<u><u>35,952</u></u>	<u><u>265,392</u></u>
<b><u>Liabilities</u></b>				
<b><u>Current Liabilities</u></b>				
Accounts Payable	33,174	1,103	1,204	
Deposits Payable				
Due To Other Funds				
Unearned Revenue	3,351	857	2,725	
Current Portion of Debt	<u>28,000</u>			
Total Current Liabilities	<u>64,525</u>	<u>1,960</u>	<u>3,929</u>	<u>-0-</u>
<b><u>Noncurrent Liabilities</u></b>				
Bonds Payable				
Net Pension Liability	<u>7,437</u>	<u>10,625</u>		
Total Noncurrent Liabilities	<u>7,437</u>	<u>10,625</u>	<u>-0-</u>	<u>-0-</u>
Total Liabilities	<u>71,962</u>	<u>12,585</u>	<u>3,929</u>	<u>-0-</u>
<b><u>Deferred Inflows of Resources</u></b>				
Related to Pensions	2,520	3,600		
<b><u>Net Position</u></b>				
Net Investment in Capital Assets	(25,173)	277,808		
Reserved for Debt Service		336,330		
Unreserved, Designated	64,556	84,059	7	
Unreserved, Undesignated	<u>17,721</u>	<u>(414,936)</u>	<u>32,016</u>	<u>265,392</u>
Total Net Position	<u>57,104</u>	<u>283,261</u>	<u>32,023</u>	<u>265,392</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u><u>131,586</u></u>	<u><u>299,446</u></u>	<u><u>35,952</u></u>	<u><u>265,392</u></u>

See accompanying notes to the financial statements.

Exhibit J

Wellness Center Fund	Total	
	2023	2022
	423,195	252,523
	19,110	15,539
	794	794
	2,923	5,509
-0-	446,022	274,365
78,533	2,395,114	3,037,320
(31,498)	(2,067,444)	(2,426,394)
47,035	327,670	610,926
47,035	773,692	885,291
	5,719	10,180
47,035	779,411	895,471
2,196	37,677	8,016
		2,960
18,282	18,282	25,212
	6,933	2,803
	28,000	50,621
20,478	90,892	89,612
		306,656
	18,062	26,928
-0-	18,062	333,584
20,478	108,954	423,196
	6,120	344
47,035	299,670	253,649
	336,330	339,792
	148,622	148,622
(20,478)	(120,285)	(270,132)
26,557	664,337	471,931
47,035	779,411	895,471

**ALL PROPRIETARY FUND TYPES**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	<b><u>Water Fund</u></b>	<b><u>Sewer Fund</u></b>	<b><u>Garbage Fund</u></b>
<b><u>Operating Revenues</u></b>			
Sales and Customer Use Fees	98,855	23,210	57,575
Total Revenues/Gross Margin	98,855	23,210	57,575
<b><u>Operating Expenses</u></b>			
Administration	34,095		
Cost of Sales and Services	42,649	26,800	43,864
Depreciation	320	30,841	
Total Expenses	77,064	57,641	43,864
Operating Income (Loss)	21,791	(34,431)	13,711
<b><u>Non-Operating Revenues (Expenses)</u></b>			
Interest Income	1,468	1,912	
Interest Expense	(2,700)		
Insurance Proceeds			
Gain/(Loss) on the Sale of Real Estate			
Transfer In			
Transfer Out			
Total Non-Operating Revenues (Expenses)	(1,232)	1,912	-0-
Change in Net Position	20,559	(32,519)	13,711
Total Net Position - January 1	36,545	315,780	18,312
Total Net Position - December 31	57,104	283,261	32,023

See accompanying notes to the financial statements.

Exhibit K

EDA Housing Fund	Wellness Center Fund	Total	
		2023	2022
70,079	9,317	259,036	265,368
70,079	9,317	259,036	265,368
		34,095	25,688
26,293	4,663	144,269	218,314
20,457	3,233	54,851	60,363
46,750	7,896	233,215	304,365
23,329	1,421	25,821	(38,997)
1,589		4,969	1,291
(15,124)		(17,824)	(19,148)
23,381		23,381	58,897
156,059		156,059	
			16,131
			(16,670)
165,905	-0-	166,585	40,501
189,234	1,421	192,406	1,504
76,158	25,136	471,931	470,427
265,392	26,557	664,337	471,931

**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Business-Type Activities</u>		
	<u>Water</u>	<u>Sewer</u>	<u>Garbage</u>
<b><u>Cash Flows From Operating Activities</u></b>			
Receipts from Customers and Users	96,628	21,973	55,760
Payments to Vendors and Suppliers	(41,555)	(15,513)	(42,115)
Payments to Employees	(6,039)	(9,220)	
Net Cash Provided By Operating Activities	49,034	(2,760)	13,645
<b><u>Cash Flows From Noncapital Financing Activities</u></b>			
Transfers In			
Net Cash Used By Noncapital Financing Activities	-0-	-0-	-0-
<b><u>Cash Flows From Capital and Related Financing Activities</u></b>			
Purchase of Capital Assets			
Principal Paid on Long-Term Debt	(26,000)		
Increase/(Decrease) in Due to Other Funds			
Insurance Proceeds			
Sale of Property			
Interest Paid on Long-Term Debt	(2,700)		
Net Cash Provided (Used) By Capital and Related Financing Activities	(28,700)	-0-	-0-
<b><u>Cash Flows From Investing Activities</u></b>			
Interest Income	1,468	1,912	
Net Cash Provided (Used) By Investing Activities	1,468	1,912	-0-
Net Increase (Decrease) in Cash and Cash Equivalents	21,802	(848)	13,645
Cash and Cash Equivalents, January 1	94,286	14,917	14,795
Cash and Cash Equivalents, December 31	116,088	14,069	28,440
<b><u>Reconciliation of Operating Income To Net Cash Provided (Used) By Operating Activities</u></b>			
Operating Income	21,791	(34,431)	13,711
Depreciation	320	30,841	
(Increase) Decrease in Accounts Receivable	(1,670)	(166)	(1,815)
(Increase) Decrease in Other Current Assets	(557)	(1,071)	
(Increase) Decrease in Deferred Outflows of Resources	1,837	2,624	
Increase (Decrease) in Accounts Payable	26,607	801	57
Increase (Decrease) in Deposits Payable			
Increase (Decrease) in Unearned Revenue	1,979	459	1,692
Increase (Decrease) in Net Pension Liability	(3,651)	(5,215)	
Increase (Decrease) in Deferred Inflows of Resources	2,378	3,398	
Net Cash Provided (Used) By Operating Activities	49,034	(2,760)	13,645
Supplemental Disclosure: Interest Paid	2,700	-0-	-0-

See accompanying notes to the financial statements.

**Enterprise Funds**

<b>EDA Housing</b>	<b>Wellness Center</b>	<b>Total</b>	
		<b>2023</b>	<b>2022</b>
70,079	9,397	253,837	265,899
(19,722)	(2,467)	(121,372)	(201,808)
(5,317)		(20,576)	(38,203)
<u>45,040</u>	<u>6,930</u>	<u>111,889</u>	<u>25,888</u>
			16,131
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>16,131</u>
(27,638)		(27,638)	(11,926)
(303,277)		(329,277)	(48,472)
	(6,930)	(6,930)	(26,024)
23,381		23,381	58,897
412,102		412,102	
(15,124)		(17,824)	(19,148)
<u>89,444</u>	<u>(6,930)</u>	<u>53,814</u>	<u>(46,673)</u>
1,589		4,969	1,291
<u>1,589</u>	<u>-0-</u>	<u>4,969</u>	<u>1,291</u>
136,073	-0-	170,672	(3,363)
128,525	-0-	252,523	255,886
<u>264,598</u>	<u>-0-</u>	<u>423,195</u>	<u>252,523</u>
23,329	1,421	25,821	(38,997)
20,457	3,233	54,851	60,363
	80	(3,571)	525
4,214		2,586	6
		4,461	309
	2,196	29,661	1,140
(2,960)		(2,960)	
		4,130	677
		(8,866)	13,860
		5,776	(11,995)
<u>45,040</u>	<u>6,930</u>	<u>111,889</u>	<u>25,888</u>
<u>15,124</u>	<u>-0-</u>	<u>17,824</u>	<u>19,148</u>

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**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**Note 1**     **Summary of Significant Accounting Policies**

**A.**     **Basis of Presentation**

The financial statements of the City of Jasper have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

**B.**     **Financial Reporting Entity**

The City of Jasper, Jasper, Minnesota, was formed and operates pursuant to applicable Minnesota laws and statutes. The City of Jasper operates under an elected Mayor and four member Council form of government. The Council has control over all activities related to the City of Jasper.

As required by generally accepted accounting principles, these financial statements present the City and its component units, entities for which the government is considered to be financially accountable.

Component units are legally separate entities for which the City (primary government) is financially accountable, or for which the exclusion of the component unit would render the financial statements of the primary government misleading. The criteria used to determine if the primary government is financially accountable for a component unit include whether or not the primary government appoints the voting majority of the potential component unit's governing body, is able to impose its will on the potential component unit, is in a relationship of financial benefit or burden with the potential component unit, or is fiscally depended upon by the potential component unit. Based on these criteria, there are no organizations considered to be component units of the City.

**C.**     **Basic Financial Statements Presentation**

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 primary government. *Governmental activities* which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 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*.

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**Note 1**    **Summary of Significant Accounting Policies - continued**

**C.    Basic Financial Statement Presentation - continued**

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

**D.    Basis of Accounting and Measurement Focus**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus and basis of accounting. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are 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. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. 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. Property taxes are considered to be available if collected within 60 days of fiscal year-end. Federal revenue is recorded in the year in which the related expenditure is made. State revenue is recognized in the year to which it applies according to Minnesota Statutes and U.S. generally accepted accounting principles. Other miscellaneous revenue (except investment earnings) is recorded as revenues when received because they are generally not measurable until then. Investment earnings are recorded when earned because they are measurable and available. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

All major revenues are susceptible to accrual. Property tax revenues for all funds, which are payable by property owners on a calendar-year basis, are recognized as revenues in the fiscal years for which they apply according to Minnesota Statutes. Federal revenues are recorded in the year in which the related expenditure is made. If the amounts of Minnesota or federal revenues cannot be reasonably estimated or realization is not assured, they are not recorded as revenue in the current year.

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**Note 1**    **Summary of Significant Accounting Policies - continued**

**D.**    **Basis of Accounting and Measurement Focus - continued**

The City reports unavailable revenue on its balance sheet. Unavailable revenues arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Unavailable revenues also arise when resources are received by the City before it has a legal claim to them, as when grant monies are received prior to the incurring qualified expenditures. In subsequent periods, when both revenue recognition criteria are met or when the City has a legal claim to the resources, the deferred inflow of resources for unavailable revenue is removed and revenue is recognized.

**Description of Funds**

The City reports the following **major governmental funds**:

**General Fund**

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

**Fire Department Fund**

The Fire Department Fund is a special revenue fund used to account for the operations of the fire department. This fund was started in 2023. Previous activity was included in the General Fund

**Ambulance Fund**

The Ambulance Fund is a special revenue fund used to account for the operations of the ambulance service.

**Debt Service Fund**

The Debt Service Fund is used to account for debt payment transactions related to general long-term debt of the City. The Debt Service Fund was closed in 2023.

The government reports the following **major proprietary funds**:

**Water Fund**

The Water Fund is used to account for the operation, maintenance, and capital improvements of the City's water system.

**Sewer Fund**

The Sewer Fund is used to account for the operation, maintenance, and capital improvements of the City's sewer system.

**Garbage Fund**

The Garbage Fund is used to account for the operation, maintenance, and capital improvements of the City's garbage system.

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**Note 1**    **Summary of Significant Accounting Policies - continued**

**D.**    **Basis of Accounting and Measurement Focus - continued**

**EDA Housing Fund**

The EDA Housing Fund is used to account for the operation, maintenance, and capital improvements of the City's housing complex. The twin home housing complex was sold at the end of 2023.

**Wellness Center Fund**

The Wellness Center Fund is used to account for the operation, maintenance, and capital improvements of the City's wellness center.

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 government's water and sewer function and various other functions of the government. 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 non-operating 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 on 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 government's policy to use restricted resources first, then unrestricted resources as they are needed.

**E.**    **Budgets and Budgetary Accounting**

The budgeted amounts included in the statement of revenues and expenditures were accounted for and presented on the same basis and using the same accounting practices as are used to account and prepare financial reports for the funds. Budgets presented in this report for comparison to actual amounts are presented in accordance with generally accepted accounting principles. The budgets are prepared by city personnel and approved by the council. Encumbrances are not considered in the budget process nor in the regular city accounting.

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**Note 1    Summary of Significant Accounting Policies – continued**

**E.    Budgets and Budgetary Accounting – continued**

Once a budget is approved, it can be amended by city personnel with approval by the council. Amendments are made before the fact, are reflected in the official minutes of the Council, and are not made after fiscal year-end as dictated by law. Individual amendments were not material in relation to the original appropriations. All budget appropriations lapse at year-end.

**F.    Cash and Temporary Investments**

Cash and temporary investments include balances from all funds that are combined and invested to the extent available in various securities as authorized by state law. Earnings from pooled investments are allocated to the respective funds on the basis of applicable cash balance participation by each fund.

Short-term, highly liquid debt instruments (including commercial paper, bankers' acceptances, and U.S. Treasury and agency obligations) purchased with a remaining maturity of one year or less are reported at amortized cost. Other investments are reported at fair value.

The City uses the average cash balance method of allocating investment income to the various funds.

**G.    Accounts Receivable**

Accounts Receivable represents amounts receivable from individuals, firms, and corporations for goods and services furnished by the City. No substantial losses are anticipated from present receivable balances, therefore, no allowance for uncollectible accounts is deemed necessary.

**H.    Inventories**

Inventories are valued at cost based upon a first in, first out basis.

**I.    Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepayments. Prepaid items are reported using the consumption method and recorded as expenditure at the time of consumption.

**J.    Property Tax Recognition**

The levy certification is made in December of each year. The tax levy is collectible as of January 2<sup>nd</sup> of the following year and the taxes are due to the county treasurer in May and October of the following year. In Minnesota, counties act as collection agents for all property taxes.

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**Note 1    Summary of Significant Accounting Policies – continued**

**J.    Property Tax Recognition – continued**

The County spreads all levies over taxable property. Such taxes become a lien on January 1 and are recorded as receivables by the City at that date. Revenues are accrued and recognized in the year collectible, net of delinquencies. The County provides tax settlements to Cities and other taxing districts three times a year in January, June and December. Taxes which remain unpaid at December 31 are classified as delinquent taxes receivable.

**K.    Capital Assets**

Capital assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded at their estimated fair market value at the date of donation. The City defines capital assets as those with an initial, individual cost of \$500 or more, which benefit more than one fiscal year. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are recorded in the government-wide financial statements, but are not reported in the fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Useful lives vary from 20 to 40 years for buildings and improvements, 5 to 20 years for equipment and vehicles, and 20 to 100 years for public domain infrastructure. Land is not depreciated.

**L.    Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bond issuance costs are reported as an expense in the period incurred.

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

**M.    Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expenditure/expense) until then. The City has only one item that qualifies for reporting in this category: "Related to Pensions."

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**Note 1**     **Summary of Significant Accounting Policies – continued**

**M.     Deferred Outflows/Inflows of Resources – continued**

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items, which arise only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from two sources: taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

The City has an additional item which qualifies for reporting in this category. The item, “Related to Pensions,” is reported only in the statements of net position and results from actuarial calculations.

**N.     Fund Equity**

Fund balance is divided into five classifications based primarily on the extent to which the city is bound to observe constraints imposed upon the use of the resources in the governmental funds. The following are the five fund balance categories used by the city:

Nonspendable Fund Balance

Fund balance amounts that are not in a spendable form or are legally or contractually required to be maintained intact.

Restricted Fund Balance

Fund balance amounts that can be spent only for specific purposes imposed by laws or regulations, external resource providers, constitutional provisions or enabling legislation.

Committed Fund Balance

Fund balance amounts that can be used only for the specific purpose determined by a formal action of the government’s highest level of decision making authority.

The city’s highest level of decision making authority is the city council. In order to establish, modify or rescind a committed fund balance amount, the city council would need to approve the action at a council meeting.

Assigned Fund Balance

Fund balance amounts that are intended to be used by the government for a specific purpose, but do not meet the criteria to be classified as restricted or committed.

The Council has the authority to assign fund balance amounts. Assigned amounts or changes to assigned amounts are presented to the Council for review.

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**Note 1**    **Summary of Significant Accounting Policies – continued**

**N.**    **Fund Equity – continued**

**Unassigned Fund Balance**

Fund balance amounts that are available for any purpose. These amounts represent the remaining fund balance in the General Fund that has not been classified as nonspendable, restricted, committed or assigned. Also for funds other than the general fund, unassigned fund balance is used to report a deficit fund balance.

The city will strive to maintain a minimum unassigned general fund balance of 40% of total operating revenues or no less than 5 months of operating expenditures.

If resources from more than one fund balance classification could be spent, the city established the following order for resource use: nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance and unassigned fund balance. Journal entries at the end of the fiscal year may be used to accomplish this.

**O.**    **Net Position**

Net position represents the difference between assets and liabilities in the government-wide and Fiduciary Fund financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted in the government-wide financial statement when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

**P.**    **Pensions**

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA except that PERA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Q.**    **Certain Comparative Data and Reclassifications**

Certain comparative total data for the prior year have been presented in the government-wide and fund financial statements in order to provide an understanding of the changes in the financial position and operations. Such comparative total data does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended December 31, 2022, from which the summarized information was derived.

Also, certain amounts presented in the prior-year data have been reclassified in order to be consistent with the current year's presentation. These reclassifications had no effect on previously reported net assets, fund balance, or changes there to.



**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**Note 1**     **Summary of Significant Accounting Policies – continued**

**R.**     **Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

**S.**     **Subsequent Events**

Subsequent events have been evaluated through August 21, 2024, which is the date the financial statements were available to be issued.

**Note 2**     **Cash and Investments**

**A.**     **Deposits**

Minnesota Stat. 118A.02 and 118A.04 authorize the City to designate a depository for public funds and to invest in certificates of deposit. Minnesota Stat. 118A.03 requires that all City deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged shall be at least ten percent more than the amount on deposit plus accrued interest at the close of the financial institution's banking day, not covered by insurance or bonds.

Authorized collateral includes treasury bills, notes and bonds; issues of U.S. government agencies; general obligations rated "A" or better; revenue obligations rated "AA" or better; irrevocable standby letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota statutes require that securities pledged as collateral be held in safekeeping in restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral.

**Custodial Credit Risk**

Custodial credit risk is the risk that in the event of a financial institution failure, the Cities' deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of December 31, 2023, the City's bank balance of \$1,253,280 was not exposed to custodial credit risk because it was insured and properly collateralized with securities held by the pledging financial institution's trust department or agent in the city's name.

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**Note 2**    **Cash and Investments** – continued

**B.**    **Investments**

Minnesota Stat. 118A.04 and 118A.05 generally authorize the following types of investments as available to the City.

- (1) securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, except mortgage-backed securities defined as “high risk” by Minnesota Stat. 118A.04, subd.6;
- (2) fund receives certain ratings depending on its investments;
- (3) general obligations of the State of Minnesota and its municipalities, and in certain state agencies and local obligations of Minnesota and other states provided such obligations have certain specified bond ratings by a national bond rating service;
- (4) bankers’ acceptances of United States banks;
- (5) commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by two nationally recognized rating agencies and matures in 270 days or less; and
- (6) with certain restrictions, in repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts.

During the years ended December 31, 2023 and 2022, the City had no investments.

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**Note 3    Capital Assets**

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

	<u>Balance</u> <u>01/01/2023</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/2023</u>
<b>Governmental Activities</b>				
Capital assets not depreciated:				
Land	52,290			52,290
Capital assets depreciated:				
Land Improvements	73,694			73,694
Buildings	1,499,409			1,499,409
Furniture and Equipment	1,460,657	64,886		1,525,543
Infrastructure	<u>4,046,650</u>			<u>4,046,650</u>
Total capital assets depreciated	7,080,410	64,886		7,145,296
Less accumulated depreciation for:				
Land & Land Improvements	( 67,468)	( 906)		( 68,374)
Buildings	(1,070,664)	( 19,707)		(1,090,371)
Furniture and Equipment	(1,044,332)	(103,112)		(1,147,444)
Infrastructure	<u>(1,555,911)</u>	<u>( 80,231)</u>		<u>(1,636,142)</u>
Total accumulated depreciation	<u>(3,738,375)</u>	<u>(203,956)</u>		<u>(3,942,331)</u>
Total capital assets depreciated – net	<u>3,342,035</u>	<u>(139,070)</u>		<u>3,202,965</u>
Net Capital Assets	<u>3,394,325</u>	<u>(139,070)</u>		<u>3,255,255</u>
<b>Business-Type Activities</b>				
Capital assets not depreciated:				
Land	9,500		(9,500)	
Capital assets depreciated:				
Land Improvements	1,954,822		( 4,207)	1,950,615
Buildings	925,281		(601,733)	323,548
Furniture and Equipment	<u>147,717</u>		<u>( 26,766)</u>	<u>120,951</u>
Total capital assets depreciated	3,027,820		(632,706)	2,395,114
Less accumulated depreciation for:				
Land Improvements	(1,680,483)	( 27,434)	4,208	(1,703,709)
Buildings	( 607,526)	( 23,130)	382,967	( 247,689)
Furniture and Equipment	<u>( 138,385)</u>	<u>( 4,287)</u>	<u>26,626</u>	<u>( 116,046)</u>
Total accumulated depreciation	<u>(2,426,394)</u>	<u>( 54,851)</u>	<u>413,801</u>	<u>(2,067,444)</u>
Total capital assets depreciated – net	<u>601,426</u>	<u>( 54,851)</u>	<u>(218,905)</u>	<u>327,670</u>
Net Capital Assets	<u>610,926</u>	<u>( 54,851)</u>	<u>(228,405)</u>	<u>327,670</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**Note 3    Capital Assets - continued**

Depreciation expense of \$258,807 for the year ended December 31, 2023, was charged to the following functions/programs:

Governmental Activities:

General Government	15,879
Public Works	34,596
Recreation	7,629
Public Safety	18,285
Ambulance	47,336
Street, including general infrastructure assets	<u>80,231</u>
Total	<u>203,956</u>

Business-Type Activities

Water	320
Sewer	30,841
EDA Housing	20,457
Wellness Center	<u>3,233</u>
Total	<u>54,851</u>

**Note 4    Long-Term Debt**

**General Long-Term Debt**

**A.    Note Payable**

This note was issued for the construction of the emergency services building. This contract is a general obligation of the City and will be retired through General Fund operations.

	<u>Authorized and Issued</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Year-End Balance</u>
Loan Payable	\$191,705	4.875%	7/30/01	7/28/31	\$82,308

Annual requirement to maturity for the note are as follows:

Year Ending	<u>Governmental Activities</u>		
December 31	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	8,685	4,013	12,698
2025	9,109	3,589	12,698
2026	9,553	3,145	12,698
2027	10,019	2,679	12,698
2028	10,507	2,191	12,698
2029-2031	<u>34,435</u>	<u>3,658</u>	<u>38,093</u>
Total	<u>82,308</u>	<u>19,275</u>	<u>101,583</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**Note 4    Long-Term Debt – continued**  
**General Long-Term Debt – continued**  
**Proprietary Fund Debt**

**B.    General Obligation Revenue Bonds**

These bonds were issued to finance capital improvements to the Water System. These bonds will be retired from net revenue of the enterprise funds.

	<u>Authorized and Issued</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Year-End Balance</u>
\$434,000 General Obligation Water Revenue Bond of 1996	\$434,000	5.0%	1/11/96	1/1/25	\$28,000

Annual requirement to maturity for general obligation revenue bonds are as follows:

Year Ending December 31	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	<u>28,000</u>	<u>707</u>	<u>28,707</u>
Total	<u>28,000</u>	<u>707</u>	<u>28,707</u>

**C.    Changes in Long-Term Liabilities**

Long-term liability activity for the year ended December 31, 2023, was as follows:

	<u>Beginning Balance</u>	<u>Reductions</u>	<u>Additions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
Notes Payable	<u>90,590</u>	<u>8,282</u>	<u>_____</u>	<u>82,308</u>	<u>8,685</u>
Governmental Activity					
Long-Term Liabilities	<u>90,590</u>	<u>8,282</u>	<u>-0-</u>	<u>82,308</u>	<u>8,685</u>
<b>Business-Type Activities:</b>					
Bonds Payable:					
General Obligation					
Revenue Bonds	54,000	26,000	_____	28,000	28,000
Revenue Bonds	<u>303,277</u>	<u>303,277</u>	<u>_____</u>	<u>_____</u>	<u>-0-</u>
Business-Type Activity					
Long-Term Liabilities	<u>357,277</u>	<u>329,277</u>	<u>-0-</u>	<u>28,000</u>	<u>28,000</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**Note 5 Fund Balance/Retained Earnings - Designated**

**A. Fund Balance**

**Non-Spendable Fund Balance**

The city has the following non-spendable fund balances as of December 31, 2023:

**General Fund**

Prepaid Items	26,808
Total All Funds	<u>26,808</u>

**Restricted Fund Balance**

The city had no restricted funds as of December 31, 2023.

**Committed Fund Balance**

The city has no committed funds as of December 31, 2023.

**Assigned Fund Balance**

The city has the following assigned fund balances as of December 31, 2023:

**General Fund**

Seal Coat	66,463
Rehab	298
Service Memorial	343
Economic Development	<u>1,576</u>
Total General Fund	68,680

<b><u>Ambulance Fund</u></b>	<u>193,103</u>
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Total Assigned Fund Balance	<u>261,783</u>
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**Unassigned Fund Balance**

The city has the following unassigned fund balance as of December 31, 2023:

<b><u>General Fund</u></b>	600,437
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<b><u>Fire Department Fund</u></b>	( 33,188)
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Total Unassigned	<u>567,249</u>
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**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**Note 5**    **Fund Balance/Retained Earnings – Designated - continued**

**A.**    **Fund Balance - continued**  
**Stabilization Amounts**

The city has no stabilization amounts as of December 31, 2023.

**B.**    **Retained Earnings**  
**Reserved for Debt Service**

Sewer	<u>336,330</u>
Total	<u>336,330</u>

**Note 6**    **Pension Plan**  
**Public Employees Retirement Association (PERA)**

**A.**    **Plan Description**

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

**General Employees Retirement Fund (GERF)**

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.

**B.**    **Benefits Provided**

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

**GERF Benefits**

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**Note 6**    **Pension Plan - continued**  
**Public Employees Retirement Association (PERA) - continued**

**C. Contributions**

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.

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

**GERF Contributions**

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in calendar year 2023. The City was required to contribute 7.50% for the Coordinated Plan members in calendar year 2023. The City's contributions to the GERF for the year ended December 31, 2023, were \$11,866. The City's contributions were equal to the required contributions for each year as set by state statute.

**D. Pension Costs**

**GERF Pension Costs**

At December 31, 2023, the City reported a liability of \$106,245 for its proportionate share of the GERF'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 \$3,000. 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 proportion 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. At June 30, 2023, the City's proportion share was .0019% which was a decrease from the .0020% from the measurement on July 30, 2022.



**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**Note 6    Pension Plan - continued**  
**Public Employees Retirement Association (PERA) - continued**

**D. Pension Costs - continued**

City's proportionate share of the net pension liability	\$106,245
State of Minnesota's proportionate share of the net pension Liability associated with the City	\$ <u>3,000</u>
Total	<u>\$109,245</u>

For the year ended December 31, 2023, the City recognized pension expense of \$8,067 for its proportionate share of the GERS's pension expense. In addition, the City recognized an additional \$13 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual economic experience	\$3,533	\$693
Changes in actuarial assumptions	\$16,367	\$29,121
Difference between projected and actual investment earnings	-	\$243
Changes in proportion	\$7,268	\$5,940
Contributions paid to PERA subsequent to the measurement date	\$6,475	-
<b>Total</b>	<b>\$33,643</b>	<b>\$35,997</b>

\$6,475 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 inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended June 30</b>	<b>Pension Expense Amount</b>
2024	\$6,264
2025	(\$14,003)
2026	\$1,217
2027	(\$2,307)

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**Note 6**    **Pension Plan - continued**

**Public Employees Retirement Association (PERA) – continued**

**E. 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 on a regular basis 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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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%	

**F. 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 investment return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 6.57.0 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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**Note 6 Pension Plan - continued**  
**Public Employees Retirement Association (PERA) – continued**

**F. Actuarial assumptions - continued**

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

**General Employees Fund**

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.

**G. Discount Rate**

The discount rate used to measure the total pension liability in 2023 was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund 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.

**H. Pension Liability Sensitivity**

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

Sensitivity of Net Pension Liability at Current Single Discount Rate		
	General Employees Fund	
1% Lower	6.00%	187,957
Current Discount Rate	7.00%	106,246
1% Higher	8.00%	39,035

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**Note 6**    **Pension Plan - continued**  
**Public Employees Retirement Association (PERA) – continued**

**I. 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](http://www.mnpera.org).

**Note 7**    **Postemployment Benefits Other Than Pension Benefits (OPEB)**

The city has no liability for postemployment benefits other than pension benefits.

**Note 8**    **Vacation and Sick Leave**

Full-time employees accrue 10 sick days. Any portion of the ten days not used will be carried over in the next year. Since the employees' accumulating rights to receive compensation for future absences are contingent upon the absences being caused by future illnesses and such amounts cannot be reasonable estimated, a liability for unused sick leave is not recorded in the financial statements.

Full-time employees receive vacation based on their years of service. Vacation time may not be carried over to the next year unless the Council approves a special request. The City has no liability for unused vacation pay, since all vacation leave is used or lost if not taken each year.

**Note 9**    **Deficit Fund Balance/Net Position**

The following funds had deficit fund balance/net position at December 31, 2023:

Fire Department Fund	33,188
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The City intends to fund these deficits through future levies, grants, transfers from other funds, and various other sources.

**Note 10**    **Due To/From Funds**

Below is a schedule of interfund receivables and payables at December 31, 2023.

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General	53,194	
Fire Department		35,706
EDA Housing	794	
Wellness Center		<u>18,282</u>
Total	<u>53,988</u>	<u>53,988</u>

The majority of the interfund activity is to record expenditures in the proper funds and eliminate cash deficits

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**Note 11**    **Excess of Expenditures over Appropriations**

The following funds had excess expenditures over budget appropriations:

General Fund	369,476
Fire Department	33,522
Quarry Festival Fund	12,427

**Note 12**    **Risk Management**

The City is exposed to various risk of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee health and dental; and natural disasters. Risks of loss associated with workers' compensation claims are insured through participation in the League of Minnesota Cities Insurance Trust. All other risks of loss are insured by the purchase of commercial insurance. There were no significant reductions in insurance coverage from the previous year. There were no settlements in excess of insurance for any of the past three fiscal years.

**Note 13**    **Sale of Twin Homes**

During 2023 the EDA Housing Fund sold the Twin Homes that it had been renting out previously. During 2024 the city will most likely close out this fund and the balance will be transferred out.

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**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULES OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND EMPLOYER CONTRIBUTIONS**  
**DECEMBER 31, 2023**

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Actuarial Valuation Date	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with The City of Jasper (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 of Jasper (a+b)	Employer's Covered-Employee Payroll (c)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll (a/b)/c	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
<u>Pensions</u>							
PERA							
June 30, 2015	0.0013%	67,373			75,070	89.7%	78.2%
June 30, 2016	0.0015%	121,793	1,675	123,468	95,933	128.7%	68.9%
June 30, 2017	0.0016%	102,143	1,296	103,439	104,000	99.5%	75.9%
June 30, 2018	0.0017%	94,309	2,995	97,304	111,267	87.5%	79.5%
June 30, 2019	0.0016%	88,460	2,667	91,127	112,360	81.1%	80.2%
June 30, 2020	0.0016%	95,927	2,870	98,797	110,520	89.4%	79.0%
June 30, 2021	0.0018%	75,868	2,404	78,272	129,160	60.6%	87.0%
June 30, 2022	0.0020%	158,401	4,512	162,913	145,747	111.8%	76.7%
June 30, 2023	0.0019%	106,246	3,000	109,246	154,240	70.8%	83.1%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a - b)	Covered-Employee Payroll (d)	Contributions as a Percentage of Covered-Employee Payroll (b/d)
<u>Pensions</u>					
PERA					
December 31, 2015	6,193	6,193	-0-	82,573	7.5%
December 31, 2016	7,724	7,724	-0-	102,987	7.5%
December 31, 2017	7,887	7,887	-0-	105,160	7.5%
December 31, 2018	8,345	8,345	-0-	111,267	7.5%
December 31, 2019	8,427	8,427	-0-	112,360	7.5%
December 31, 2020	8,379	8,379	-0-	111,720	7.5%
December 31, 2021	10,771	10,771	-0-	143,613	7.5%
December 31, 2022	11,759	11,759	-0-	156,787	7.5%
December 31, 2023	11,866	11,866	-0-	158,213	7.5%

Note: Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the City will present information for only those years for which information is available

Notes to Required Supplementary Information Other than MD&A are an integral part of this schedule



**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A**  
**DECEMBER 31, 2023**

**Note 1**     **Defined Benefit Pension Plan – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions**

The following changes were reflected in the valuation performed on behalf of the Public Employees Retirement Association for the year ended June 30:

A. General Employees Fund

*2023 Changes*

*Changes in Actuarial Assumptions*

- The Investment return assumption and single discount rate were changed from 6.5 percent to 7.0 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 services 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.

*2022 Changes*

*Changes in Actuarial Assumptions*

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

*Changes in Plan Provisions*

There were no changes in plan provisions since the previous valuation.

*2021 Changes*

*Changes in Actuarial Assumptions*

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

*Changes in Plan Provisions*

There were no changes in plan provisions since the previous valuation.

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A**  
**DECEMBER 31, 2023**

**Note 1**    **Defined Benefit Pension Plan – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions – continued**

A. General Employees Fund - continued

*2020 Changes*

*Changes in Actuarial Assumptions*

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

*Changes in Plan Provisions*

- Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023 and 0.0% after. Augmentation was
- eliminated for privatizations occurring after June 30, 2020.

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A**  
**DECEMBER 31, 2023**

**Note 1 Defined Benefit Pension Plan – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions - continued**

A. General Employees Fund - continued

*2019 Changes*

*Changes in Actuarial Assumptions*

- The morality projection scale was changed from MP-2017 to MP-2018.

*Changes in Plan Provisions*

- The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The State’s special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

*2018 Changes*

*Changes in Actuarial Assumptions*

- The morality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

*Changes in Plan Provisions*

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Postretirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90.00 percent funding ratio to 50.00 percent of the Social Security Cost of Living Adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A**  
**DECEMBER 31, 2023**

**Note 1 Defined Benefit Pension Plan – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions - continued**

A. General Employees Fund - continued

*2017 Changes*

*Changes in Actuarial Assumptions*

- The combined service annuity (CSA) loads were changed from 0.80 percent for active members and 60.00 percent for vested and non-vested deferred members. The revised CSA load are now 0.00 percent for active member liability, 15.00 percent for vested deferred member liability, and 3.00 percent for non-vested deferred member liability.
- The assumed postretirement benefit increase rate was changed for 1.00 percent per year for all years to 1.00 percent per year through 2044 and 2.50 percent per year thereafter.

*Changes in Plan Provisions*

- The State's contribution for the Minneapolis Employees Retirement Fund equals \$16,000,000 in 2017 and 2018, and \$6,000,000 thereafter.
- The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21,000,000 to \$31,000,000 in calendar years 2019 to 2031. The state's contribution changed from \$16,000,000 to \$6,000,000 in calendar years 2019 to 2031.

*2016 Changes:*

*Changes in Actuarial Assumptions*

- The assumed postretirement benefit increase rate was changed from 1.00 percent per year through 2035 and 2.50 percent per year thereafter to 1.00 percent per year for all years.
- The assumed investment return was changed from 7.90 percent to 7.50 percent. The single discount rate changed from 7.90 percent to 7.50 percent.
- Other assumptions were changed pursuant to the experience study June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

*Changes in Plan Provisions*

- There have been no changes since the prior valuation.

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A**  
**DECEMBER 31, 2023**

**Note 1    Defined Benefit Pension Plan – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions - continued**

B. General Employees Fund - continued

*2015 Changes:*

*Changes in Actuarial Assumptions*

- The assumed postretirement benefit increase rate was changed from 1.00 percent per year through 2030 and 2.50 percent per year thereafter to 1.00 percent per year through 2035 and 2.50 percent per year thereafter.

*Changes in Plan Provisions:*

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increase the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised; the State's contribution of \$6.0 million, which meets the special funding situation definition, was due September 2015.

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Special Revenue Funds</u>		<b>Total Nonmajor Governmental</b>
	<u>Public Works Equipment</u>	<u>Quarry Festival</u>	
<b><u>Revenues</u></b>			
Total Revenues	-0-	-0-	-0-
<b><u>Expenditures</u></b>			
Operating Expenses		19,927	19,927
Total Expenditures	-0-	19,927	19,927
Excess Revenues (Expenditures)	-0-	(19,927)	(19,927)
<b><u>Other Financing Sources (Uses)</u></b>			
Transfer In	39,673		39,673
Total Other Financing Sources (Uses)	39,673	-0-	39,673
Excess Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	39,673	(19,927)	19,746
Fund Balance - January 1	(39,673)	19,927	(19,746)
Fund Balance - December 31	-0-	-0-	-0-

**GENERAL FUND**  
**BALANCE SHEET**  
**DECEMBER 31, 2023**

<u>Assets</u>	<u>2023</u>	<u>2022</u>
Cash	608,269	655,053
Delinquent Taxes Receivable	18,981	20,088
Due From Other Funds	53,194	189,212
Accounts Receivable	36,696	30,819
Notes Receivable - SCDG	167,238	
Prepaid Items	26,808	62,433
Total Assets	<u>911,186</u>	<u>957,605</u>
<b><u>Liabilities, Deferred Inflows of Resources, and Fund Balance</u></b>		
<b><u>Liabilities</u></b>		
Accounts Payable	27,906	43,025
Payroll Taxes Payable	5,788	7,749
Total Liabilities	<u>33,694</u>	<u>50,774</u>
<b><u>Deferred Inflows of Resources</u></b>		
Unearned Revenue	181,567	15,331
Total Liabilities and Deferred Inflows of Resources	<u>215,261</u>	<u>66,105</u>
<b><u>Fund Balance</u></b>		
Non-Spendable	26,808	62,433
Assigned	68,680	68,680
Unassigned	600,437	760,387
Total Fund Balance	<u>695,925</u>	<u>891,500</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>911,186</u>	<u>957,605</u>

**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>For the Year Ended December 31</u>			
	<u>2023</u>	<u>2022</u>	<u>Variance With</u>	
<u>Revenues</u>	<u>Budget</u>	<u>Actual</u>	<u>Final Budget</u>	<u>Actual</u>
<u>Taxes</u>				
General Property Taxes	216,385	215,790	(595)	202,921
Special Assessments	50,152		(50,152)	
Total Taxes	<u>266,537</u>	<u>215,790</u>	<u>(50,747)</u>	<u>202,921</u>
<u>Licenses and Permits</u>				
Building Permits	600	420	(180)	195
Business Licenses and Permits	1,615	1,590	(25)	1,350
Total Licenses and Permits	<u>2,215</u>	<u>2,010</u>	<u>(205)</u>	<u>1,545</u>
<u>State Aid</u>				
Fire Relief Aid				18,421
Local Government Aid	231,766	268,250	36,484	228,621
Market Value Credit		395	395	387
PERA Rate Increase Aid	607		(607)	
Public Safety Aid		26,300	26,300	
Total State Aid	<u>232,373</u>	<u>294,945</u>	<u>62,572</u>	<u>247,429</u>
<u>County Aid</u>				
Police Aid		12,968	12,968	9,681
Fire Aid	10,000		(10,000)	
Total County Aid	<u>10,000</u>	<u>12,968</u>	<u>2,968</u>	<u>9,681</u>
<u>Federal Aid</u>				
ARPA Grant				32,949
Federal Block Grant		172,696	172,696	
Total Federal Aid	<u>-0-</u>	<u>172,696</u>	<u>172,696</u>	<u>32,949</u>
Fines and Forfeits	500	699	199	523
<u>Charges for Services</u>				
Reimbursement from Fire Department	19,500		(19,500)	26,955
Other Fire Dept Revenue		8,050	8,050	10,346
Cemetery Revenue	1,600	1,900	300	2,403
Miscellaneous Charges	38,550	42,863	4,313	47,558
Rents	11,600	12,175	575	8,820
Total Charges for Services	<u>71,250</u>	<u>64,988</u>	<u>(6,262)</u>	<u>96,082</u>
<u>Miscellaneous Revenues</u>				
Interest Income	2,000	9,202	7,202	2,428
Donations	3,000	330	(2,670)	4,596
Refunds and Rebates	16,100	92,459	76,359	21,693
Revolving Housing Fund		1,093	1,093	
Cable TV Franchise	3,300	3,662	362	1,972
Other Miscellaneous Revenue	25,532	8,505	(17,027)	6,766
Total Miscellaneous Revenues	<u>49,932</u>	<u>115,251</u>	<u>65,319</u>	<u>37,455</u>
Total Revenues	<u>632,807</u>	<u>879,347</u>	<u>246,540</u>	<u>628,585</u>



**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	For the Year Ended December 31			
	2023		Variance With Final Budget	2022
	Budget	Actual		Actual
<b><u>Expenditures</u></b>				
<b><u>General Government</u></b>				
Assessing Expense	5,100	5,300	(200)	9,174
City Garage Expenses				289
City Hall Expenses	4,500	(590)	5,090	14,483
Clerk Salaries	37,500	44,563	(7,063)	34,735
Council Salary	8,000	9,027	(1,027)	7,092
Dues, Permits, and Fees	2,500	10,338	(7,838)	4,796
Electric Utilities - All Buildings	5,000	11,313	(6,313)	11,874
Gas Utilities - All Buildings	5,700	16,814	(11,114)	25,830
Legal and Audit	10,300	10,625	(325)	6,850
Liability Insurance	10,350	20,560	(10,210)	24,126
Maintenance Salaries	109,865	97,383	12,482	84,334
Maintenance Travel	2,500	756	1,744	1,446
Payroll Benefits - Clerk	3,500	8,137	(4,637)	5,423
Payroll Benefits - Council		748	(748)	588
Payroll Benefits - Maintenance	41,800	125,896	(84,096)	131,054
Planning and Zoning	500	500		125
Publishing and Printing	1,500	2,962	(1,462)	170
Refuse Collection - All Buildings	1,000	9,594	(8,594)	4,628
Repairs and Maintenance		17,122	(17,122)	5,930
Supplies		11,606	(11,606)	1,928
Taxes	250	1,131	(881)	1,177
Telephone	2,300	43	2,257	7,533
Total General Government	252,165	403,828	(151,663)	383,585
<b><u>Public Safety</u></b>				
<b><u>Police Protection</u></b>				
Contract	40,019	39,065	954	38,840
Total Police	40,019	39,065	954	38,840
<b><u>Ambulance</u></b>				
Automobile Insurance				342
Workers Compensation Insurance				2,048
Total Ambulance	-0-	-0-	-0-	2,390

**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	For the Year Ended December 31			
	2023		Variance With Final Budget	2022
	Budget	Actual		Actual
<b><u>Expenditures - continued</u></b>				
<b><u>Fire</u></b>				
Automobile Insurance				1,723
Bond Principal Repaid				7,897
Capital Outlay				5,015
Interest				4,801
Liability Insurance				857
Miscellaneous				100
New Fire Barn		(174)	174	2,365
Payroll Benefits - Fire				783
Professional Fees				1,142
Repair and Maintenance		(147)	147	11,590
Salaries		55	(55)	9,406
Supplies				251
Training				3,725
Utilities-Electric				5,494
Utilities-Gas		(642)	642	2,421
Vehicle				110
Workers Compensation Insurance				3,368
Total Fire	-0-	(908)	908	61,048
Total Public Safety	40,019	38,157	(1,862)	102,278
<b><u>Streets</u></b>				
Capital Outlay	104,100	51,121	52,979	
Miscellaneous		1,330	(1,330)	399
Payroll Benefits	195		195	121
Repairs and Maintenance	1,000	33,275	(32,275)	1,983
Salaries	1,700	576	1,124	3,027
Street Lighting	16,000	4,193	11,807	17,703
Supplies and Fuel	35,500	30,873	4,627	34,459
Travel		43	(43)	
Utilities		9,051	(9,051)	
Total Streets	158,495	130,462	28,033	57,692
<b><u>Recreation</u></b>				
Capital Outlay	1,000		1,000	3,280
Contracted Services		390	(390)	
Electricity	3,750	993	2,757	6,100
Payroll Benefits	2,000		2,000	
Salaries	5,000		5,000	
Supplies	5,500	3,722	1,778	3,429
Total Recreation	17,250	5,105	12,145	12,809

**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	<b>For the Year Ended December 31</b>			
	<b>2023</b>			<b>2022</b>
	<b>Budget</b>	<b>Actual</b>	<b>Variance With Final Budget</b>	<b>Actual</b>
<b><u>Expenditures - continued</u></b>				
<b><u>Miscellaneous</u></b>				
Buildings and Maintenance	6,000	43,223	(37,223)	4,204
Capital Outlay	3,000	27,692	(24,692)	25,514
Cemetery Expenses	2,850	3,628	(778)	
Cemetery Property Purchase	3,500		3,500	
Economic Development/Rehab		239,015	(239,015)	7,457
Fire Relief Association				17,641
Miscellaneous Expense	52,900	18,265	34,635	22,140
Yard Waste Expenses	3,720		3,720	195
Total Miscellaneous	<u>71,970</u>	<u>331,823</u>	<u>(259,853)</u>	<u>77,151</u>
Total Expenditures	<u>539,899</u>	<u>909,375</u>	<u>(369,476)</u>	<u>633,515</u>
Excess Revenues (Expenditures)	92,908	(30,028)	(122,936)	(4,930)
<b><u>Other Financing Sources (Uses)</u></b>				
Principal Paid	(35,000)		35,000	
Interest Paid	(15,152)		15,152	
Sale of Property				7,595
Transfers In	37,200		(37,200)	539
Transfers Out	(1,000)	(165,547)	(164,547)	
Total Other Financing Sources (Uses)	<u>(13,952)</u>	<u>(165,547)</u>	<u>(151,595)</u>	<u>8,134</u>
Excess Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	<u>78,956</u>	<u>(195,575)</u>	<u>(274,531)</u>	3,204
Fund Balance - January 1		<u>891,500</u>		<u>888,296</u>
Fund Balance - December 31		<u>695,925</u>		<u>891,500</u>

**SPECIAL REVENUE FUNDS**  
**COMBINING BALANCE SHEET**  
**DECEMBER 31, 2023**

	Fire	Ambulance	Total	
	Department		(Memo Only)	
	Fund	Fund	2023	2022
<b><u>Assets</u></b>				
Cash		191,837	191,837	215,007
Accounts Receivable	45,133	1,099	46,232	3,340
Prepaid Items	2,472	1,129	3,601	
Total Assets	<u>47,605</u>	<u>194,065</u>	<u>241,670</u>	<u>218,347</u>
<b><u>Liabilities, Deferred Inflows of Resources,</u></b>				
<b><u>and Fund Balance</u></b>				
<b><u>Liabilities</u></b>				
Accounts Payable	45,087	962	46,049	1,669
Due to Other Funds	35,706		35,706	38,920
Total Liabilities	<u>80,793</u>	<u>962</u>	<u>81,755</u>	<u>40,589</u>
<b><u>Fund Balance</u></b>				
Fund Balance	<u>(33,188)</u>	<u>193,103</u>	<u>159,915</u>	<u>177,758</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>47,605</u>	<u>194,065</u>	<u>241,670</u>	<u>218,347</u>

**SPECIAL REVENUE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	Public Works Equipment Fund	Quarry Festival Fund	Fire Department Fund	Ambulance Fund	Total (Memo Only)	
					2023	2022
<b>Revenues</b>						
Ambulance Receipts				25,964	25,964	56,120
Fire Department Receipts			33,259		33,259	
Donations			650	5,805	6,455	4,075
Grants			7,720	4,800	12,520	
Insurance Proceeds			12,818		12,818	
Interest Income				3,542	3,542	1,111
Miscellaneous			2,300		2,300	
Fundraiser Events						5,031
Refunds and Reimbursements			1,796	1,457	3,253	14,200
State Aid			23,172		23,172	3,610
Total Revenues	-0-	-0-	81,715	41,568	123,283	84,147
<b>Expenditures</b>						
Operating Expenses		19,927	114,903	45,969	180,799	46,143
Total Expenditures	-0-	19,927	114,903	45,969	180,799	46,143
Excess Revenues (Expenditures)	-0-	(19,927)	(33,188)	(4,401)	(57,516)	38,004
<b>Other Financing Sources (Uses)</b>						
Sale of Equipment						2,300
Transfer In	39,673				39,673	
Total Other Financing Sources (Uses)	39,673	-0-	-0-	-0-	39,673	2,300
Excess Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	39,673	(19,927)	(33,188)	(4,401)	(17,843)	40,304
Fund Balance - January 1	(39,673)	19,927	-0-	197,504	177,758	137,454
Fund Balance - December 31	-0-	-0-	(33,188)	193,103	159,915	177,758

**PUBLIC WORKS EQUIPMENT FUND**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**- BUDGET AND ACTUAL -**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	For the Year Ended December 31			2022
	2023	Variance With		Actual
<b><u>Revenues</u></b>	<b><u>Budget</u></b>	<b><u>Actual</u></b>	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>
Interest				123
Total Revenues	-0-	-0-	-0-	123
<b><u>Expenditures</u></b>				
Repairs and Maintenance				753
Total Expenditures	-0-	-0-	-0-	753
Excess Revenues (Expenditures)	-0-	-0-	-0-	(630)
<b><u>Other Financing Sources (Uses)</u></b>				
Transfer In		39,673	39,673	
Total Other Financing Sources (Uses)	-0-	39,673	39,673	-0-
Excess Revenues and Other Financing Sources Over (Under) Expenditures And Other Uses	-0-	39,673	39,673	(630)
Fund Balance - January 1		(39,673)		(39,043)
Fund Balance - December 31		-0-		(39,673)

**QUARRY FESTIVAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**- BUDGET AND ACTUAL -**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	For the Year Ended December 31			2022
	2023		Variance With	
<b><u>Revenues</u></b>	<b><u>Budget</u></b>	<b><u>Actual</u></b>	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>
Donations	2,000		(2,000)	
Fundraiser Events	5,500		(5,500)	5,031
Interest Income				43
Total Revenues	7,500	-0-	(7,500)	5,074
<b><u>Expenditures</u></b>				
Donations	100	19,927	(19,827)	
Operating Expenses	7,400		7,400	5,418
Total Expenditures	7,500	19,927	(12,427)	5,418
Excess Revenues (Expenditures)	-0-	(19,927)	(19,927)	(344)
Fund Balance - January 1		19,927		20,271
Fund Balance - December 31		-0-		19,927

**FIRE DEPARTMENT FUND**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**- BUDGET AND ACTUAL -**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	<b>For the Year Ended December 31</b>			
	<b>2023</b>			<b>2022</b>
	<b>Budget</b>	<b>Actual</b>	<b>Variance With Final Budget</b>	<b>Actual</b>
<b><u>Revenues</u></b>				
Charges for Services		9,152	9,152	
County/Township Support		24,107	24,107	
State Aid		23,172	23,172	
Grants		7,720	7,720	
Donations		650	650	
Refunds and Reimbursements		1,796	1,796	
Insurance Proceeds		12,818	12,818	
Miscellaneous	7,500	2,300	(5,200)	
Total Revenues	<u>7,500</u>	<u>81,715</u>	<u>74,215</u>	<u>-0-</u>
<b><u>Expenditures</u></b>				
Benefits	1,020	662	358	
Capital Outlay		3,575	(3,575)	
Dues and Subscriptions		1,536	(1,536)	
Insurance	8,600	8,041	559	
Loan Interest		4,416	(4,416)	
Loan Principal	12,698	8,282	4,416	
Miscellaneous	1,300	315	985	
Office Supplies		18	(18)	
Relief Contribution	14,000	41,138	(27,138)	
Repairs and Maintenance	22,763	30,639	(7,876)	
Salaries	14,000	7,891	6,109	
Supplies		1,063	(1,063)	
Travel		126	(126)	
Utilities	7,000	7,201	(201)	
Total Expenditures	<u>81,381</u>	<u>114,903</u>	<u>(33,522)</u>	<u>-0-</u>
Excess Revenues (Expenditures)	<u>(73,881)</u>	<u>(33,188)</u>	<u>40,693</u>	<u>-0-</u>
Fund Balance - January 1		<u>-0-</u>		<u>-0-</u>
Fund Balance - December 31		<u>(33,188)</u>		<u>-0-</u>



**AMBULANCE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**- BUDGET AND ACTUAL -**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	For the Year Ended December 31			
	2023		2022	
	<u>Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>	<u>Actual</u>
<b><u>Revenues</u></b>				
Ambulance Calls	25,000	20,714	(4,286)	44,470
County/Township Support	6,500	5,250	(1,250)	11,650
Donations	3,250	5,805	2,555	4,075
Grants		4,800	4,800	
Interest Income	900	3,542	2,642	945
Refunds and Reimbursements	3,600	1,457	(2,143)	14,200
State of Minnesota	4,500		(4,500)	3,610
Total Revenues	<u>43,750</u>	<u>41,568</u>	<u>(2,182)</u>	<u>78,950</u>
<b><u>Expenditures</u></b>				
Capital Outlay	10,000		10,000	12,267
Dues and Subscriptions		6,963	(6,963)	
Electric		3,912	(3,912)	696
Insurance	4,825	4,256	569	
Miscellaneous	1,700	6,496	(4,796)	724
Payroll Benefits	1,000	1,612	(612)	950
Personnel Recruitment	2,600		2,600	
Postage	200	88	112	
Repairs and Maintenance	2,000		2,000	
Salaries	22,500	21,223	1,277	15,066
Supplies	2,000	774	1,226	9,335
Telephone	750	2	748	780
Vehicle	2,000	643	1,357	154
Total Expenditures	<u>49,575</u>	<u>45,969</u>	<u>3,606</u>	<u>39,972</u>
Excess Revenues (Expenditures)	(5,825)	(4,401)	1,424	38,978
<b><u>Other Financing Sources (Uses)</u></b>				
Sale of Equipment				2,300
Total Other Financing Sources (Uses)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>2,300</u>
Excess Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	<u>(5,825)</u>	<u>(4,401)</u>	<u>1,424</u>	41,278
Fund Balance - January 1		197,504		156,226
Fund Balance - December 31		<u>193,103</u>		<u>197,504</u>

**DEBT SERVICE FUND**  
**BALANCE SHEET**  
**DECEMBER 31, 2023**

<u>Assets</u>	<u>2023</u>	<u>2022</u>
Total Assets	<u>-0-</u>	<u>-0-</u>
<b><u>Liabilities, Deferred Inflows of Resources, and Fund Balance</u></b>		
<u>Liabilities</u>		
Due to Other Funds		125,874
<u>Deferred Inflows of Resources</u>		
Total Liabilities and Deferred Inflows of Resources	<u>-0-</u>	<u>125,874</u>
<u>Fund Balance</u>		
Unassigned	<u>-0-</u>	<u>(125,874)</u>
Total Fund Balance	<u>-0-</u>	<u>(125,874)</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>-0-</u>	<u>-0-</u>

**DEBT SERVICE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**- BUDGET AND ACTUAL -**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	<b>For the Year Ended December 31</b>			
	<b>2023</b>			<b>2022</b>
	<b>Budget</b>	<b>Actual</b>	<b>Variance With Final Budget</b>	<b>Actual</b>
<b><u>Revenues</u></b>				
Interest Income				189
Total Revenues	-0-	-0-	-0-	189
<b><u>Expenditures</u></b>				
Total Expenditures	-0-	-0-	-0-	-0-
Excess Revenues (Expenditures)	-0-	-0-	-0-	189
<b><u>Other Financing Sources (Uses)</u></b>				
Transfer In		125,874	125,874	
Total Other Financing Sources (Uses)	-0-	125,874	125,874	-0-
Excess Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	-0-	125,874	125,874	189
Fund Balance - January 1		(125,874)		(126,063)
Fund Balance - December 31		-0-		(125,874)

**ENTERPRISE FUNDS**  
**COMBINING BALANCE SHEET**  
**DECEMBER 31, 2023**

<b><u>Assets</u></b>	<b><u>Water Fund</u></b>	<b><u>Sewer Fund</u></b>	<b><u>Garbage Fund</u></b>
Cash in Bank	116,088	14,069	28,440
Accounts Receivable	9,237	2,361	7,512
Due From Other Funds			
Prepaid Insurance	1,079	1,844	
Fixed Assets	1,247,920	1,068,661	
Less: Accumulated Depreciation	<u>(1,245,093)</u>	<u>(790,853)</u>	
Total Assets	129,231	296,082	35,952
<b><u>Deferred Outflows of Resources</u></b>			
Related to Pensions	<u>2,355</u>	<u>3,364</u>	
Total Assets and Deferred Outflows of Resources	<u>131,586</u>	<u>299,446</u>	<u>35,952</u>
<b><u>Liabilities</u></b>			
Accounts Payable	32,977	1,103	
Accrued Payroll Taxes Payable			
Sales Tax Payable	197		1,204
Security Deposits Payable			
Due To Other Funds			
Unearned Revenue	3,351	857	2,725
Bonds Payable	28,000		
Net Pension Liability	<u>7,437</u>	<u>10,625</u>	
Total Liabilities	71,962	12,585	3,929
<b><u>Deferred Inflows of Resources</u></b>			
Related to Pensions	2,520	3,600	
<b><u>Retained Earnings</u></b>			
Reserved for Debt Service		336,330	
Unreserved, Designated	64,556	84,059	7
Unreserved, Undesignated	<u>(7,452)</u>	<u>(137,128)</u>	<u>32,016</u>
Total Retained Earnings	57,104	283,261	32,023
Total Liabilities and Retained Earnings	<u>131,586</u>	<u>299,446</u>	<u>35,952</u>

EDA Housing Fund	Wellness Center Fund	Total (Memo Only)	
		2023	2022
264,598		423,195	252,523
		19,110	15,539
794		794	794
		2,923	5,509
	78,533	2,395,114	3,037,320
	(31,498)	(2,067,444)	(2,426,394)
<u>265,392</u>	<u>47,035</u>	<u>773,692</u>	<u>885,291</u>
		5,719	10,180
<u>265,392</u>	<u>47,035</u>	<u>779,411</u>	<u>895,471</u>
	2,196	36,276	6,131
			478
		1,401	1,407
			2,960
	18,282	18,282	25,212
		6,933	2,803
		28,000	357,277
		18,062	26,928
<u>-0-</u>	<u>20,478</u>	<u>108,954</u>	<u>423,196</u>
		6,120	344
		336,330	339,792
		148,622	148,622
<u>265,392</u>	<u>26,557</u>	<u>179,385</u>	<u>(16,483)</u>
<u>265,392</u>	<u>26,557</u>	<u>664,337</u>	<u>471,931</u>
<u>265,392</u>	<u>47,035</u>	<u>779,411</u>	<u>895,471</u>

City of Jasper  
 Jasper, Minnesota

**ENTERPRISE FUNDS**

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	<b><u>Water Fund</u></b>	<b><u>Sewer Fund</u></b>	<b><u>Garbage Fund</u></b>
<b><u>Revenues</u></b>			
Sales and Customer Use Fees	98,855	23,210	57,575
Total Revenues/Gross Margin	<u>98,855</u>	<u>23,210</u>	<u>57,575</u>
<b><u>Expenses</u></b>			
Administration	34,095		
Cost of Sales and Services	42,649	26,800	43,864
Depreciation	320	30,841	
Total Expenses	<u>77,064</u>	<u>57,641</u>	<u>43,864</u>
Operating Income (Loss)	21,791	(34,431)	13,711
<b><u>Non-Operating Revenues (Expenses)</u></b>			
Interest Income	1,468	1,912	
Interest Expense	(2,700)		
Insurance Proceeds			
Gain/(Loss) on the Sale of Real Estate			
Transfer In			
Transfer Out			
Total Non-Operating Revenues (Expenses)	<u>(1,232)</u>	<u>1,912</u>	<u>-0-</u>
Net Income (Loss)	20,559	(32,519)	13,711
Retained Earnings - January 1	<u>36,545</u>	<u>315,780</u>	<u>18,312</u>
Retained Earnings - December 31	<u><u>57,104</u></u>	<u><u>283,261</u></u>	<u><u>32,023</u></u>

Schedule 13

EDA Housing Fund	Wellness Center Fund	Total (Memo Only)	
		2023	2022
70,079	9,317	259,036	265,368
70,079	9,317	259,036	265,368
		34,095	25,688
26,293	4,663	144,269	218,314
20,457	3,233	54,851	60,363
46,750	7,896	233,215	304,365
23,329	1,421	25,821	(38,997)
1,589		4,969	1,291
(15,124)		(17,824)	(19,148)
23,381		23,381	58,897
156,059		156,059	
			16,131
			(16,670)
165,905	-0-	166,585	40,501
189,234	1,421	192,406	1,504
76,158	25,136	471,931	470,427
265,392	26,557	664,337	471,931

**WATER FUND**  
**STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN RETAINED EARNINGS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

<b><u>Revenues</u></b>	<b><u>2023</u></b>	<b><u>2022</u></b>
Water Sales	98,855	102,547
Total Operating Revenues	98,855	102,547
<b><u>Expenses</u></b>		
Depreciation	320	5,023
Dues and Permits	4,706	283
Insurance	2,306	1,090
Miscellaneous Expenses	3,895	2,400
Office	140	283
Payroll Benefits	1,525	2,648
Repairs and Maintenance	8,667	
Supplies	2,690	6,165
Salaries	5,078	11,513
Source of Supply	42,649	41,230
Travel	255	
Utilities	2,407	1,206
Water Deposit Refunds	2,426	100
Total Operating Expenses	<u>77,064</u>	<u>71,941</u>
Operating Income (Loss)	21,791	30,606
<b><u>Non-Operating Revenues (Expenses)</u></b>		
Interest Income	1,468	391
Interest Expense	<u>(2,700)</u>	<u>(3,950)</u>
Total Non-Operating Revenues (Expenses)	<u>(1,232)</u>	<u>(3,559)</u>
Net Income (Loss)	20,559	27,047
Retained Earnings - January 1	36,545	9,498
Retained Earnings - December 31	<u><u>57,104</u></u>	<u><u>36,545</u></u>



**SEWER FUND**  
**STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN RETAINED EARNINGS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

<b><u>Revenues</u></b>	<b><u>2023</u></b>	<b><u>2022</u></b>
Sewer Charges	23,210	24,445
Total Operating Revenues	<u>23,210</u>	<u>24,445</u>
<b><u>Expenses</u></b>		
Depreciation	30,841	30,913
Dues and Permits	616	1,095
Insurance	4,090	1,633
Miscellaneous	2	
Payroll Benefits	2,255	4,083
Repairs and Maintenance	332	3,073
Salaries	7,772	17,963
Supplies	186	1,050
Utilities	11,547	6,656
Total Operating Expenses	<u>57,641</u>	<u>66,466</u>
Operating Income (Loss)	(34,431)	(42,021)
<b><u>Non-Operating Revenues (Expenses)</u></b>		
Interest Income	1,912	510
Total Non-Operating Revenues (Expenses)	<u>1,912</u>	<u>510</u>
Net Income (Loss)	(32,519)	(41,511)
Retained Earnings - January 1	<u>315,780</u>	<u>357,291</u>
Retained Earnings - December 31	<u><u>283,261</u></u>	<u><u>315,780</u></u>

**GARBAGE FUND**  
**STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN RETAINED EARNINGS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

<b><u>Revenues</u></b>	<b><u>2023</u></b>	<b><u>2022</u></b>
Garbage Collection and Carts	<u>57,575</u>	<u>60,005</u>
Total Operating Revenues	<u>57,575</u>	<u>60,005</u>
<b><u>Expenses</u></b>		
Garbage Carts	30,471	35,631
Garbage Service	8,790	16,565
Miscellaneous	3,167	3,515
Refunds	22	
Supplies	1,134	
Utilities	<u>280</u>	
Total Operating Expenses	<u>43,864</u>	<u>55,711</u>
Operating Income (Loss)	<u>13,711</u>	<u>4,294</u>
Net Income (Loss)	13,711	4,294
Retained Earnings - January 1	<u>18,312</u>	<u>14,018</u>
Retained Earnings - December 31	<u><u>32,023</u></u>	<u><u>18,312</u></u>

**EDA HOUSING FUND**  
**STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN RETAINED EARNINGS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

<b><u>Revenues</u></b>	<b><u>2023</u></b>	<b><u>2022</u></b>
Miscellaneous	363	1,831
Rent Income	69,716	66,567
Total Operating Revenues	<u>70,079</u>	<u>68,398</u>
<b><u>Expenses</u></b>		
Advertising	96	284
Depreciation	20,457	20,461
Insurance	9,894	6,992
Maintenance	522	583
Miscellaneous	440	
Office Supplies	524	398
Payroll Benefits	722	442
Professional Services	1,350	
Real Estate Taxes	3,490	3,634
Repairs and Supplies	3,520	68,004
Salaries	4,595	3,728
Utilities	1,140	1,755
Total Operating Expenses	<u>46,750</u>	<u>106,281</u>
Operating Income (Loss)	23,329	(37,883)
<b><u>Non-Operating Revenues (Expenses)</u></b>		
Interest Income	1,589	390
Interest Expense	(15,124)	(15,198)
Insurance Proceeds	23,381	58,897
Gain/(Loss) on the Sale of Real Estate	156,059	
Transfer In		16,131
Total Non-Operating Revenues (Expenses)	<u>165,905</u>	<u>60,220</u>
Net Income (Loss)	189,234	22,337
Retained Earnings - January 1	76,158	53,821
Retained Earnings - December 31	<u>265,392</u>	<u>76,158</u>

**WELLNESS CENTER FUND**  
**STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN RETAINED EARNINGS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

<b><u>Revenues</u></b>	<b><u>2023</u></b>	<b><u>2022</u></b>
Memberships	9,317	9,973
Total Operating Revenues	9,317	9,973
<b><u>Expenses</u></b>		
Depreciation	3,233	3,966
Miscellaneous	72	
Repairs and Maintenance	2,394	
Utilities	2,197	
Total Operating Expenses	7,896	3,966
Net Income (Loss)	1,421	6,007
Retained Earnings - January 1	25,136	19,129
Retained Earnings - December 31	<u>26,557</u>	<u>25,136</u>

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**WITH THE FIRM**  
Kirk W. Morgan, CPA

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL**  
**REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED**  
**ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN**  
**ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and  
Members of the City Council  
Jasper, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Jasper, Minnesota, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City of Jasper's basic financial statements, and have issued our report thereon dated July 23, 2024.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Jasper's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Jasper's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Jasper's internal control.

*A deficiency in internal control* over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the City of Jasper's financial statements will not be prevented, or detected and corrected, on a timely basis.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be material weaknesses (2023-I and 2023-II).

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Jasper's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Minnesota Legal Compliance**

The *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, contains seven categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing. Our audit considered all of the listed categories.

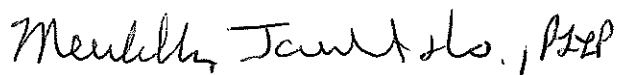
In connection with our audit, nothing came to our attention that caused us to believe that the City of Jasper, Minnesota failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for Cities*. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City of Jasper, Minnesota's noncompliance with the above reference provisions.

### **City of Jasper, Jasper Minnesota's Response To Findings:**

The City of Jasper's responses to internal control and legal compliance findings identified in our audit have been included in the accompanying Schedule of Findings and Recommendations. The City of Jasper's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Jasper's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Jasper's internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.



Meulebroeck, Taubert & Co., PLLP  
Certified Public Accountants  
Pipestone, Minnesota

July 23, 2024

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

- 2023-I      Lack of segregation of duties.
- Condition:      The City has limited personnel available to perform accounting duties.
- Criteria:        Internal controls should be in place that provide reasonable assurance that a proper segregation of duties has been established.
- Effect:         As a result of the lack of segregation, personnel are performing duties which for internal control purposes should be performed by separate individuals.
- Recommendation: The City should design internal controls to provide for proper segregation of duties.
- Response:        This is not unusual in a City of this size. The City has studied the situation and found that it is economically infeasible to design the system of internal control to adequately provide for the segregation of duties. The Council will monitor personnel duties.
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- 2023-II      Lack of expertise by City personnel to prepare financial statements in accordance with generally accepted accounting principles.
- Condition:      The City personnel lack the expertise to prepare financial statements in accordance with generally accepted accounting principles.
- Criteria:        Internal controls should be in place that provide reasonable assurance that financial statements are prepared in accordance with generally accepted accounting principles.
- Effect:         City personnel that lack the necessary expertise are responsible for financial statements required to be prepared in accordance with generally accepted accounting principles.
- Recommendation: The City should provide personnel with adequate training to develop expertise to prepare financial statements in accordance with generally accepted accounting principles.
- Response:        This is not unusual in a City of this size. It is economically infeasible for the City to provide the necessary training for personnel to acquire and maintain this expertise. The City will continue to have the auditing firm prepare the financial statements and will have a review of the statements with the auditor.