

**CITY OF RICE LAKE, MINNESOTA**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2024**



CPAs | CONSULTANTS | WEALTH ADVISORS

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# **INTRODUCTORY SECTION**

**CITY OF RICE LAKE, MINNESOTA  
CITY COUNCIL  
DECEMBER 31, 2024**

**Elected Officials**

**Term Expires**

**Council Members:**

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|                         |                   |
|-------------------------|-------------------|
| Suzanne Herstad - Mayor | December 31, 2024 |
| Darrel Johnson          | December 31, 2024 |
| Robert Quade            | December 31, 2024 |
| John Hegstrom           | December 31, 2026 |
| Jayme Heim              | December 31, 2026 |

**Appointed Officials:**

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Toni Blomdahl - City Administrator  
Carley Hungerford - Deputy Treasurer  
Kathy Lafave - Deputy Clerk  
Robin Murphy - Deputy Clerk  
Kimberly Sarvi- Deputy Treasurer

## **FINANCIAL SECTION**



## INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of the City Council  
City of Rice Lake  
Rice Lake, 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, each major fund, and the aggregate remaining fund information of the City of Rice Lake, Minnesota, (the City), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***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'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.

***Auditors' 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 auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about City's ability to continue as a going concern for a reasonable period of time.

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the schedule of the proportionate share of the net pension liability, schedule of contributions, schedule of changes in the net pension asset and related ratios – Rice Lake Fire Relief Association, and the budgetary comparison schedules 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 GAAS, 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.

Management has omitted the management discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, 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. Our opinion on the basic financial statements is not affected by this missing information.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City’s basic financial statements. The combining balance sheet – nonmajor funds, and the combining statement of revenues, expenditures, and changes in fund balance – nonmajor funds 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 GAAS. In our opinion, the combining balance sheet – nonmajor funds, and the combining statement of revenues, expenditures, and changes in fund balance – nonmajor funds is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditors’ report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

Honorable Mayor and Members of the City Council  
Rice Lake, Minnesota

***Other Information (Continued)***

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 6, 2025, on our consideration of the City'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'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 the City's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Brainerd, Minnesota  
June 6, 2025

# **BASIC FINANCIAL STATEMENTS**

**CITY OF RICE LAKE, MINNESOTA  
STATEMENT OF NET POSITION  
DECEMBER 31, 2024**

|   | Governmental<br>Activities | Business-Type<br>Activities | Total                |
|---|----------------------------|-----------------------------|----------------------|
| <b>ASSETS</b>                             |                            |                             |                      |
| Cash and Investments                      | \$ 2,180,584               | \$ 2,236,599                | \$ 4,417,183         |
| Receivables:                              |                            |                             |                      |
| Taxes                                     | 72,321                     | 5,576                       | 77,897               |
| Special Assessments                       | 43,848                     | 264,414                     | 308,262              |
| Loans                                     | 7,462                      | -                           | 7,462                |
| Accounts                                  | 14,219                     | 107,263                     | 121,482              |
| Leases                                    | 307,692                    | 1,073,927                   | 1,381,619            |
| Accrued Interest                          | 206                        | -                           | 206                  |
| Prepaid Items                             | 42,233                     | 6,600                       | 48,833               |
| Net Pension Asset                         | 95,678                     | -                           | 95,678               |
| Capital Assets:                           |                            |                             |                      |
| Land and Construction in Progress         | 57,152                     | 34,066                      | 91,218               |
| Other Capital Assets, Net of Depreciation | 9,383,190                  | 9,428,073                   | 18,811,263           |
| Total Assets                              | <u>12,204,585</u>          | <u>13,156,518</u>           | <u>25,361,103</u>    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>     |                            |                             |                      |
| Pension Related                           | 126,046                    | 18,062                      | 144,108              |
| <b>LIABILITIES</b>                        |                            |                             |                      |
| Current Liabilities:                      |                            |                             |                      |
| Accounts Payable                          | 191,619                    | 43,754                      | 235,373              |
| Contracts Payable                         | -                          | 49,139                      | 49,139               |
| Accrued Liabilities                       | 16,021                     | 27,791                      | 43,812               |
| Accrued Interest Payable                  | 88,560                     | 26,713                      | 115,273              |
| Unearned Revenue                          | 15,077                     | 2,334                       | 17,411               |
| Long-Term Liabilities:                    |                            |                             |                      |
| Due Within One Year                       | 306,012                    | 320,014                     | 626,026              |
| Due in More Than One Year                 | 5,228,628                  | 1,728,222                   | 6,956,850            |
| Net Pension Liability                     | 172,605                    | 60,646                      | 233,251              |
| Total Liabilities                         | <u>6,018,522</u>           | <u>2,258,613</u>            | <u>8,277,135</u>     |
| <b>DEFERRED INFLOWS OF RESOURCES</b>      |                            |                             |                      |
| Pension Related                           | 172,475                    | 44,490                      | 216,965              |
| Loss on Refunding                         | -                          | 18,178                      | 18,178               |
| Lease Receivable                          | 283,544                    | 1,016,433                   | 1,299,977            |
| Total Deferred Inflows of Resources       | <u>456,019</u>             | <u>1,079,101</u>            | <u>1,535,120</u>     |
| <b>NET POSITION</b>                       |                            |                             |                      |
| Net Investment in Capital Assets          | 3,935,506                  | 7,374,331                   | 11,309,837           |
| Restricted for:                           |                            |                             |                      |
| Capital Outlay                            | 124,583                    | -                           | 124,583              |
| Pension Payments                          | 95,678                     | -                           | 95,678               |
| Economic Development                      | 7,462                      | -                           | 7,462                |
| Public Works                              | 268,424                    | -                           | 268,424              |
| Public Safety                             | 487,169                    | -                           | 487,169              |
| Unrestricted                              | 937,268                    | 2,462,535                   | 3,399,803            |
| Total Net Position                        | <u>\$ 5,856,090</u>        | <u>\$ 9,836,866</u>         | <u>\$ 15,692,956</u> |

See accompanying Notes to Financial Statements.

**CITY OF RICE LAKE, MINNESOTA  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2024**

| Functions/Programs               | Expenses            | Program Revenues        |  |  |
|----------------------------------|---------------------|-------------------------|--|--|
|                                  |                     | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital Grants<br>and<br>Contributions |
| <b>Governmental Activities:</b>  |                     |                         |  |  |
| General Government               | \$ 514,162          | \$ 38,911               | \$ 8,900                                 | \$ -                                   |
| Public Safety                    | 434,153             | -                       | -  | -                                      |
| Public Works                     | 1,032,219           | 91,028                  | 49,911                                   | 2,762                                  |
| Culture and Recreation           | 33,129              | -                       | 26,571                                   | -                                      |
| Debt Service                     | 203,337             | -                       | -  | -                                      |
| Total Governmental Activities    | <u>2,217,000</u>    | <u>129,939</u>          | <u>85,382</u>                            | <u>2,762</u>                           |
| <b>Business-Type Activities:</b> |                     |                         |  |  |
| Water Utility                    | 491,169             | 563,721                 | -  | 1,395                                  |
| Sewer Utility                    | 421,012             | 403,421                 | -  | 1,702,305                              |
| Total Business-Type Activities   | <u>912,181</u>      | <u>967,142</u>          | <u>-</u>                                 | <u>1,703,700</u>                       |
| Total                            | <u>\$ 3,129,181</u> | <u>\$ 1,097,081</u>     | <u>\$ 85,382</u>                         | <u>\$ 1,706,462</u>                    |

**GENERAL REVENUES**

Taxes:

Property Taxes, Levied for General Purpose

Franchise Fees

Grants and Contributions not Restricted to Specific Programs

Unrestricted Investment Earnings

Miscellaneous

Total General Revenues

**CHANGES IN NET POSITION**

Net Position - Beginning of Year

**NET POSITION - END OF YEAR**

See accompanying Notes to Financial Statements.

**CITY OF RICE LAKE, MINNESOTA  
STATEMENT OF ACTIVITIES (CONTINUED)  
YEAR ENDED DECEMBER 31, 2024**

Net Revenue (Expense) and Changes in Net Position

| <u>Governmental<br/>Activities</u> | <u>Business-Type<br/>Activities</u> | <u>Total</u>         |
|------------------------------------|-------------------------------------|----------------------|
| \$ (466,351)                       | \$ -                                | \$ (466,351)         |
| (434,153)                          | -                                   | (434,153)            |
| (888,518)                          | -                                   | (888,518)            |
| (6,558)                            | -                                   | (6,558)              |
| (203,337)                          | -                                   | (203,337)            |
| <u>(1,998,917)</u>                 | <u>-</u>                            | <u>(1,998,917)</u>   |
| -                                  | 73,947                              | 73,947               |
| -                                  | 1,684,714                           | 1,684,714            |
| <u>-</u>                           | <u>1,758,661</u>                    | <u>1,758,661</u>     |
| (1,998,917)                        | 1,758,661                           | (240,256)            |
| 1,705,481                          | 130,177                             | 1,835,658            |
| 12,840                             | -                                   | 12,840               |
| 688,344                            | -                                   | 688,344              |
| 51,634                             | 73,920                              | 125,554              |
| 23,132                             | 54,055                              | 77,187               |
| <u>2,481,431</u>                   | <u>258,152</u>                      | <u>2,739,583</u>     |
| 482,514                            | 2,016,813                           | 2,499,327            |
| <u>5,373,576</u>                   | <u>7,820,053</u>                    | <u>13,193,629</u>    |
| <u>\$ 5,856,090</u>                | <u>\$ 9,836,866</u>                 | <u>\$ 15,692,956</u> |

See accompanying Notes to Financial Statements.

**CITY OF RICE LAKE, MINNESOTA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2024**

|  | General<br>Fund | Road and<br>Bridge<br>Fund | Fire<br>Fund |
|--|-----------------|----------------------------|--------------|
| <b>ASSETS</b>  |                 |                            |              |
| Cash and Investments   | \$ 1,272,939    | \$ 267,813                 | \$ 492,456   |
| Receivables:   |                 |                            |              |
| Taxes  | 25,125          | 31,061                     | 10,059       |
| Special Assessments  | 11,107          | 32,741                     | -            |
| Loans  | -               | -                          | -            |
| Accounts   | 8,072           | 5,202                      | 945          |
| Accrued Interest   | 206             | -                          | -            |
| Leases   | -               | -                          | -            |
| Prepaid Items  | 27,680          | 1,888                      | 7,314        |
| Total Assets   | \$ 1,345,129    | \$ 338,705                 | \$ 510,774   |
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b> |                 |                            |              |
| <b>LIABILITIES</b>   |                 |                            |              |
| Accounts Payable   | \$ 37,261       | \$ 63,679                  | \$ 74,180    |
| Accrued Liabilities  | 4,056           | 6,602                      | -            |
| Unearned Revenue   | -               | -                          | -            |
| Total Liabilities  | 41,317          | 70,281                     | 74,180       |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                 |                 |                            |              |
| Unavailable Revenue - Property Taxes                                 | 13,984          | 50,028                     | 5,599        |
| Unavailable Revenue - Special Assessments                            | 11,107          | -                          | -            |
| Unavailable Revenue - Loans  | -               | -                          | -            |
| Lease Receivable   | -               | -                          | -            |
| Total Deferred Inflows of Resources                                  | 25,091          | 50,028                     | 5,599        |
| <b>FUND BALANCES</b>   |                 |                            |              |
| Nonspendable Prepays   | 27,680          | 1,888                      | 7,314        |
| Restricted for:  |                 |                            |              |
| Public Safety  | 50,575          | -                          | -            |
| Capital Outlay   | -               | -                          | -            |
| Road and Bridge Projects   | -               | 216,508                    | -            |
| Fire Operations  | -               | -                          | 423,681      |
| Debt Service   | -               | -                          | -            |
| Committed for Building Inspection Operations                         | -               | -                          | -            |
| Assigned for Capital Outlay  | 304,367         | -                          | -            |
| Unassigned   | 896,099         | -                          | -            |
| Total Fund Balances  | 1,278,721       | 218,396                    | 430,995      |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances  | \$ 1,345,129    | \$ 338,705                 | \$ 510,774   |

See accompanying Notes to Financial Statements.

**CITY OF RICE LAKE, MINNESOTA  
BALANCE SHEET  
GOVERNMENTAL FUNDS (CONTINUED)  
DECEMBER 31, 2024**

| Building<br>Inspection | Broadband<br>Fund | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|------------------------|-------------------|-----------------------------------|--------------------------------|
| \$ 28,105              | \$ 115,512        | \$ 3,759                          | \$ 2,180,584                   |
| 3,017                  | -                 | 3,059                             | 72,321                         |
| -                      | -                 | -                                 | 43,848                         |
| -                      | -                 | 7,462                             | 7,462                          |
| -                      | -                 | -                                 | 14,219                         |
| -                      | -                 | -                                 | 206                            |
| -                      | 307,692           | -                                 | 307,692                        |
| 5,351                  | -                 | -                                 | 42,233                         |
| <u>\$ 36,473</u>       | <u>\$ 423,204</u> | <u>\$ 14,280</u>                  | <u>\$ 2,668,565</u>            |
| \$ 16,499              | \$ -              | \$ -                              | \$ 191,619                     |
| 5,363                  | -                 | -                                 | 16,021                         |
| -                      | 15,077            | -                                 | 15,077                         |
| <u>21,862</u>          | <u>15,077</u>     | <u>-</u>                          | <u>222,717</u>                 |
| 1,679                  | -                 | 1,703                             | 72,993                         |
| -                      | -                 | -                                 | 11,107                         |
| -                      | -                 | 7,462                             | 7,462                          |
| -                      | 283,544           | -                                 | 283,544                        |
| <u>1,679</u>           | <u>283,544</u>    | <u>9,165</u>                      | <u>375,106</u>                 |
| 5,351                  | -                 | -                                 | 42,233                         |
| -                      | -                 | -                                 | 50,575                         |
| -                      | 124,583           | -                                 | 124,583                        |
| -                      | -                 | -                                 | 216,508                        |
| -                      | -                 | -                                 | 423,681                        |
| -                      | -                 | 5,115                             | 5,115                          |
| 7,581                  | -                 | -                                 | 7,581                          |
| -                      | -                 | -                                 | 304,367                        |
| -                      | -                 | -                                 | 896,099                        |
| <u>12,932</u>          | <u>124,583</u>    | <u>5,115</u>                      | <u>2,070,742</u>               |
| <u>\$ 36,473</u>       | <u>\$ 423,204</u> | <u>\$ 14,280</u>                  | <u>\$ 2,668,565</u>            |

See accompanying Notes to Financial Statements.

**CITY OF RICE LAKE, MINNESOTA  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2024**

**Total Fund Balances for Governmental Funds** \$ 2,070,742

Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. Those assets consist of:

|                                |                    |           |
|--------------------------------|--------------------|-----------|
| Land                           | \$ 15,967          |           |
| Construction-in-Progress       | 41,185             |           |
| Infrastructure                 | 877,941            |           |
| Buildings and Improvements     | 8,443,271          |           |
| Equipment and Furniture        | 3,344,462          |           |
| Less: Accumulated Depreciation | <u>(3,282,484)</u> | 9,440,342 |

The City's net pension asset and liability and related deferred inflows and outflows are recorded only on the statement of net position. Balances at year-end are:

|  |                  |           |
|--|------------------|-----------|
| Net Pension Asset                                | 95,678           |           |
| Net Pension Liability                            | (172,605)        |           |
| Deferred Outflows of Resources - Pension Related | 126,046          |           |
| Deferred Inflows of Resources - Pension Related  | <u>(172,475)</u> | (123,356) |

Some of the City's property taxes, special assessments, loans, and grants receivable will be collected after year-end, but are not available soon enough to pay for the current-period's expenditures and, therefore, are reported as deferred inflows of resources in the governmental funds. 91,562

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. Accrued interest for general obligation bonds is included in the statement of net position. (88,560)

Long-term liabilities that pertain to governmental funds, including bonds payable, are not due and payable in the current period and, therefore, are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position.

|  |                    |                    |
|--|--------------------|--------------------|
| Unamortized Issuance Costs             | (91,585)           |                    |
| Compensated Absences                   | (29,804)           |                    |
| Bonds and Finance Purchase Obligations | <u>(5,413,251)</u> | <u>(5,534,640)</u> |

**Total Net Position of Governmental Activities** \$ 5,856,090

See accompanying Notes to Financial Statements.

**CITY OF RICE LAKE, MINNESOTA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2024**

|  | General<br>Fund     | Road and<br>Bridge<br>Fund | Fire<br>Fund      |
|--|---------------------|----------------------------|-------------------|
| <b>REVENUES</b>  |                     |                            |                   |
| Taxes  | \$ 599,231          | \$ 724,442                 | \$ 237,819        |
| Special Assessments                                      | 2,494               | 7,803                      | -                 |
| License and Permits                                      | 13,045              | -                          | -                 |
| Charges for Services                                     | 10,270              | 12,920                     | -                 |
| Intergovernmental Revenues                               | 614,881             | 49,911                     | 8,450             |
| Fines and Forfeits                                       | 6,233               | -                          | -                 |
| Investment Earnings (Loss)                               | 25,125              | 6,761                      | 17,579            |
| Miscellaneous Revenues                                   | 35,977              | 12,562                     | 3,684             |
| Total Revenues   | <u>1,307,256</u>    | <u>814,399</u>             | <u>267,532</u>    |
| <b>EXPENDITURES</b>                                      |                     |                            |                   |
| Current:   |                     |                            |                   |
| General Government                                       | 395,659             | -                          | -                 |
| Public Works   | 99,214              | 532,065                    | -                 |
| Public Safety  | 169,458             | -                          | 190,057           |
| Culture and Recreation                                   | 21,335              | -                          | -                 |
| Capital Outlay   | 693,162             | 82,934                     | 330,822           |
| Debt Service:  |                     |                            |                   |
| Principal Retirement                                     | 120,013             | 17,748                     | -                 |
| Interest and Fiscal Charges                              | 205,588             | 2,878                      | -                 |
| Total Expenditures                                       | <u>1,704,429</u>    | <u>635,625</u>             | <u>520,879</u>    |
| <b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b> | (397,173)           | 178,774                    | (253,347)         |
| <b>OTHER FINANCING SOURCES (USES)</b>                    |                     |                            |                   |
| Transfers In   | 658                 | 181,695                    | 126,106           |
| Transfers Out  | (237,801)           | -                          | -                 |
| Sale of Capital Assets                                   | 4,500               | -                          | -                 |
| Issuance of Finance Purchase                             | -                   | -                          | 115,368           |
| Total Other Financing Sources (Uses)                     | <u>(232,643)</u>    | <u>181,695</u>             | <u>241,474</u>    |
| <b>NET CHANGE IN FUND BALANCES</b>                       | (629,816)           | 360,469                    | (11,873)          |
| Fund Balances (Deficit) - Beginning of Year              | <u>1,908,537</u>    | <u>(142,073)</u>           | <u>442,868</u>    |
| <b>FUND BALANCES - END OF YEAR</b>                       | <u>\$ 1,278,721</u> | <u>\$ 218,396</u>          | <u>\$ 430,995</u> |

See accompanying Notes to Financial Statements.

**CITY OF RICE LAKE, MINNESOTA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2024**

| Building<br>Inspection | Broadband<br>Fund | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|------------------------|-------------------|-----------------------------------|--------------------------------|
| \$ 70,347              | \$ -              | \$ 72,035                         | \$ 1,703,874                   |
| -                      | -                 | -                                 | 10,297                         |
| 52,752                 | -                 | -                                 | 65,797                         |
| -                      | 28,232            | -                                 | 51,422                         |
| -                      | -                 | 78,000                            | 751,242                        |
| -                      | -                 | -                                 | 6,233                          |
| 245                    | 1,924             | -                                 | 51,634                         |
| 1,300                  | 3,479             | -                                 | 57,002                         |
| <u>124,644</u>         | <u>33,635</u>     | <u>150,035</u>                    | <u>2,697,501</u>               |
| -                      | -                 | -                                 | 395,659                        |
| 137,647                | -                 | -                                 | 768,926                        |
| -                      | -                 | -                                 | 359,515                        |
| -                      | -                 | -                                 | 21,335                         |
| -                      | -                 | -                                 | 1,106,918                      |
| -                      | -                 | 135,001                           | 272,762                        |
| -                      | -                 | 10,437                            | 218,903                        |
| <u>137,647</u>         | <u>-</u>          | <u>145,438</u>                    | <u>3,144,018</u>               |
| (13,003)               | 33,635            | 4,597                             | (446,517)                      |
| -                      | -                 | -                                 | 308,459                        |
| (70,000)               | -                 | (658)                             | (308,459)                      |
| -                      | -                 | -                                 | 4,500                          |
| -                      | -                 | -                                 | 115,368                        |
| <u>(70,000)</u>        | <u>-</u>          | <u>(658)</u>                      | <u>119,868</u>                 |
| (83,003)               | 33,635            | 3,939                             | (326,649)                      |
| <u>95,935</u>          | <u>90,948</u>     | <u>1,176</u>                      | <u>2,397,391</u>               |
| <u>\$ 12,932</u>       | <u>\$ 124,583</u> | <u>\$ 5,115</u>                   | <u>\$ 2,070,742</u>            |

See accompanying Notes to Financial Statements.

**CITY OF RICE LAKE, MINNESOTA  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
GOVERNMENTAL ACTIVITIES  
YEAR ENDED DECEMBER 31, 2024**

**Net Change in Fund Balances - Total Governmental Funds** \$ (326,649)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets 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 expense in the current period.

|                      |                  |         |
|----------------------|------------------|---------|
| Capital Outlay       | \$ 1,128,880     |         |
| Depreciation Expense | <u>(504,909)</u> | 623,971 |

The governmental funds report bond proceeds as financing sources, while repayment of bond 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. Also, governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are amortized in the statement of activities. Interest is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, however, interest expense is recognized as it accrues, regardless of when it is due. The net effect of these difference is the treatment of general obligation bonds and related items is as follows:

|   |              |         |
|---|--------------|---------|
| Issuance of Finance Purchase                                    | (115,368)    |         |
| Repayment of Bond Principal                                     | 180,013      |         |
| Repayment of Finance Purchase Principal                         | 92,749       |         |
| Amortization of Bond Premium                                    | 7,943        |         |
| Change in Accrued Interest Expense for General Obligation Bonds | <u>7,623</u> | 172,960 |

Pension expenditures on the governmental funds are measured by current year employer contributions. Pension expenses on the statement of activities are measured by the change in net pension liability and the related deferred inflows and outflows of resources.

33,679

In the statement of activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used.

(15,519)

Property taxes, special assessments, loans and grants receivable will be collected subsequent to year-end, but are not available soon enough to pay for the current-period's expenditures and, therefore, are unavailable in the governmental funds.

|   |               |                |
|---|---------------|----------------|
| Unavailable Revenue - December 31, 2023 | (97,490)      |                |
| Unavailable Revenue - December 31, 2024 | <u>91,562</u> | <u>(5,928)</u> |

**Change in Net Position of Governmental Activities** \$ 482,514

*See accompanying Notes to Financial Statements.*

**CITY OF RICE LAKE, MINNESOTA  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
DECEMBER 31, 2024**

|   | Business-Type Activities |                     |                     |
|---|--------------------------|---------------------|---------------------|
|   | Water Fund               | Sewer Fund          | Total               |
| <b>ASSETS</b>   |                          |                     |                     |
| Current Assets:   |                          |                     |                     |
| Cash and Cash Equivalents                                   | \$ 1,290,274             | \$ 946,325          | \$ 2,236,599        |
| Taxes Receivable  | 2,119                    | 3,457               | 5,576               |
| Accounts Receivable   | 58,744                   | 48,519              | 107,263             |
| Special Assessments Receivable                              | 28,379                   | 46,302              | 74,681              |
| Prepaid Items   | 3,886                    | -                   | 3,886               |
| Lease Receivable  | 75,784                   | 2,714               | 78,498              |
| Total Current Assets  | <u>1,459,186</u>         | <u>1,047,317</u>    | <u>2,506,503</u>    |
| Noncurrent Assets:  |                          |                     |                     |
| Special Assessments Receivable                              | 72,099                   | 117,634             | 189,733             |
| Lease Receivable  | 998,143                  | -                   | 998,143             |
| Capital Assets:   |                          |                     |                     |
| Land and Construction in Progress                           | 22,816                   | 11,250              | 34,066              |
| Infrastructure  | 6,684,021                | 4,355,189           | 11,039,210          |
| Equipment   | 416,862                  | 1,955,041           | 2,371,903           |
| Buildings and Improvements                                  | 376,399                  | 617,240             | 993,639             |
| Less: Accumulated Depreciation                              | <u>(2,133,293)</u>       | <u>(2,843,386)</u>  | <u>(4,976,679)</u>  |
| Net Capital Assets  | <u>5,366,805</u>         | <u>4,095,334</u>    | <u>9,462,139</u>    |
| Total Noncurrent Assets                                     | <u>6,437,047</u>         | <u>4,212,968</u>    | <u>10,650,015</u>   |
| Total Assets  | 7,896,233                | 5,260,285           | 13,156,518          |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                       |                          |                     |                     |
| Pension Related   | 9,031                    | 9,031               | 18,062              |
| <b>LIABILITIES</b>  |                          |                     |                     |
| Current Liabilities:  |                          |                     |                     |
| Accounts Payable  | 23,582                   | 20,172              | 43,754              |
| Contracts Payable   | 6,879                    | 42,260              | 49,139              |
| Accrued Liabilities   | 8,822                    | 18,969              | 27,791              |
| Accrued Interest Payable                                    | 8,460                    | 18,253              | 26,713              |
| Unearned Revenue  | 2,334                    | -                   | 2,334               |
| Current Portion of Compensated Absences                     | 1,576                    | 1,576               | 3,152               |
| Current Portion of Bonds Payable                            | 121,580                  | 195,282             | 316,862             |
| Total Current Liabilities                                   | <u>173,233</u>           | <u>296,512</u>      | <u>469,745</u>      |
| Long-Term Liabilities:                                      |                          |                     |                     |
| Compensated Absences  | 3,208                    | 3,207               | 6,415               |
| Net Pension Liability                                       | 30,323                   | 30,323              | 60,646              |
| Bonds Payable (Net of Unamortized Bonds Discounts/Premiums) | <u>725,840</u>           | <u>995,967</u>      | <u>1,721,807</u>    |
| Total Long-Term Liabilities                                 | <u>759,371</u>           | <u>1,029,497</u>    | <u>1,788,868</u>    |
| Total Liabilities   | 932,604                  | 1,326,009           | 2,258,613           |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                        |                          |                     |                     |
| Pension Related   | 22,245                   | 22,245              | 44,490              |
| Loss on Refunding   | 6,907                    | 11,271              | 18,178              |
| Lease Receivable  | 1,016,433                | -                   | 1,016,433           |
| Total Deferred Inflows of Resources                         | <u>1,045,585</u>         | <u>33,516</u>       | <u>1,079,101</u>    |
| <b>NET POSITION</b>   |                          |                     |                     |
| Net Investment in Capital Assets                            | 4,512,506                | 2,861,825           | 7,374,331           |
| Unrestricted  | <u>1,414,569</u>         | <u>1,047,966</u>    | <u>2,462,535</u>    |
| Total Net Position  | <u>\$ 5,927,075</u>      | <u>\$ 3,909,791</u> | <u>\$ 9,836,866</u> |

See accompanying Notes to Financial Statements.

**CITY OF RICE LAKE, MINNESOTA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2024**

|   | Business-Type Activities |                     |                     |
|---|--------------------------|---------------------|---------------------|
|   | Water Fund               | Sewer Fund          | Total               |
| <b>OPERATING REVENUES</b>                       |                          |                     |                     |
| User Fees                                       | \$ 327,851               | \$ 237,892          | \$ 565,743          |
| Hookups and Other Operating Income              | 95,014                   | 165,529             | 260,543             |
| Miscellaneous                                   | 9,746                    | 7,193               | 16,939              |
| Total Operating Revenues                        | <u>432,611</u>           | <u>410,614</u>      | <u>843,225</u>      |
| <b>OPERATING EXPENSES</b>                       |                          |                     |                     |
| Cost of Goods Sold                              | 108,748                  | 85,588              | 194,336             |
| Maintenance, Supplies, and Operational Expenses | 150,718                  | 154,299             | 305,017             |
| Depreciation                                    | 221,919                  | 172,249             | 394,168             |
| Total Operating Expenses                        | <u>481,385</u>           | <u>412,136</u>      | <u>893,521</u>      |
| <b>NET OPERATING LOSS</b>                       | (48,774)                 | (1,522)             | (50,296)            |
| <b>NONOPERATING REVENUES (EXPENSES)</b>         |                          |                     |                     |
| Taxes   | 49,617                   | 80,560              | 130,177             |
| Intergovernmental                               | 1,395                    | 1,702,305           | 1,703,700           |
| Special Assessments                             | 17,776                   | 19,340              | 37,116              |
| Lease Revenue                                   | 140,856                  | -                   | 140,856             |
| Interest Income                                 | 54,853                   | 19,067              | 73,920              |
| Interest Expense                                | (9,784)                  | (8,876)             | (18,660)            |
| Total Nonoperating Revenues (Expenses)          | <u>254,713</u>           | <u>1,812,396</u>    | <u>2,067,109</u>    |
| <b>CHANGE IN NET POSITION</b>                   | 205,939                  | 1,810,874           | 2,016,813           |
| Net Position - Beginning of Year                | <u>5,721,136</u>         | <u>2,098,917</u>    | <u>7,820,053</u>    |
| <b>NET POSITION - END OF YEAR</b>               | <u>\$ 5,927,075</u>      | <u>\$ 3,909,791</u> | <u>\$ 9,836,866</u> |

See accompanying Notes to Financial Statements.

**CITY OF RICE LAKE, MINNESOTA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED DECEMBER 31, 2024**

|   | Business-Type Activities |                   |                     |
|---|--------------------------|-------------------|---------------------|
|   | Water Fund               | Sewer Fund        | Total               |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                     |                          |                   |                     |
| Cash Received from Customers                                    | \$ 473,703               | \$ 411,475        | \$ 885,178          |
| Cash Paid to Suppliers  | (306,689)                | (206,773)         | (513,462)           |
| Cash Paid to Employees  | (17,591)                 | (10,607)          | (28,198)            |
| Net Cash Provided by Operating Activities                       | <u>149,423</u>           | <u>194,095</u>    | <u>343,518</u>      |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>          |                          |                   |                     |
| Cash Received from General Property Taxes                       | 49,735                   | 80,753            | 130,488             |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b> |                          |                   |                     |
| Principal Paid  | (118,499)                | (176,305)         | (294,804)           |
| Interest Paid   | (24,700)                 | (27,524)          | (52,224)            |
| Special Assessments   | 41,268                   | 57,669            | 98,937              |
| Acquisition and Construction of Capital Assets                  | (366,736)                | (1,788,292)       | (2,155,028)         |
| Issuance of Bonds   | 35,840                   | 220,160           | 256,000             |
| Lease Revenue   | 111,605                  | -                 | 111,605             |
| Intergovernmental Revenues                                      | 1,395                    | 1,702,305         | 1,703,700           |
| Net Cash Used by Capital and Related Financing Activities       | <u>(319,827)</u>         | <u>(11,987)</u>   | <u>(331,814)</u>    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                     |                          |                   |                     |
| Interest Received   | <u>50,967</u>            | <u>19,067</u>     | <u>70,034</u>       |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>     | (69,702)                 | 281,928           | 212,226             |
| Cash and Cash Equivalents - Beginning of Year                   | <u>1,359,976</u>         | <u>664,397</u>    | <u>2,024,373</u>    |
| <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>                  | <u>\$ 1,290,274</u>      | <u>\$ 946,325</u> | <u>\$ 2,236,599</u> |

See accompanying Notes to Financial Statements.

**CITY OF RICE LAKE, MINNESOTA  
STATEMENT OF CASH FLOWS (CONTINUED)  
PROPRIETARY FUNDS  
YEAR ENDED DECEMBER 31, 2024**

|   | Business-Type Activities |                   |                   |
|---|--------------------------|-------------------|-------------------|
|   | Water Fund               | Sewer Fund        | Total             |
| <b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>  |                          |                   |                   |
| Operating Loss  | \$ (48,774)              | \$ (1,522)        | \$ (50,296)       |
| Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities: |                          |                   |                   |
| Depreciation and Amortization   | 221,919                  | 172,249           | 394,168           |
| Pension Adjustment  |                          |                   |                   |
| Changes in Assets and Liabilities:  |                          |                   |                   |
| (Increase) Decrease in:   |                          |                   |                   |
| Accounts Receivable   | 38,758                   | 861               | 39,619            |
| Other Current Assets  | -                        | (2,714)           | (2,714)           |
| Deferred Outflows of Resources  | 4,951                    | 4,952             | 9,903             |
| Increase (Decrease) in:   |                          |                   |                   |
| Net Pension Liability   | (18,327)                 | (18,326)          | (36,653)          |
| Accounts Payable  | (63,974)                 | 15,913            | (48,061)          |
| Deferred Inflows of Resources   | 3,358                    | 3,358             | 6,716             |
| Unearned Revenue  | 2,334                    | -                 | 2,334             |
| Compensated Absences  | 3,516                    | 3,515             | 7,031             |
| Accrued Liabilities   | 5,662                    | 15,809            | 21,471            |
| Net Cash Provided by Operating Activities   | <u>\$ 149,423</u>        | <u>\$ 194,095</u> | <u>\$ 343,518</u> |
| <b>NONCASH TRANSACTIONS</b>   |                          |                   |                   |
| Amortization of Premiums and Refunding Loss   | <u>\$ 14,513</u>         | <u>\$ 23,675</u>  | <u>\$ 38,188</u>  |
| Assets Purchased on Account with Contracts Payable                                    | <u>\$ 6,879</u>          | <u>\$ 42,260</u>  | <u>\$ 49,139</u>  |

See accompanying Notes to Financial Statements.

**CITY OF RICE LAKE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Rice Lake, Minnesota (the City), was incorporated under the laws of the state of Minnesota and operates under a Mayor-Council form of government. The City is vested in a mayor and a four-person elective council. The governing body is elected by voters of the City to serve four-year terms.

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

**A. Financial Reporting Entity**

The financial reporting entity consists of the Primary Government and the component units for which the Primary Government is financially accountable. There is financial accountability if the Primary Government appoints a voting majority of an organization's governing body and has the ability to impose its will on that governing body; or there is the potential for the organization to provide specific financial benefits or to impose specific financial burdens on the Primary Government.

The financial statements of the City do not include agencies which have been formed under applicable state laws as separate and distinct units of government apart from the City. There are no organizations subject to the City's oversight responsibility which require incorporation into these financial statements.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information about the Primary Government. These statements include the financial activities of the overall City government, except for fiduciary activities. 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 to external parties for support.

The statement of activities demonstrates the degree to which the direct expenses of each function of the City's governmental activities and business-type activities are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include: (1) fees, fines, and charges paid by the recipients of goods, services, or privileges provided by a given function or activity; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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

**CITY OF RICE LAKE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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. The City considers all revenues to be available if they are collected within 60 days after the end of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent that they have matured. Proceeds of general long-term debt and acquisitions under right-to-use leases are reported as other financing sources.

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

The City reports the following major governmental funds:

**General Fund**

The General Fund is used to account for all revenues and expenditures applicable to the general operations of the City. All general operating revenues which are not restricted as to use by sources outside of the City are also recorded in the General Fund.

**Road and Bridge Fund**

The Road and Bridge Fund, a special revenue fund, accounts for property tax levy that is restricted for projects performed on roads and bridges.

**Fire Fund**

The Fire Fund, a special revenue fund, accounts for property tax levy and intergovernmental revenues that are restricted financial resources to be used for fire operations.

**Building Inspection**

The Building Inspection Fund, a special revenue fund, accounts for property tax levy that is committed to building and zoning inspections and permit, planning, and zoning operations.

**CITY OF RICE LAKE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

**Broadband Fund**

The Broadband Fund, a special revenue fund, accounts for the restricted financial resources received by the American Rescue Plan Act of 2021 to be used on expanding fiber to citizens of the City.

The City reports the following major proprietary funds:

**Water Fund**

The Water Fund is used to account for the activities of the City's water operations.

**Sewer Fund**

The Sewer Fund is used to account for the activities of the City's sewer operations.

The City's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board is responsible for establishing GAAP for state and local governments through to pronouncements (statements and interpretations).

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are where the amounts are reasonably equivalent in value to the interfund services provided or other charges between the various functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the City's enterprise funds are charges to customers for sales of goods 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 City's policy to use restricted resources first, and then unrestricted resources as they are needed.

**CITY OF RICE LAKE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**1. Cash and Investments**

Cash balances from all funds are combined and invested to the extent available in various certificates of deposits and securities as authorized by Minnesota Statutes. Investment earnings are recorded in the individual fund carrying the investment. Investments are generally stated at fair value, except for investments in external investment pools which meet the requirements of GASB 79 and are stated at amortized cost. Short-term, highly liquid debt instruments purchased with a remaining maturity of one year or less are also reported at amortized cost.

For the purpose of reporting cash flows in the proprietary funds, the City considers all highly liquid debt instruments with an initial maturity of less than three months to be cash equivalents.

**2. Taxes Receivable**

Property tax levies are certified to the county auditor in December of each year for collection from taxpayers in May and October of the following calendar year. In Minnesota, counties act as collection agents for all property taxes. The county spreads all levies over taxable property. Such taxes become a lien on property on the following January 1. Within 30 days after the May settlement, the county is required to pay 70% of the estimated collections of taxes and special assessments to the City. The County must pay the balance to the City within 60 days after settlement, provided that after 45 days, interest will accrue on the unpaid balance.

Within 10 business days after November 15, the county shall pay to each taxing district, except any school district, 100% of the estimated collections arising from taxes levied by and belonging to each taxing district from May 20 to November 20.

Taxes which remain unpaid are classified as delinquent taxes receivable. Revenue from these delinquent property taxes that is not collected within 60 days of year-end is reported as a deferred inflow of resources because it is not known to be available to finance the operations of the City in the current year. No allowance for uncollectible taxes has been provided as such amounts are not expected to be material.

**3. Accounts Receivable**

No substantial losses are anticipated from present receivable balances; therefore, no allowance for uncollectible accounts is deemed necessary.

**CITY OF RICE LAKE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**4. Special Assessments Receivable**

Special assessments receivable represents uncollected assessments which have been levied against the benefited properties for the assessable costs of improvement projects in accordance with Minnesota Statutes. These assessments will be collected by the county and remitted to the City.

In the governmental fund financial statements, special assessment levies are recorded as deferred inflows of resources at the time of the levy. Deferred inflows of resources are recognized as current revenue as the annual assessment installments become measurable and available. Interest on special assessments is also recognized when it becomes measurable and available.

**5. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of one year. Infrastructure is defined by the government as assets with an initial, individual cost of more than \$25,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets of the Primary Government are depreciated using the straight-line method over the following estimated useful lives:

| Assets                     | Years    |
|----------------------------|----------|
| Buildings and Improvements | 5 to 40  |
| Equipment and Furniture    | 3 to 25  |
| Infrastructure             | 15 to 40 |

Right-to-use lease assets are initially measured at the present value of payments expected to be made during the lease term, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

**CITY OF RICE LAKE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**6. Deferred Outflows of Resources**

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period. The City will not recognize the related outflow until a future event occurs.

**7. Net Pension Liability (Asset)**

For purposes of measuring the net pension liability (asset), deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and the Statewide Volunteer Firefighter Retirement Plan (SVF), and additions to/deductions from PERA's and SVF's fiduciary net position have been determined on the same basis as they are reported by PERA and SVF. 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.

**8. Long-Term Obligations**

In the government-wide financial statements and the proprietary fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

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 received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**9. Deferred Inflows of Resources**

The City's governmental fund financial statements report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in fund balance that applies to a future period. The City will not recognize the related revenue until a future event occurs.

**CITY OF RICE LAKE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**10. Accrued Employee Benefits**

The employees of the City are entitled to the following annual vacation benefits:

|                       |                                |
|-----------------------|--------------------------------|
|                       | <u>Maximum<br/>Accumulated</u> |
| Staff - 10 to 20 Days | 30 Days                        |

Staff is entitled to sick leave of 48 hours upon passing a probationary period, after which they accumulate eight hours per month of employment, not to exceed 480 hours.

Upon retirement, all employees are paid for all accumulated vacation time, but are not, however, paid for accumulated sick leave.

The liability for compensated absences reported in the financial statements consists of leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that has been used for time off but has not been paid in cash or settled through noncash means and certain other types of leave.

**11. Equity**

Fund Balance

In the fund financial statements, governmental funds report components of fund balance to provide information about fund balance availability for appropriation. Nonspendable fund balance represents amounts that are inherently nonspendable or assets that are legally or contractually required to be maintained intact. Restricted fund balance represents amounts available for appropriation but intended for specific use and is legally restricted by outside parties. Committed fund balance represents constraints on spending that the government imposes upon itself by high-level formula action prior to the close of the fiscal period. Assigned fund balance represents resources intended for spending for a purpose set by the government body itself or by some person or body delegated to exercise such authority in accordance with policy established by the council. Unassigned fund balance is residual classification for the City's general fund and includes all spendable amounts not contained in the other classifications. Other funds would report a negative unassigned fund balance should the total of nonspendable, restricted, and committed fund balances exceed the total net resources of that fund. It is the City's policy that at the end of each fiscal year, the City will maintain unassigned portion of fund balance for cash flow not less than 30% of the next year's budgeted expenditures of the General Fund.

**CITY OF RICE LAKE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**11. Equity (Continued)**

Fund Balance

Committed fund balance is required to be established, modified, or rescinded by resolution of the City Council prior to each year-end. Based on resolution of the City Council, the City Administrator has the authority to establish or modify assigned fund balance. When committed, assigned, and unassigned fund balance is available for an expenditure, it is the City's policy to use committed, assigned, and then unassigned fund balances.

Net Position

Net position represents the difference between assets, deferred inflows, deferred outflows, and liabilities in the government-wide and proprietary fund financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any debt used to build or acquire the capital assets. Net position is reported as restricted in the Government-wide and proprietary fund financial statements when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, laws, or regulations of other governments. When restricted and unrestricted net position is available for an expense, it is the City's policy to use restricted first and then unrestricted.

**12. Adoption of New Accounting Standards**

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This Statement updated the recognition and measurement guidance for compensated absences and associated salary-related payments and amended certain previously required disclosures.

The City adopted the requirements of the guidance effective January 1, 2024, and has applied the provisions of this standard to the beginning of the period of adoption. The implementation of this standard did not result in any material adjustments.

**NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budgetary Information**

December of every year, the City Council adopts an annual budget for the following year for the General and certain Special Revenue Funds. Legal budgetary control is at the fund level. The City Council does not legally adopt a budget for the Broadband Fund and, therefore, is not presented.

**CITY OF RICE LAKE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)**

**A. Budgetary Information (Continued)**

The City Council may authorize transfer of budgeted amounts between departments within any fund. Comparisons of estimated revenues and expenditures to actual are presented in the financial statements for the General and certain Special Revenue Funds. Budgeted amounts are as originally reported. Unencumbered appropriations lapse at year-end.

Budget for the General Fund and certain Special Revenue Funds are adopted on the accrual basis.

**B. Excess of Expenditures Over Appropriations**

Expenditures exceeded budgeted amounts in the following funds at December 31, 2024:

|  | <u>Expenditures</u> | <u>Budget</u> | <u>Excess</u> |
|--|---------------------|---------------|---------------|
| General Fund                               | \$ 1,704,429        | \$ 624,310    | \$ 1,080,119  |
| Special Revenue Fund - Fire                | 520,879             | 195,956       | 324,923       |
| Special Revenue Fund - Building Inspection | 137,647             | 70,340        | 67,307        |

All expenditures in excess of budget were considered to be crucial to operations and were approved by the City Council.

**NOTE 3 DETAILED NOTES ON ALL FUNDS**

**A. Assets**

**1. Deposits**

The City maintains a cash pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the statement of net position and balance sheet within "Cash and Investments". In accordance with Minnesota Statutes the City maintains deposits at financial institutions which are authorized by the City Council.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk and follows Minnesota Statutes for deposits.

Minnesota Statutes require that all deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or corporate surety bonds.

**CITY OF RICE LAKE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Assets (Continued)**

**1. Deposits (Continued)**

Custodial Credit Risk (Continued)

Authorized collateral include: U.S. government treasury bills, notes, or bonds; issues of a U.S. government agency; general obligations of a state or local government rated "A" or better; revenue obligations of a state or local government rated "AA" or better; irrevocable standby letter of credit issued by a Federal Home Loan Bank; and time deposits insured by a federal agency.

Minnesota Statutes require securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or at an account at a trust department of a commercial bank or other financial institution not owned or controlled by the depository.

The City's deposits in banks at December 31, 2024 were entirely covered by federal depository insurance or by surety bonds and collateral in accordance with Minnesota Statutes.

**2. Investments**

The City does not have an investment policy and is permitted to invest its idle funds as authorized by Minnesota Statutes as follows:

- Direct obligations or obligations guaranteed by the United States or its agencies.
- Shares of investment companies registered under the Federal Investment Company Act of 1940 and receiving the highest credit rating are rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of 13 months or less.
- General obligations rated "A" or better; revenue obligations rated "AA" or better.
- General obligations of the Minnesota Housing Finance Agency rate "A" or better.
- Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.
- Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by a least two nationally recognized rating agencies, and maturing in 270 days or less.
- Guaranteed investment contracts guaranteed by United States commercial banks or domestic branches of foreign banks or United States insurance companies if similar debt obligations of the issuer or the collateral pledged by the issuer is in the top two rating categories.
- Repurchase or reverse purchase agreement and securities lending agreements financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.

**CITY OF RICE LAKE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Assets (Continued)**

**2. Investments (Continued)**

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The certificates of deposits held by the City are not rated.

Concentration of Credit Risk

the City places no limits on the amount the City may invest in any one issuer. The table above shows each individual investment as a percentage of the City's total investment.

| Type                        | Amount     | Percentage |
|-----------------------------|------------|------------|
| United Fid Bk FSB Evansvile | \$ 190,671 | 100.0 %    |

Interest Rate Risk

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of an investment. Investments are categorized to give an indication of the level of interest rate risk assumed at year-end. Investments as of December 31, 2024, are as follows:

| Type                               | Maturities           |                    |                    | Total      |
|------------------------------------|----------------------|--------------------|--------------------|------------|
|                                    | 12 Months<br>or Less | 13 to 24<br>Months | 25 to 60<br>Months |            |
| Negotiable Certificates of Deposit | \$ 190,671           | \$ -               | \$ -               | \$ 190,671 |

The deposits and investments are presented in these financial statements:

|   |              |
|---|--------------|
| Cash and Cash Equivalents                 | \$ 4,226,512 |
| Investments                               | 190,671      |
| Total Cash and Investments                | \$ 4,417,183 |
| <br>                                      |              |
| Cash and Investments - Governmental Funds | \$ 2,180,584 |
| Cash and Investments - Proprietary Funds  | 2,236,599    |
| Total Cash and Investments                | \$ 4,417,183 |

The entire balance of the City's investments are held by the governmental funds and no investments were held by the proprietary funds as of December 31, 2024.

**CITY OF RICE LAKE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Assets (Continued)**

**2. Investments (Continued)**

The City uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures.

The City follows an accounting standard that defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements. In accordance with this standard, the city has categorized its investments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Financial assets and liabilities recorded on the combined statements of financial position are categorized based on the inputs to the valuation techniques as follows:

- *Level 1* – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities. The inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. Treasury and other U.S. government and agency mortgage-backed securities that are traded by dealers or brokers in active over-the-counter markets.
- *Level 2* – Financial assets and liabilities are valued based on quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data. These inputs include bonds valued by a pricing service that uses matrix pricing and valuation multiples.
- *Level 3* – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity’s own assumptions about the assumptions market participants and would use in pricing the asset.

Assets measured at fair value on a recurring basis:

|                                    | December 31,<br>2024 | Fair Value Measurement Using |            |         |
|------------------------------------|----------------------|------------------------------|------------|---------|
|                                    |                      | Level 1                      | Level 2    | Level 3 |
| Investments by Fair Value Level:   |                      |                              |            |         |
| Negotiable Certificates of Deposit | \$ 190,671           | \$ -                         | \$ 190,671 | \$ -    |

**CITY OF RICE LAKE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Assets (Continued)**

**3. Receivables**

Significant portions of taxes of \$72,993, special assessments of \$11,107, loans of \$7,462, and leases receivable of \$283,544 are not expected to be collected within one year due to the nature of the receivable.

**4. Interfund Activity**

Interfund transfers for the year ended December 31, 2024, were as follows:

| Transfer Out                | Transfers In |                      |            | Total      |
|-----------------------------|--------------|----------------------|------------|------------|
|                             | General Fund | Road and Bridge Fund | Fire Fund  |            |
| General Fund                | \$ -         | \$ 111,695           | \$ 126,106 | \$ 237,801 |
| Building Inspection         | -            | 70,000               | -          | 70,000     |
| Nonmajor Governmental Funds | 658          | -                    | -          | 658        |
| Total                       | \$ 658       | \$ 181,695           | \$ 126,106 | \$ 308,459 |

The transfers from General Fund to the Road and Bridge Fund and the Fire Fund were to allocate local government aid spending. The transfer from Other Governmental Funds to the General Fund was to closeout a debt service fund. The transfer from the Building Inspection Fund to the Road and Bridge Fund was to cover road costs.

**CITY OF RICE LAKE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Assets (Continued)**

**5. Capital Assets**

Capital asset activity for the year ended December 31, 2024, is as follows:

|   | Beginning<br>Balance | Increases           | Decreases           | Ending<br>Balance   |
|---|----------------------|---------------------|---------------------|---------------------|
| <b>Governmental Activities</b>                  |                      |                     |                     |                     |
| Capital Assets, Not Being Depreciated:          |                      |                     |                     |                     |
| Land  | \$ 15,967            | \$ -                | \$ -                | \$ 15,967           |
| Construction in Progress                        | 4,153,754            | 708,630             | 4,821,199           | 41,185              |
| Total Capital Assets, Not Being<br>Depreciated  | 4,169,721            | 708,630             | 4,821,199           | 57,152              |
| Capital Assets, Being Depreciated:              |                      |                     |                     |                     |
| Infrastructure                                  | 877,941              | -                   | -                   | 877,941             |
| Buildings and Improvements                      | 3,760,357            | 4,682,914           | -                   | 8,443,271           |
| Equipment and Furniture                         | 2,808,785            | 558,535             | 22,858              | 3,344,462           |
| Subtotal  | 7,447,083            | 5,241,449           | 22,858              | 12,665,674          |
| Less: Accumulated Depreciation for:             |                      |                     |                     |                     |
| Infrastructure                                  | (235,062)            | (40,739)            | -                   | (275,801)           |
| Buildings and Improvements                      | (1,391,554)          | (221,227)           | -                   | (1,612,781)         |
| Equipment and Furniture                         | (1,173,817)          | (242,943)           | (22,858)            | (1,393,902)         |
| Subtotal  | (2,800,433)          | (504,909)           | (22,858)            | (3,282,484)         |
| Total Capital Assets, Being<br>Depreciated, Net | 4,646,650            | 4,736,540           | -                   | 9,383,190           |
| Governmental Activities Capital Assets, Net     | <u>\$ 8,816,371</u>  | <u>\$ 5,445,170</u> | <u>\$ 4,821,199</u> | <u>\$ 9,440,342</u> |
|   | Beginning<br>Balance | Increases           | Decreases           | Ending<br>Balance   |
| <b>Business-Type Activities</b>                 |                      |                     |                     |                     |
| Capital Assets, Not Being Depreciated:          |                      |                     |                     |                     |
| Land  | \$ 11,250            | \$ -                | \$ -                | \$ 11,250           |
| Construction in Progress                        | 209,222              | 2,174,240           | 2,360,646           | 22,816              |
| Total Capital Assets, Not Being<br>Depreciated  | 220,472              | 2,174,240           | 2,360,646           | 34,066              |
| Capital Assets, Being Depreciated:              |                      |                     |                     |                     |
| Infrastructure                                  | 11,039,210           | -                   | -                   | 11,039,210          |
| Equipment                                       | 168,827              | 2,203,076           | -                   | 2,371,903           |
| Buildings and Improvements                      | 806,142              | 187,497             | -                   | 993,639             |
| Subtotal  | 12,014,179           | 2,390,573           | -                   | 14,404,752          |
| Less: Accumulated Depreciation for:             |                      |                     |                     |                     |
| Infrastructure                                  | (3,975,953)          | (307,317)           | -                   | (4,283,270)         |
| Equipment                                       | (103,552)            | (32,342)            | -                   | (135,894)           |
| Buildings and Improvements                      | (503,006)            | (54,509)            | -                   | (557,515)           |
| Subtotal  | (4,582,511)          | (394,168)           | -                   | (4,976,679)         |
| Total Capital Assets, Being<br>Depreciated, Net | 7,431,668            | 1,996,405           | -                   | 9,428,073           |
| Business-Type Activities Capital Assets, Net    | <u>\$ 7,652,140</u>  | <u>\$ 4,170,645</u> | <u>\$ 2,360,646</u> | <u>\$ 9,462,139</u> |

**CITY OF RICE LAKE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Assets (Continued)**

**5. Capital Assets (Continued)**

Depreciation expense was charged to functions/programs of the City as follows:

|  |                   |
|--|-------------------|
| Governmental Activities:                                 |                   |
| General Government                                       | \$ 106,092        |
| Public Safety  | 118,968           |
| Public Works   | 270,792           |
| Culture and Recreation                                   | <u>9,057</u>      |
| Total Depreciation Expense -<br>Governmental Activities  | <u>\$ 504,909</u> |
| Business-Type Activities:                                |                   |
| Water Fund   | \$ 221,919        |
| Sewer Fund   | <u>172,249</u>    |
| Total Depreciation Expense -<br>Business-Type Activities | <u>\$ 394,168</u> |

**6. Long-Term Lease Receivable**

The City, acting as lessor, leases towers and land for business operations under long-term, noncancelable lease agreements. These leases expire between 2034 and 2041. During the year ended December 31, 2024, the City recognized \$80,097 and \$49,354 in lease revenue and interest revenue, respectively, pursuant the contracts.

Total future minimum lease payments to be received under the lease agreement are as follows:

| Governmental Activities Lease Receivable |                   |                   | Business-Type Activities Lease Receivable |                     |                   |
|--|-------------------|-------------------|---|---------------------|-------------------|
|  | Principal         | Interest          |   | Principal           | Interest          |
| 2025                                     | \$ 10,830         | \$ 10,506         | 2025                                      | \$ 75,784           | \$ 36,061         |
| 2026                                     | 11,649            | 10,114            | 2026                                      | 81,746              | 33,438            |
| 2027                                     | 12,505            | 9,692             | 2027                                      | 87,947              | 30,608            |
| 2028                                     | 13,401            | 9,241             | 2028                                      | 94,393              | 27,559            |
| 2029                                     | 14,338            | 8,757             | 2029                                      | 101,094             | 24,284            |
| 2030-2034                                | 87,287            | 35,302            | 2030-2034                                 | 550,496             | 65,901            |
| 2035-2039                                | 117,840           | 17,509            | 2035-2039                                 | 82,467              | 3,056             |
| 2040-2041                                | 39,842            | 936               | Total                                     | <u>\$ 1,073,927</u> | <u>\$ 220,907</u> |
| Total                                    | <u>\$ 307,692</u> | <u>\$ 102,057</u> |   |                     |                   |

**CITY OF RICE LAKE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Assets (Continued)**

**6. Long-Term Lease Receivable (Continued)**

Changes in the lease receivable for the year is as follows:

|                           | Beginning<br>Balance | Additions | Reductions | Ending<br>Balance |
|---------------------------|----------------------|-----------|------------|-------------------|
| Governmental Activities:  |                      |           |            |                   |
| Lease Receivable          | \$ 317,739           | \$ -      | \$ 10,047  | \$ 307,692        |
| Business-Type Activities: |                      |           |            |                   |
| Lease Receivable          | \$ 1,143,977         | \$ -      | \$ 70,050  | \$ 1,073,927      |

**B. Liabilities**

Components of Long-Term Debt

The City issues general obligation bonds or certificates of participation to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the government.

The City's outstanding notes from direct borrowings related to proprietary fund debt of \$254,563 contain (1) a provision that if the City is unable to make a payment when due, an interest penalty may be imposed and one or more of the following remedies may be exercised (a) withhold approval of any disbursement request (b) reject any pending application by the City for financial assistance (c) to the extent permitted by law, demand immediate payment of the note in full and upon such demand, the outstanding principal amount of the note will be immediately due and payable with interest accrued thereon to the date of payment (d) exercise any other remedy availability under law and (2) a provision that if the City fails to comply with any other provision within the note agreement an immediate increase in the interest rate on the loan by eliminating all interest rate discounts that were originally applied, in addition, the default remedies for failure to make a payment as listed above may be exercised.

The City's outstanding finance purchase obligation from direct borrowings related to debt of \$278,220 contains (1) a provision that if the City is unable to make a payment when due, the City is required to make a payment sufficient to cover all additional costs and expenses incurred by the Lessor, (2) the City shall pay a late charge of five cents per dollar of the highest amount permitted by applicable law, whichever is lower, on all delinquent lease payments and interest on said delinquent amounts from the date such amounts were due until paid at the rate of 12% per annum or the maximum amount permitted by law, whichever is less.

**CITY OF RICE LAKE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**B. Liabilities (Continued)**

Components of Long-Term Debt (Continued)

In 2021, the City issued \$2,285,000 in General Obligation Refunding Bonds, Series 2021A for the purpose of effecting current refunding's of certain outstanding general obligations of the City. The bonds carry an interest rate between 2.00% and 4.00% and will mature in 2029. The refunding was undertaken to reduce total debt service payments in the amount of \$101,257 over the eight years following the issuance and resulted in economic gain of \$97,470.

In 2024, the City issued \$256,000 in General Obligation Utility Revenue Note, Series 2024A to finance improvements to the City's water system and sewer system. The bonds carry an interest rate of 4.75% and will mature in 2034.

General obligation debt, and notes from direct borrowing currently outstanding are as follows:

|  | <u>Range of<br/>Interest Rates</u> | <u>Amount<br/>Outstanding</u> |
|--|------------------------------------|-------------------------------|
| Governmental Activities:                             |                                    |                               |
| G.O. Capital Improvement Bonds, Series 2019C         | 2.20%                              | \$ 300,000                    |
| G.O. Capital Improvement Bonds, Series 2020A         | 0.89%                              | 120,031                       |
| Direct Borrowing - Finance Purchase Agreement        | 1.69%                              | 76,268                        |
| Direct Borrowing - Finance Purchase Agreement        | 2.99%                              | 86,584                        |
| Direct Borrowing - Finance Purchase Agreement        | 5.82%                              | 115,368                       |
| G.O. Capital Improvement Bonds, Series 2023A         | 3.50% - 5.00%                      | 4,715,000                     |
| Business-Type Activities:                            |                                    |                               |
| Direct Borrowing - G.O. Revenue Bonds, PFA Loan 2018 | 1.00%                              | 23,663                        |
| Direct Borrowing - G.O. Revenue Bonds, PFA Loan 2019 | 1.00%                              | 230,900                       |
| G.O. Refunding Bonds, Series 2021A                   | 2.00% - 4.00%                      | 1,450,000                     |
| G.O. Revenue Note Bonds, Series 2024A                | 4.75%                              | 256,000                       |
| Total  |                                    | <u>\$ 7,373,814</u>           |

**CITY OF RICE LAKE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**B. Liabilities (Continued)**

Components of Long-Term Debt (Continued)

Annual debt service requirements to maturity are as follows:

| General Obligation Bonds |                         |                     | Direct Borrowing - Finance Purchase Obligation |                         |                  |
|--------------------------|-------------------------|---------------------|--|-------------------------|------------------|
|                          | Governmental Activities |                     |  | Governmental Activities |                  |
|                          | Principal               | Interest            |  | Principal               | Interest         |
| 2025                     | \$ 180,031              | \$ 199,906          | 2025   | \$ 115,093              | \$ 10,343        |
| 2026                     | 215,000                 | 193,628             | 2026   | 90,032                  | 6,178            |
| 2027                     | 225,000                 | 184,308             | 2027   | 23,000                  | 4,256            |
| 2028                     | 230,000                 | 176,270             | 2028   | 24,339                  | 2,917            |
| 2029                     | 235,000                 | 169,689             | 2029   | 25,756                  | 1,500            |
| 2030-2034                | 1,000,000               | 717,750             | Total  | <u>\$ 278,220</u>       | <u>\$ 25,194</u> |
| 2035-2039                | 1,225,000               | 491,500             |  |                         |                  |
| 2040-2044                | 1,490,000               | 220,600             |  |                         |                  |
| 2045                     | 335,000                 | 6,700               |  |                         |                  |
| Total                    | <u>\$ 5,135,031</u>     | <u>\$ 2,360,351</u> |  |                         |                  |

| General Obligation Bonds |                          |                   | Direct Borrowing - G.O. Revenue Bonds |                          |                  |
|--------------------------|--------------------------|-------------------|---------------------------------------|--------------------------|------------------|
|                          | Business-Type Activities |                   |                                       | Business-Type Activities |                  |
|                          | Principal                | Interest          |                                       | Principal                | Interest         |
| 2025                     | \$ 297,000               | \$ 53,404         | 2025                                  | \$ 19,862                | \$ 2,531         |
| 2026                     | 301,000                  | 43,016            | 2026                                  | 19,921                   | 2,332            |
| 2027                     | 307,000                  | 33,495            | 2027                                  | 20,980                   | 2,133            |
| 2028                     | 324,000                  | 20,703            | 2028                                  | 20,900                   | 1,923            |
| 2029                     | 335,000                  | 10,439            | 2029                                  | 15,000                   | 1,729            |
| 2030-2034                | 142,000                  | 17,480            | 2030-2034                             | 77,000                   | 6,385            |
| Total                    | <u>\$ 1,706,000</u>      | <u>\$ 178,537</u> | 2035-2039                             | 80,900                   | 2,445            |
|                          |                          |                   | Total                                 | <u>\$ 254,563</u>        | <u>\$ 19,478</u> |

Long-term liability activity for the year ended December 31, 2024, was as follows:

|  | Beginning Balance   | Additions         | Reductions        | Ending Balance      | Due Within One Year |
|--|---------------------|-------------------|-------------------|---------------------|---------------------|
| <b>Governmental Activities:</b>                |                     |                   |                   |                     |                     |
| General Obligation Bonds                       | \$ 5,315,044        | \$ -              | \$ 180,013        | \$ 5,135,031        | \$ 180,031          |
| Direct Borrowing - Finance Purchase Obligation | 255,601             | 115,368           | 92,749            | 278,220             | 115,093             |
| Issuance Premium                               | 99,528              | -                 | 7,943             | 91,585              | -                   |
| Compensated Absences                           | 14,285              | 15,519            | -                 | 29,804              | 10,888              |
| Governmental Activity Long-Term Liabilities    | <u>\$ 5,684,458</u> | <u>\$ 130,887</u> | <u>\$ 280,705</u> | <u>\$ 5,534,640</u> | <u>\$ 306,012</u>   |
| <b>Business-Type Activities:</b>               |                     |                   |                   |                     |                     |
| General Obligation Refunding Bonds             | \$ 1,725,000        | \$ 256,000        | \$ 275,000        | \$ 1,706,000        | \$ 297,000          |
| Direct Borrowing - G.O. Revenue Bonds          | 274,367             | -                 | 19,804            | 254,563             | 19,862              |
| Issuance Premium                               | 109,084             | -                 | 30,978            | 78,106              | -                   |
| Compensated Absences                           | 2,536               | 7,031             | -                 | 9,567               | 3,152               |
| Business-Type Activity Long-Term Liabilities   | <u>\$ 2,110,987</u> | <u>\$ 263,031</u> | <u>\$ 325,782</u> | <u>\$ 2,048,236</u> | <u>\$ 320,014</u>   |

**CITY OF RICE LAKE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**B. Liabilities (Continued)**

Components of Long-Term Debt (Continued)

*Conduit Debt Obligations*

The City has issued conduit debt to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage or lease. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City or the state, nor any political subdivisions thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

At December 31, 2024, the following conduit debt existed:

|                                     |                     |
|-------------------------------------|---------------------|
| Revenue Refunding Bond, Series 2012 | <u>\$ 3,420,409</u> |
|-------------------------------------|---------------------|

**NOTE 4 PENSION PLANS**

**Plan Description**

The City participates in the following cost-sharing, multiemployer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). These plan provisions are established and administered according to Minnesota Statutes chapters 353, 353D, 353E, 353G, and 356. Minnesota Statutes chapter 356 defines each plan's financial reporting requirements. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the IRC.

**General Employees Retirement Plan**

Membership in the General Plan includes employees of counties, cities, townships, schools in non-certified positions, and other governmental entities whose revenues are derived from taxation, fees, or assessments. Plan membership is required for any employee who is expected to earn more than \$425 in a month, unless the employee meets exclusion criteria.

**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. When a member is "vested," they have earned enough service credit to receive a lifetime monthly benefit after leaving public service and reaching an eligible retirement age. Members who retire at or over their Social Security full retirement age with at least one year of service qualify for a retirement benefit.

**CITY OF RICE LAKE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 4 PENSION PLANS (CONTINUED)**

**Benefits Provided (Continued)**

**General Employees Plan Benefits**

General Employees Plan requires three years of service to vest. 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 General Plan members. Members hired prior to July 1, 1989, receive the higher of the Step or Level formulas. Only the Level formula is used for members hired after June 30, 1989. Under the Step formula, General Plan members receive 1.2% of the highest average salary for each of the first 10 years of service and 1.7% for each additional year. Under the Level formula, General Plan members receive 1.7% of highest average salary for all years of service. For members hired prior to July 1, 1989 a full retirement benefit is available when age plus years of service equal 90 and normal retirement age is 65. Members can receive a reduced requirement benefit as early as age 55 if they have three or more years of service. Early retirement benefits are reduced by .25% for each month under age 65. Members with 30 or more years of service can retire at any age with a reduction of .25% for each month the member is younger than age 62. The Level formula allows General Plan members to receive a full retirement benefit at age 65 if they were first hired before July 1, 1989 or at age 66 if they were hired on or after July 1, 1989. Early retirement begins at age 55 with an actuarial reduction applied to the benefit.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. The 2024 annual increase was 1.5%. 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 prorated increase.

**Contributions**

*Minnesota Statutes* chapters 353, 353E, 353G, and 356 set the rates for employer and employee contributions. Contribution rates can only be modified by the state legislature.

**General Employees Fund Contributions**

General Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2024 and the City was required to contribute 7.50% for General Plan members. The City's contributions to the General Employees Fund for the year ended December 31, 2024, were \$39,630. The City's contributions were equal to the required contributions as set by state statute.

**CITY OF RICE LAKE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 4 PENSION PLANS (CONTINUED)**

**Pension Costs**

**General Employees Fund Pension Costs**

At December 31, 2024, the City reported a liability of \$233,251 for its proportionate share of the General Employees Fund's net pension liability. The City's net pension liability reflected a reduction due to the state of Minnesota's contribution of \$16 million. The state of Minnesota is considered a non-employer contributing City and the state's contribution meets the definition of a special funding situation. The state of Minnesota's proportionate share of the net pension liability associated with the City totaled \$6,031, for a total net pension liability of \$239,282.

The net pension liability was measured as of June 30, 2024, 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, 2023 through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0063% at the end of the measurement period and 0.0058% for the beginning of the period.

For the year ended December 31, 2024, the City recognized pension expense of \$30,036 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized an additional \$75 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.

During the plan year ended June 30, 2024, the state of Minnesota contributed \$170.1 million to the General Employees Fund. The State of Minnesota is not included as a non-employer contributing entity in the General Employees Plan pension allocation schedules for the \$170.1 million in direct state aid because this contribution was not considered to meet the definition of a special funding situation. The City recognized \$10,732 for the year ended December 31, 2024 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the General Employees Fund.

**CITY OF RICE LAKE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 4 PENSION PLANS (CONTINUED)**

**Pension Costs (Continued)**

**General Employees Fund Pension Costs (Continued)**

At December 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| Description                                      | Deferred<br>Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|--|--------------------------------------|----------------------------------|
| Differences Between Expected and Actual          |                                      |                                  |
| Economic Experience                              | \$ 21,932                            | \$ -                             |
| Changes in Actuarial Assumptions                 | 1,139                                | 88,282                           |
| Net Difference Between Projected and Actual      |                                      |                                  |
| Earnings on Pension Plan Investments             | -                                    | 67,734                           |
| Changes in Proportion                            | 25,391                               | 15,102                           |
| Contributions Subsequent to the Measurement Date | 21,004                               | -                                |
| Total  | <u>\$ 69,466</u>                     | <u>\$ 171,118</u>                |

The \$21,004 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, 2025. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year Ending December 31,</u> | <u>City Pension<br/>Expense Amount</u> |
|---------------------------------|--|
| 2025                            | \$ (71,963)                            |
| 2026                            | (12,238)                               |
| 2027                            | (20,578)                               |
| 2028                            | (17,877)                               |

**Summary**

The aggregate amount of net pension liability, net pension asset, deferred outflows of resources, deferred inflows of resources, and pension expense for the City's defined benefit pension plans are summarized below. These liabilities are typically liquidated by the individual activity in which the employee's costs are associated.

| Description                    | General<br>Employees Plan | Fire Relief<br>Association | Total     |
|--------------------------------|---------------------------|----------------------------|-----------|
| Net Pension Asset              | \$ -                      | \$ 95,678                  | \$ 95,678 |
| Net Pension Liability          | 233,251                   | -                          | 233,251   |
| Deferred Outflows of Resources | 69,466                    | 74,642                     | 144,108   |
| Deferred Inflows of Resources  | 171,118                   | 45,847                     | 216,965   |
| Pension Expense                | 30,111                    | 6,645                      | 36,756    |

**CITY OF RICE LAKE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 4 PENSION PLANS (CONTINUED)**

**Long-Term Expected Return on Investment**

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighing 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<br>Expected Real<br>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                | 100.0 %           |  |

**Actuarial Methods and Assumptions**

The total pension liability for each of the cost-sharing defined benefit plans was determined by an actuarial valuation as of June 30, 2024, using the entry age normal actuarial cost method. The long-term rate of return on pension plan investments used to determine the total liability is 7%. The 7% 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 investment return rates considered reasonable by the actuary. An investment return of 7% is within that range.

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

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

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table.

Actuarial assumptions for the General Employees Plan are reviewed every four years. The General Employees Plan was last reviewed in 2022. The assumption changes were adopted by the board and became effective with the July 1, 2023 actuarial valuation.

**CITY OF RICE LAKE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 4 PENSION PLANS (CONTINUED)**

**Actuarial Methods and Assumptions (Continued)**

The following changes in actuarial assumptions and plan provisions occurred in 2024:

**General Employees Fund**

Changes in Actuarial Assumptions:

- Rates of merit and seniority were adjusted, resulting in slightly higher rates.
- Assumed rates of retirement were adjusted as follows: increase the rate of assumed unreduced retirements, slight adjustments to Rule of 90 retirement rates, and slight adjustments to early retirement rates for Tier 1 and Tier 2 members.
- Minor increase in assumed withdrawals for male and female members.
- Lower rates of disability.
- Continued use of Pub-2010 general mortality table with slight rate adjustments as recommended in the most recent experience study.
- Minor changes to form of payment assumptions for male and female retirees.
- Minor changes to assumptions made with respect to missing participant data.

Changes in Plan Provisions:

- The workers' compensation offset for disability benefits was eliminated. The actuarial equivalent factors updated to reflect the changes in assumptions.

**Discount Rate**

The discount rate used to measure the total pension liability in 2024 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 Plan was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Pension Liability Sensitivity**

The following presents the City's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

| Description  | 1% Decrease in<br>Discount Rate<br>(6.00%) | Current Discount<br>Rate<br>(7.00%) | 1% Increase in<br>Discount Rate<br>(8.00%) |
|--|--|-------------------------------------|--|
| City's Proportionate Share of the General Employees Fund Net Pension Liability | \$ 509,457                                 | \$ 233,251                          | \$ 6,046                                   |

**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).

**CITY OF RICE LAKE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 5 DEFINED CONTRIBUTION PLAN**

Three council members of the City are covered by the Defined Contribution Plan, a multiemployer deferred compensation plan administered by PERA. The Defined Contribution Plan is a tax qualified plan under Section 401(a) of the IRC and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. Minnesota Statutes, Chapter 353D and 356, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5% of salary which is matched by the elected official's employer. For ambulance service personnel, employer contributions are determined by the employer, and for salaried employees contributions must be a fixed percentage of salary. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2% of employer contributions and 0.25% of 1% of the assets in each member's account annually.

Total contributions made by the City during fiscal year 2024 were:

| Amount    |          | Percentage of Covered Payroll |          | Required |
|-----------|----------|-------------------------------|----------|----------|
| Employees | Employer | Employees                     | Employer | Rates    |
| \$ 575    | \$ 575   | 5%                            | 5%       | 5%       |

**NOTE 6 VOLUNTEER FIREFIGHTERS RELIEF ASSOCIATION**

**Plan Description**

The City participates in the Statewide Volunteer Firefighter Retirement Plan (accounted for in the Volunteer Firefighter Fund), an agent multiemployer lump-sum defined benefit pension plan administered by the Public Employees Retirement Association of Minnesota (PERA). The Volunteer Firefighter Plan covers volunteer firefighters of municipal fire departments or independent nonprofit firefighting corporations that have elected to join the plan. As of December 31, 2024, the plan covered 26 active firefighters and six vested terminated firefighters whose pension benefits are deferred. The plan is established and administered in accordance with *Minnesota Statutes*, Chapter 353 G.

**CITY OF RICE LAKE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 6 VOLUNTEER FIREFIGHTERS RELIEF ASSOCIATION (CONTINUED)**

**Benefits Provided**

The Volunteer Firefighter Plan provides retirement, death, and supplemental benefits to covered firefighters and survivors. Benefits are paid based on the number of years of service multiplied by a benefit level approved by the City. Members are eligible for a lump-sum retirement benefit at 50 years of age with either five or 10 years of service, depending on the vesting schedule selected. Plan provisions include a pro-rated vesting schedule that increases from five years at 40% through 20 years at 100%.

**Contributions**

The Volunteer Firefighter Plan is funded by fire state aid, investment earnings and, if necessary, employer contributions as specified in *Minnesota Statutes*, and voluntary City contributions. The state of Minnesota contributed \$29,331 in fire state aid to the fund for the year ended December 31, 2024. Required employer contributions are calculated annually based on statutory provisions. The City's statutorily-required contributions to the Volunteer Firefighter Fund for the year ended December 31, 2024, were \$8,906. The City's contributions were equal to the required contributions as set by state statute, if applicable.

**Pension Costs**

At December 31, 2023, the City reported a net pension asset of \$95,678 for the Volunteer Firefighter Fund. The net pension asset was measured as of December 31, 2023. The total pension liability used to calculate the net pension asset in accordance with GASB 68 was determined by PERA applying an actuarial formula to specific census data certified by the fire department. The following table presents the changes in net pension liability during the year.

|   | Total Pension<br>Liability | Plan Fiduciary<br>Net Position | Net Pension<br>Liability (Asset) |
|---|----------------------------|--------------------------------|----------------------------------|
|   | (a)                        | (b)                            | (a-b)                            |
| Beginning Balance - December 31, 2022   | \$ 480,181                 | \$ 552,911                     | \$ (72,730)                      |
| Changes for the Year:                   |                            |                                |                                  |
| Service Cost                            | 39,434                     | -                              | 39,434                           |
| Interest on Pension Liability           | 26,431                     | -                              | 26,431                           |
| Actuarial Experience (Gains)/Losses     | 10,431                     | -                              | 10,431                           |
| Net Investment Income (Loss)            | -                          | 69,913                         | (69,913)                         |
| Benefit Payouts                         | (158,195)                  | (158,195)                      | -                                |
| Contributions (State)                   | -                          | 29,331                         | (29,331)                         |
| Net Changes                             | <u>(81,899)</u>            | <u>(58,951)</u>                | <u>(22,948)</u>                  |
| Balance End of Year - December 31, 2023 | <u>\$ 398,282</u>          | <u>\$ 493,960</u>              | <u>\$ (95,678)</u>               |

**CITY OF RICE LAKE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 6 VOLUNTEER FIREFIGHTERS RELIEF ASSOCIATION (CONTINUED)**

**Pension Costs (Continued)**

For the year ended December 31, 2023, the City recognized pension expense of \$6,645.

At December 31, 2023, the City reported deferred inflows of resources and deferred outflows of resources related to pension from the following sources:

| <u>Description</u>   | <u>Deferred Outflows<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
|--|---|--|
| Differences Between Expected and Actual Economic Experience                      | \$ 34,125                                 | \$ 45,847                                |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | 31,611                                    | -  |
| Changes in Proportion  | -   | -  |
| Fire Relief Contributions Subsequent to the Measurement Date                     | 8,906                                     | -  |
| Total  | <u>\$ 74,642</u>                          | <u>\$ 45,847</u>                         |

The \$8,906 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 (asset) in the year ended December 31, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year Ending December 31,</u> | <u>Pension Expense<br/>Amount</u> |
|---------------------------------|-----------------------------------|
| 2025                            | \$ (12,582)                       |
| 2026                            | 5,026                             |
| 2027                            | 28,116                            |
| 2028                            | (7,376)                           |
| Thereafter                      | 6,705                             |

**Actuarial Assumptions**

The total pension liability at December 31, 2023, was determined using the entry age normal actuarial cost method and the following actuarial assumptions:

- Retirement eligibility at the later of age 50 or 20 years of service
- Investment rate of return of 6.0%
- Inflation rate of 3.0%

**Discount Rate**

The discount rate used to measure the total pension liability was 6.0%. The projection of cash flows used to determine the discount rate assumed that contributions to the Volunteer Firefighter Fund will be made at a rate equal to the actuarially determined contribution rate. Based on these assumptions, the pension plan's fiduciary net position 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.

**CITY OF RICE LAKE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 6 VOLUNTEER FIREFIGHTERS RELIEF ASSOCIATION (CONTINUED)**

**Pension Liability Sensitivity**

The following presents the City's net pension liability (asset) for the Volunteer Firefighter Fund, calculated using the assumed discount rate as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

|                               | 1% Decrease | Discount Rate | 1% Increase  |
|-------------------------------|-------------|---------------|--------------|
| Net Pension Liability (Asset) | \$ (76,520) | \$ (95,678)   | \$ (113,888) |
| Discount Rate                 | 5.00%       | 6.00%         | 7.00%        |

**Plan Investments**

**Investment Policy**

The Minnesota State Board of Investment (SBI) is established by Article XI of the Minnesota Constitution to invest all state funds. Its membership as specified in the Constitution is comprised of the governor (who is designated as chair of the board), state auditor, secretary of state and state attorney general.

All investments undertaken by the SBI are governed by the prudent person rule and other standards codified in *Minnesota Statutes*, Chapter 11A and Chapter 353G.

Within the requirements defined by state law, the SBI, with assistance of the SBI staff and the Investment Advisory Council, establishes investment policy for all funds under its control. These investments policies are tailored to the particular needs of each fund and specify investment objectives, risk tolerance, asset allocation, investment management structure and specific performance standards. Studies guide the on-going management of the funds and are updated periodically.

**Asset Allocation**

To match the long-term nature of the pension obligations, the SBI maintains a strategic asset allocation for the Statewide Volunteer Firefighter Retirement Plan that includes allocations to domestic equity, international equity, bonds, and cash equivalents. The long-term target asset allocation and long-term expected real rate of return is the following:

| Asset Class          | Target Allocation | Long-Term Expected Real Rate of Return |
|----------------------|-------------------|--|
| Domestic Stocks      | 35.00 %           | 5.10 %                                 |
| International Stocks | 15.00             | 5.30                                   |
| Bonds                | 45.00             | 0.75                                   |
| Unallocated Cash     | 5.00              | -                                      |
| Total Portfolio      | 100.00 %          |  |

**CITY OF RICE LAKE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 6 VOLUNTEER FIREFIGHTERS RELIEF ASSOCIATION (CONTINUED)**

**Plan Investments (Continued)**

**Asset Allocation (Continued)**

The 6% long-term expected rate of return on pension plan investments was determined using a building-block method. Best estimates for expected future real rates of return (expected returns, net of inflation) were developed for each asset class using both long-term historical returns and long-term capital market expectations from a number of investment management and consulting organizations. The asset class estimates, and the target allocations were then combined to produce a geometric, long-term expected real rate of return for the portfolio. Inflation expectations were applied to derive the nominal rate of return for the portfolio.

**Description of Significant Investment Policy Changes During the Year**

The SBI made no significant changes to their investment policy during calendar year 2023 for the Volunteer Firefighter Fund.

**Pension Plan Fiduciary Net Position**

Detailed information about the Volunteer Firefighter Fund's fiduciary net position as of June 30, 2023, is available in a separately issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained at [www.mnpera.org](http://www.mnpera.org).

**NOTE 7 RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft or destruction of assets; errors or omissions; injuries to employees; or natural disasters. The City has entered into a joint powers agreement with the League of Minnesota Cities Insurance Trust (LMCIT). The LMCIT is a public entity risk pool currently operating as a common risk management and insurance program for Minnesota Cities. The City also carries commercial insurance for certain other risks of loss, including employee health insurance.

The agreement for formation of the LMCIT provides that the pool will be self-sustaining through member assessments and will reinsure through commercial companies for claims in excess of reserved amounts for each insured event. The pool can make additional assessments to make the pool self-sustaining. The City has determined that it is not possible to estimate the amount of such additional assessments; however, they are not expected to be material to the financial statements.

There were no significant reductions in insurance coverage from the previous year or settlements in excess of insurance coverage for any of the past three fiscal years.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF RICE LAKE, MINNESOTA  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
LAST TEN MEASUREMENT PERIODS**

| Measurement Date   | June 30,          |                   |                   |                   |
|--|-------------------|-------------------|-------------------|-------------------|
|  | 2024              | 2023              | 2022              | 2021              |
| <b>City - General Employees Plan</b>   |                   |                   |                   |                   |
| City's Proportion of the Net Pension Liability   | 0.0063%           | 0.0058%           | 0.0063%           | 0.0062%           |
| City's Proportionate Share of the Net Pension Liability  | \$ 233,251        | \$ 324,329        | \$ 498,962        | \$ 264,768        |
| State's Proportionate Share of the Net Pension Liability<br>Associated with the City   | <u>6,031</u>      | <u>9,001</u>      | <u>14,663</u>     | <u>8,099</u>      |
| Total City's Proportionate Share of the Net Pension<br>Liability and State's Proportionate Share of the Net<br>Pension Liability | <u>\$ 239,282</u> | <u>\$ 333,330</u> | <u>\$ 513,625</u> | <u>\$ 272,867</u> |
| City's Covered Payroll   | \$ 533,990        | \$ 469,186        | \$ 469,636        | \$ 435,801        |
| City's Proportionate Share of the Net Pension Liability<br>as a Percentage of its Covered Payroll                                | 43.68%            | 69.13%            | 106.24%           | 60.75%            |
| Plan Fiduciary Net Position as a Percentage of the<br>Total Pension Liability  | 89.08%            | 83.10%            | 76.67%            | 87.00%            |

*See accompanying Notes to Required Supplementary Information.*

**CITY OF RICE LAKE, MINNESOTA  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (CONTINUED)  
LAST TEN MEASUREMENT PERIODS**

| June 30,          |                   |                   |                   |                   |                   |
|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| 2020              | 2019              | 2018              | 2017              | 2016              | 2015              |
| 0.0057%           | 0.0051%           | 0.0045%           | 0.0044%           | 0.0034%           | 0.0029%           |
| \$ 341,741        | \$ 281,967        | \$ 249,642        | \$ 280,893        | \$ 276,064        | \$ 150,293        |
| 10,582            | 8,666             | 8,281             | 3,543             | 3,664             | -                 |
| <u>\$ 352,323</u> | <u>\$ 290,633</u> | <u>\$ 257,923</u> | <u>\$ 284,436</u> | <u>\$ 279,728</u> | <u>\$ 150,293</u> |
| \$ 395,163        | \$ 358,519        | \$ 304,479        | \$ 284,041        | \$ 213,126        | \$ 162,958        |
| 86.48%            | 78.65%            | 81.99%            | 98.89%            | 129.53%           | 92.23%            |
| 79.06%            | 80.20%            | 79.50%            | 75.90%            | 68.90%            | 78.20%            |

*See accompanying Notes to Required Supplementary Information.*

**CITY OF RICE LAKE, MINNESOTA  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CONTRIBUTIONS  
LAST TEN FISCAL YEARS**

|   | <u>2024</u>     | <u>2023</u>     | <u>2022</u>     | <u>2021</u>     |
|---|-----------------|-----------------|-----------------|-----------------|
| <b>City - General Employees Plan</b>                                    |                 |                 |                 |                 |
| Contractually Required Contribution                                     | \$ 39,630       | \$ 35,488       | \$ 35,202       | \$ 35,400       |
| Contributions in Relation to the Contractually<br>Required Contribution | <u>(39,630)</u> | <u>(35,488)</u> | <u>(35,202)</u> | <u>(35,400)</u> |
| Contribution Deficiency (Excess)  | <u>\$ -</u>     | <u>\$ -</u>     | <u>\$ -</u>     | <u>\$ -</u>     |
| City's Covered Payroll  | \$ 528,400      | \$ 473,173      | \$ 469,360      | \$ 472,000      |
| Contributions as a Percentage of Covered Payroll                        | 7.50%           | 7.50%           | 7.50%           | 7.50%           |
|   |                 |                 |                 |                 |
|   | <u>2024</u>     | <u>2023</u>     | <u>2022</u>     | <u>2021</u>     |
| <b>Fire Relief Association</b>  |                 |                 |                 |                 |
| Statutorily Required Contribution                                       | \$ -            | \$ -            | \$ -            | \$ -            |
| Contributions in Relation to the Statutorily<br>Required Contribution   | <u>-</u>        | <u>-</u>        | <u>-</u>        | <u>-</u>        |
| Contribution Deficiency (Excess)  | <u>\$ -</u>     | <u>\$ -</u>     | <u>\$ -</u>     | <u>\$ -</u>     |
| City's Covered Payroll  | \$ -            | \$ -            | \$ -            | \$ -            |
| Contributions as a Percentage of Covered Payroll                        | N/A             | N/A             | N/A             | N/A             |

*See accompanying Notes to Required Supplementary Information.*

**CITY OF RICE LAKE, MINNESOTA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CONTRIBUTIONS (CONTINUED)  
 LAST TEN FISCAL YEARS**

| 2020            | 2019            | 2018            | 2017            | 2016            | 2015            |
|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| \$ 31,136       | \$ 30,034       | \$ 25,813       | \$ 19,928       | \$ 17,660       | \$ 13,190       |
| <u>(31,136)</u> | <u>(30,034)</u> | <u>(25,813)</u> | <u>(19,928)</u> | <u>(17,660)</u> | <u>(13,190)</u> |
| <u>\$ -</u>     | <u>\$ -</u>     | <u>\$ -</u>     | <u>\$ -</u>     | <u>\$ -</u>     | <u>\$ -</u>     |
| \$ 415,147      | \$ 400,453      | \$ 344,173      | \$ 265,707      | \$ 235,467      | \$ 175,867      |
| 7.50%           | 7.50%           | 7.50%           | 7.50%           | 7.50%           | 7.50%           |
| 2020            | 2019            | 2018            | 2017            | 2016            | 2015            |
| \$ -            | \$ -            | \$ -            | \$ -            | \$ -            | \$ -            |
| <u>-</u>        | <u>-</u>        | <u>-</u>        | <u>-</u>        | <u>-</u>        | <u>-</u>        |
| <u>\$ -</u>     | <u>\$ -</u>     | <u>\$ -</u>     | <u>\$ -</u>     | <u>\$ -</u>     | <u>\$ -</u>     |
| \$ -            | \$ -            | \$ -            | \$ -            | \$ -            | \$ -            |
| N/A             | N/A             | N/A             | N/A             | N/A             | N/A             |

See accompanying Notes to Required Supplementary Information.

**CITY OF RICE LAKE, MINNESOTA  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN THE NET PENSION ASSET AND RELATED RATIOS  
RICE LAKE FIRE RELIEF ASSOCIATION  
LAST TEN MEASUREMENT PERIODS**

| Measurement Date   | December 31,       |                    |                     |                     |
|--|--------------------|--------------------|---------------------|---------------------|
|  | 2023               | 2022               | 2021                | 2020                |
| <b>Total Pension Liability</b>   |                    |                    |                     |                     |
| Service Cost   | \$ 39,434          | \$ 39,434          | \$ 34,656           | \$ 20,105           |
| Interest   | 26,431             | 26,646             | 24,928              | 25,335              |
| Differences Between Expected and Actual Experience                       | 10,431             | 40,733             | (95,480)            | (38,277)            |
| Changes of Benefit Terms   | -                  | -                  | 119,547             | -                   |
| Benefit Payments   | (158,195)          | (62,600)           | (57,000)            | -                   |
| Net Change in Total Pension Liability                                    | (81,899)           | 44,213             | 26,651              | 7,163               |
| Total Pension Liability - Beginning                                      | 480,181            | 435,968            | 409,317             | 402,154             |
| Total Pension Liability - Ending (a)                                     | 398,282            | 480,181            | 435,968             | 409,317             |
| <b>Plan Fiduciary Net Position</b>                                       |                    |                    |                     |                     |
| Municipal Contributions  | -                  | -                  | -                   | -                   |
| Fire Supplemental Aid  | -                  | -                  | -                   | -                   |
| State Contributions  | 29,331             | 26,494             | 24,613              | 23,806              |
| Supplemental Benefit Reimbursement                                       | -                  | -                  | -                   | -                   |
| Net Investment Income (Loss)   | 69,913             | (95,593)           | 59,519              | 82,960              |
| Benefit Payments   | (158,195)          | (62,600)           | (57,000)            | -                   |
| Administrative Expenses  | -                  | (909)              | (756)               | (904)               |
| Adjustments to Initial Transfer  | -                  | -                  | -                   | -                   |
| Net Change in Fiduciary Net Position                                     | (58,951)           | (132,608)          | 26,376              | 105,862             |
| Fiduciary Net Position - Beginning of Year                               | 552,911            | 685,520            | 659,144             | 553,282             |
| Fiduciary Net Position - End of Year (b)                                 | 493,960            | 552,911            | 685,520             | 659,144             |
| Association's Net Pension Liability/(Asset)<br>- End of Year (a) - (b)   | <u>\$ (95,678)</u> | <u>\$ (72,730)</u> | <u>\$ (249,552)</u> | <u>\$ (249,827)</u> |
| Fiduciary Net Position as a Percentage of<br>the Total Pension Liability | 124.02%            | 115.15%            | 157.24%             | 161.04%             |
| Covered Payroll  | N/A                | N/A                | N/A                 | N/A                 |
| Net Pension Liability/(Asset) as a Percentage<br>of Covered Payroll      | N/A                | N/A                | N/A                 | N/A                 |

See accompanying Notes to Required Supplementary Information.

**CITY OF RICE LAKE, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN THE NET PENSION ASSET AND RELATED RATIOS**  
**RICE LAKE FIRE RELIEF ASSOCIATION (CONTINUED)**  
**LAST TEN MEASUREMENT PERIODS**

| December 31,        |                    |                     |                     |                    |                    |
|---------------------|--------------------|---------------------|---------------------|--------------------|--------------------|
| 2019                | 2018               | 2017                | 2016                | 2015               | 2014               |
| \$ 26,042           | \$ 22,931          | \$ 15,527           | \$ 15,302           | \$ 16,838          | \$ 12,359          |
| 24,484              | 20,420             | 26,000              | 29,400              | 28,460             | 29,071             |
| (30,390)            | (28,671)           | (16,429)            | (31,110)            | (1,091)            | 10,071             |
| -                   | 104,943            | -                   | -                   | -                  | -                  |
| -                   | (110,000)          | (141,000)           | -                   | (54,000)           | (78,320)           |
| 20,136              | 9,623              | (115,902)           | 13,592              | (9,793)            | (26,819)           |
| 382,018             | 372,395            | 488,297             | 474,705             | 484,498            | 511,317            |
| 402,154             | 382,018            | 372,395             | 488,297             | 474,705            | 484,498            |
| -                   | -                  | -                   | -                   | -                  | 6,000              |
| -                   | 4,198              | 4,100               | 4,117               | 4,032              | 8,247              |
| 24,594              | 17,640             | 16,946              | 16,970              | 20,478             | 30,765             |
| -                   | 3,000              | -                   | 2,000               | -                  | -                  |
| 83,040              | (17,050)           | 71,605              | 37,853              | 814                | 37,697             |
| -                   | (110,000)          | (141,000)           | -                   | (54,000)           | (78,320)           |
| (838)               | (749)              | (845)               | (762)               | (769)              | (570)              |
| -                   | -                  | -                   | -                   | -                  | 504                |
| 106,796             | (102,961)          | (49,194)            | 60,178              | (29,445)           | 4,323              |
| 446,486             | 549,447            | 598,641             | 538,463             | 567,908            | 563,585            |
| 553,282             | 446,486            | 549,447             | 598,641             | 538,463            | 567,908            |
| <u>\$ (151,128)</u> | <u>\$ (64,468)</u> | <u>\$ (177,052)</u> | <u>\$ (110,344)</u> | <u>\$ (63,758)</u> | <u>\$ (83,410)</u> |
| 137.58%             | 116.88%            | 147.54%             | 122.60%             | 113.43%            | 117.22%            |
| N/A                 | N/A                | N/A                 | N/A                 | N/A                | N/A                |
| N/A                 | N/A                | N/A                 | N/A                 | N/A                | N/A                |

See accompanying Notes to Required Supplementary Information.

**CITY OF RICE LAKE, MINNESOTA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**YEAR ENDED DECEMBER 31, 2024**

|  | Original and<br>Final Budget | Actual       | Variance with<br>Final Budget |
|--|------------------------------|--------------|-------------------------------|
| <b>REVENUES</b>  |                              |              |                               |
| Taxes  | \$ 585,746                   | \$ 599,231   | \$ 13,485                     |
| Special Assessments                                      | -                            | 2,494        | 2,494                         |
| License and Permits                                      | -                            | 13,045       | 13,045                        |
| Charges for Services                                     | -                            | 10,270       | 10,270                        |
| Intergovernmental Revenues                               | -                            | 614,881      | 614,881                       |
| Fines and Forfeits                                       | -                            | 6,233        | 6,233                         |
| Investment Earnings                                      | -                            | 25,125       | 25,125                        |
| Miscellaneous Revenues                                   | -                            | 35,977       | 35,977                        |
| Total Revenues   | 585,746                      | 1,307,256    | 721,510                       |
| <b>EXPENDITURES</b>                                      |                              |              |                               |
| General Government                                       | 495,762                      | 395,659      | 100,103                       |
| Public Works   | 97,638                       | 99,214       | (1,576)                       |
| Public Safety  | -                            | 169,458      | (169,458)                     |
| Culture and Recreation                                   | 30,910                       | 21,335       | 9,575                         |
| Capital Outlay   | -                            | 693,162      | (693,162)                     |
| Debt Service:  |                              |              |                               |
| Principal Retirement                                     | -                            | 120,013      | (120,013)                     |
| Interest and Fiscal Charges                              | -                            | 205,588      | (205,588)                     |
| Total Expenditures                                       | 624,310                      | 1,704,429    | (1,080,119)                   |
| <b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b> | (38,564)                     | (397,173)    | (358,609)                     |
| <b>OTHER FINANCING SOURCES (USES)</b>                    |                              |              |                               |
| Transfers In   | -                            | 658          | 658                           |
| Transfers Out  | -                            | (237,801)    | (237,801)                     |
| Proceeds from Sale of Capital Assets                     | -                            | 4,500        | 4,500                         |
| Total Other Financing Sources (Uses)                     | -                            | (232,643)    | (232,643)                     |
| <b>NET CHANGE IN FUND BALANCE</b>                        | \$ (38,564)                  | (629,816)    | \$ (591,252)                  |
| Fund Balance - Beginning of Year                         |                              | 1,908,537    |                               |
| <b>FUND BALANCE - END OF YEAR</b>                        |                              | \$ 1,278,721 |                               |

See accompanying Notes to Required Supplementary Information.

**CITY OF RICE LAKE, MINNESOTA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**ROAD AND BRIDGE FUND**  
**YEAR ENDED DECEMBER 31, 2024**

|   | <u>Original and<br/>Final Budget</u> | <u>Actual</u>     | <u>Variance with<br/>Final Budget</u> |
|---|--------------------------------------|-------------------|---------------------------------------|
| <b>REVENUES</b>                                 |                                      |                   |                                       |
| Taxes   | \$ 724,132                           | \$ 724,442        | \$ 310                                |
| Special Assessments                             | 3,303                                | 7,803             | 4,500                                 |
| Charges for Services                            | 15,000                               | 12,920            | (2,080)                               |
| Intergovernmental Revenues                      | 49,911                               | 49,911            | -                                     |
| Investment Earnings                             | 250                                  | 6,761             | 6,511                                 |
| Miscellaneous Revenues                          | -                                    | 12,562            | 12,562                                |
| Total Revenues                                  | <u>792,596</u>                       | <u>814,399</u>    | <u>21,803</u>                         |
| <b>EXPENDITURES</b>                             |                                      |                   |                                       |
| Public Works                                    | 724,132                              | 532,065           | 192,067                               |
| Capital Outlay                                  | -                                    | 82,934            | (82,934)                              |
| Debt Service:                                   |                                      |                   |                                       |
| Principal Retirement                            | -                                    | 17,748            | (17,748)                              |
| Interest and Fiscal Charges                     | -                                    | 2,878             | (2,878)                               |
| Total Expenditures                              | <u>724,132</u>                       | <u>635,625</u>    | <u>88,507</u>                         |
| <b>EXCESS OF REVENUES OVER<br/>EXPENDITURES</b> | 68,464                               | 178,774           | 110,310                               |
| <b>OTHER FINANCING SOURCES</b>                  |                                      |                   |                                       |
| Transfers In                                    | <u>-</u>                             | <u>181,695</u>    | <u>181,695</u>                        |
| <b>NET CHANGE IN FUND BALANCE</b>               | <u>\$ 68,464</u>                     | 360,469           | <u>\$ 292,005</u>                     |
| Fund Balance (Deficit) - Beginning of Year      |                                      | <u>(142,073)</u>  |                                       |
| <b>FUND BALANCE - END OF YEAR</b>               |                                      | <u>\$ 218,396</u> |                                       |

See accompanying Notes to Required Supplementary Information.

**CITY OF RICE LAKE, MINNESOTA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FIRE FUND**  
**YEAR ENDED DECEMBER 31, 2024**

|  | Original and<br>Final Budget | Actual            | Variance with<br>Final Budget |
|--|------------------------------|-------------------|-------------------------------|
| <b>REVENUES</b>  |                              |                   |                               |
| Taxes  | \$ 234,520                   | \$ 237,819        | \$ 3,299                      |
| Intergovernmental Revenues                                   | -                            | 8,450             | 8,450                         |
| Investment Earnings  | 250                          | 17,579            | 17,329                        |
| Miscellaneous Revenues                                       | -                            | 3,684             | 3,684                         |
| Total Revenues   | 234,770                      | 267,532           | 32,762                        |
| <b>EXPENDITURES</b>  |                              |                   |                               |
| Public Safety  | 195,956                      | 190,057           | 5,899                         |
| Capital Outlay   | -                            | 330,822           | (330,822)                     |
| Total Expenditures   | 195,956                      | 520,879           | (324,923)                     |
| <b>EXCESS (DEFICIENCY) OF REVENUES OVER<br/>EXPENDITURES</b> | 38,814                       | (253,347)         | (292,161)                     |
| <b>OTHER FINANCING SOURCES</b>                               |                              |                   |                               |
| Transfers In   | -                            | 126,106           | 126,106                       |
| Sale of Capital Assets                                       | 15,000                       | -                 | (15,000)                      |
| Issuance of Finance Purchase                                 | -                            | 115,368           | 115,368                       |
| Total Other Financing Sources                                | 15,000                       | 241,474           | 226,474                       |
| <b>NET CHANGE IN FUND BALANCE</b>                            | <b>\$ 38,814</b>             | <b>(11,873)</b>   | <b>\$ (65,687)</b>            |
| Fund Balance - Beginning of Year                             |                              | 442,868           |                               |
| <b>FUND BALANCE - END OF YEAR</b>                            |                              | <b>\$ 430,995</b> |                               |

See accompanying Notes to Required Supplementary Information.

**CITY OF RICE LAKE, MINNESOTA  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
BUILDING INSPECTION FUND  
YEAR ENDED DECEMBER 31, 2024**

|  | Original and<br>Final Budget | Actual    | Variance with<br>Final Budget |
|--|------------------------------|-----------|-------------------------------|
| <b>REVENUES</b>  |                              |           |                               |
| Taxes  | \$ 70,340                    | \$ 70,347 | \$ 7                          |
| License and Permits  | -                            | 52,752    | 52,752                        |
| Investment Earnings  | -                            | 245       | 245                           |
| Miscellaneous Revenues   | -                            | 1,300     | 1,300                         |
| Total Revenues   | 70,340                       | 124,644   | 54,304                        |
| <br><b>EXPENDITURES</b>  |                              |           |                               |
| Public Works   | 70,340                       | 137,647   | (67,307)                      |
| <br><b>EXCESS (DEFICIENCY) OF REVENUES OVER<br/>EXPENDITURES</b> | -                            | (13,003)  | (13,003)                      |
| <br><b>OTHER FINANCING SOURCES (USES)</b>                        |                              |           |                               |
| Transfers Out  | -                            | (70,000)  | (70,000)                      |
| <br><b>NET CHANGE IN FUND BALANCE</b>                            | \$ -                         | (83,003)  | \$ (83,003)                   |
| <br>Fund Balance - Beginning of Year                             |                              | 95,935    |                               |
| <br><b>FUND BALANCE - END OF YEAR</b>                            |                              | \$ 12,932 |                               |

*See accompanying Notes to Required Supplementary Information.*

**CITY OF RICE LAKE, MINNESOTA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2024**

**NOTE 1 LEGAL COMPLIANCE – BUDGETS**

The General Fund, Road and Bridge Fund, Fire Fund, and Building Inspection Fund budgets are legally adopted on a basis consistent with accounting principles generally accepted in the United States of America. The City does not legally adopt a budget for the Broadband Fund and therefore it is not presented.

**Excess of Expenditures Over Appropriations**

Expenditures exceeded budgeted amounts in the following fund at December 31, 2024:

|  | <u>Expenditures</u> | <u>Budget</u> | <u>Excess</u> |
|--|---------------------|---------------|---------------|
| General Fund                               | \$ 1,704,429        | \$ 624,310    | \$ 1,080,119  |
| Special Revenue Fund - Fire                | 520,879             | 195,956       | 324,923       |
| Special Revenue Fund - Building Inspection | 137,647             | 70,340        | 67,307        |

All expenditures in excess of budget were considered to be crucial to operations and were approved by the City Council.

**NOTE 2 CHANGES IN SIGNIFICANT PENSION 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**

2024

Changes in Actuarial Assumptions:

- Rates of merit and seniority were adjusted, resulting in slightly higher rates.
- Assumed rates of retirement were adjusted as follows: increase the rate of assumed unreduced retirements, slight adjustments to Rule of 90 retirement rates, and slight adjustments to early retirement rates for Tier 1 and Tier 2 members.
- Minor increases in assumed withdrawals for males and females.
- Lower rates of disability.
- Continued use of Pub-2010 general mortality table with slight rate adjustments as recommended in the most recent experience study.
- Minor changes to form of payment assumptions for male and female retirees.
- Minor changes to assumptions made with respect to missing participant data.

Changes in Plan Provisions:

- The workers' compensation offset for disability benefits was eliminated. The actuarial equivalent factors updated to reflect the changes in assumptions.

**CITY OF RICE LAKE, MINNESOTA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2024**

**NOTE 2 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS,  
AND ASSUMPTIONS (CONTINUED)**

**A. General Employees Fund (Continued)**

2023

Changes in Actuarial Assumptions:

- The investment return assumption and single discount rate were changed from 6.5% to 7.0%.

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, noncompounding benefit increase of 2.5% minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

2022

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

2021

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

2020

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.

**CITY OF RICE LAKE, MINNESOTA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2024**

**NOTE 2 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS,  
AND ASSUMPTIONS (CONTINUED)**

**A. General Employees Fund (Continued)**

2020 (Continued)

Changes in Actuarial Assumptions (Continued):

- 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.

2019

Changes in Actuarial Assumptions:

- The mortality 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.

**CITY OF RICE LAKE, MINNESOTA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2024**

**NOTE 2 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS,  
AND ASSUMPTIONS (CONTINUED)**

**A. General Employees Fund (Continued)**

2018

Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed postretirement benefit increase was changed from 1.0% per year through 2044 and 2.5% per year thereafter to 1.25% 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 4.0% to 3.0%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.0%, 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 1.0% per year with a provision to increase to 2.5% upon attainment of 90% funding ratio to 50% of the Social Security Cost of Living Adjustment, not less than 1.0% and not more than 1.5%, 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.

2017

Changes in Actuarial Assumption:

- The Combined Service Annuity (CSA) loads were changed from 0.8% for active members and 60% for vested and nonvested deferred members. The revised CSA loads are now 0.0% for active member liability, 15.0% for vested deferred member liability, and 3.0% for nonvested deferred member liability.
- The assumed postretirement benefit increase rate was changed from 1.0% per year for all years to 1.0% per year through 2044 and 2.5 % 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.

**CITY OF RICE LAKE, MINNESOTA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2024**

**NOTE 2 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS,  
AND ASSUMPTIONS (CONTINUED)**

**A. General Employees Fund (Continued)**

2016

Changes in Actuarial Assumption:

- The assumed postretirement benefit increase rate was changed from 1.0% per year through 2035 and 2.5% per year thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate was changed from 7.9% to 7.5%.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

2015

Changes in Actuarial Assumptions:

- The assumed postretirement benefit increase rate was changed from 1.0% per year through 2030 and 2.5% per year thereafter to 1.0% per year through 2035 and 2.5% 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.

**CITY OF RICE LAKE, MINNESOTA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2024**

**NOTE 2 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS,  
AND ASSUMPTIONS (CONTINUED)**

**B. Volunteer Firefighters Relief Association**

2023

Changes in Actuarial Assumptions:

- There have been no changes since the prior valuation.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

2022

Changes in Actuarial Assumptions:

- There have been no changes since the prior valuation.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

2021

Changes in Actuarial Assumptions:

- There have been no changes since the prior valuation.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

2020

Changes in Actuarial Assumptions:

- There have been no changes since the prior valuation.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

2019

Changes in Actuarial Assumptions:

- There have been no changes since the prior valuation.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

2018

Changes in Actuarial Assumptions:

- There have been no changes since the prior valuation.

Changes in Plan Provisions:

- The benefit level was increased from \$2,000 to \$2,800.

**CITY OF RICE LAKE, MINNESOTA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2024**

**NOTE 2 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS,  
AND ASSUMPTIONS (CONTINUED)**

**B. Volunteer Firefighters Relief Association (Continued)**

2017

Changes in Actuarial Assumptions:

- There have been no changes since the prior valuation.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

2016

Changes in Actuarial Assumptions:

- There have been no changes since the prior valuation.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

## **SUPPLEMENTARY INFORMATION**

**CITY OF RICE LAKE, MINNESOTA  
COMBINING BALANCE SHEET  
NONMAJOR FUNDS  
DECEMBER 31, 2024**

|  | Special<br>Revenue Fund      | Debt Service Funds                     |                            |                                     | Total<br>Nonmajor<br>Governmental<br>Funds |
|--|------------------------------|--|----------------------------|-------------------------------------|--|
|  | Housing<br>Authority<br>Fund | 2023A G.O.<br>Improvement<br>Plan Bond | Fire<br>Equipment<br>Lease | Public<br>Works<br>Addition<br>Fund |  |
| <b>ASSETS</b>  |                              |  |                            |                                     |  |
| Cash and Investments   | \$ -                         | \$ -                                   | \$ 445                     | \$ 3,314                            | \$ 3,759                                   |
| Receivables:   |                              |  |                            |                                     |  |
| Taxes  | -                            | -                                      | -                          | 3,059                               | 3,059                                      |
| Loans  | 7,462                        | -                                      | -                          | -                                   | 7,462                                      |
|  | <u>7,462</u>                 | <u>-</u>                               | <u>-</u>                   | <u>-</u>                            | <u>7,462</u>                               |
| Total Assets   | <u>\$ 7,462</u>              | <u>\$ -</u>                            | <u>\$ 445</u>              | <u>\$ 6,373</u>                     | <u>\$ 14,280</u>                           |
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b> |                              |  |                            |                                     |  |
| <b>LIABILITIES</b>   |                              |  |                            |                                     |  |
|  | \$ -                         | \$ -                                   | \$ -                       | \$ -                                | \$ -                                       |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                 |                              |  |                            |                                     |  |
| Unavailable Revenue - Property Taxes                                 | -                            | -                                      | -                          | 1,703                               | 1,703                                      |
| Unavailable Revenue - Loans  | 7,462                        | -                                      | -                          | -                                   | 7,462                                      |
| Total Deferred Inflows of Resources                                  | <u>7,462</u>                 | <u>-</u>                               | <u>-</u>                   | <u>1,703</u>                        | <u>9,165</u>                               |
| <b>FUND BALANCES</b>   |                              |  |                            |                                     |  |
| Restricted for Debt Service  | -                            | -                                      | 445                        | 4,670                               | 5,115                                      |
|  | <u>-</u>                     | <u>-</u>                               | <u>445</u>                 | <u>4,670</u>                        | <u>5,115</u>                               |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances  | <u>\$ 7,462</u>              | <u>\$ -</u>                            | <u>\$ 445</u>              | <u>\$ 6,373</u>                     | <u>\$ 14,280</u>                           |

**CITY OF RICE LAKE, MINNESOTA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR FUNDS  
YEAR ENDED DECEMBER 31, 2024**

|   | Special                      | Debt Service Funds                     |                            |                                     | Total<br>Nonmajor<br>Governmental<br>Funds |
|---|------------------------------|--|----------------------------|-------------------------------------|--|
|   | Revenue Fund                 |  |                            |                                     |  |
|   | Housing<br>Authority<br>Fund | 2023A G.O.<br>Improvement<br>Plan Bond | Fire<br>Equipment<br>Lease | Public<br>Works<br>Addition<br>Fund |  |
| <b>REVENUES</b>                                 |                              |  |                            |                                     |  |
| Taxes   | \$ -                         | \$ 658                                 | \$ -                       | \$ 71,377                           | \$ 72,035                                  |
| Intergovernmental Revenues                      | -                            | -                                      | 78,000                     | -                                   | 78,000                                     |
| Total Revenues                                  | -                            | 658                                    | 78,000                     | 71,377                              | 150,035                                    |
| <b>EXPENDITURES</b>                             |                              |  |                            |                                     |  |
| Debt Service:                                   |                              |  |                            |                                     |  |
| Principal Retirement                            | -                            | -                                      | 75,001                     | 60,000                              | 135,001                                    |
| Interest and Fiscal Charges                     | -                            | -                                      | 2,554                      | 7,883                               | 10,437                                     |
| Total Expenditures                              | -                            | -                                      | 77,555                     | 67,883                              | 145,438                                    |
| <b>EXCESS OF REVENUES OVER<br/>EXPENDITURES</b> | -                            | 658                                    | 445                        | 3,494                               | 4,597                                      |
| <b>OTHER FINANCING SOURCES (USES)</b>           |                              |  |                            |                                     |  |
| Transfers Out                                   | -                            | (658)                                  | -                          | -                                   | (658)                                      |
| <b>NET CHANGE IN FUND BALANCES</b>              | -                            | -                                      | 445                        | 3,494                               | 3,939                                      |
| Fund Balances - Beginning of Year               | -                            | -                                      | -                          | 1,176                               | 1,176                                      |
| <b>FUND BALANCES - END OF YEAR</b>              | \$ -                         | \$ -                                   | \$ 445                     | \$ 4,670                            | \$ 5,115                                   |



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