

**INDEPENDENT AUDITOR'S REPORT**

**CITY OF RUTHTON  
RUTHTON, MINNESOTA 56170**

**FOR THE YEAR ENDED DECEMBER 31, 2024**

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



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

Stan Townsend	Mayor
Darwin Sietsema	Assistant Mayor
Kathy Rupp	Council Member (resigned 1/26/24)
Brian Baartman	Council Member
Chris Mccurdy	Council Member
Stewart Peterson	Council Member (appointed 3/11/24)
Rochelle VanderWoude	City Clerk-Treasurer
Glen Petersen	City Attorney

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

***WITH THE FIRM***

Kirk W. Morgan, CPA

**INDEPENDENT AUDITOR'S REPORT**

Honorable Mayor and  
Members of the City Council  
Ruthton, Minnesota

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

***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the City of Ruthton, Ruthton, Minnesota, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City of Ruthton, Ruthton, Minnesota's basic financial statements as listed in the table of contents.

***Basis for Qualified Opinions***

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

***Qualified Opinions***

In our opinion, except for the possible effects of the matter described in the "Basis for Qualified Opinions", the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City of Ruthton, Ruthton, Minnesota, as of December 31, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the major special revenue funds (Fire Department Fund, Small Cities Development Program Fund II, and Cemetery Fund), for the year ended in accordance with accounting principles generally accepted in the United States of America.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Ruthton, Ruthton, Minnesota's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Ruthton, Ruthton, Minnesota's ability to continue as a going concern for a reasonable period of time.

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

The Financial statements include partial prior-year comparative information, which does not include all of the information required in a presentation in conformity with accounting principles generally accepted in the United States of America. The prior year partial comparative information has been derived from the City's financial statements for the year ended December 31, 2023, and in our report dated June 4, 2024, we expressed qualified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. Accordingly, such information should be read in conjunction with the City's financial statements for the year ended December 31, 2023, from which it was derived.

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

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

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Ruthton, Ruthton, Minnesota's basic financial statements. The accompanying combining individual fund financial statements, and schedule of Long-Term Debt, 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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 4, 2025, on our consideration of the City of Ruthton, Ruthton, Minnesota's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Ruthton, Ruthton, Minnesota's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Ruthton, Ruthton, Minnesota's internal control over financial reporting and compliance.



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

June 4, 2025

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FISCAL YEAR ENDED DECEMBER 31, 2024**

This section of the City of Ruthton's annual financial report presents management's discussion and analysis of the City's financial performance during the fiscal year ended December 31, 2024. Please read it in conjunction with the other components of the City's annual financial report.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 --*Basic Financial Statements -- and Management's Discussion and Analysis -- for State and Local Governments*. Certain comparative information between the current year (2024) and the prior year (2023) is required to be presented in the MD&A.

**Financial Highlights**

Key financial highlights for the 2024 fiscal year include the following:

- Governmental Net position decreased by \$4,057 or 0.3% from December 31, 2023, due primarily to increased general fund expenditures.
- Proprietary Net position increased by \$3,603 or 0.5% from December 31, 2023.
- Total governmental expenditures decreased by \$216,126 in comparison to fiscal year 2023, due primarily to the purchase of a Fire Truck in 2023, and total governmental revenues decreased by \$112,595 in comparison to fiscal year 2023, due to grants and donations for the purchase of a fire truck in 2023.
- Total proprietary operating expenses decreased by \$6,273 in comparison to fiscal year 2023, and proprietary operating revenues increased by \$3,513 in comparison to fiscal year 2023.

**Overview of the Financial Statements**

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

**Government-Wide Statements**

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

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

#### Fund Financial Statements

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

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

The City maintains five governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Fire Department Fund, Small Cities Development Program Fund II, and Cemetery Fund. The General Fund, Fire Department Fund, Small Cities Development Program Fund II, and Cemetery Fund are considered to be major funds.

Proprietary Funds – The City of Ruthton maintains three proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Ruthton uses the enterprise funds to account for Water, Sewer, and Garbage Operations. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water, Sewer, and Garbage Funds. These are considered to be major funds of the City of Ruthton.

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

As noted, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Ruthton, assets exceeded liabilities by \$1,905,111 at the close of the most recent fiscal year. This was a decrease of 0.5% from the previous year total of \$1,914,299.



City of Ruthton  
Ruthton, Minnesota

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

<b>Table 1</b> <b>Statement of Net Position</b> <b>As of December 31, 2024</b>						
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
<b>Assets</b>	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Current and other assets	800,413	873,420	220,476	177,581	1,020,889	1,051,001
Capital assets, net of depreciation	836,263	803,645	506,269	547,534	1,342,532	1,351,179
<b>Total Assets</b>	<b>1,636,676</b>	<b>1,677,065</b>	<b>726,745</b>	<b>725,115</b>	<b>2,363,421</b>	<b>2,402,180</b>
<b>Deferred Outflows of Resources</b>						
Related to Pensions	3,689	7,811	4,244	8,986	7,933	16,979
<b>Total Assets and Deferred Outflows of Resources</b>	<b>1,640,365</b>	<b>1,684,876</b>	<b>730,989</b>	<b>734,101</b>	<b>2,371,354</b>	<b>2,418,977</b>
<b>Liabilities</b>						
Current and other liabilities	36,471	28,979	9,624	3,508	46,095	32,487
Long-Term Liabilities	236,551	260,883	21,094	32,909	257,645	293,792
<b>Total Liabilities</b>	<b>273,022</b>	<b>289,862</b>	<b>30,718</b>	<b>36,417</b>	<b>303,740</b>	<b>326,279</b>
<b>Deferred Inflows of Resources</b>						
Unearned Revenue	134,403	158,670			134,403	158,670
Related to Pensions	13,067	9,174	15,033	10,555	28,100	19,729
<b>Total Deferred Inflows of Resources</b>	<b>147,470</b>	<b>167,844</b>	<b>15,033</b>	<b>10,555</b>	<b>162,503</b>	<b>178,399</b>
<b>Net Position</b>						
Net Investment in Capital Assets	603,983	557,645	506,269	547,534	1,110,252	1,105,179
Restricted	61,172	48,031			61,172	48,031
Unrestricted	554,718	621,494	178,969	139,595	733,687	761,089
<b>Net Position</b>	<b>1,219,873</b>	<b>1,221,170</b>	<b>685,238</b>	<b>687,129</b>	<b>1,905,111</b>	<b>1,914,299</b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>1,640,365</b>	<b>1,684,876</b>	<b>730,989</b>	<b>734,101</b>	<b>2,371,354</b>	<b>2,418,977</b>

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

City of Ruthton  
Ruthton, Minnesota

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

**Table 2**  
**Change in Net Position**  
**For the year ended December 31, 2024**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
<b>Revenues</b>						
Program Revenues						
Charges for Services	42,555	43,924	149,122	145,609	191,677	189,533
Operating Grants and Contributions	14,985	21,730		27,777	14,985	49,507
Capital Grants and Contributions	4,000	141,495			4,000	141,495
General Revenues						
Property Taxes	144,034	138,265	150	267	144,184	138,532
State Aid Not Restricted						
For Specific Purposes	87,224	80,509			87,224	80,509
Unrestricted Investment Earnings	6,527	1,582	3,681	629	10,208	2,211
Other Revenues	<u>37,959</u>	<u>13,242</u>			<u>37,959</u>	<u>13,242</u>
<b>Total Revenues</b>	<b>337,284</b>	<b>440,747</b>	<b>152,953</b>	<b>174,282</b>	<b>490,237</b>	<b>615,029</b>
<b>Expenses</b>						
General Government	40,850	104,964			40,850	104,964
Public Safety	104,502	64,507			104,502	64,507
City Maintenance	81,000	26,049			81,000	26,049
Culture and Recreation	5,343	3,595			5,343	3,595
Public Works	49,594	56,906			49,594	56,906
Miscellaneous	55,563	50,214			55,563	50,214
Cemetery	4,489	4,851			4,489	4,851
Water			74,191	66,132	74,191	66,132
Sewer			52,776	67,644	52,776	67,644
Refuse			<u>22,383</u>	<u>21,847</u>	<u>22,383</u>	<u>21,847</u>
<b>Total Expenses</b>	<b>341,341</b>	<b>311,086</b>	<b>149,350</b>	<b>155,623</b>	<b>490,691</b>	<b>466,709</b>
<b>Change in Net Position</b>	<b>( 4,057)</b>	<b>129,661</b>	<b>3,603</b>	<b>18,659</b>	<b>(454)</b>	<b>148,320</b>
Beginning Net Position						
As Originally Stated	1,227,170	1,097,509	687,129	668,470	1,914,299	1,765,979
Prior Period Adjustment	<u>(3,240)</u>		<u>(5,494)</u>		<u>(8,734)</u>	
Beginning Net Position As Restated	<u>1,223,930</u>	<u>1,097,509</u>	<u>681,635</u>	<u>668,470</u>	<u>1,905,565</u>	<u>1,765,979</u>
Ending Net Position	<u>1,219,873</u>	<u>1,227,170</u>	<u>685,238</u>	<u>687,129</u>	<u>1,905,111</u>	<u>1,914,299</u>

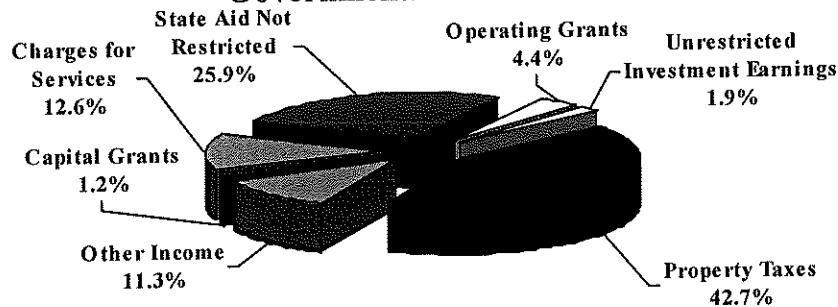
The City's total revenue consisted of program revenues of \$210,662, property taxes of \$144,184, state aids of \$87,224, investment earnings of \$10,208 and miscellaneous revenues of \$37,959.

The cost of all governmental and business-type activities this year was \$490,691.

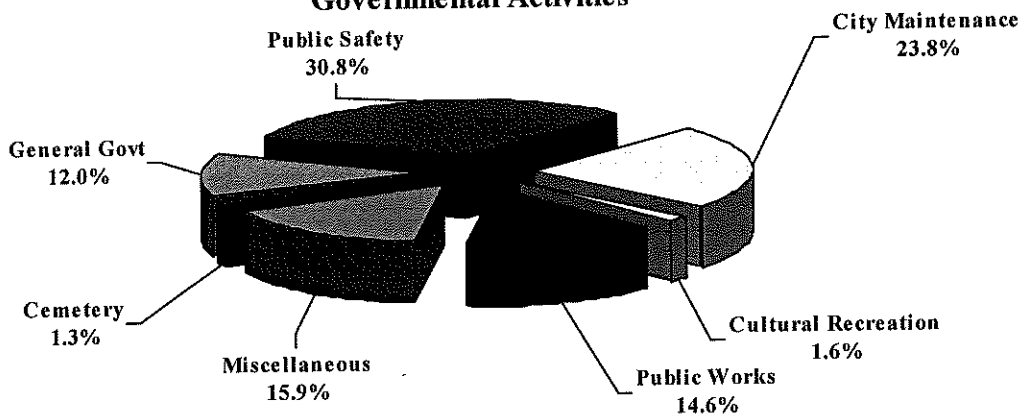
- The users of the city programs paid for 39.1%, or \$191,677, of the costs.
- The state government subsidized certain programs with grants and contributions. This totaled \$87,224, or 17.8%, of the total costs.

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

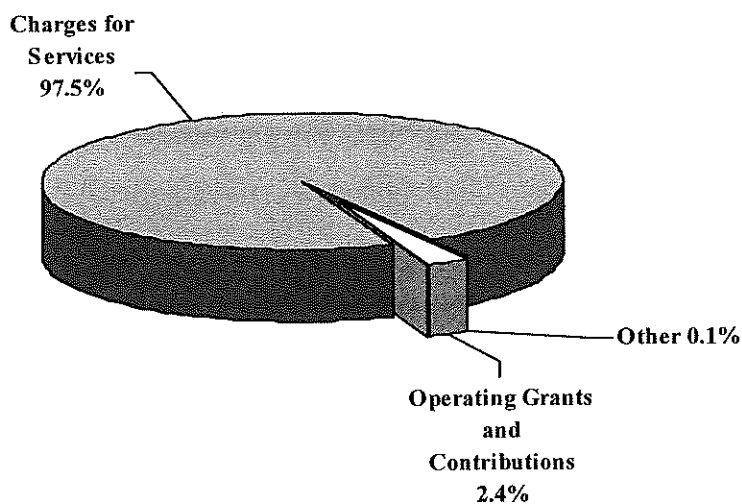
**Figure A - Sources of Revenue for Fiscal 2024**  
**Governmental Activities**



**Figure B - Expenses for Fiscal 2024**  
**Governmental Activities**



**Figure C - Sources of Revenues for Fiscal Year 2024**  
**Business-Type Activities**



**Figure D - Operating Revenues and Expenses for Fiscal Year 2024**  
**Business-Type Activities**



City of Ruthton  
Ruthton, Minnesota

**Financial Analysis of the City's Funds (Fund Financial Statements)**

**Fund Balance/Net Position**

The financial performance of the city as a whole is reflected in its governmental funds as well. As the city completed the year, the governmental funds reported a combined fund balance of \$635,381. The prior year fund balance was \$685,666, which is a decrease of \$50,285. The General Fund decrease of \$43,047 is due to increased expenditures. The Fire Department Fund had a decrease of \$20,389, due to decreased revenue, the Small Cities Development Program Fund II had an increase of \$11,148, and the Cemetery Fund had an increase of \$1,993.

The proprietary funds completed the year with a combined net position of \$685,238. The prior year net position was \$687,129. The Water Fund increased \$4,890. The Sewer fund increased \$722; the Garbage Fund decrease of \$2,059 was due to expenditures exceeding revenues. The proprietary funds had a prior period adjustment of (\$5,494), (\$2,151) to the Water Fund, (\$2,470) to the Sewer Fund and (\$873) to the Garbage Fund.

**Revenues and Expenditures/Expenses**

Revenues of the city's governmental funds totaled \$328,718 while total expenditures were \$388,206. A summary of the revenues and expenditures reported on the governmental financial statements is as follows:

	<b>Revenue</b>	<b>Expenditures</b>	<b>Other Financing Sources (Uses)</b>	<b>Fund Balance Increase (Decrease)</b>
General Fund	260,110	289,407	(13,740)	(43,037)
Fire Department Fund	55,123	96,060	20,548	(20,389)
Small Cities Development Program Fund II	11,060		88	11,148
Cemetery Fund	<u>2,425</u>	<u>2,739</u>	<u>2,307</u>	<u>1,993</u>
Total	<u>328,718</u>	<u>388,206</u>	<u>9,203</u>	<u>(50,285)</u>

Revenues of the city's proprietary funds totaled \$149,122, which total expenses were \$149,350. A summary of the revenues and expenses reported on the proprietary funds statements are as follows:

	<b>Revenue</b>	<b>Expenses</b>	<b>Other Financing Sources (Uses)</b>	<b>Net Position Increase (Decrease)</b>
Water Fund	77,686	74,191	1,395	4,890
Sewer Fund	51,112	52,776	2,436	772
Garbage Fund	<u>20,324</u>	<u>22,383</u>		<u>(2,059)</u>
Total	<u>149,122</u>	<u>149,350</u>	<u>3,831</u>	<u>3,603</u>

### **General Fund Budgetary Highlights**

The City is required to adopt an operating budget prior to the beginning of its fiscal year. Once the General Fund budget has been adopted, the City might amend the budget for known changes in circumstances such as legislative funding. During the fiscal year 2024, the City did not revise the original budget. The city's budget anticipated that expenditures would exceed revenues and other financing sources (uses) by \$103,758. The actual results for the year showed expenditures exceeding revenues by \$43,037.

- Actual revenues were over budget by \$9,053 due to various reasons.
- Actual expenditures were under budget by \$48,408 due to general government costs being less than budgeted.

### **Capital Assets**

Table 3 shows the City's capital assets, together with changes from the previous year. The table also shows the total depreciation expense for fiscal years ending December 31, 2024 and 2023.

**Table 3**  
**Capital Assets**

<b><u>Governmental Activities</u></b>	<b><u>2024</u></b>	<b><u>2023</u></b>	<b><u>Increase (Decrease)</u></b>
Land	28,255	28,255	
Buildings	477,101	399,137	77,964
Equipment & Improvements	1,078,407	1,050,020	28,387
Infrastructure	1,180,389	1,180,389	
Less accumulated depreciation	<u>(1,927,889)</u>	<u>(1,854,156)</u>	<u>(73,733)</u>
Total	<u>836,263</u>	<u>803,645</u>	<u>32,618</u>
Depreciation Expense	<u>91,533</u>	<u>81,464</u>	<u>10,069</u>
<b><u>Business-Type Activities</u></b>			
Land	44,519	44,519	
Water System & Equipment	938,259	938,259	
Sewer System & Equipment	878,528	878,528	
Less accumulated depreciation	<u>(1,355,037)</u>	<u>(1,313,772)</u>	<u>(41,265)</u>
Total	<u>506,269</u>	<u>547,534</u>	<u>(41,265)</u>
Depreciation Expense	<u>41,265</u>	<u>41,805</u>	<u>(540)</u>

Capital asset activity occurring in 2024 included fire department equipment, 2015 chevy colorado, city sign, dewalt fan, arctic cat 4-wheeler, bus garage and ball field tin, concrete at the community center, and a drop tank.

City of Ruthton  
Ruthton, Minnesota

**Long-Term Liabilities**

At the end of the current fiscal year, the City had notes payable of \$232,280.

**Outstanding Debt  
As of December 31, 2024**

	<b><u>Governmental Activities</u></b>	<b><u>Business-Type Activities</u></b>	<b><u>Total</u></b>
Notes Payable -USDA Loan	<u>232,280</u>	<u>-0-</u>	<u>232,280</u>
Total Debt	<u>232,280</u>	<u>-0-</u>	<u>232,280</u>

More detailed information about the city’s long-term liabilities is presented in Note 4.

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

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

**Contacting the City’s Management**

This financial report is designed to provide a general overview of the City’s finances and to demonstrate the City’s accountability for the money it receives. If you have questions about this report or need additional financial information contact the City of Ruthton at PO Box 5, Ruthton, Minnesota, 56170.

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**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2024**

	<b>Primary Government</b>			
	<b>Governmental</b>	<b>Business-Type</b>	<b>Total</b>	
	<b>Activities</b>	<b>Activities</b>	<b>2024</b>	<b>2023</b>
<b><u>Assets</u></b>				
Cash and Investments	596,455	205,647	802,102	806,459
Accounts Receivable	5,394	13,501	18,895	21,507
Delinquent Taxes / Assessments Receivable	15,033		15,033	13,904
Due from Other Govts	14,660		14,660	12,042
Notes Receivable	139,722		139,722	168,713
Prepaid Items	29,149	1,328	30,477	28,376
Capital Assets (net of accumulated depreciation)	836,263	506,269	1,342,532	1,351,179
<b>Total Assets</b>	<b>1,636,676</b>	<b>726,745</b>	<b>2,363,421</b>	<b>2,402,180</b>
<b><u>Deferred Outflows of Resources</u></b>				
Related to Pensions	3,689	4,244	7,933	16,797
 <b>Total Assets and Deferred Outflows of Resources</b>	<b>1,640,365</b>	<b>730,989</b>	<b>2,371,354</b>	<b>2,418,977</b>
<b><u>Liabilities</u></b>				
Accounts Payable and Other Current Liabilities	22,408	9,624	32,032	18,767
Noncurrent liabilities				
Due within one year	14,063		14,063	13,720
Due in more than one year	218,217		218,217	232,280
Net Pension Liability	18,334	21,094	39,428	61,512
<b>Total Liabilities</b>	<b>273,022</b>	<b>30,718</b>	<b>303,740</b>	<b>326,279</b>
<b><u>Deferred Inflows of Resources</u></b>				
Unearned Revenue	134,403		134,403	158,670
Related to Pensions	13,067	15,033	28,100	19,729
<b>Total Deferred Inflows of Resources</b>	<b>147,470</b>	<b>15,033</b>	<b>162,503</b>	<b>178,399</b>
<b><u>Net Position</u></b>				
Net Investment in Capital Assets	603,983	506,269	1,110,252	1,105,179
Restricted for:				
Small Cities Development Program II	48,161		48,161	37,013
Cemetery Fund	13,011		13,011	11,018
Unrestricted	554,718	178,969	733,687	761,089
<b>Total Net Position</b>	<b>1,219,873</b>	<b>685,238</b>	<b>1,905,111</b>	<b>1,914,299</b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>1,640,365</b>	<b>730,989</b>	<b>2,371,354</b>	<b>2,418,977</b>

See accompanying notes to the financial statements.

**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

Functions	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
							2024	2023
<b>Governmental Activities:</b>								
General Government	40,850	16,055	200		(24,595)		(24,595)	(87,938)
Public Safety	104,502	25,700	14,660	4,000	(60,142)		(60,142)	124,116
City Maintenance	81,000				(81,000)		(81,000)	(26,049)
Cultural and Recreation	5,343				(5,343)		(5,343)	(3,595)
Public Works	49,594				(49,594)		(49,594)	(56,906)
Miscellaneous	55,563				(55,563)		(55,563)	(50,214)
Cemetery	4,489	800	125		(3,564)		(3,564)	(3,351)
Total Governmental Activities	341,341	42,555	14,985	4,000	(279,801)	-0-	(279,801)	(103,937)
<b>Business-Type Activities</b>								
Water	74,191	77,686				3,495	3,495	14,925
Sewer	52,776	51,112				(1,664)	(1,664)	4,469
Garbage	22,383	20,324				(2,059)	(2,059)	(1,631)
Total Business-Type Activities	149,350	149,122	-0-	-0-	-0-	(228)	(228)	17,763
Total Government	490,691	191,677	14,985	4,000	(279,801)	(228)	(280,029)	(86,174)
<b>General Revenues</b>								
Property Taxes					144,034	150	144,184	138,532
State Aid Not Restricted to Specific Purposes					87,224		87,224	80,509
Unrestricted Investment Earnings					6,527	3,681	10,208	2,211
Gain/(Loss) on Sale of Equipment					2,676		2,676	
Other Revenues					35,283		35,283	13,242
Total General Revenues					275,744	3,831	279,575	234,494
Change in Net Position					(4,057)	3,603	(454)	148,320
Net Position-Beginning-As Originally Stated					1,227,170	687,129	1,914,299	1,765,979
Prior Period Adjustment					(3,240)	(5,494)	(8,734)	
Net Position-Beginning-As Restated					1,223,930	681,635	1,905,565	1,765,979
Net Position - Ending					1,219,873	685,238	1,905,111	1,914,299

See accompanying notes to the financial statements.

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**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2024**

	<b>General</b>	<b>Fire Department Fund</b>
<b><u>Assets</u></b>		
Cash	425,270	115,332
Accounts Receivable	1,569	3,825
Delinquent Taxes Receivable	15,033	
Due from Other Govts		14,660
Notes Receivable		
Prepaid Items	27,196	1,953
Total Assets	469,068	135,770
 <b><u>Liabilities, Deferred Inflows of Resources and Fund Balances</u></b>		
<b><u>Liabilities</u></b>		
Accounts Payable	1,479	15,962
Total Liabilities	1,479	15,962
 <b><u>Deferred Inflows of Resources</u></b>		
Unavailable Revenue	13,188	
 <b><u>Fund Balances</u></b>		
Fund Balance - Non-Spendable	27,196	1,953
Fund Balance - Committed		117,855
Fund Balance - Unassigned	427,205	
Total Fund Balance	454,401	119,808
Total Liabilities, Deferred Inflows of Resources and Fund Balances	469,068	135,770

See accompanying notes to the financial statements.

Exhibit C

Small Cities Development Program Fund II	Cemetery Fund	Total Governmental Funds	
		2024	2023
42,842	13,011	596,455	644,738
		5,394	8,125
		15,033	13,904
		14,660	12,042
139,722		139,722	168,713
		29,149	25,898
<u>182,564</u>	<u>13,011</u>	<u>800,413</u>	<u>873,420</u>
		17,441	15,259
<u>-0-</u>	<u>-0-</u>	<u>17,441</u>	<u>15,259</u>
134,403		147,591	172,495
		29,149	25,898
48,161	13,011	179,027	185,194
		427,205	474,574
<u>48,161</u>	<u>13,011</u>	<u>635,381</u>	<u>685,666</u>
<u>182,564</u>	<u>13,011</u>	<u>800,413</u>	<u>873,420</u>

**RECONCILIATION OF THE BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2024**

	<u>2024</u>	<u>2023</u>
Total Governmental Fund Balances	635,381	685,666
Amounts Reported in Governmental Activities in the Statement of Net Position are Different Because:		
Capital assets used in the governmental activities are not financial resources and therefore are not reported in the funds.		
Cost of Capital Assets	2,764,152	2,657,801
Less: Accumulated Depreciation	<u>(1,927,889)</u>	<u>(1,854,156)</u>
	836,263	803,645
Other long-term assets are not available to pay for current-period expenditures and therefore, are deferred inflows of resources in the funds.		
	13,188	13,825
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred Outflows of Resources - Related to Pensions	3,689	7,811
Deferred Inflows of Resources - Related to Pensions	<u>(13,067)</u>	<u>(9,174)</u>
	(9,378)	(1,363)
Long-term liabilities that pertain to governmental funds 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. Balances at year-end are:		
Compensated Absences	(4,967)	
Notes Payable	(232,280)	(246,000)
Pension Liability	<u>(18,334)</u>	<u>(28,603)</u>
	(255,581)	(274,603)
Total net position - governmental activities	<u><u>1,219,873</u></u>	<u><u>1,227,170</u></u>

See accompanying notes to the financial statements.

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	General	Fire	Small Cities		Total	
	Fund	Department	Development	Cemetery	Governmental Funds	
<b><u>Revenues</u></b>		Fund	Program	Fund	2024	2023
			Fund II			
Taxes	144,671				144,671	140,413
Licenses and Permits	2,050				2,050	2,050
State Aid	87,224	14,660			101,884	98,517
Charges for Services	10,167	17,900			28,067	25,634
Grants		4,000			4,000	56,718
Fines and Forfeits	561				561	583
Fire Calls		7,800			7,800	11,220
Miscellaneous	4,963	10,763			15,726	11,867
Pest Control	3,277				3,277	2,987
Sale of Lots				1,500	1,500	1,000
Donations	200			125	325	88,499
Perpetual Care/Fees				800	800	1,450
Refunds and Reimbursements	6,997				6,997	
SCDP Revenue			10,890		10,890	
Loan Interest Income			170		170	375
Total Revenues	260,110	55,123	11,060	2,425	328,718	441,313
<b><u>Expenditures</u></b>						
General Government	110,208				110,208	99,902
Public Safety	16,285	81,400			97,685	380,009
City Maintenance	62,353				62,353	22,265
Cultural and Recreation	8,775				8,775	5,732
Public Works	50,883				50,883	34,650
Miscellaneous	40,903	14,660			55,563	50,214
Cemetery				2,739	2,739	5,410
Total Expenditures	289,407	96,060	-0-	2,739	388,206	598,182
Excess of Revenues (Expenditures)	(29,297)	(40,937)	11,060	(314)	(59,488)	(156,869)
<b><u>Other Financing Sources (Uses)</u></b>						
Loan Proceeds						246,000
Gain/(Loss) on Sale of Equipment		2,676			2,676	
Interest Income	3,260	2,872	88	307	6,527	1,582
Transfers In		15,000		2,000	17,000	24,523
Transfers Out	(17,000)				(17,000)	(24,523)
Total Other Financing Sources (Uses)	(13,740)	20,548	88	2,307	9,203	247,582
Net Change in Fund Balances	(43,037)	(20,389)	11,148	1,993	(50,285)	90,713
Fund Balance-Beginning	497,438	140,197	37,013	11,018	685,666	594,953
Fund Balance-Ending	454,401	119,808	48,161	13,011	635,381	685,666

See accompanying notes to the financial statements.

**RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCE  
TO THE STATEMENT OF ACTIVITIES—GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

	<u>2024</u>	<u>2023</u>
Net Change in Governmental Fund Balances	(50,285)	90,713

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

Governmental funds report capital outlays as expenditures, however, in the statement of activities, assets with an initial, individual cost of more than \$1,000.00 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.

Capital Outlay	124,351		370,335	
Salvage Value	(200)			
Depreciation Expense	<u>(91,533)</u>		<u>(81,463)</u>	
		32,618		288,872

Governmental funds report long-term debt proceeds as financing sources, while repayment of long-term debt principal is reported as an expenditure. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities and repayment of principal reduces the liability. Interest is recognized as an expenditure in the governmental funds where it is due. In the statement of activities however, interest expense is recognized as it accrues. The net effect of these differences is as follows:

Note Proceeds			(246,000)	
Payment of Bond Principal	<u>13,720</u>		<u>          </u>	
		13,720		(246,000)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in Pension Liability	2,254		(1,776)	
Prior Period Adjustment - Compensated Absences	(3,240)			
Change in Compensated Absences	<u>(1,727)</u>		<u>          </u>	
		(2,713)		(1,776)

Certain revenues are recognized as soon as they are earned. Under the modified accrual basis of accounting certain revenues cannot be recognized until they are available to liquidate liabilities of the current period.

(637)	(2,148)
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Change in Net Position of Governmental Activities	<u>(7,297)</u>	<u>129,661</u>
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See accompanying notes to the financial statements.



**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**-BUDGET AND ACTUAL-**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	<b><u>Budgeted Amounts</u></b>		<b><u>Actual</u></b>	<b><u>Variance with</u></b>
<b><u>Revenues</u></b>	<b><u>Original</u></b>	<b><u>Final</u></b>	<b><u>Amounts</u></b>	<b><u>Final Budget</u></b>
Taxes	146,174	146,174	144,671	(1,503)
Licenses and Permits	2,000	2,000	2,050	50
Federal Aid	15,709	15,709		(15,709)
State Aid	73,274	73,274	87,224	13,950
Charges for Services	8,500	8,500	10,167	1,667
Fines and Forfeits			561	561
Miscellaneous Revenues	5,400	5,400	15,437	10,037
Total Revenues	251,057	251,057	260,110	9,053
<b><u>Expenditures</u></b>				
General Government	136,660	136,660	110,208	26,452
Public Safety	24,225	24,225	16,285	7,940
City Maintenance	68,950	68,950	62,353	6,597
Culture and Recreation	27,300	27,300	8,775	18,525
Public Works	58,680	58,680	50,883	7,797
Miscellaneous	22,000	22,000	40,903	(18,903)
Total Expenditures	337,815	337,815	289,407	48,408
Excess of Revenues (Expenditures)	(86,758)	(86,758)	(29,297)	57,461
<b><u>Other Financing Sources (Uses)</u></b>				
Interest Income	1,000	1,000	3,260	2,260
Transfers Out	(18,000)	(18,000)	(17,000)	1,000
Total Other Financing Sources (Uses)	(17,000)	(17,000)	(13,740)	3,260
Net Change in Fund Balances	(103,758)	(103,758)	(43,037)	60,721
Fund Balance-Beginning			497,438	
Fund Balance-Ending			454,401	

See accompanying notes to the financial statements.

**FIRE DEPARTMENT FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**-BUDGET AND ACTUAL-**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
<u>Revenues</u>	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
Rural Fire Protection	17,900	17,900	17,900	
Firemen's Relief Aid-State	10,250	10,250	14,660	4,410
Fire Calls			7,800	7,800
Grants			4,000	4,000
Miscellaneous Revenues	250	250	10,763	10,513
Total Revenues	28,400	28,400	55,123	26,723
 <u>Expenditures</u>				
Insurance	1,000	1,000	1,661	(661)
Equipment Operating Expense	5,500	5,500	5,706	(206)
Firemen's Relief Association Contribution	10,250	10,250	14,660	(4,410)
Miscellaneous	1,500	1,500	150	1,350
Capital Outlay	7,000	7,000	39,721	(32,721)
Utilities	3,000	3,000	4,642	(1,642)
Training and Travel Expense	3,000	3,000	75	2,925
Professional Fees	1,000	1,000	3,070	(2,070)
Salaries	6,000	6,000	5,393	607
First Responders-Supplies, Repairs	1,000	1,000	1,112	(112)
Fire Truck Interest			6,150	(6,150)
Fire Truck Principal	7,800	7,800	13,720	(5,920)
Total Expenditures	47,050	47,050	96,060	(49,010)
Excess Revenues (Expenditures)	(18,650)	(18,650)	(40,937)	(22,287)
 <u>Other Financing Sources (Uses)</u>				
Gain/(Loss) on Sale of Equipment			2,676	2,676
Interest Income			2,872	2,872
Transfers In	15,000	15,000	15,000	
Total Other Financing Sources (Uses)	15,000	15,000	20,548	5,548
Net Change in Fund Balance	(3,650)	(3,650)	(20,389)	(16,739)
Fund Balance-Beginning			140,197	
Fund Balance-Ending			119,808	

See accompanying notes to the financial statements.

**SMALL CITIES DEVELOPMENT PROGRAM FUND II**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**-BUDGET AND ACTUAL-**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
<b><u>Revenues</u></b>				
Loan Interest Income			170	170
SCDP Revenue			10,890	10,890
Total Revenues	<u>-0-</u>	<u>-0-</u>	<u>11,060</u>	<u>11,060</u>
<b><u>Expenditures</u></b>				
Total Expenditures	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Excess of Revenues (Expenditures)	<u>-0-</u>	<u>-0-</u>	<u>11,060</u>	<u>11,060</u>
<b><u>Other Financing Sources (Uses)</u></b>				
Interest Income			88	88
Total Other Financing Sources (Uses)	<u>-0-</u>	<u>-0-</u>	<u>88</u>	<u>88</u>
Net Change in Fund Balance	<u>-0-</u>	<u>-0-</u>	<u>11,148</u>	<u>11,148</u>
Fund Balance-Beginning			<u>37,013</u>	
Fund Balance-Ending			<u>48,161</u>	

See accompanying notes to the financial statements.

**CEMETERY FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**-BUDGET AND ACTUAL-**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	<b><u>Budgeted Amounts</u></b>		<b><u>Actual</u></b>	<b><u>Variance with</u></b>
	<b><u>Original</u></b>	<b><u>Final</u></b>	<b><u>Amounts</u></b>	<b><u>Final Budget</u></b>
<b><u>Revenues</u></b>				
Donations			125	125
Perpetual Care/Fees			800	800
Sale of Lots	1,500	1,500	1,500	
Total Revenues	1,500	1,500	2,425	925
<b><u>Expenditures</u></b>				
Repairs and Maintenance			39	(39)
Gasoline	500	500	711	(211)
Labor	5,000	5,000	1,989	3,011
Total Expenditures	5,500	5,500	2,739	2,761
Excess of Revenues (Expenditures)	(4,000)	(4,000)	(314)	3,686
<b><u>Other Financing Sources (Uses)</u></b>				
Interest Income	50	50	307	257
Transfers In	3,000	3,000	2,000	(1,000)
Total Other Financing Sources (Uses)	3,050	3,050	2,307	(743)
Net Change in Fund Balance	(950)	(950)	1,993	2,943
Fund Balance-Beginning			11,018	
Fund Balance-Ending			13,011	

See accompanying notes to the financial statements.

**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2024**

	<b><u>Water Fund</u></b>	<b><u>Sewer Fund</u></b>	<b><u>Garbage Fund</u></b>	<b><u>Total</u></b>	
				<b><u>2024</u></b>	<b><u>2023</u></b>
<b><u>Assets</u></b>					
<b><u>Current Assets</u></b>					
Cash	68,534	131,353	5,760	205,647	161,721
Receivables					
Accounts	6,674	4,937	1,890	13,501	13,382
Prepaid Items	1,328			1,328	2,478
Total Current Assets	<u>76,536</u>	<u>136,290</u>	<u>7,650</u>	<u>220,476</u>	<u>177,581</u>
<b><u>Noncurrent Assets</u></b>					
<b><u>Capital Assets</u></b>					
Land		44,519		44,519	44,519
Property and Equipment	938,259	878,528		1,816,787	1,816,787
Less: Accumulated Depreciation	(604,363)	(750,674)		(1,355,037)	(1,313,772)
Total Noncurrent Assets	<u>333,896</u>	<u>172,373</u>	<u>-0-</u>	<u>506,269</u>	<u>547,534</u>
Total Assets	<u>410,432</u>	<u>308,663</u>	<u>7,650</u>	<u>726,745</u>	<u>725,115</u>
<b><u>Deferred Outflows of Resources</u></b>					
Related to Pensions	1,626	1,833	785	4,244	8,986
Total Assets and Deferred Outflows of Resources	<u>412,058</u>	<u>310,496</u>	<u>8,435</u>	<u>730,989</u>	<u>734,101</u>
<b><u>Liabilities</u></b>					
<b><u>Current Liabilities</u></b>					
Accounts Payable	437	995	613	2,045	2,941
Compensated Absences	2,717	3,097	1,198	7,012	
Sales Tax Payable			567	567	567
Total Current Liabilities	<u>3,154</u>	<u>4,092</u>	<u>2,378</u>	<u>9,624</u>	<u>3,508</u>
<b><u>Noncurrent Liabilities</u></b>					
Net Pension Liability	8,083	9,108	3,903	21,094	32,909
Total Noncurrent Liabilities	<u>8,083</u>	<u>9,108</u>	<u>3,903</u>	<u>21,094</u>	<u>32,909</u>
Total Liabilities	<u>11,237</u>	<u>13,200</u>	<u>6,281</u>	<u>30,718</u>	<u>36,417</u>
<b><u>Deferred Inflows of Resources</u></b>					
Related to Pensions	5,761	6,491	2,781	15,033	10,555
Total Deferred Inflows of Resources	<u>5,761</u>	<u>6,491</u>	<u>2,781</u>	<u>15,033</u>	<u>10,555</u>
<b><u>Net Position</u></b>					
Net Investment in Capital Assets	333,896	172,373		506,269	547,534
Unrestricted	61,164	118,432	(627)	178,969	139,595
Total Net Position	<u>395,060</u>	<u>290,805</u>	<u>(627)</u>	<u>685,238</u>	<u>687,129</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>412,058</u>	<u>310,496</u>	<u>8,435</u>	<u>730,989</u>	<u>734,101</u>

See accompanying notes to the financial statements.

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Garbage Fund</b>	<b>Total</b>	
<b><u>Operating Revenues</u></b>				<b><u>2024</u></b>	<b><u>2023</u></b>
Charges for Services	77,686	51,112	20,324	149,122	145,609
Total Revenues/Gross Margin	77,686	51,112	20,324	149,122	145,609
<b><u>Operating Expenses</u></b>					
Administration	52,070	33,632	22,383	108,085	113,818
Depreciation	22,121	19,144		41,265	41,805
Total Expenses	74,191	52,776	22,383	149,350	155,623
Operating Income (Loss)	3,495	(1,664)	(2,059)	(228)	(10,014)
<b><u>Non-Operating Revenues (Expenses)</u></b>					
County/ARPA					27,777
Special Assessment Income	150			150	267
Interest Income	1,245	2,436		3,681	629
Total Non-Operating Revenues (Expenses)	1,395	2,436	-0-	3,831	28,673
Change in Net Position	4,890	772	(2,059)	3,603	18,659
Total Net Position-January 1-As Originally Stated	392,321	292,503	2,305	687,129	668,470
Prior Period Adjustment	(2,151)	(2,470)	(873)	(5,494)	
Total Net Position-January 1-As Restated	390,170	290,033	1,432	681,635	668,470
Total Net Position-December 31	395,060	290,805	(627)	685,238	687,129

See accompanying notes to the financial statements.

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**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	<b><u>Business-Type Activities--</u></b>	
	<b><u>Water</u></b>	<b><u>Sewer</u></b>
<b><u>Cash Flows From Operating Activities</u></b>		
Receipts from Customers and Users	78,952	50,939
Payments to Vendors and Suppliers	(31,865)	(7,714)
Payments to Employees	(22,618)	(25,417)
Net Cash Provided By Operating Activities	<u>24,469</u>	<u>17,808</u>
<b><u>Cash Flows From Noncapital Financing Activities</u></b>		
Receipts From Special Assessments	150	
Net Cash Provided By Noncapital Financing Activities	<u>150</u>	<u>-0-</u>
<b><u>Cash Flows From Investing Activities</u></b>		
County/ARPA		
Interest Income	1,245	2,436
Net Cash Provided By Investing Activities	<u>1,245</u>	<u>2,436</u>
Net Increase (Decrease) in Cash and Cash Equivalents	25,864	20,244
Cash and Cash Equivalents, January 1	42,670	111,109
Cash and Cash Equivalents, December 31	<u>68,534</u>	<u>131,353</u>
<b><u>Reconciliation of Operating Income To Net</u></b>		
<b><u>Cash Provided By Operating Activities</u></b>		
Operating Income (Loss)	3,495	(1,664)
Depreciation	22,121	19,144
(Increase) Decrease in Accounts Receivable	116	(173)
(Increase) Decrease in Prepaid Items	1,150	
Increase (Decrease) in Accounts Payable	(1,985)	995
Increase (Decrease) in Compensated Absences	566	627
Increase (Decrease) in Sales Tax Payable		
Increase (Decrease) in Pension Liability	(994)	(1,121)
Net Cash Provided By Operating Activities	<u>24,469</u>	<u>17,808</u>

See accompanying notes to the financial statements.



**--Enterprise Funds**

<b>Garbage</b>	<b>Total</b>	
	<b>2024</b>	<b>2023</b>
20,262	150,153	140,045
(9,328)	(48,907)	(56,766)
(13,116)	(61,151)	(53,333)
(2,182)	40,095	29,946
	150	267
-0-	150	267
		27,777
	3,681	629
-0-	3,681	28,406
(2,182)	43,926	58,619
7,942	161,721	103,102
5,760	205,647	161,721
(2,059)	(228)	(10,014)
	41,265	41,805
(62)	(119)	(4,889)
	1,150	(675)
94	(896)	1,617
325	1,518	
		58
(480)	(2,595)	2,044
(2,182)	40,095	29,946

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**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**Note 1     Summary of Significant Accounting Policies**

**A.     Basis of Presentation**

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

**B.     Financial Reporting Entity**

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

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

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

**C.     Basic Financial Statements Presentation**

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. *Governmental activities* which normally are supported by taxes and intergovernmental revenues are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

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

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

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

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

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

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

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

**Description of Funds**

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

**General Fund**

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

**Fire Department Fund**

This fund accounts for the activities and expenses related to the City's fire department.

**Small Cities Development Program Fund II**

This fund accounts for the activity of a new rehab grant/loan program the City started in 2019.

**Cemetery Fund**

This fund accounts for the activities and expenses related to the City's cemetery.

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

**Water Fund**

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

**Sewer Fund**

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

**Garbage Fund**

The garbage fund is used to account for the operation, maintenance, and capital improvement of the City's garbage disposal system.

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

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

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

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

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

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

**E.    Budgets and Budgetary Accounting**

The budgeted amounts included in the statement of revenues and expenditures were accounted for and presented on the same basis and using the same accounting practices as are used to account and prepare financial reports for the funds. Budgets presented in this report for comparison to actual amounts are presented in accordance with generally accepted accounting principles. The budgets are prepared by city personnel and approved by the council. Encumbrances are not considered in the budget process or in the regular city accounting.

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

The City has not prepared a budget for the Small Cities Development Program Fund II.

**F.    Cash and Temporary Investments**

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

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

**G.     Accounts Receivable**

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

**H.     Assessments Receivable**

Assessments receivable consist of the portion of improvements made by the City and charged against the properties affected. These assessments are payable with interest over a period of years.

**I.     Notes Receivable**

Notes Receivable represents amounts receivable from individuals and businesses for funds furnished to them for rehabilitation.

**J.     Prepaid Items**

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

**K.     Compensated Absences**

The City compensates employees who leave City services in good standing for all earned unused vacation, comp, and sick and safe time. Employees can accrue up to 160 hours per year depending on their years of service. The maximum amount of carryover from year-to-year is 1.5 times the vacation hours in a year. In addition, the employees are compensated for unused sick and safe time leave up to a maximum of 240 or 80 hours at varying rates depending on the employee type.

**L.     Property Tax Recognition**

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

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

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

**M.     Capital Assets**

Capital assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded at their estimated fair market value at the date of donation. The City defines capital assets as those with an initial, individual cost of \$1,000 or more, which benefit more than one fiscal year. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are recorded in the government-wide financial statements, but are not reported in the fund financial statements.

Capital assets are depreciated using the straight-line method over their estimated useful lives. Useful lives vary from 20 to 40 years for buildings and improvements, 5 to 20 years for equipment and vehicles, and 20 to 40 years for public domain infrastructure. Land is not depreciated.

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

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

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

**O.     Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bond issuance costs, if material, are reported as an expense in the period incurred. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums or discounts on debt issuances are reported as other financing sources or uses, respectively. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.



**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

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

**P.     Fund Equity**

In the fund financial statements, fund balance is divided into five classifications based primarily on the extent to which the city is bound to observe constraints imposed upon the use of resources reported in governmental funds. These classifications are as follows:

Non-Spendable Fund Balance

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

Restricted Fund Balance

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

Committed Fund Balance

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

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

Assigned Fund Balance

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

The city council has delegated the authority to assign fund balance amounts to the city clerk. Assigned amounts or changes to assigned amounts are presented to the council for review.

Unassigned Fund Balance

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

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

When any combination of committed, assigned, and unassigned resources are available for use, it is the city's policy to use committed resources first, then assigned, then unassigned resources as they are needed.

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

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

**Q.     Net Position**

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

**R.     Certain Comparative Data and Reclassifications**

Certain comparative total data for the prior year have been presented in the government-wide and fund financial statements in order to provide an understanding of the changes in the financial position and operations. Such comparative total data does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended December 31, 2023, from which the summarized information was derived.

**S.     Estimates**

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

**T.     Pensions**

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

**U.     Subsequent Events**

Subsequent events have been evaluated through July 7, 2025, which is the date the financial statements were available to be issued.

**Note 2     Deposits and Investments**

**A.     Deposits**

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**Note 2     Deposits and Investments-continued**

**A.     Deposits - continued**

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

**Custodial Credit Risk**

Custodial credit risk is the risk that in the event of a financial institution failure, the District's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of December 31, 2024, none of the City's bank balance of \$815,994 was exposed to custodial credit risk because it was insured and properly collateralized with securities held by the pledging financial institution's trust department or agent in the city's name.

**B.     Investments**

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

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

During the years ended December 31, 2024 and 2023, the City had no investments.

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**Note 3    Capital Assets**

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

	<b><u>Balance</u></b> <b><u>1/1/24</u></b>	<b><u>Additions</u></b>	<b><u>Retirements</u></b>	<b><u>Balance</u></b> <b><u>12/31/24</u></b>
<b>Governmental Activities</b>				
Capital assets not depreciated:				
Land	28,255			28,255
Capital assets depreciated:				
Buildings	399,137	77,964		477,101
Equipment & Improvements	1,050,020	46,387	18,000	1,078,407
Infrastructure	<u>1,180,389</u>			<u>1,180,389</u>
Total capital assets depreciated	2,629,546	124,351	18,000	2,735,897
Less accumulated depreciation for:				
Buildings	(226,194)	(14,735)		(240,929)
Equipment & Improvements	(657,157)	(57,826)	17,800	(697,183)
Infrastructure	<u>(970,805)</u>	<u>(18,972)</u>		<u>(989,777)</u>
Total accumulated depreciation	<u>(1,854,156)</u>	<u>(91,533)</u>	<u>200</u>	<u>(1,927,889)</u>
Total capital assets depreciated-net	<u>775,390</u>	<u>32,818</u>	<u>200</u>	<u>808,008</u>
Net Capital Assets	<u>803,645</u>	<u>32,818</u>	<u>200</u>	<u>836,263</u>
<b>Business-Type Activities</b>				
Capital assets not depreciated:				
Land	44,519			44,519
Capital assets depreciated:				
Water System & Equipment	938,259			938,259
Sewer System & Equipment	<u>878,528</u>			<u>878,528</u>
Total capital assets depreciated	1,816,787	-0-	-0-	1,816,787
Less accumulated depreciation for:				
Water System & Equipment	(582,242)	(22,121)		(604,363)
Sewer System & Equipment	<u>(731,530)</u>	<u>(19,144)</u>		<u>(750,674)</u>
Total accumulated depreciation	<u>(1,313,772)</u>	<u>(41,265)</u>	<u>-0-</u>	<u>(1,355,037)</u>
Total capital assets depreciated-net	<u>503,015</u>	<u>(41,265)</u>	<u>-0-</u>	<u>461,750</u>
Net Capital Assets	<u>547,534</u>	<u>(41,265)</u>	<u>-0-</u>	<u>506,269</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**Note 3     Capital Assets - continued**

Depreciation expense of \$132,798 for the year ended December 31, 2024 was charged to the following functions/programs:

Governmental Activities:

General Government	8,142
Public Safety	45,065
City Maintenance, including general infrastructure assets	18,647
Cultural and Recreation	1,339
Public Works	16,590
Cemetery	<u>1,750</u>
Total	<u>91,533</u>

Business-Type Activities:

Water	22,121
Sewer	<u>19,144</u>
Total	<u>41,265</u>

**Note 4     Long-Term Debt**

**General Long-Term Debt**

**A     Note Payable**

This note was issued for the purchase of a fire department truck. The debt is a general obligation of the City and will be retired through fire department fund revenues.

	<u>Original</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Issue</u> <u>Date</u>	<u>Maturity</u> <u>Date</u>	<u>Year-End</u> <u>Balance</u>
Loan Payable	\$246,000	2.5%	11/13/23	11/13/38	\$232,280

Annual requirements to maturity for the note are as follows:

<u>Year Ending</u> <u>December 31</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	14,063	5,807	19,870
2026	14,415	5,455	19,870
2027	14,775	5,095	19,870
2028	15,144	4,726	19,870
2029	15,523	4,347	19,870
2030 - 2034	83,633	15,717	99,350
2035 - 2038	<u>74,727</u>	<u>4,753</u>	<u>79,480</u>
Total	<u>232,280</u>	<u>45,900</u>	<u>278,180</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**Note 5      Fund Balance Classification**

**Non-Spendable Fund Balance**

The City has the following non-spendable fund balances as of December 31, 2024:

General Fund	27,196
Fire Department Fund	<u>1,953</u>
Total Non-Spendable	<u>29,149</u>

**Restricted Fund Balance**

The City has no restricted fund balances as of December 31, 2024.

**Committed Fund Balance**

The City has the following committed fund balances as of December 31, 2024:

Fire Department Fund	117,855
Small Cities Development Program Fund II	48,161
Cemetery Fund	<u>13,011</u>
Total Committed	<u>179,027</u>

**Assigned Fund Balance**

The City has no assigned fund balances as of December 31, 2024.

**Unassigned Fund Balance**

The City has the following unassigned fund balances as of December 31, 2024:

General Fund	<u>427,205</u>
Total Unassigned	<u>427,205</u>

**Note 6      Defined Benefit Pension Plans**

**A.      Public Employees Retirement Association (PERA)**

**1.      Plan Description**

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

1. General Employees Retirement Plan (GERF)

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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**Note 6     Defined Benefit Pension Plans - continued**

**A.     Public Employees Retirement Association (PERA) - continued**

**2.   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.

**GERF 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 percent of the highest average salary for each of the first 10 years of service and 1.7 percent for each additional year. Under the Level formula, General Plan members receive 1.7 percent 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 percent for each month under age 65. Members with 30 or more years of service can retire at any age with a reduction of .25 percent 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 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. The 2024 annual increase was 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a prorated increase.

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**Note 6     Defined Benefit Pension Plans - continued**  
**A.         Public Employees Retirement Association (PERA) - continued**

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

GERF Contributions  
Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2024 and the City was required to contribute 7.50 percent for Coordinated Plan members. The City’s contributions to the General Employees Fund for the year ended December 31, 2024 were \$6,770. The City’s contributions were equal to the required contributions as set by state statute.

**4. Pension Costs**  
At December 31, 2024, the City reported a liability of \$39,428 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 to the fund. The State of Minnesota is considered a non-employer contributing entity and the state’s contribution meets the definition of a special funding situation. The State of Minnesota’s proportionate share of the net pension liability associated with the City totaled \$1,020. 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 proportionate share of the net pension liability was based on the City’s contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2023 through June 30, 2024, relative to the total employer contributions received from all of PERA’s participating employers. At June 30, 2024, the City’s proportionate share was .0011% which was the same as the proportionate share measured as of June 30, 2023.

City’s Proportionate share of the net pension liability	\$39,428
State of Minnesota’s proportionate share of the net pension Liability associated with the City	<u>\$ 1,020</u>
Total	<u>\$40,448</u>

For the year ended December 31, 2024, the City recognized pension expense of (\$4,823) for its proportionate share of the General Employees Plan’s pension expense. In addition, the City recognized an additional \$27 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.



**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**Note 6    Defined Benefit Pension Plans - continued**

**A.    Public Employees Retirement Association (PERA) - continued**

**4.    Pension Costs - continued**

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 entity recognized \$1,814 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.

At December 31, 2024, the City reported its proportionate share of GERF's deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$3,747	-
Changes in actuarial assumptions	\$197	\$15,265
Difference between projected and actual investment earnings	-	\$11,430
Changes in proportion	-	\$1,405
Contributions paid to PERA subsequent to the measurement date	\$3,989	
Total	\$7,933	\$28,100

\$3,989 reported as deferred outflows of resources related to pensions resulting from City contributions to GERF subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	Pension Expense Amount
2025	(\$13,224)
2026	(\$2,570)
2027	(\$5,340)
2028	(\$3,022)

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**Note 6     Defined Benefit Pension Plans - continued**

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

**5. Long-Term Expected Return on Investment**

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
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%	

**6. 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 percent after one year of service to 3.0 percent after 27 years of service

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**Note 6     Defined Benefit Pension Plans - continued**

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

**6. Actuarial Methods and Assumptions - continued**

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

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 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.

**7. 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 employee and employer contributions will be made at the rate specified in statute. Based on that assumption, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. 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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**Note 6     Defined Benefit Pension Plans - continued**  
**Public Employees Retirement Association (PERA) - continued**

**8. 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:

	1% Decrease in Discount Rate (6.0%)	Discount Rate (7.0%)	1% Increase in Discount Rate (8.0%)
City's proportionate share of the GERS net pension liability:	\$86,115	\$39,428	\$1,022

**9. Pension Plan Fiduciary Net Position**

Detailed information about each defined benefit pension plan's fiduciary net position is available in a separately-issued PERA financial report. That report may be obtained on the Internet at [www.mnpera.org](http://www.mnpera.org); by writing to PERA at 60 Empire Drive #200, St. Paul, Minnesota, 55103-2088; or by calling (651) 296-7460 or 1-800-652-9026.

**Note 7     Postemployment Benefits Other Than Pension Benefits (OPEB)**  
The city has no liability for postemployment benefits other than pension benefits.

**Note 8     Excess of Expenditures Over Appropriations**  
The following funds had excess expenditures over budget appropriations:

Fire Department Fund	\$ 49,010
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The excess was attributed to fire department capital expenditures not budgeted for.

**Note 9     Interfund Transfers**  
The following interfund transfers occurred during 2024:

	<u>Transfer Out</u>	<u>Transfer In</u>
General Fund	\$ 17,000	
Fire Department Fund		\$ 15,000
Cemetery		\$ 2,000

Transfers are primarily used to move funds to finance various programs in accordance with budgetary authorizations.

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**Note 10    Risk Management**  
The City is exposed to various risk of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee health and dental; and natural disasters. Risks of loss associated with workers’ compensation claims are insured through participation in the League of Minnesota Cities Insurance Trust. All other risks of loss are insured by the purchase of commercial insurance. There were no significant reductions in insurance coverage from the previous year. There were no settlements in excess of insurance for any of the past three fiscal years.

**Note 11    Deficit Fund Balance/Net Position**  
The following funds had deficit fund balance/net position at December 31, 2024:

Garbage Fund	627
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The City intends to fund these deficits through future price increase, and various other sources.

**Note 12    Prior Period Adjustment/Restatement of Fund Equity**  
During 2024 the City applied the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences. This statement provides guidance on the recognition measurement and disclosure requirements for compensated absences. The provision was effective for fiscal years beginning after December 15, 2023. The City has not restated the activity in fiscal year 2023 and is bringing in the cumulative change in the outstanding liability at December 31, 2023 as a prior-period adjustment which resulted in a restatement of the January 1, 2024 fund equity.

Beginning governmental activities net position as of January 1, 2024 was restated from \$1,227,170 to \$1,223,930, a decrease of \$3,240, and proprietary funds net position as of January 1, 2024 was restated from \$687,129 to \$681,635, a decrease of \$5,494.

**REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD & A**

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY**  
**DEFINED BENEFIT PENSION PLANS**  
**DECEMBER 31, 2024**

Fiscal Year Ending	Employer's Proportionate Share (Percentage) of the Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with the City of Ruthton (b)	Employer's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated With the City of Ruthton (a+b)	Employer's Covered- Employee Payroll (c)	Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll (a+b)/c	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
<u>PERA:</u>							
June 30, 2016	0.0010%	\$81,195	\$1,047	\$82,242	\$66,413	123.8%	78.2%
June 30, 2017	0.0010%	\$63,839	\$816	\$64,655	\$55,920	115.6%	75.9%
June 30, 2018	0.0010%	\$55,476	\$1,762	\$57,238	\$68,027	81.5%	79.5%
June 30, 2019	0.0010%	\$55,288	\$1,667	\$56,955	\$68,307	80.9%	80.2%
June 30, 2020	0.0010%	\$59,955	\$1,793	\$61,748	\$71,853	83.4%	79.0%
June 30, 2021	0.0011%	\$46,975	\$1,392	\$48,367	\$75,907	61.9%	87.0%
June 30, 2022	0.0011%	\$87,120	\$2,481	\$89,601	\$78,353	111.2%	76.7%
June 30, 2023	0.0011%	\$61,511	\$1,650	\$63,161	\$85,147	72.2%	83.1%
June 30, 2024	0.0011%	\$39,428	\$1,020	\$40,448	\$90,267	43.7%	89.1%

See Note 6, Defined Benefit Pension Plans, for more information.

Governmental Accounting Standards Board Statement 68 was implemented in 2015.

The City will report the above RSI information prospectively as the information becomes available.

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EMPLOYER'S CONTRIBUTIONS**  
**DEFINED BENEFIT PENSION PLANS**  
**DECEMBER 31, 2024**

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered- Employee Payroll (d)	Contributions as a Percentage of Covered-Employee Payroll (b/d)
<u>PERA:</u>					
December 31, 2016	\$4,981	\$4,981	\$0	\$66,413	7.50%
December 31, 2017	\$4,194	\$4,194	\$0	\$55,920	7.50%
December 31, 2018	\$5,102	\$5,102	\$0	\$68,027	7.50%
December 31, 2019	\$5,123	\$5,123	\$0	\$68,307	7.50%
December 31, 2020	\$5,389	\$5,389	\$0	\$71,853	7.50%
December 31, 2021	\$5,813	\$5,813	\$0	\$77,507	7.50%
December 31, 2022	\$6,170	\$6,170	\$0	\$82,267	7.50%
December 31, 2023	\$6,620	\$6,620	\$0	\$88,267	7.50%
December 31, 2024	\$7,440	\$7,440	\$0	\$99,200	7.50%

See Note 6, Defined Benefit Pension Plans, for more information.

Governmental Accounting Standards Board Statement 68 was implemented in 2015.  
The City will report the above RSI information prospectively as the information becomes available.



**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A**  
**DECEMBER 31, 2024**

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

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

A. General Employees Fund

2024 Changes

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 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.

2023 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A**  
**DECEMBER 31, 2024**

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

A. General Employees Fund - continued

2022 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2021 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2020 Changes

Changes in Actuarial Assumptions

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A**  
**DECEMBER 31, 2024**

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

A. General Employees Fund - continued

2020 Changes - continued

Changes in Actuarial Assumptions - continued

- 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

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2018 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A**  
**DECEMBER 31, 2024**

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

A. General Employees Fund - continued

2018 Changes - continued

Changes in Plan Provisions - continued

- Contribution stabilizer provisions were repealed.
- Postretirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90.00 percent funding ratio to 50.00 percent of the Social Security Cost of Living Adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A**  
**DECEMBER 31, 2024**

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

A. General Employees Fund - continued

2016 Changes:

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015 Changes:

Changes in Actuarial Assumptions

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

Changes in Plan Provisions:

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

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**GENERAL FUND**  
**BALANCE SHEET**  
**DECEMBER 31, 2024**

<b><u>Assets</u></b>	<b><u>2024</u></b>	<b><u>2023</u></b>
Cash	425,270	468,811
Accounts Receivable	1,569	6,875
Delinquent Taxes Receivable	15,033	13,904
Prepaid Items	27,196	22,864
Total Assets	<u>469,068</u>	<u>512,454</u>
 <b><u>Liabilities, Deferred Inflows of Resources</u></b> <b><u>and Fund Balances</u></b>		
<b><u>Liabilities</u></b>		
Accounts Payable	<u>1,479</u>	<u>1,191</u>
Total Liabilities	<u>1,479</u>	<u>1,191</u>
 <b><u>Deferred Inflows of Resources</u></b>		
Unearned Revenue	13,188	13,825
 <b><u>Fund Balance</u></b>		
Fund Balance - Non-Spendable	27,196	22,864
Fund Balance - Unassigned	<u>427,205</u>	<u>474,574</u>
Total Fund Balance	<u>454,401</u>	<u>497,438</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>469,068</u>	<u>512,454</u>

**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	For The Years Ending December 31			
	2024		Variance with Budget	2023
	Budget	Actual		Actual
<b><u>Revenues</u></b>				
<b><u>Taxes</u></b>				
General Property Taxes	146,174	144,671	(1,503)	140,413
Total Taxes	146,174	144,671	(1,503)	140,413
 <b><u>Licenses and Permits</u></b>	2,000	2,050	50	2,050
 <b><u>Federal Aid</u></b>	15,709		(15,709)	2,223
 <b><u>State Aid</u></b>				
Local Government Aid	70,274	70,274		65,272
Market Value Credit		654	654	606
State Police Aid	3,000	5,636	2,636	4,829
Small City Assistance		10,660	10,660	9,802
Total State Aid	73,274	87,224	13,950	80,509
 <b><u>Service Charges and Fines</u></b>				
Community Building Rent	5,700	5,795	95	6,025
Other Rental	300	2,920	2,620	735
Building and Other Permits	1,500	1,452	(48)	974
Interfund Service Charges	1,000		(1,000)	
Court Fines		561	561	583
Total Service Charges and Fines	8,500	10,728	2,228	8,317
 <b><u>Miscellaneous Revenues</u></b>				
Donations		200	200	1,449
Pest Control	3,400	3,277	(123)	2,987
Other Miscellaneous	2,000	4,963	2,963	11,185
Refunds and Reimbursements		6,997	6,997	
Total Miscellaneous Revenues	5,400	15,437	10,037	15,621
Total Revenues	251,057	260,110	9,053	249,133



**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	For The Years Ending December 31			
	2024		Variance with Budget	2023
	Budget	Actual		Actual
<b><u>Expenditures</u></b>				
<b><u>General Government</u></b>				
Elections	1,000		1,000	979
Mayor and Council Salaries	7,500	7,925	(425)	6,225
Mayor and Council	1,300	390	910	700
Clerk-Treasurer Salary	32,760	35,414	(2,654)	30,927
Clerk-Treasurer Training and Travel	1,000	712	288	95
Assessor	3,100	3,057	43	2,931
Capital Outlay	3,000		3,000	
Dues		2,016	(2,016)	635
Legal and Auditing	37,000	37,324	(324)	36,993
Payroll Taxes and Benefits	6,000	5,971	29	5,162
Printing and Publishing	1,000	907	93	748
Repairs and Maintenance		3,099	(3,099)	465
City Office Supplies	3,500	4,468	(968)	3,626
City Office Utilities	7,500	4,104	3,396	4,443
City Office Miscellaneous	32,000	4,821	27,179	5,973
Total General Government	136,660	110,208	26,452	99,902
<b><u>Public Safety</u></b>				
Police Protection	15,000	14,560	440	9,721
Firemen's Relief Contribution	425	425		425
First Responders-Annual Contribution	1,300	1,300		1,300
Real Estate Rehabilitation	7,500		7,500	
Total Public Safety	24,225	16,285	7,940	11,446
<b><u>City Maintenance</u></b>				
Street Lighting	8,000	3,528	4,472	6,899
Snow Removal	200	300	(100)	
Street Improvements	60,000	57,413	2,587	14,500
Street Supplies	750	1,112	(362)	866
Total City Maintenance	68,950	62,353	6,597	22,265

**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	For The Years Ending December 31			
	2024		Variance with Budget	2023
	Budget	Actual		Actual
<b><u>Expenditures - continued</u></b>				
<u>Culture and Recreation</u>				
Park Contracted Services		1,443	(1,443)	3,142
Park Capital Outlay		2,500	(2,500)	
Park Utilities	800	510	290	1,281
Park Repairs and Maintenance	26,000	4,210	21,790	1,039
Park Miscellaneous	500	112	388	270
Total Culture and Recreation	27,300	8,775	18,525	5,732
 <u>Public Works</u>				
Public Works Salary	11,180	12,152	(972)	11,020
Payroll Taxes and Benefits	2,000	1,841	159	1,669
Insurance		1,558	(1,558)	1,558
Utilities	10,000	6,760	3,240	7,676
Repairs and Maintenance	20,000	10,435	9,565	11,227
Miscellaneous	500	258	242	
Capital Outlay	15,000	17,879	(2,879)	1,500
Total Public Works	58,680	50,883	7,797	34,650
 <u>Miscellaneous</u>				
Insurance	19,000	19,713	(713)	16,140
Maintenance		20,543	(20,543)	3,295
Miscellaneous	3,000	620	2,380	1,487
Supplies		27	(27)	5,424
Total Miscellaneous	22,000	40,903	(18,903)	26,346
Total Expenditures	337,815	289,407	48,408	200,341
 Excess Revenues (Expenditures)	(86,758)	(29,297)	57,461	48,792

**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	For The Years Ending December 31			2023
	2024			
	Budget	Actual	Variance with Budget	Actual
<b><u>Other Financing Sources (Uses)</u></b>				
Interest Income	1,000	3,260	2,260	1,161
Transfers In				4,523
Transfers Out	(18,000)	(17,000)	1,000	(20,000)
Total Other Financing Sources (Uses)	(17,000)	(13,740)	3,260	(14,316)
Net Change in Fund Balance	(103,758)	(43,037)	60,721	34,476
Fund Balance-January 1		497,438		462,962
Fund Balance-December 31		454,401		497,438

**SPECIAL REVENUE FUNDS**  
**COMBINING BALANCE SHEET**  
**DECEMBER 31, 2024**

	Fire Department Fund	Small Cities Development Program Fund II	Cemetery Fund	Totals	
				2024	2023
<b><u>Assets</u></b>					
Cash	115,332	42,842	13,011	171,185	175,927
Prepaid Items	1,953			1,953	3,034
Due from Other Govts	14,660			14,660	12,042
Accounts Receivable	3,825			3,825	1,250
Notes Receivable		139,722		139,722	168,713
Total Assets	<u>135,770</u>	<u>182,564</u>	<u>13,011</u>	<u>331,345</u>	<u>360,966</u>
<b><u>Liabilities, Deferred Inflows of Resources and Fund Balances</u></b>					
<b><u>Liabilities</u></b>					
Accounts Payable	15,962			15,962	14,068
Total Liabilities	<u>15,962</u>	<u>-0-</u>	<u>-0-</u>	<u>15,962</u>	<u>14,068</u>
<b><u>Deferred Inflows of Resources</u></b>					
Unavailable Revenue		134,403		134,403	158,670
<b><u>Fund Balance</u></b>					
Fund Balance - Non-Spendable	1,953			1,953	3,034
Fund Balance - Committed	117,855	48,161	13,011	179,027	185,194
Total Fund Balance	<u>119,808</u>	<u>48,161</u>	<u>13,011</u>	<u>180,980</u>	<u>188,228</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>135,770</u>	<u>182,564</u>	<u>13,011</u>	<u>331,345</u>	<u>360,966</u>

**SPECIAL REVENUE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	Fire Department Fund	Small Cities Development Program Fund II	Cemetery Fund	Totals 2024	2023
<b><u>Revenues</u></b>					
Rural Fire Protection	17,900			17,900	17,900
Donations					87,000
Firemen's Relief Aid-State	14,660			14,660	18,008
Fire Calls	7,800			7,800	11,220
Grants	4,000			4,000	54,495
Donations			125	125	50
Sale of Lots			1,500	1,500	1,000
Perpetual Care/Fees			800	800	1,450
Miscellaneous Revenues	10,763			10,763	682
SCDP Revenue		10,890		10,890	
Loan Interest Income		170		170	375
Total Revenues	55,123	11,060	2,425	68,608	192,180
<b><u>Expenditures</u></b>					
Public Safety	81,400			81,400	368,563
Firemen's Relief Association	14,660			14,660	23,868
Cemetery			2,739	2,739	5,410
Total Expenditures	96,060	-0-	2,739	98,799	397,841
Excess Revenues (Expenditures)	(40,937)	11,060	(314)	(30,191)	(205,661)
<b><u>Other Financing Sources (Uses)</u></b>					
Loan Proceeds					246,000
Gain/(Loss) on Sale of Equipment	2,676			2,676	
Interest Income	2,872	88	307	3,267	421
Transfers In	15,000		2,000	17,000	20,000
Transfers Out					(4,523)
Total Other Financing Sources (Uses)	20,548	88	2,307	22,943	261,898
Net Change in Fund Balances	(20,389)	11,148	1,993	(7,248)	56,237
Fund Balance-January 1	140,197	37,013	11,018	188,228	131,991
Fund Balance-December 31	119,808	48,161	13,011	180,980	188,228

**FIRE DEPARTMENT FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	For The Years Ending December 31			
	2024			2023
	Budget	Actual	Variance with Budget	Actual
<b><u>Revenues</u></b>				
Rural Fire Protection	17,900	17,900		17,900
Donations				87,000
Firemen's Relief Aid-State	10,250	14,660	4,410	18,008
Grants		4,000	4,000	54,495
Fire Calls		7,800	7,800	11,220
Miscellaneous Revenues	250	10,763	10,513	682
Total Revenues	28,400	55,123	26,723	189,305
<b><u>Expenditures</u></b>				
Insurance	1,000	1,661	(661)	1,481
Equipment Operating Expense	5,500	5,706	(206)	4,163
Firemen's Relief Association Contributions	10,250	14,660	(4,410)	23,868
Miscellaneous	1,500	150	1,350	140
Capital Outlay	7,000	39,721	(32,721)	346,559
Utilities	3,000	4,642	(1,642)	4,554
Training and Travel Expense	3,000	75	2,925	2,484
Professional Fees	1,000	3,070	(2,070)	1,653
Salaries	6,000	5,393	607	6,082
First Responders-Supplies, Repairs	1,000	1,112	(112)	1,447
Fire Truck Interest		6,150	(6,150)	
Fire Truck Principal	7,800	13,720	(5,920)	
Total Expenditures	47,050	96,060	(49,010)	392,431
Excess Revenues (Expenditures)	(18,650)	(40,937)	(22,287)	(203,126)
<b><u>Other Financing Sources (Uses)</u></b>				
Loan Proceeds				246,000
Gain/(Loss) on Sale of Equipment		2,676	2,676	
Interest Income		2,872	2,872	283
Transfers In	15,000	15,000		15,000
Total Other Financing Sources (Uses)	15,000	20,548	5,548	261,283
Net Change in Fund Balance	<u>(3,650)</u>	(20,389)	<u>(16,739)</u>	58,157
Fund Balance-January 1		140,197		82,040
Fund Balance-December 31		119,808		140,197

**SMALL CITIES DEVELOPMENT PROGRAM FUND II**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	For The Years Ending December 31		
	2024		2023
	Budget	Actual	Variance with Budget
<b><u>Revenues</u></b>			Actual
Loan Interest Income		170	170
SCDP Revenue		10,890	10,890
Total Revenues	-0-	11,060	11,060
<b><u>Expenditures</u></b>			
Total Expenditures	-0-	-0-	-0-
Excess Revenues (Expenditures)	-0-	11,060	11,060
<b><u>Other Financing Sources (Uses)</u></b>			
Interest Income		88	88
Transfers Out			(4,523)
Total Other Financing Sources (Uses)	-0-	88	88
Net Change in Fund Balance	-0-	11,148	11,148
Fund Balance-January 1		37,013	41,091
Fund Balance-December 31		48,161	37,013

**CEMETERY FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	For The Years Ending December 31			
	2024		Variance with Budget	2023
	Budget	Actual		Actual
<b><u>Revenues</u></b>				
Donations		125	125	50
Perpetual Care/Fees		800	800	1,450
Sale of Lots	1,500	1,500		1,000
Total Revenues	1,500	2,425	925	2,500
<b><u>Expenditures</u></b>				
Capital Outlay				2,199
Gasoline	500	711	(211)	629
Labor	5,000	1,989	3,011	1,869
Repairs and Maintenance		39	(39)	713
Total Expenditures	5,500	2,739	2,761	5,410
Excess Revenues (Expenditures)	(4,000)	(314)	3,686	(2,910)
<b><u>Other Financing Sources (Uses)</u></b>				
Interest Income	50	307	257	68
Transfers In	3,000	2,000	(1,000)	5,000
Total Other Financing Sources (Uses)	3,050	2,307	(743)	5,068
Net Change in Fund Balance	(950)	1,993	2,943	2,158
Fund Balance-January 1		11,018		8,860
Fund Balance-December 31		13,011		11,018



**PROPRIETARY FUNDS**  
**COMBINING BALANCE SHEET**  
**DECEMBER 31, 2024**

	<b>Water</b>	<b>Sewer</b>	<b>Garbage</b>	<b>Totals</b>	
<b><u>Assets</u></b>	<b><u>Fund</u></b>	<b><u>Fund</u></b>	<b><u>Fund</u></b>	<b><u>2024</u></b>	<b><u>2023</u></b>
Cash	68,534	131,353	5,760	205,647	161,721
Accounts Receivable	6,674	4,937	1,890	13,501	13,382
Prepaid Items	1,328			1,328	2,478
Water System and Equipment	938,259			938,259	938,259
Accumulated Depreciation	(604,363)			(604,363)	(582,242)
Sewer System and Improvements		878,528		878,528	878,528
Accumulated Depreciation		(750,674)		(750,674)	(731,530)
Land		44,519		44,519	44,519
Related to Pensions	1,626	1,833	785	4,244	8,986
<b>Total Assets</b>	<b>412,058</b>	<b>310,496</b>	<b>8,435</b>	<b>730,989</b>	<b>734,101</b>
<b><u>Liabilities and Fund Equity</u></b>					
<b><u>Liabilities</u></b>					
Accounts Payable	437	995	613	2,045	2,941
Sales Tax Payable			567	567	567
Compensated Absences	2,717	3,097	1,198	7,012	
Related to Pensions	5,761	6,491	2,781	15,033	10,555
Net Pension Liability	8,083	9,108	3,903	21,094	32,909
<b>Total Liabilities</b>	<b>16,998</b>	<b>19,691</b>	<b>9,062</b>	<b>45,751</b>	<b>46,972</b>
<b><u>Fund Equity</u></b>					
Retained Earnings	395,060	290,805	(627)	685,238	687,129
<b>Total Liabilities and Fund Equity</b>	<b>412,058</b>	<b>310,496</b>	<b>8,435</b>	<b>730,989</b>	<b>734,101</b>

**PROPRIETARY FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Garbage Fund</b>	<b>Totals</b>	
				<b>2024</b>	<b>2023</b>
<b><u>Revenues</u></b>					
Sewer Charge		51,112		51,112	50,837
Water and Garbage Collection	77,686		20,324	98,010	94,772
Total Operating Revenues	77,686	51,112	20,324	149,122	145,609
<b><u>Expenses</u></b>					
Garbage Collection Fees			6,885	6,885	6,909
Maintenance and Operational	24,950	2,803		27,753	41,551
Dues	420			420	420
Insurance	2,743			2,743	2,298
Special Fees and Taxes	1,712		2,537	4,249	3,989
Salaries	20,208	22,700	11,938	54,846	46,316
Payroll Taxes and Benefits	1,982	2,223	1,023	5,228	9,061
City Clean-Up					1,931
Utilities		5,906		5,906	1,287
Miscellaneous	55			55	56
Depreciation	22,121	19,144		41,265	41,805
Total Operating Expense	74,191	52,776	22,383	149,350	155,623
Operating Income (Loss)	3,495	(1,664)	(2,059)	(228)	(10,014)
<b><u>Non-Operating Revenues (Expenses)</u></b>					
County/ARPA					27,777
Special Assessment Income	150			150	267
Interest Income	1,245	2,436		3,681	629
Total Non-Operating Revenues (Expenses)	1,395	2,436	-0-	3,831	28,673
Net Income (Loss)	4,890	772	(2,059)	3,603	18,659
Retained Earnings-January 1-As Originally Stated	392,321	292,503	2,305	687,129	668,470
Prior Period Adjustment	(2,151)	(2,470)	(873)	(5,494)	
Retained Earnings-January 1-As Restated	390,170	290,033	1,432	681,635	668,470
Retained Earnings-December 31	395,060	290,805	(627)	685,238	687,129

**WATER FUND**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

<b><u>Revenues</u></b>	<b><u>2024</u></b>	<b><u>2023</u></b>
Water Collection	<u>77,686</u>	<u>74,556</u>
Total Operating Revenues	<u>77,686</u>	<u>74,556</u>
 <b><u>Expenses</u></b>		
Maintenance and Operational	24,950	18,380
Dues	420	420
Insurance	2,743	2,298
Special Fees and Taxes	1,712	1,640
Salaries	20,208	17,643
Payroll Taxes and Benefits	1,982	3,457
Miscellaneous	55	56
Depreciation	<u>22,121</u>	<u>22,238</u>
Total Operating Expense	<u>74,191</u>	<u>66,132</u>
 Operating Income (Loss)	 3,495	 8,424
 <b><u>Non-Operating Revenues (Expenses)</u></b>		
County/ARPA		6,501
Special Assessment Income	150	267
Interest Income	<u>1,245</u>	<u>292</u>
Total Non-Operating Revenues (Expenses)	<u>1,395</u>	<u>7,060</u>
 Net Income (Loss)	 4,890	 15,484
Retained Earnings-January 1-As Originally Stated	392,321	376,837
Prior Period Adjustment	<u>(2,151)</u>	
Retained Earnings-January 1-As Restated	<u>390,170</u>	<u>376,837</u>
Retained Earnings-December 31	<u><u>395,060</u></u>	<u><u>392,321</u></u>

**SEWER FUND**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

<b><u>Revenues</u></b>	<b><u>2024</u></b>	<b><u>2023</u></b>
Sewer Charge	<u>51,112</u>	<u>50,837</u>
Total Operating Revenues	<u>51,112</u>	<u>50,837</u>
 <b><u>Expenses</u></b>		
Maintenance and Operational	2,803	23,055
Utilities	5,906	1,287
Salaries	22,700	19,846
Payroll Taxes and Benefits	2,223	3,889
Depreciation	<u>19,144</u>	<u>19,567</u>
Total Operating Expense	<u>52,776</u>	<u>67,644</u>
 Operating Income (Loss)	 (1,664)	 (16,807)
 <b><u>Non-Operating Revenues (Expenses)</u></b>		
County/ARPA		21,276
Interest Income	<u>2,436</u>	<u>337</u>
Total Non-Operating Revenues (Expenses)	<u>2,436</u>	<u>21,613</u>
 Net Income (Loss)	 772	 4,806
Retained Earnings-January 1-As Originally Stated	292,503	287,697
Prior Period Adjustment	<u>(2,470)</u>	
Retained Earnings-January 1-As Restated	<u>290,033</u>	<u>287,697</u>
Retained Earnings-December 31	<u>290,805</u>	<u>292,503</u>

**GARBAGE FUND**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

<b><u>Revenues</u></b>	<b><u>2024</u></b>	<b><u>2023</u></b>
Garbage Collection	<u>20,324</u>	<u>20,216</u>
Total Operating Revenues	<u>20,324</u>	<u>20,216</u>
 <b><u>Expenses</u></b>		
Garbage Collection Fees	6,885	6,909
Special Fees and Taxes	2,537	2,349
Salaries	11,938	8,827
Payroll Taxes and Benefits	1,023	1,715
Repairs and Maintenance		116
City Clean-Up		<u>1,931</u>
Total Operating Expense	<u>22,383</u>	<u>21,847</u>
 Net Income	(2,059)	(1,631)
Retained Earnings-January 1-As Originally Stated	2,305	3,936
Prior Period Adjustment	<u>(873)</u>	
Retained Earnings-January 1-As Restated	<u>1,432</u>	<u>3,936</u>
Retained Earnings-December 31	<u>(627)</u>	<u>2,305</u>

**GENERAL LONG-TERM DEBT**  
**USDA PROMISSORY NOTE**

The following schedule represents the amount of interest and principal that is due November 13 of each year. Interest is 2.5% throughout the term of the note.

<b><u>Due Date</u></b>	<b><u>Interest Rate</u></b>	<b><u>Principal Payment</u></b>	<b><u>Interest Payment</u></b>	<b><u>Total Payment</u></b>	<b><u>Balance Due</u></b>
					232,280
11/13/2025	2.50%	14,063	5,807	19,870	218,217
11/13/2026	2.50%	14,415	5,455	19,870	203,802
11/13/2027	2.50%	14,775	5,095	19,870	189,027
11/13/2028	2.50%	15,144	4,726	19,870	173,883
11/13/2029	2.50%	15,523	4,347	19,870	158,360
11/13/2030	2.50%	15,911	3,959	19,870	142,449
11/13/2031	2.50%	16,309	3,561	19,870	126,140
11/13/2032	2.50%	16,716	3,154	19,870	109,424
11/13/2033	2.50%	17,134	2,736	19,870	92,290
11/13/2034	2.50%	17,563	2,307	19,870	74,727
11/13/2035	2.50%	18,002	1,868	19,870	56,725
11/13/2036	2.50%	18,452	1,418	19,870	38,273
11/13/2037	2.50%	18,913	957	19,870	19,360
11/13/2038	2.50%	19,360	510	19,870	
Totals		<u>232,280</u>	<u>45,900</u>	<u>278,180</u>	

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

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

Honorable Mayor and  
Members of the City Council  
Ruthton, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the City of Ruthton, Ruthton, Minnesota as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City of Ruthton, Ruthton, Minnesota's basic financial statements, and have issued our report thereon dated June 4, 2025.

**Report on Internal Control Over Financial Reporting**

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

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be material weaknesses (2024-I and 2024-II).

### **Report on Compliance and Other Matters**

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

### **Minnesota Legal Compliance**

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

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

### **City of Ruthton, Ruthton, Minnesota's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the City of Ruthton, Ruthton, Minnesota's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. City of Ruthton, Ruthton, Minnesota's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.



### **Purpose of this Report**

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



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

June 4, 2025

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

2024-I Lack of segregation of duties.

Condition:	The City has limited personnel available to perform accounting duties.
Criteria:	Internal controls should be in place that provide reasonable assurance that a proper segregation of duties has been established.
Effect:	As a result of the lack of segregation, personnel are performing duties which for internal control purposes should be performed by separate individuals.
Recommendation:	The City should design internal controls to provide for proper segregation of duties.
Response:	This is not unusual in a City of this size. The City has studied the situation and found that it is economically infeasible to design the system of internal control to adequately provide for the segregation of duties. The Council will monitor personnel duties.

2024-II Lack of expertise by City personnel to prepare financial statements in accordance with generally accepted accounting principles.

Condition:	The City personnel lack the expertise to prepare financial statements in accordance with generally accepted accounting principles.
Criteria:	Internal controls should be in place that provide reasonable assurance that financial statements are prepared in accordance with generally accepted accounting principles.
Effect:	City personnel that lack the necessary expertise are responsible for financial statements required to be prepared in accordance with generally accepted accounting principles.
Recommendation:	The City should provide personnel with adequate training to develop expertise to prepare financial statements in accordance with generally accepted accounting principles.
Response:	This is not unusual in a City of this size. It is economically infeasible for the City to provide the necessary training for personnel to acquire and maintain this expertise. The City will continue to have the auditing firm prepare the financial statements and will have a review of the statements with the auditor.