

CITY OF MOUNTAIN LAKE  
MOUNTAIN LAKE, MINNESOTA

17  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2023

CITY OF MOUNTAIN LAKE, MINNESOTA  
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SECTION I

INTRODUCTORY SECTION

CITY OF MOUNTAIN LAKE  
MOUNTAIN LAKE, MINNESOTA  
GENERAL INFORMATION

ELECTED AND APPOINTED OFFICIALS

|                     |  | <u>TERM EXPIRES</u> |
|---------------------|--|---------------------|
| MAYOR               | Mike Nelson  | 12/31/2024          |
| COUNCIL MEMBER      | Dean Janzen  | 12/31/2024          |
| COUNCIL MEMBER      | Darla Kruser                                       | 12/31/2024          |
| COUNCIL MEMBER      | Bryan Bargaen                                      | 12/31/2026          |
| COUNCIL MEMBER      | Andrew Ysker                                       | 12/31/2026          |
| CLERK/ADMINISTRATOR | Michael Mueller                                    | Appointed           |
| CITY ATTORNEY       | Maryellen Suhrhoff<br>Muske, Suhrhoff & Pidde Ltd. | Appointed           |

SECTION II

FINANCIAL SECTION

Dennis E. Oberloh, CPA  
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## INDEPENDENT AUDITORS' REPORT

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

### Qualified and Unmodified Opinions

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

### Summary of Opinions

| <u>Opinion Unit</u>                  | <u>Type of Opinion</u> |
|--------------------------------------|------------------------|
| Governmental Activities              | Qualified              |
| Business-Type Activities             | Unmodified             |
| Each Major Fund                      | Unmodified             |
| Aggregate Remaining Fund Information | Unmodified             |

### Qualified Opinion on the Governmental Activities

In our opinion, except for the effects of the matter described in the Basis for Qualified and Unmodified Opinions section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of the Governmental Activities of the City of Mountain Lake, Minnesota, as of December 31, 2023, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Unmodified Opinions on Business-Type Activities, Each Major Fund and the Aggregate Remaining Fund Information

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mountain Lake, Minnesota, as of December 31, 2023, and the respective changes in financial position, and, where applicable cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Basis for Qualified and Unmodified Opinions**

We conducted our audit in accordance with 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Mountain Lake, Minnesota and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Matter Giving Rise to the Qualified Opinion on the Governmental Activities**

Management has not obtained the necessary information to properly record and disclose the effects of the net pension liability and related deferred outflows of resources and deferred inflows of resources on the governmental activities relating to the City's Fire Relief Association. Accounting principles generally accepted in the United States of America require that those pension related amounts be recorded and disclosed, which would increase or decrease net pension liability, deferred outflows of resources and deferred inflows of resources, net position and expenses of the governmental activities. The amount by which this departure would affect these pension related amounts has not been determined.

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

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

## **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 Mountain Lake, 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 Mountain Lake, Minnesota's ability to continue as a going concern for a reasonable period of time.

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

#### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension reporting schedules on pages 6 through 15 and 54 through 71 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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 Mountain Lake, Minnesota's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and summary financial report are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and summary financial report are fairly stated in all material respects in relation to the basic financial statements as a whole.


### **Other Information**

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2024 on our consideration of City of Mountain Lake, 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 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 Mountain Lake, 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 Mountain Lake, Minnesota's internal control over financial reporting and compliance.

  
Oberloh & Oberloh, Ltd.  
Redwood Falls, Minnesota

June 20, 2024

CITY OF MOUNTAIN LAKE, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2023

### FINANCIAL HIGHLIGHTS

As Management of the City of Mountain Lake (hereinafter referred to as “the City”) we offer readers of the City’s financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2023.

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$32,466,310 (net position). Of this amount, \$14,526,527 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$1,419,918 compared to an increase of \$1,590,210 in the previous year. The governmental activities net position increased by \$128,389 and the business-type activities net position increased by \$1,291,529.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$6,321,909, an increase of \$302,659 in comparison with the prior year. Approximately 57.8 percent of this total amount, \$3,659,411, is available for spending at the City's discretion, \$2,272,044 of which has been assigned for specific purposes.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,668,890, or 105.9 percent of total General Fund expenditures.
- The City's total debt decreased by \$1,834,831 or 7.2 percent during the current fiscal year.

### USING THIS ANNUAL REPORT

This management discussion and analysis is intended to serve as an introduction to the City’s basic financial statements. The City’s basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains additional components: (1) required supplementary information, and (2) other supplementary information, in addition to the basic financial statements.

#### Government-wide Financial Statements

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

The Statement of Net Position (on page 16) provides information on all the City’s assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between them presented as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities (on page 17) provides information showing how the City’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

CITY OF MOUNTAIN LAKE, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2023

USING THIS ANNUAL REPORT (Cont.)

Government-wide Financial Statements (Cont.)

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenue (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, health and welfare, economic development, culture and recreation and miscellaneous. The business-type activities of the City include water, sewer and electric operations and housing and redevelopment.

Fund Financial Statements

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact by the government's near-term financing decisions. Both the governmental fund balance sheet (on page 18) and the governmental fund statement of revenues, expenditures and changes in fund balances (on page 20) provide a reconciliation (on pages 19 and 21) to facilitate this comparison between governmental funds and governmental activities.

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

The City adopts annual appropriated budgets for its General Fund, Library, Fire, Ambulance and Lake Commission. Budgetary comparison schedules have been provided for these funds to demonstrate compliance with the budgets.

*Proprietary Funds:* The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer and electric operations and housing and redevelopment.

CITY OF MOUNTAIN LAKE, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2023

USING THIS ANNUAL REPORT (Cont.)

Fund Financial Statements (Cont.)

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statement provides separate information for the Public Utilities Commission; which is considered to be a major fund of the City. Data from the other nonmajor enterprise funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor funds is provided in the form of combining statements elsewhere in this report. The basic proprietary fund financial statements can be found on pages 22 through 24 of this report.

Notes to the Financial Statements

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements. The notes to the financial statements can be found beginning on page 25 through 53 of this report.

Required Supplementary Information

This Management's Discussion and Analysis, the governmental fund Budgetary Comparisons, and Pension Schedules (on pages 54 - 71) represent financial information required by GASB to be presented. Such information provides users of this report with additional data that supplements the government-wide statements, fund financial statements, and notes, referred to as the basic financial statements.

Other Supplementary Information

This part of the annual report (starting on page 72) includes optional financial information such as combining nonmajor governmental fund and nonmajor proprietary fund statements (which are added together and shown in the fund financial statements in a single column) and summary financial report. This other supplemental financial information is provided to address certain specific needs of various users of the City's annual report.

CITY OF MOUNTAIN LAKE, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2023

THE CITY AS A WHOLE

Looking at the net position and net expenses of the governmental and business-type activities separately, different stories emerge. Our analysis below focuses on the net position and changes in net position of the City's governmental and business-type activities.

Net Position

|                                | <u>Governmental Activities</u> |                      | <u>Business-Type Activities</u> |                      | <u>Total</u>         |                      |
|--------------------------------|--------------------------------|----------------------|---------------------------------|----------------------|----------------------|----------------------|
|                                | <u>2023</u>                    | <u>2022</u>          | <u>2023</u>                     | <u>2022</u>          | <u>2023</u>          | <u>2022</u>          |
| Current Assets                 | \$ 10,144,926                  | \$ 9,977,512         | \$ 9,690,243                    | \$ 9,446,172         | \$ 19,835,169        | \$ 19,423,684        |
| Capital Assets                 | <u>9,829,735</u>               | <u>10,048,897</u>    | <u>28,668,486</u>               | <u>28,872,595</u>    | <u>38,498,221</u>    | <u>38,921,492</u>    |
| Total Assets                   | <u>19,974,661</u>              | <u>20,026,409</u>    | <u>38,358,729</u>               | <u>38,318,767</u>    | <u>58,333,390</u>    | <u>58,345,176</u>    |
| Deferred Outflows of Resources | <u>944,376</u>                 | <u>1,258,520</u>     | <u>183,958</u>                  | <u>281,598</u>       | <u>1,128,334</u>     | <u>1,540,118</u>     |
| Current Liabilities            | 788,582                        | 661,151              | 1,903,905                       | 2,009,478            | 2,692,487            | 2,670,629            |
| Long-term Liabilities          | <u>6,492,480</u>               | <u>7,661,840</u>     | <u>16,575,081</u>               | <u>17,872,293</u>    | <u>23,067,561</u>    | <u>25,534,133</u>    |
| Total Liabilities              | <u>7,281,062</u>               | <u>8,322,991</u>     | <u>18,478,986</u>               | <u>19,881,771</u>    | <u>25,760,048</u>    | <u>28,204,762</u>    |
| Deferred Inflows of Resources  | <u>1,027,898</u>               | <u>480,250</u>       | <u>207,468</u>                  | <u>153,890</u>       | <u>1,235,366</u>     | <u>634,140</u>       |
| Net Position                   |                                |                      |                                 |                      |                      |                      |
| Net Investment in              |                                |                      |                                 |                      |                      |                      |
| Capital Assets                 | 3,641,175                      | 3,401,666            | 11,105,890                      | 9,933,441            | 14,747,065           | 13,335,107           |
| Restricted                     | 2,657,016                      | 2,458,480            | 535,702                         | 535,702              | 3,192,718            | 2,994,182            |
| Unrestricted                   | <u>6,311,886</u>               | <u>6,621,542</u>     | <u>8,214,641</u>                | <u>8,095,561</u>     | <u>14,526,527</u>    | <u>14,717,103</u>    |
| Total Net Position             | <u>\$ 12,610,077</u>           | <u>\$ 12,481,688</u> | <u>\$ 19,856,233</u>            | <u>\$ 18,564,704</u> | <u>\$ 32,466,310</u> | <u>\$ 31,046,392</u> |

A large portion of the City's net position (45.4 percent) reflects its net investment in capital assets (e.g., land, buildings and improvements, systems and infrastructure, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (9.8 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (44.8 percent) may be used to meet the City's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the City is able to report positive balances in all categories of net position for both governmental and business-type activities.

CITY OF MOUNTAIN LAKE, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2023

THE CITY AS A WHOLE (Cont.)

Changes in Net Position

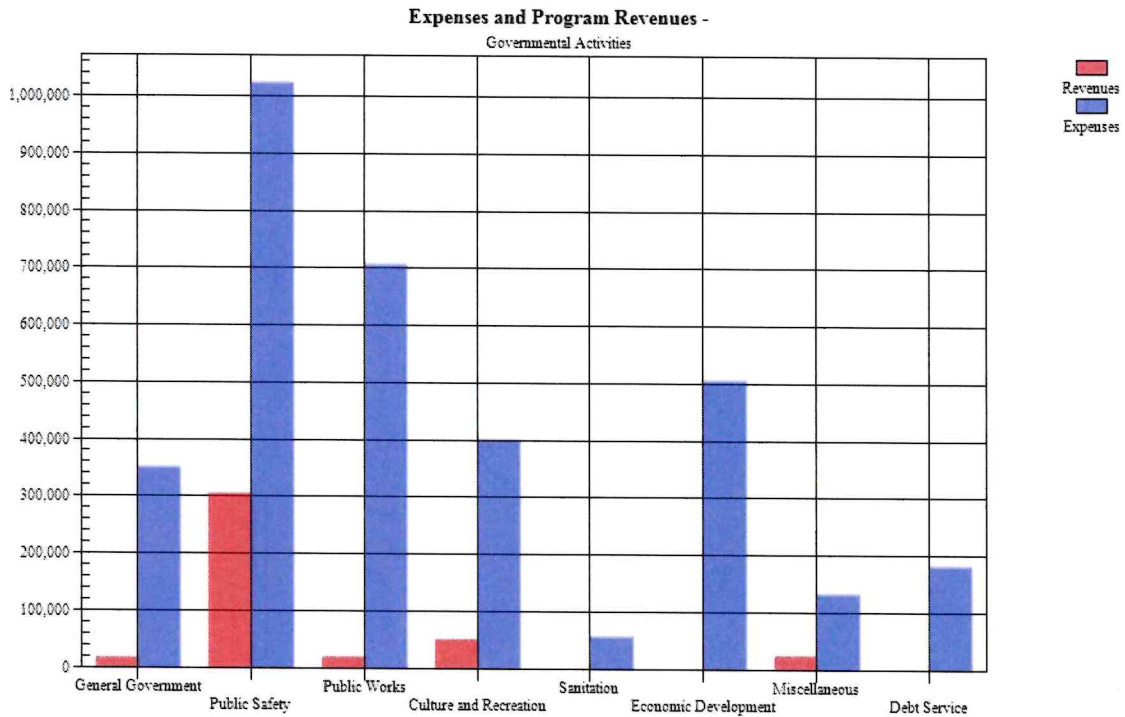
|                        | <u>Governmental Activities</u> |                      | <u>Business-Type Activities</u> |                      | <u>Total</u>         |                      |
|------------------------|--------------------------------|----------------------|---------------------------------|----------------------|----------------------|----------------------|
|                        | <u>2023</u>                    | <u>2022</u>          | <u>2023</u>                     | <u>2022</u>          | <u>2023</u>          | <u>2022</u>          |
| <u>Revenues</u>        |                                |                      |                                 |                      |                      |                      |
| Program Revenues:      |                                |                      |                                 |                      |                      |                      |
| Fees, Fines, and       |                                |                      |                                 |                      |                      |                      |
| Charges for Services   | \$ 277,641                     | \$ 275,929           | \$ 5,572,047                    | \$ 5,478,021         | \$ 5,849,688         | \$ 5,753,950         |
| Operating Grants and   |                                |                      |                                 |                      |                      |                      |
| Contributions          | 138,026                        | 335,573              | -                               | -                    | 138,026              | 335,573              |
| Capital Grants and     |                                |                      |                                 |                      |                      |                      |
| Contributions          | -                              | -                    | 44,261                          | 211,084              | 44,261               | 211,084              |
| Rental Income          | -                              | -                    | 253,633                         | 249,477              | 253,633              | 249,477              |
| General Revenues:      |                                |                      |                                 |                      |                      |                      |
| Taxes and              |                                |                      |                                 |                      |                      |                      |
| Assessments            | 1,642,228                      | 1,041,898            | -                               | -                    | 1,642,228            | 1,041,898            |
| Intergovernmental      |                                |                      |                                 |                      |                      |                      |
| Revenue                | 1,079,708                      | 986,009              | -                               | -                    | 1,079,708            | 986,009              |
| Interest Income        | 209,179                        | 64,398               | 298,022                         | 15,765               | 507,201              | 80,163               |
| Gain (Loss) on Sale of |                                |                      |                                 |                      |                      |                      |
| Capital Assets         | (189,213)                      | -                    | -                               | -                    | (189,213)            | -                    |
| Miscellaneous Income   | 192,940                        | 151,508              | 20,484                          | 11,338               | 213,424              | 162,846              |
| Refunds and            |                                |                      |                                 |                      |                      |                      |
| Reimbursements         | -                              | -                    | 7,239                           | 57,728               | 7,239                | 57,728               |
| Total Revenues         | <u>3,350,509</u>               | <u>2,855,315</u>     | <u>6,195,686</u>                | <u>6,023,413</u>     | <u>9,546,195</u>     | <u>8,878,728</u>     |
| <u>Expenses</u>        |                                |                      |                                 |                      |                      |                      |
| General Government     | 349,804                        | 320,107              | -                               | -                    | 349,804              | 320,107              |
| Public Safety          | 1,021,604                      | 886,827              | -                               | -                    | 1,021,604            | 886,827              |
| Public Works           | 704,433                        | 670,430              | -                               | -                    | 704,433              | 670,430              |
| Culture and Recreation | 398,002                        | 307,972              | -                               | -                    | 398,002              | 307,972              |
| Sanitation             | 53,858                         | 271,362              | -                               | -                    | 53,858               | 271,362              |
| Economic Development   | 503,637                        | 451,683              | -                               | -                    | 503,637              | 451,683              |
| Miscellaneous          | 130,002                        | 92,589               | -                               | -                    | 130,002              | 92,589               |
| Interest on Long-Term  |                                |                      |                                 |                      |                      |                      |
| Debt                   | 180,780                        | 190,176              | -                               | -                    | 180,780              | 190,176              |
| Water Utility          | -                              | -                    | 666,561                         | 564,147              | 666,561              | 564,147              |
| Sewer Utility          | -                              | -                    | 831,890                         | 574,125              | 831,890              | 574,125              |
| Electric Utility       | -                              | -                    | 3,021,205                       | 2,709,545            | 3,021,205            | 2,709,545            |
| Housing and            |                                |                      |                                 |                      |                      |                      |
| Redevelopment          | -                              | -                    | 264,501                         | 249,555              | 264,501              | 249,555              |
| Total Expenses         | <u>3,342,120</u>               | <u>3,191,146</u>     | <u>4,784,157</u>                | <u>4,097,372</u>     | <u>8,126,277</u>     | <u>7,288,518</u>     |
| Transfers              | <u>120,000</u>                 | <u>120,000</u>       | <u>(120,000)</u>                | <u>(120,000)</u>     | <u>-</u>             | <u>-</u>             |
| Change in Net Position | <u>128,389</u>                 | <u>(215,831)</u>     | <u>1,291,529</u>                | <u>1,806,041</u>     | <u>1,419,918</u>     | <u>1,590,210</u>     |
| Net Position Beginning |                                |                      |                                 |                      |                      |                      |
| Originally Stated      | 12,481,688                     | 10,559,369           | 18,564,704                      | 16,758,663           | 31,046,392           | 27,318,032           |
| Change in Accounting   | -                              | 2,138,150            | -                               | -                    | -                    | 2,138,150            |
| As Restated            | <u>12,481,688</u>              | <u>12,697,519</u>    | <u>18,564,704</u>               | <u>16,758,663</u>    | <u>31,046,392</u>    | <u>29,456,182</u>    |
| Net Position Ending    | <u>\$ 12,610,077</u>           | <u>\$ 12,481,688</u> | <u>\$ 19,856,233</u>            | <u>\$ 18,564,704</u> | <u>\$ 32,466,310</u> | <u>\$ 31,046,392</u> |

CITY OF MOUNTAIN LAKE, MINNESOTA  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 DECEMBER 31, 2023

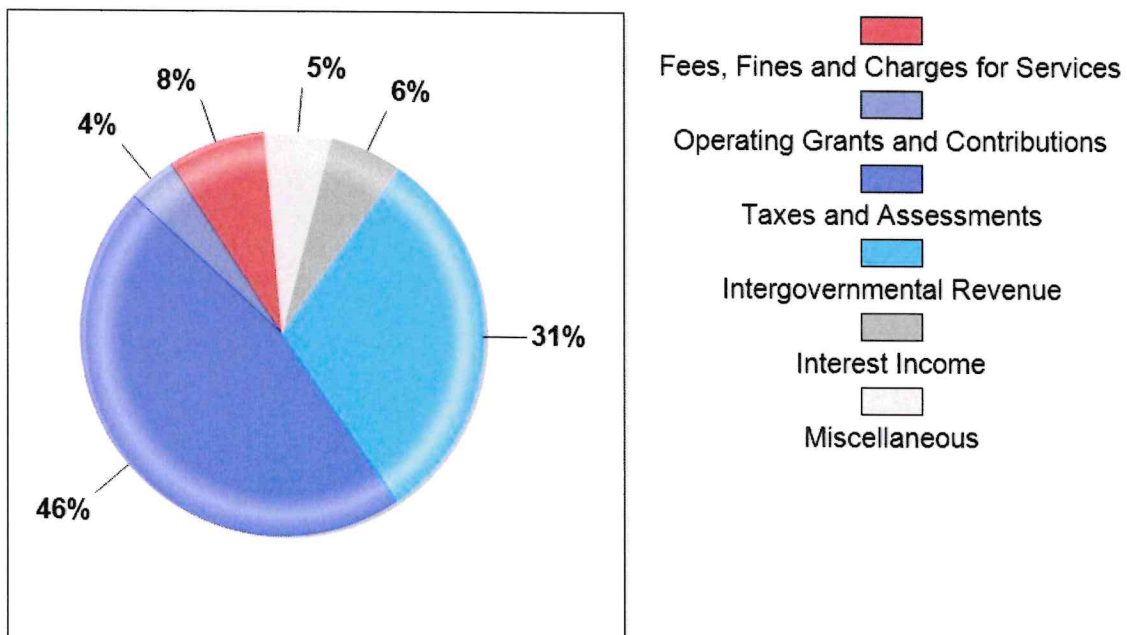
THE CITY AS A WHOLE (Cont.)

Governmental Activities

The following graphs depict various governmental activities and show the revenue and expenses directly related to those activities.



**Sources of Funds in Governmental Activities**

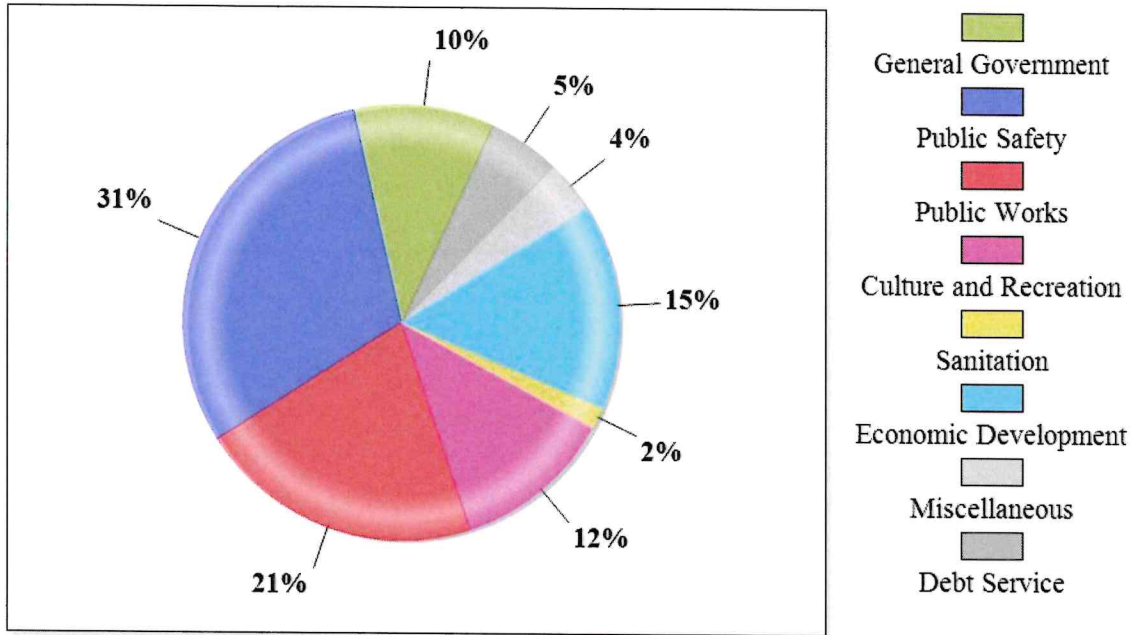




CITY OF MOUNTAIN LAKE, MINNESOTA  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 DECEMBER 31, 2023

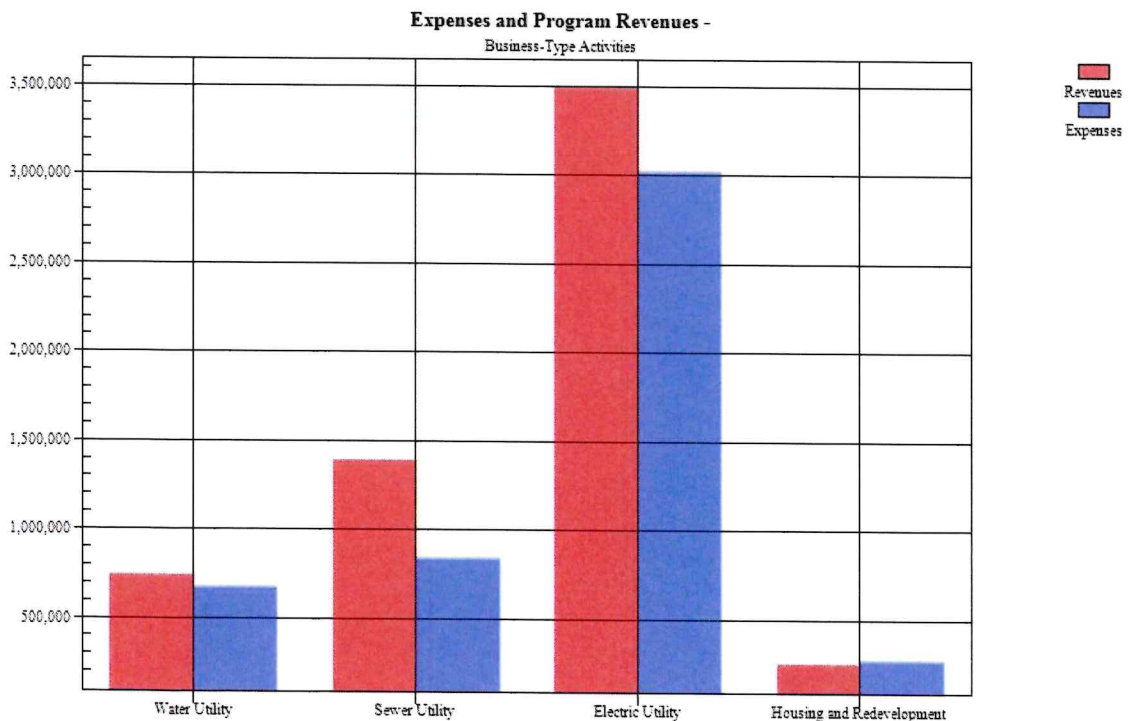
THE CITY AS A WHOLE (Cont.)  
Governmental Activities (Cont.)

**Uses of Funds in Governmental Activities**



Business-Type Activities

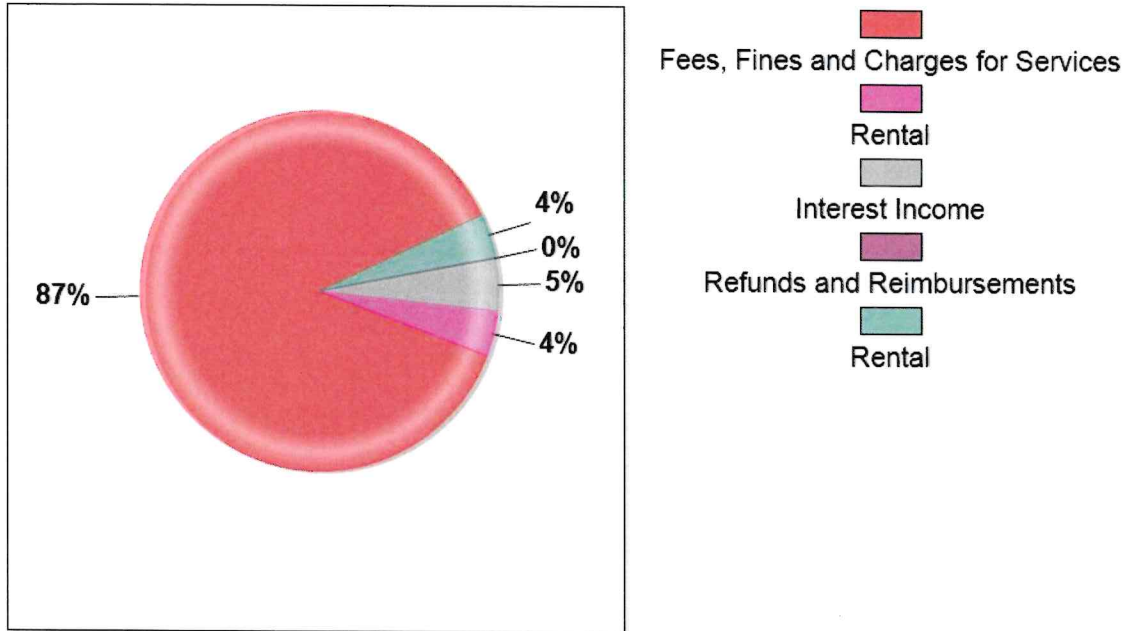
The following graphs depict various business-type activities and show the revenue and expenses directly related to those activities.



CITY OF MOUNTAIN LAKE, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2023

THE CITY AS A WHOLE (Cont.)  
Business-Type Activities (Cont.)

**Sources of Funds in Business-Type Activities**



**A FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

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

Governmental Funds

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balance of \$6,321,909 an increase of \$302,659 in comparison to the prior year. Approximately 57.8 percent of this total amount, \$3,659,411 is available for spending at the City's discretion. The remainder of the fund balance is restricted to indicate that it is not available for new spending because it has already been committed to pay debt service and capital improvements in the amount of \$2,657,016 or is nonspendable to offset prepaid expenses in the amount of \$5,481.

The General Fund is the chief operating fund of the City. At the end of the current year, the fund balance of the General Fund was \$2,093,167. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 105.9 percent of fund expenditures. The fund balance of the City's General Fund decreased by \$253,883 during the current fiscal year.

CITY OF MOUNTAIN LAKE, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2023

A FINANCIAL ANALYSIS OF THE CITY'S FUNDS (Cont.)

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the enterprise funds at the end of the year amounted to \$8,214,641.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City's General Fund budget was not amended during the year. The budget called for revenues and other financing sources equal to expenditures and other financing uses for the year. Revenues were over expectations by \$244,321. The expenditures came in over budget by \$9,784 and other financing uses were over budget by \$234,537.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2023, amounts to \$38,498,219 (net of accumulated depreciation). This investment in capital assets includes land, structures, improvements, machinery and equipment, park facilities, roads, highways and bridges. The total decrease in the City's investment in capital assets for the current fiscal year was 1.1 percent (an 2.2 percent decrease for governmental activities and a 0.7 percent decrease for business-type activities). The decrease was due to depreciation exceeding capital outlay.

|                                       | <u>Governmental Activities</u> |                      | <u>Business-Type Activities</u> |                      | <u>Totals</u>        |                      |
|---------------------------------------|--------------------------------|----------------------|---------------------------------|----------------------|----------------------|----------------------|
|                                       | <u>2023</u>                    | <u>2022</u>          | <u>2023</u>                     | <u>2022</u>          | <u>2023</u>          | <u>2022</u>          |
| Land                                  | \$ 586,688                     | \$ 716,453           | \$ 124,251                      | \$ 124,251           | \$ 710,939           | \$ 840,704           |
| Construction in Progress              | -                              | -                    | 433,374                         | 9,965,783            | 433,374              | 9,965,783            |
| Buildings and<br>Improvements         | 6,115,124                      | 6,203,615            | 7,001,536                       | 6,985,891            | 13,116,660           | 13,189,506           |
| Infrastructure and<br>Improvements    | 8,901,226                      | 8,808,746            | 38,384,673                      | 28,070,222           | 47,285,899           | 36,878,968           |
| Machinery and<br>Equipment            | 847,215                        | 824,824              | 991,123                         | 991,123              | 1,838,338            | 1,815,947            |
| Transportation and<br>Other Equipment | <u>2,561,346</u>               | <u>2,505,345</u>     | <u>456,528</u>                  | <u>350,988</u>       | <u>3,017,874</u>     | <u>2,856,333</u>     |
| Subtotal                              | 19,011,599                     | 19,058,983           | 47,391,485                      | 46,488,258           | 66,403,084           | 65,547,241           |
| Less: Accumulated<br>Depreciation     | <u>9,181,864</u>               | <u>9,010,085</u>     | <u>18,723,001</u>               | <u>17,615,663</u>    | <u>27,904,865</u>    | <u>26,625,748</u>    |
| Total                                 | <u>\$ 9,829,735</u>            | <u>\$ 10,048,898</u> | <u>\$ 28,668,484</u>            | <u>\$ 28,872,595</u> | <u>\$ 38,498,219</u> | <u>\$ 38,921,493</u> |

Debt

At the end of the current fiscal year, the City had total Long-term debt outstanding of \$23,751,154.

|                             | <u>Governmental Activities</u> |                     | <u>Business-Type Activities</u> |                     | <u>Totals</u>       |                     |
|-----------------------------|--------------------------------|---------------------|---------------------------------|---------------------|---------------------|---------------------|
|                             | <u>2023</u>                    | <u>2022</u>         | <u>2023</u>                     | <u>2022</u>         | <u>2023</u>         | <u>2022</u>         |
| G.O. Tax Increment<br>Bonds | \$ -                           | \$ -                | \$ 1,555,000                    | \$ 1,600,000        | \$ 1,555,000        | \$ 1,600,000        |
| G.O. Improvement<br>Bonds   | 2,085,000                      | 2,175,000           | -                               | -                   | 2,085,000           | 2,175,000           |
| G.O. Refunding<br>Bonds     | 3,980,000                      | 4,325,000           | 1,360,000                       | 1,485,000           | 5,340,000           | 5,810,000           |
| G.O. Revenue Bonds          | -                              | -                   | 11,350,025                      | 12,370,340          | 11,350,025          | 12,370,340          |
| Revenue Bonds               | -                              | -                   | 3,297,569                       | 3,483,414           | 3,297,569           | 3,483,414           |
| Notes                       | <u>123,560</u>                 | <u>147,231</u>      | <u>-</u>                        | <u>-</u>            | <u>123,560</u>      | <u>147,231</u>      |
| Total                       | <u>\$ 6,188,560</u>            | <u>\$ 6,647,231</u> | <u>\$17,562,594</u>             | <u>\$18,938,754</u> | <u>\$23,751,154</u> | <u>\$25,585,985</u> |

CITY OF MOUNTAIN LAKE, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2023

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City appointed officials considered many factors when setting the fiscal year 2024 budget, rates, and fees that will be charged by the funds of the City. The major factors accounted for when adopting the General Fund and special revenue fund budgets was to hold all line items as much as possible to the 2023 final budget levels.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens and other interested individuals with a general overview of the City's finances and to show the accountability for the monies it receives through property taxes, user fees, and local government aid. If you have any questions about this report or need additional financial information, contact the City Administrator's Office at City of Mountain Lake, 930 Third Ave, Mountain Lake, MN 56159, phone 507 427 2999.

CITY OF MOUNTAIN LAKE, MINNESOTA  
STATEMENT OF NET POSITION  
DECEMBER 31, 2023

|   | Primary Government         |                             |                      |
|---|----------------------------|-----------------------------|----------------------|
|   | Governmental<br>Activities | Business-Type<br>Activities | Total                |
| <b>ASSETS</b>                                 |                            |                             |                      |
| Cash and Investments                          | \$ 5,474,304               | \$ 8,401,229                | \$ 13,875,533        |
| Escrowed Investment                           | 554,627                    | -                           | 554,627              |
| Receivables:                                  |                            |                             |                      |
| Accounts Receivable                           | 100,310                    | 867,935                     | 968,245              |
| Property Taxes Receivable                     | 28,117                     | -                           | 28,117               |
| Special Assessments Receivable                | 1,305,705                  | 50,807                      | 1,356,512            |
| Interest Receivable                           | 455                        | -                           | 455                  |
| Notes Receivable                              | 962,658                    | -                           | 962,658              |
| Due from Other Governments                    | 21,526                     | -                           | 21,526               |
| Land Held for Resale                          | 36,373                     | -                           | 36,373               |
| Lease Receivable                              | 1,559,579                  | -                           | 1,559,579            |
| Prepaid Expense                               | 5,481                      | -                           | 5,481                |
| Internal Balances                             | 14,110                     | (14,110)                    | -                    |
| Inventory                                     | -                          | 322,512                     | 322,512              |
| Capital Assets:                               |                            |                             |                      |
| Nondepreciable:                               |                            |                             |                      |
| Land  | 586,688                    | 124,251                     | 710,939              |
| Construction in Progress                      | -                          | 433,374                     | 433,374              |
| Depreciable, Net of Accumulated Depreciation: |                            |                             |                      |
| Buildings and Improvements                    | 3,142,267                  | 2,991,822                   | 6,134,089            |
| Infrastructure and Improvements               | 4,996,930                  | 24,900,208                  | 29,897,138           |
| Machinery and Equipment                       | 297,615                    | 108,593                     | 406,208              |
| Transportation and Other Equipment            | 806,235                    | 110,238                     | 916,473              |
| Bond Discount                                 | 81,681                     | 61,870                      | 143,551              |
| <b>TOTAL ASSETS</b>                           | <u>19,974,661</u>          | <u>38,358,729</u>           | <u>58,333,390</u>    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>         |                            |                             |                      |
| Related to Pensions                           | 944,376                    | 183,958                     | 1,128,334            |
| <b>LIABILITIES</b>                            |                            |                             |                      |
| Accounts Payable                              | 176,965                    | 260,873                     | 437,838              |
| Accrued Interest                              | 62,961                     | 67,263                      | 130,224              |
| Accrued Payroll                               | 18,181                     | 7,160                       | 25,341               |
| Due to Other Governments                      | -                          | 22,308                      | 22,308               |
| Customer Deposits                             | -                          | 141,423                     | 141,423              |
| Unamortized Bond Premium                      | 60,929                     | 125,790                     | 186,719              |
| Noncurrent liabilities:                       |                            |                             |                      |
| Due within one year                           | 469,546                    | 1,279,088                   | 1,748,634            |
| Net Pension Liability                         | 675,295                    | 262,819                     | 938,114              |
| Due in more than one year                     | 5,719,014                  | 16,283,506                  | 22,002,520           |
| Accrued Compensated Absences                  | 98,171                     | 28,756                      | 126,927              |
| <b>TOTAL LIABILITIES</b>                      | <u>7,281,062</u>           | <u>18,478,986</u>           | <u>25,760,048</u>    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>          |                            |                             |                      |
| Related to Pensions                           | 1,027,898                  | 207,468                     | 1,235,366            |
| <b>NET POSITION</b>                           |                            |                             |                      |
| Net Investment in Capital Assets              | 3,641,175                  | 11,105,890                  | 14,747,065           |
| Restricted                                    | 2,657,016                  | 535,702                     | 3,192,718            |
| Unrestricted                                  | 6,311,886                  | 8,214,641                   | 14,526,527           |
| <b>TOTAL NET POSITION</b>                     | <u>\$ 12,610,077</u>       | <u>\$ 19,856,233</u>        | <u>\$ 32,466,310</u> |

The Notes to the Financial Statements are an integral part of this statement.

**CITY OF MOUNTAIN LAKE, MINNESOTA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

| Functions/Programs                 | Program Revenues    |                                      |                                    |                  |                   | Net Sources (Uses) and Changes in Net Position |                          |                      |
|------------------------------------|---------------------|--------------------------------------|------------------------------------|------------------|-------------------|--|--------------------------|----------------------|
|                                    | Expenses            | Fees, Fines and Charges for Services | Operating Grants and Contributions | Capital Grants   | Rental            | Primary Government                             |                          |                      |
|                                    |                     |                                      |                                    |                  |                   | Governmental Activities                        | Business-Type Activities | Total                |
| <b>Primary Government</b>          |                     |                                      |                                    |                  |                   |  |                          |                      |
| Governmental Activities:           |                     |                                      |                                    |                  |                   |  |                          |                      |
| General Government                 | \$ 349,804          | \$ 16,298                            | \$ -                               | \$ -             | \$ -              | \$ (333,506)                                   | \$ -                     | \$ (333,506)         |
| Public Safety                      | 1,021,604           | 187,767                              | 118,026                            | -                | -                 | (715,811)                                      | -                        | (715,811)            |
| Public Works                       | 704,433             | 19,261                               | -                                  | -                | -                 | (685,172)                                      | -                        | (685,172)            |
| Culture and Recreation             | 398,002             | 30,050                               | 20,000                             | -                | -                 | (347,952)                                      | -                        | (347,952)            |
| Sanitation                         | 53,858              | -                                    | -                                  | -                | -                 | (53,858)                                       | -                        | (53,858)             |
| Economic Development               | 503,637             | -                                    | -                                  | -                | -                 | (503,637)                                      | -                        | (503,637)            |
| Miscellaneous                      | 130,002             | 24,265                               | -                                  | -                | -                 | (105,737)                                      | -                        | (105,737)            |
| Debt Service                       | 180,780             | -                                    | -                                  | -                | -                 | (180,780)                                      | -                        | (180,780)            |
| Total Governmental Activities      | <u>3,342,120</u>    | <u>277,641</u>                       | <u>138,026</u>                     | <u>-</u>         | <u>-</u>          | <u>(2,926,453)</u>                             | <u>-</u>                 | <u>(2,926,453)</u>   |
| <b>Business-Type Activities:</b>   |                     |                                      |                                    |                  |                   |  |                          |                      |
| Water Utility                      | 666,561             | 716,924                              | -                                  | 20,000           | 1,800             | -  | 72,163                   | 72,163               |
| Sewer Utility                      | 831,890             | 1,362,022                            | -                                  | 24,261           | -                 | -  | 554,393                  | 554,393              |
| Electric Utility                   | 3,021,205           | 3,493,101                            | -                                  | -                | -                 | -  | 471,896                  | 471,896              |
| Housing and Redevelopment          | 264,501             | -                                    | -                                  | -                | 251,833           | -  | (12,668)                 | (12,668)             |
| Total Business-Type Activities     | <u>4,784,157</u>    | <u>5,572,047</u>                     | <u>-</u>                           | <u>44,261</u>    | <u>253,633</u>    | <u>-</u>                                       | <u>1,085,784</u>         | <u>1,085,784</u>     |
| <b>Total Primary Government</b>    | <u>\$ 8,126,277</u> | <u>\$ 5,849,688</u>                  | <u>\$ 138,026</u>                  | <u>\$ 44,261</u> | <u>\$ 253,633</u> | <u>(2,926,453)</u>                             | <u>1,085,784</u>         | <u>(1,840,669)</u>   |
| <b>General Revenues:</b>           |                     |                                      |                                    |                  |                   |  |                          |                      |
| Taxes and Assessments              |                     |                                      |                                    |                  |                   | 1,642,228                                      | -                        | 1,642,228            |
| Intergovernmental Revenue          |                     |                                      |                                    |                  |                   | 1,079,708                                      | -                        | 1,079,708            |
| Loss on Disposal of Capital Assets |                     |                                      |                                    |                  |                   | (189,213)                                      | -                        | (189,213)            |
| Interest Income                    |                     |                                      |                                    |                  |                   | 209,179  | 298,022                  | 507,201              |
| Refunds and Reimbursements         |                     |                                      |                                    |                  |                   | -  | 7,239                    | 7,239                |
| Miscellaneous                      |                     |                                      |                                    |                  |                   | 192,940  | 20,484                   | 213,424              |
| Transfers                          |                     |                                      |                                    |                  |                   | 120,000  | (120,000)                | -                    |
| Total General Revenues             |                     |                                      |                                    |                  |                   | <u>3,054,842</u>                               | <u>205,745</u>           | <u>3,260,587</u>     |
| Changes in Net Position            |                     |                                      |                                    |                  |                   | 128,389  | 1,291,529                | 1,419,918            |
| Net Position- January 1            |                     |                                      |                                    |                  |                   | 12,481,688                                     | 18,564,704               | 31,046,392           |
| Net Position- December 31          |                     |                                      |                                    |                  |                   | <u>\$ 12,610,077</u>                           | <u>\$ 19,856,233</u>     | <u>\$ 32,466,310</u> |

The Notes to the Financial Statements are an integral part of this statement.

CITY OF MOUNTAIN LAKE, MINNESOTA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2023

|   | 101 - General<br>Fund | 231 -<br>Ambulance<br>Fund | 230 -<br>Revolving<br>Loan Fund | Nonmajor<br>Governmental<br>Funds | Total                |
|---|-----------------------|----------------------------|---------------------------------|-----------------------------------|----------------------|
| <b>ASSETS:</b>  |                       |                            |                                 |                                   |                      |
| Cash and Investments  | \$ 1,330,049          | \$ 92,408                  | \$ 689,282                      | \$ 3,362,565                      | \$ 5,474,304         |
| Escrowed Investment   | 458,133               | -                          | -                               | 96,494                            | 554,627              |
| Accounts Receivable   | 3,837                 | 90,773                     | -                               | 5,700                             | 100,310              |
| Property Taxes Receivable   | 28,117                | -                          | -                               | -                                 | 28,117               |
| Special Assessments Receivable  | -                     | -                          | -                               | 1,305,705                         | 1,305,705            |
| Interest Receivable   | -                     | -                          | -                               | 455                               | 455                  |
| Notes Receivable  | -                     | -                          | 239,593                         | 723,065                           | 962,658              |
| Due from Other Governments  | 8,203                 | -                          | -                               | 13,323                            | 21,526               |
| Land Held for Resale  | -                     | -                          | 12,021                          | 24,352                            | 36,373               |
| Lease Receivable  | -                     | -                          | -                               | 1,559,579                         | 1,559,579            |
| Prepaid Expense   | 5,481                 | -                          | -                               | -                                 | 5,481                |
| Due from Other Funds  | <u>359,747</u>        | <u>-</u>                   | <u>176,737</u>                  | <u>30,000</u>                     | <u>566,484</u>       |
| Total Assets  | <u>\$ 2,193,567</u>   | <u>\$ 183,181</u>          | <u>\$ 1,117,633</u>             | <u>\$ 7,121,238</u>               | <u>\$ 10,615,619</u> |
| <b>LIABILITIES:</b>   |                       |                            |                                 |                                   |                      |
| Accounts Payable  | \$ 56,417             | \$ 5,789                   | \$ -                            | \$ 114,759                        | \$ 176,965           |
| Accrued Payroll   | 15,866                | -                          | -                               | 2,315                             | 18,181               |
| Due to Other Funds  | <u>-</u>              | <u>-</u>                   | <u>-</u>                        | <u>552,375</u>                    | <u>552,375</u>       |
| Total Liabilities   | <u>72,283</u>         | <u>5,789</u>               | <u>-</u>                        | <u>669,449</u>                    | <u>747,521</u>       |
| <b>DEFERRED INFLOWS OF RESOURCES:</b>                                     |                       |                            |                                 |                                   |                      |
| Unavailable Revenue   | 28,117                | -                          | -                               | 1,975,066                         | 2,003,183            |
| Related to Leases   | <u>-</u>              | <u>-</u>                   | <u>-</u>                        | <u>1,543,006</u>                  | <u>1,543,006</u>     |
| Total Deferred Inflows of Resources                                       | <u>28,117</u>         | <u>-</u>                   | <u>-</u>                        | <u>3,518,072</u>                  | <u>3,546,189</u>     |
| <b>FUND BALANCES:</b>   |                       |                            |                                 |                                   |                      |
| Nonspendable  | 5,481                 | -                          | -                               | -                                 | 5,481                |
| Restricted  | -                     | -                          | 1,117,633                       | 1,539,383                         | 2,657,016            |
| Assigned  | 418,796               | 177,392                    | -                               | 1,675,856                         | 2,272,044            |
| Unassigned (Deficit)  | <u>1,668,890</u>      | <u>-</u>                   | <u>-</u>                        | <u>(281,522)</u>                  | <u>1,387,368</u>     |
| Total Fund Balances   | <u>2,093,167</u>      | <u>177,392</u>             | <u>1,117,633</u>                | <u>2,933,717</u>                  | <u>6,321,909</u>     |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b> | <u>\$ 2,193,567</u>   | <u>\$ 183,181</u>          | <u>\$ 1,117,633</u>             | <u>\$ 7,121,238</u>               | <u>\$ 10,615,619</u> |

The Notes to the Financial Statements are an integral part of this statement.

CITY OF MOUNTAIN LAKE, MINNESOTA  
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES  
TO NET POSITION OF GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2023

|   |                     |
|---|---------------------|
| Total Governmental Fund Balances  | \$ 6,321,909        |
| <i>Amounts reported for governmental activities in the statement of net position are different because:</i>   |                     |
| Capital Assets used in governmental activities are not financial resources and therefore are not reported in the funds.   | 9,829,736           |
| Part of taxes and special assessments receivable are not available to pay for current period expenditures and therefore are deferred in the funds.  | 2,003,183           |
| Long-term liabilities, including bonds payable, accrued interest, bond premium, and compensated absences, are not due and payable in the current period and therefore are not reported in the funds.  | (6,410,621)         |
| Long-term assets, including bond discounts are not financial resources and therefore are not reported in the funds.   | 81,681              |
| Net Pension Liability, Deferred Inflows of Resources Related to Pensions and Deferred Outflows of Resources Related to Pensions in governmental activities is not current financial resources and therefore not reported in the governmental funds. | (758,817)           |
| Future lease payments in the fund financial statements is reported as Deferred Inflows of Resources Related to Leases as it is not available to pay current period expenditures and therefore are deferred in the funds.                            | <u>1,543,006</u>    |
| Net Position of Governmental Activities   | <u>\$12,610,077</u> |



CITY OF MOUNTAIN LAKE, MINNESOTA  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2023

|   | 101 - General<br>Fund | 231 -<br>Ambulance<br>Fund | 230 -<br>Revolving<br>Loan Fund | Nonmajor<br>Governmental<br>Funds | Total               |
|---|-----------------------|----------------------------|---------------------------------|-----------------------------------|---------------------|
| <b>REVENUES</b>   |                       |                            |                                 |                                   |                     |
| Taxes   | \$ 627,013            | \$ 48,790                  | \$ -                            | \$ 664,721                        | \$ 1,340,524        |
| Licenses and Permits  | 10,133                | -                          | -                               | -                                 | 10,133              |
| Intergovernmental Revenue   | 999,326               | 28,816                     | -                               | 190,389                           | 1,218,531           |
| Charges for Services  | 74,864                | 166,166                    | 6,105                           | 316,374                           | 563,509             |
| Fines and Forfeits  | 8,515                 | -                          | -                               | 407                               | 8,922               |
| Interest Income   | 43,039                | 4,468                      | 20,209                          | 141,461                           | 209,177             |
| Miscellaneous   | <u>28,232</u>         | <u>66,284</u>              | <u>44,400</u>                   | <u>306,568</u>                    | <u>445,484</u>      |
| Total Revenues  | <u>1,791,122</u>      | <u>314,524</u>             | <u>70,714</u>                   | <u>1,619,920</u>                  | <u>3,796,280</u>    |
| <b>EXPENDITURES</b>   |                       |                            |                                 |                                   |                     |
| Current Operations:   |                       |                            |                                 |                                   |                     |
| General Government  | 323,521               | -                          | -                               | -                                 | 323,521             |
| Public Safety   | 475,267               | 234,370                    | -                               | 89,505                            | 799,142             |
| Public Works  | 430,347               | -                          | -                               | -                                 | 430,347             |
| Culture and Recreation  | 126,620               | -                          | -                               | 210,250                           | 336,870             |
| Sanitation  | 9,565                 | -                          | -                               | 44,293                            | 53,858              |
| Economic Development  | 1,250                 | -                          | 12,693                          | 364,048                           | 377,991             |
| Miscellaneous   | 130,002               | -                          | -                               | -                                 | 130,002             |
| Debt Service:   |                       |                            |                                 |                                   |                     |
| Principal Payments  | -                     | -                          | -                               | 458,669                           | 458,669             |
| Interest Payments   | -                     | -                          | -                               | 182,424                           | 182,424             |
| Miscellaneous   | -                     | -                          | -                               | 2,356                             | 2,356               |
| Capital Outlay  | <u>78,716</u>         | <u>289,543</u>             | <u>-</u>                        | <u>150,182</u>                    | <u>518,441</u>      |
| Total Expenditures  | <u>1,575,288</u>      | <u>523,913</u>             | <u>12,693</u>                   | <u>1,501,727</u>                  | <u>3,613,621</u>    |
| EXCESS REVENUES OVER (UNDER)<br>EXPENDITURES  | 215,834               | (209,389)                  | 58,021                          | 118,193                           | 182,659             |
| OTHER FINANCING SOURCES<br>(USES)   |                       |                            |                                 |                                   |                     |
| Transfer In   | 120,000               | -                          | 515,061                         | 704,717                           | 1,339,778           |
| Transfer Out  | <u>(589,717)</u>      | <u>-</u>                   | <u>(50,000)</u>                 | <u>(580,061)</u>                  | <u>(1,219,778)</u>  |
| EXCESS REVENUES AND OTHER<br>SOURCES OVER (UNDER)<br>EXPENDITURES AND OTHER<br>USES | (253,883)             | (209,389)                  | 523,082                         | 242,849                           | 302,659             |
| FUND BALANCES - January 1   | <u>2,347,050</u>      | <u>386,781</u>             | <u>594,551</u>                  | <u>2,690,868</u>                  | <u>6,019,250</u>    |
| FUND BALANCES - December 31   | <u>\$ 2,093,167</u>   | <u>\$ 177,392</u>          | <u>\$ 1,117,633</u>             | <u>\$ 2,933,717</u>               | <u>\$ 6,321,909</u> |

The Notes to the Financial Statements are an integral part of this statement.

CITY OF MOUNTAIN LAKE, MINNESOTA  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
TO THE STATEMENT OF ACTIVITIES  
DECEMBER 31, 2023

|   |                   |
|---|-------------------|
| Net Change in Fund Balances - Total Governmental Funds  | \$ 302,659        |
| <i>Amounts reported for governmental activities in the statement of activities are different because:</i>   |                   |
| Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.   |                   |
| Capital Outlay  | 518,443           |
| Depreciation Expense  | (548,391)         |
| Gain (Loss) on Disposal of Assets   | (189,213)         |
| Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.  |                   |
| Property Taxes  | 1,122             |
| Special Assessments   | 300,582           |
| Loan Repayments   | (252,544)         |
| Interest on long-term liabilities is expensed as paid in the funds, but accrued in the period due in the Statement of Activities.   | 3,156             |
| The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are delayed and amortized in the Statement of Activities. |                   |
| Principal Repayments  | 458,669           |
| Debt Premium/Discount   | 844               |
| Compensated Absences do not require the use of current financial resources and, therefore, are not accrued in the fund statements.  | (47,997)          |
| Pension expense related to the Net Pension Liability reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.  | (114,018)         |
| Revenues in the fund financial statements related to lease repayments are recognized as revenue in the period, but offset against the lease receivable in the statement of activities.  | <u>(304,923)</u>  |
| Change in Net Position of Governmental Activities   | <u>\$ 128,389</u> |

The Notes to the Financial Statements are an integral part of this statement.

CITY OF MOUNTAIN LAKE, MINNESOTA  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
DECEMBER 31, 2023

|   | Public Utilities<br>Commission | Nonmajor<br>Enterprise Funds | Total                |
|---|--------------------------------|------------------------------|----------------------|
| <b>ASSETS</b>   |                                |                              |                      |
| <b>CURRENT ASSETS</b>   |                                |                              |                      |
| Cash and Investments  | \$ 8,220,263                   | \$ 180,966                   | \$ 8,401,229         |
| Accounts Receivable   | 867,935                        | -                            | 867,935              |
| Special Assessments Receivable  | 50,807                         | -                            | 50,807               |
| Due from Other Funds  | 1,538                          | -                            | 1,538                |
| Inventory   | <u>322,512</u>                 | <u>-</u>                     | <u>322,512</u>       |
| Total Current Assets  | <u>9,463,055</u>               | <u>180,966</u>               | <u>9,644,021</u>     |
| <b>NONCURRENT ASSETS</b>  |                                |                              |                      |
| Capital Assets:   |                                |                              |                      |
| Land  | 93,227                         | 31,024                       | 124,251              |
| Buildings and Improvements  | 4,034,220                      | 2,967,316                    | 7,001,536            |
| Infrastructure and Improvements                                       | 38,384,673                     | -                            | 38,384,673           |
| Machinery and Equipment   | 991,123                        | -                            | 991,123              |
| Transportation and Other Equipment                                    | 456,528                        | -                            | 456,528              |
| Construction in Progress  | <u>433,374</u>                 | <u>-</u>                     | <u>433,374</u>       |
| Total Capital Assets  | 44,393,145                     | 2,998,340                    | 47,391,485           |
| Less: Accumulated Depreciation  | <u>17,662,336</u>              | <u>1,060,665</u>             | <u>18,723,001</u>    |
| Net Capital Assets  | 26,730,809                     | 1,937,675                    | 28,668,484           |
| Bond Discount   | <u>61,870</u>                  | <u>-</u>                     | <u>61,870</u>        |
| Total Noncurrent Assets   | <u>26,792,679</u>              | <u>1,937,675</u>             | <u>28,730,354</u>    |
| <b>TOTAL ASSETS</b>   | <u>36,255,734</u>              | <u>2,118,641</u>             | <u>38,374,375</u>    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                                 |                                |                              |                      |
| Related to Pensions   | <u>183,958</u>                 | <u>-</u>                     | <u>183,958</u>       |
| <b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>                | <u>\$ 36,439,692</u>           | <u>\$ 2,118,641</u>          | <u>\$ 38,558,333</u> |
| <b>LIABILITIES</b>  |                                |                              |                      |
| <b>CURRENT LIABILITIES</b>  |                                |                              |                      |
| Accounts Payable  | \$ 253,647                     | \$ 7,227                     | \$ 260,874           |
| Due to Other Funds  | -                              | 15,645                       | 15,645               |
| Accrued Interest  | 46,392                         | 20,871                       | 67,263               |
| Accrued Payroll   | 7,160                          | -                            | 7,160                |
| Due to Other Governments  | 22,308                         | -                            | 22,308               |
| Customer Deposits   | 119,538                        | 21,885                       | 141,423              |
| Unamortized Bond Premium  | 91,732                         | 34,058                       | 125,790              |
| Current Amount of Long-Term Debt                                      | <u>1,186,665</u>               | <u>92,423</u>                | <u>1,279,088</u>     |
| Total Current Liabilities   | <u>1,727,442</u>               | <u>192,109</u>               | <u>1,919,551</u>     |
| <b>LONG-TERM LIABILITIES</b>  |                                |                              |                      |
| Accrued Compensated Absences  | 28,756                         | -                            | 28,756               |
| Net Pension Liability   | 262,819                        | -                            | 262,819              |
| Bonds and Notes Payable   | <u>14,388,360</u>              | <u>1,895,146</u>             | <u>16,283,506</u>    |
| Total Long-Term Liabilities   | <u>14,679,935</u>              | <u>1,895,146</u>             | <u>16,575,081</u>    |
| <b>TOTAL LIABILITIES</b>  | <u>16,407,377</u>              | <u>2,087,255</u>             | <u>18,494,632</u>    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                  |                                |                              |                      |
| Related to Pensions   | <u>207,468</u>                 | <u>-</u>                     | <u>207,468</u>       |
| <b>NET POSITION</b>   |                                |                              |                      |
| Net Investment in Capital Assets (Deficit)                            | 11,155,784                     | (49,894)                     | 11,105,890           |
| Restricted for Capital Replacement                                    | 535,702                        | -                            | 535,702              |
| Unrestricted  | <u>8,133,361</u>               | <u>81,280</u>                | <u>8,214,641</u>     |
| Total Net Position  | <u>19,824,847</u>              | <u>31,386</u>                | <u>19,856,233</u>    |
| <b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES AND EQUITY</b> | <u>\$ 36,439,692</u>           | <u>\$ 2,118,641</u>          | <u>\$ 38,558,333</u> |

The Notes to the Financial Statements are an integral part of this statement.

CITY OF MOUNTAIN LAKE, MINNESOTA  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2023

|                                      | <u>Public<br/>Utilities<br/>Commission</u> | <u>Nonmajor<br/>Enterprise<br/>Funds</u> | <u>Total</u>         |
|--------------------------------------|--|--|----------------------|
| OPERATING REVENUES                   |  |  |                      |
| Sales to Consumers                   | \$ 5,572,047                               | \$ -                                     | \$ 5,572,047         |
| Rental Income                        | <u>1,800</u>                               | <u>251,833</u>                           | <u>253,633</u>       |
| Total Operating Revenues             | <u>5,573,847</u>                           | <u>251,833</u>                           | <u>5,825,680</u>     |
| OPERATING EXPENSES                   |  |  |                      |
| Depreciation                         | 1,016,142                                  | 91,195                                   | 1,107,337            |
| Contracted Services                  | -  | 6,666                                    | 6,666                |
| Insurance                            | -  | 14,527                                   | 14,527               |
| Miscellaneous                        | -  | 14,448                                   | 14,448               |
| Professional Services                | -  | 13,334                                   | 13,334               |
| Repairs, Maintenance and Supplies    | -  | 67,112                                   | 67,112               |
| Utilities                            | -  | 2,341                                    | 2,341                |
| Pumping, Treatment, Production       | 1,964,552                                  | -  | 1,964,552            |
| Distribution and Collection          | 857,044                                    | -  | 857,044              |
| Administration and General           | <u>414,994</u>                             | <u>-</u>                                 | <u>414,994</u>       |
| Total Operating Expenses             | <u>4,252,732</u>                           | <u>209,623</u>                           | <u>4,462,355</u>     |
| NET OPERATING INCOME                 | <u>1,321,115</u>                           | <u>42,210</u>                            | <u>1,363,325</u>     |
| NON OPERATING INCOME AND EXPENSE     |  |  |                      |
| Interest Income                      | 293,815                                    | 4,217                                    | 298,032              |
| Refunds and Reimbursements           | 7,239                                      | -  | 7,239                |
| Grant Income                         | 44,261                                     | -  | 44,261               |
| CAP X Credit                         | 20,484                                     | -  | 20,484               |
| Interest Expense                     | <u>(266,934)</u>                           | <u>(54,878)</u>                          | <u>(321,812)</u>     |
| Net Non Operating Income and Expense | <u>98,865</u>                              | <u>(50,661)</u>                          | <u>48,204</u>        |
| INCOME (LOSS) BEFORE TRANSFERS       | 1,419,980                                  | (8,451)                                  | 1,411,529            |
| Transfer Out                         | <u>(120,000)</u>                           | <u>-</u>                                 | <u>(120,000)</u>     |
| CHANGE IN NET POSITION               | 1,299,980                                  | (8,451)                                  | 1,291,529            |
| NET POSITION - January 1             | <u>18,524,867</u>                          | <u>39,837</u>                            | <u>18,564,704</u>    |
| NET POSITION - December 31           | <u>\$19,824,847</u>                        | <u>\$ 31,386</u>                         | <u>\$ 19,856,233</u> |

The Notes to the Financial Statements are an integral part of this statement.

CITY OF MOUNTAIN LAKE, MINNESOTA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2023

|  | Public<br>Utilities<br>Commission | Nonmajor<br>Enterprise<br>Funds | Total                      |
|--|-----------------------------------|---------------------------------|----------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>   |                                   |                                 |                            |
| Receipts from Customers  | \$ 5,660,937                      | \$ 252,709                      | \$ 5,913,646               |
| Payments to Vendors  | (2,377,262)                       | (117,204)                       | (2,494,466)                |
| Payments to Employees  | (689,918)                         | -                               | (689,918)                  |
| Other Receipts and Payments  | <u>27,723</u>                     | <u>-</u>                        | <u>27,723</u>              |
| Net Cash Provided By Operating Activities  | <u>2,621,480</u>                  | <u>135,505</u>                  | <u>2,756,985</u>           |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>                                |                                   |                                 |                            |
| Transfer to Other Funds  | (120,000)                         | -                               | (120,000)                  |
| Due to (from) Other Funds  | <u>-</u>                          | <u>15,645</u>                   | <u>15,645</u>              |
| Net Cash Provided (Used) By Noncapital Financing Activities                            | <u>(120,000)</u>                  | <u>15,645</u>                   | <u>(104,355)</u>           |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>                       |                                   |                                 |                            |
| Purchase of Capital Assets   | (887,582)                         | (15,645)                        | (903,227)                  |
| Special Assessments Collected  | 443                               | -                               | 443                        |
| Proceeds from Bond Issuance  | 61,924                            | -                               | 61,924                     |
| Principal Paid on Capital Debt   | (1,351,389)                       | (87,095)                        | (1,438,484)                |
| Interest Paid on Capital Debt  | (277,278)                         | (58,880)                        | (336,158)                  |
| Grant Income   | <u>44,261</u>                     | <u>-</u>                        | <u>44,261</u>              |
| Net Cash Used By Capital and Related Financing Activities                              | <u>(2,409,621)</u>                | <u>(161,620)</u>                | <u>(2,571,241)</u>         |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>   |                                   |                                 |                            |
| Investment Earnings  | <u>293,815</u>                    | <u>4,217</u>                    | <u>298,032</u>             |
| Net Cash Provided By Investing Activities  | <u>293,815</u>                    | <u>4,217</u>                    | <u>298,032</u>             |
| NET INCREASE (DECREASE) IN CASH  | 385,674                           | (6,253)                         | 379,421                    |
| CASH AND CASH EQUIVALENTS - January 1  | <u>7,834,589</u>                  | <u>187,219</u>                  | <u>8,021,808</u>           |
| CASH AND CASH EQUIVALENTS - December 31  | <u><u>\$ 8,220,263</u></u>        | <u><u>\$ 180,966</u></u>        | <u><u>\$ 8,401,229</u></u> |
| <b>Reconciliation of Operating Income to Net Cash Provided By Operating Activities</b> |                                   |                                 |                            |
| Operating Income   | \$ 1,321,115                      | \$ 42,210                       | \$ 1,363,325               |
| Adjustments to Reconcile Operating Income to Net Cash Provided                         |                                   |                                 |                            |
| By Operating Activities  |                                   |                                 |                            |
| Depreciation   | 1,016,142                         | 91,195                          | 1,107,337                  |
| Noncash Pension Expense  | 25,955                            | -                               | 25,955                     |
| Changes in Assets and Liabilities  |                                   |                                 |                            |
| Receivables  | 87,116                            | -                               | 87,116                     |
| Inventory  | 11,387                            | -                               | 11,387                     |
| Prepaid Expenses   | 11,802                            | -                               | 11,802                     |
| Accounts Payable   | 105,325                           | 1,225                           | 106,550                    |
| Accrued Wages  | 119                               | -                               | 119                        |
| Accrued Compensated Absence  | 17,187                            | -                               | 17,187                     |
| Due to Other Governments   | (2,365)                           | -                               | (2,365)                    |
| Deposits Payable   | (26)                              | 875                             | 849                        |
| Other Receipts and Payments  | <u>27,723</u>                     | <u>-</u>                        | <u>27,723</u>              |
| Net Cash Provided By Operating Activities  | <u><u>\$ 2,621,480</u></u>        | <u><u>\$ 135,505</u></u>        | <u><u>\$ 2,756,985</u></u> |

The Notes to the Financial Statements are an integral part of this statement.

CITY OF MOUNTAIN LAKE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Mountain Lake (the City) operates under a "Optional Plan A" form of government as defined in the Minnesota Statutes. The City is governed by an elected Mayor and four-member Council. The Council exercises legislative authority and determines all matters of policy. The Council appoints personnel responsible for the proper administration of all affairs relating to the City. The City provides the following services: general government, public safety, public works, public health and welfare, culture, recreation, electricity, waterworks, sanitary sewer, surface water and ancillary services.

The financial statements of the City of Mountain Lake, Minnesota are prepared in accordance with U.S. generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant of these accounting policies are described below.

A. Reporting Entity

The City has considered all potential units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the primary government to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the primary government.

Blended component units, although legally separate entities are, in substance, part of the City's operations and so data from these units are combined with data of the primary government. The Economic Development Authority (the EDA) was created pursuant to Minnesota statutes 469.090 through 469.108, and is responsible for economic and industrial development and redevelopment within the City's jurisdiction. The members of the EDA's governing board are appointed and approved by the City Council. In accordance with GASB Statement No. 61, this entity is presented as a blended component unit as special revenue and debt service funds. The basis for the presentation includes the City appointing a voting majority of the EDA's governing body, the City's ability to impose its will on the EDA and the EDA's expectation for the City to pay its debt. There is no separate report prepared for this component unit.

The Mountain Lake Municipal Utilities Commission was established and statutory authority is provided in accordance with Minnesota statutes, chapter 412.321. The Commission has five Council approved members who serve overlapping three year terms. The statutes provide the City Council all the discretionary authority necessary to operate the utilities except as its powers has been delegated to the Commission. The Utility funds are included with the enterprise funds in this report.

CITY OF MOUNTAIN LAKE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the non fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these financial statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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

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

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Accordingly, all assets and deferred outflows of resources and liabilities and deferred inflows of resources (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Activities presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include reconciliations with brief explanations to identify the relationship between the government-wide statements and the statements for governmental funds. The primary effect of internal activity has been eliminated from the government-wide financial statements.

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

CITY OF MOUNTAIN LAKE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

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

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

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

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants, entitlement and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the tax is levied. Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year which the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are also recorded as unearned revenue. On the modified accrual basis, receivables that will not be collected within the available period have also been reported as unearned revenue in the fund financial statements.

The City reports the following major governmental funds:

- General Fund - The General Fund is the City's primary operating fund. It is used to account for all financial resources not required to be accounted for in another fund.
- Ambulance Fund - The Ambulance Fund is used to account for the financial resources and related expenditures related to the City's ambulance.
- Revolving Loan Fund - The Revolving Loan Fund is used to account for the City's revolving loan program and related loan repayments.

The City reports the following major proprietary funds:

- Public Utilities Fund - To account for the costs associated with the operation, maintenance and improvement of the City's electric, water and sewer utilities system and insures that user charges are sufficient to pay for those costs.



CITY OF MOUNTAIN LAKE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

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

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

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided and 2) sales. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

D. Use of 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. Accordingly, actual results could differ from those estimates.

E. Restricted Assets

Certain funds of the City are classified as restricted assets on the statement of net position because the restriction is either imposed by law through constitutional provisions or enabling legislation or imposed externally by creditors, grantors, contributors, or laws or regulations of other governments. Therefore, their use is limited by applicable laws and regulations.

F. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of moneys are recorded in order to reserve that portion of the applicable appropriation, is not employed by the City.

G. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Cash balances from all funds are pooled and invested, to the extent available, in certificates of deposit and other authorized investments. Earnings from such investments are allocated on the basis of applicable participation by each of the funds.

CITY OF MOUNTAIN LAKE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

G. Deposits and Investments (Cont.)

The City provides temporary advances to funds that have insufficient cash balances by means of an advance from another fund shown as interfund receivables in the advancing fund, and an interfund payable in the fund with the deficit, until adequate resources are received. These interfund balances are eliminated on the government-wide financial statements.

The City may also invest idle funds as authorized by Minnesota statutes, as follows:

1. Direct obligations or obligations guaranteed by the United States or its agencies.
2. Share of investment companies registered under the Federal Investment Company Act of 1940 and whose only investments are in securities in (1) above.
3. General obligations of the State of Minnesota or any of its municipalities.
4. Bankers acceptances of United States banks eligible for purchase by the Federal Reserve System.
5. Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality, and maturing in 270 days or less.
6. Repurchase or reverse repurchase agreements with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000 a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.
7. Guaranteed investment contracts (GIC's) issued or guaranteed by United States commercial banks or domestic branches of foreign banks or United States insurance companies if similar debt obligations of the issuer or the collateral pledged by the issuer is in the top two rating categories, or in the top three rating categories for long-term GIC's issued by Minnesota banks.

Investments for the City are reported at fair value. The 4M Fund and broker money market accounts operate in accordance with appropriate state laws and regulations. The reported value of the pools is the same as the fair value of the pool shares.

The City has adopted an investment policy to establish objectives and specific guidelines that the City will use in the investment of City funds. The objectives of the policy are as follows:

- Safety of Principal - Safety of the principal is the foremost objective of the City. Each investment transaction must seek to first ensure that losses are minimized.
- Liquidity - The investment portfolio must remain sufficiently liquid to meet all operating costs that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands.
- Yield - The investment portfolio must be maintained so as to attain a market-average rate of return.

The City will attempt to diversify its investments according to type and maturity. The portfolio, as much as possible, will contain both short-term and long-term investments. The City will attempt to match its investments with anticipated cash flow requirements. Extended maturities may be utilized to take advantage of higher yields; however, no more than five percent of unreserved funds shall extend beyond three years unless ratified by the City Council to extend beyond that period.

CITY OF MOUNTAIN LAKE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

G. Deposits and Investments (Cont.)

For purposes of the statement of cash flows, the City considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. All of the cash and investments allocated to the proprietary funds have original maturities of 90 days or less. Therefore, the entire balance in the proprietary funds is considered cash equivalents.

H. Property Taxes

The Council annually adopts a tax levy and certifies it to the County in December of each year for collection in the following year. The County is responsible for billing and collecting all property taxes for the City. These taxes attach an enforceable lien on taxable property within the City on January 1 and are payable by the property owners in two installments. The taxes are collected by the County Treasurer and tax settlements are made to the City during January, June and November each year.

Delinquent taxes receivable include the past six years' uncollected taxes. Delinquent taxes have been offset by an unavailable revenue liability for delinquent taxes not received within 60 days after year end in the fund financial statements.

I. Accounts Receivable

Accounts receivable include amounts billed for services provided before year end. Unbilled utility enterprise fund receivables are also included for services provided in 2023. Since the City is generally able to certify delinquent amounts to the County for collection as special assessments, no allowance for uncollectible accounts has been provided on current receivables.

J. Special Assessments

Special assessments represent the financing for public improvements paid for by benefiting property owners. These assessments are recorded as receivables upon certification to the County. Special assessments are recognized as revenue when they are annually certified to the County or received in cash during the year or within 60 days after year end. All governmental special assessments receivable are offset by an unearned revenue liability in the fund financial statements.

K. Inventories

Inventories of the Public Utilities are based on an annual physical inventory count and priced at the lower of cost (first-in; first-out basis) or market. The cost of governmental fund type inventories are recorded as expenditures when purchased.

L. Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

M. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

CITY OF MOUNTAIN LAKE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

N. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements.

As the City constructs or acquires assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations the City values these capital assets at the estimated fair value of the item at the date of its donation. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The City has elected not to retroactively capitalize the infrastructure of its governmental activities acquired prior to January 1, 2004 as allowed by GASB Statement No. 34.

For financial statement purposes only, capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

Property, plant and equipment are depreciated using the straight line method over the following estimated useful lives: land improvements 15-40; buildings and building improvements: 15-50 years; system improvements/infrastructure 10-50 years; machinery, vehicles and equipment: 5-20 years.

O. Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. An accrual for earned sick leave is recorded only to the extent it is probable that the benefits will result in termination payments. Accordingly sick pay has been accrued for employees who meet the Rule of 90 and are retirement eligible in the government-wide, and proprietary fund financial statements. All vacation pay is accrued when incurred in the government-wide, and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The total amount of compensated absences accrued at December 31, 2023 was \$126,927.

P. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond discounts and premiums are recorded as assets and liabilities, respectively and amortized over the life of the bonds using the straight-line method. Bond issuance costs are expensed in the year incurred.

CITY OF MOUNTAIN LAKE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

P. Long-term Obligations (Cont.)

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

Q. 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.

The City has elected not to report the pension related items for the City's Fire Relief Association.

R. 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 so will not be recognized as an outflow of resources (expense/expenditure) until then.

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.

S. Fund Balance

In the fund financial statements, governmental funds report fund balance in classifications that disclose constraints for which amounts in those funds can be spent. These classifications are as follows:

Nonspendable - Consists of amounts that are not in spendable form, such as prepaid items.

Restricted - Consists of amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions.

Committed - Consists of internally imposed constraints. These constraints are established by Resolution of the City Council.

Assigned - Consists of internally imposed constraints. These constraints reflect the specific purpose for which it is the City's intended use. These constraints are established by the City Council and/or management.

CITY OF MOUNTAIN LAKE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

S. Fund Balance (Cont.)

Unassigned - The residual classification for the general fund and also reflects negative residual amounts in other funds

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

When committed, assigned or unassigned resources are available for use, it is the City's policy to use resources in the following order; 1) committed 2) assigned and 3) unassigned.

T. Net Position

Net position represent the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position is displayed in three components:

- (a) Net investment in capital assets – Consists of capital assets, net of accumulated depreciation reduced by any outstanding debt attributable to acquire capital assets.
- (b) Restricted net position – Consists of net position restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws or regulations of other governments.
- (c) Unrestricted net position – All other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

U. Comparative Data/Reclassifications

Certain amounts presented in the prior year have been reclassified in order to be consistent with the current year’s presentation.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund and the following special revenue funds: Library, Fire, Ambulance and Lake Commission. All annual appropriations lapse at fiscal year end. The City does not use encumbrance accounting.

In August of each year, all departments of the City submit requests for appropriations to the City Administrator so that a budget may be prepared. Before September 15, the proposed budget is presented to the Council for review. The Council holds public hearings and a final budget is prepared and adopted in early December.

The appropriated budget is prepared by fund, function and department. The City’s department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the City Council. The legal level of budgetary control is the fund level. Budgeted amounts are as originally adopted, or as amended by the Council. No budget amendments were made during the year.

CITY OF MOUNTAIN LAKE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Cont.)

B. Expenditures Over Appropriations

The following sub-functions of the general fund and special revenue funds with prepared budgets had expenditures in excess of appropriations for the year ended December 31, 2023.

| <u>Function Area</u>   | Budget     | Actual     | Variance    |
|------------------------|------------|------------|-------------|
| General Fund:          |            |            |             |
| Public Works           | \$ 461,351 | \$ 501,956 | \$ (40,605) |
| Culture and Recreation | \$ 126,420 | \$ 126,620 | \$ (200)    |
| Miscellaneous          | \$ 124,037 | \$ 130,002 | \$ (5,965)  |
| Special Revenue Funds: |            |            |             |
| Library                | \$ 156,418 | \$ 191,925 | \$ (35,507) |
| Lake Commission        | \$ 14,250  | \$ 15,433  | \$ (1,183)  |

C. Deficit Fund Equity

The following funds had fund equity deficits at December 31, 2023:

|                              |           |
|------------------------------|-----------|
| TIF #2-1 BMP Investments     | (17,658)  |
| TIF #2-2 Herrig/Hiebert Prop | (9,813)   |
| Downtown Ross Project        | (324,200) |

The above deficits will be eliminated through transfers from other funds, bonding and future tax and assessment collections.

3. DEPOSITS AND INVESTMENTS

A. Cash and Cash Investments

Custodial Credit Risk - Custodial Credit Risk for deposits and investments is the risk that in the event of a bank failure the City's deposits and investments may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. In accordance with Minnesota statutes, the City maintains deposits at the depository banks, which are authorized by the City Council and are members of the Federal Reserve System.

Minnesota Statutes require that all City deposits be 110% secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance (140% in the case of mortgage notes pledged).

Authorized collateral includes the legal investments described by state statutes, as well as certain first mortgage notes, and certain other state and local government obligations. Minnesota statutes require that securities pledged as collateral be held in safekeeping by the City or in a financial institution other than that furnishing the collateral.

At year end, the City's carrying amount of deposits was \$12,469,834 and the bank balance was \$10,300,418 including certificates of deposits of \$96,494. Of the bank balance, \$10,286,130 was covered by federal depository insurance. Of the remaining balance, \$14,288 was collateralized with securities held by the pledging financial institution's trust department in the City's name.

CITY OF MOUNTAIN LAKE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

3. DEPOSITS AND INVESTMENTS (Cont.)

B. Investments

As of December 31, 2023, the City had the following pooled investments that are insured or registered, or securities held by the City or its agent in the City's name.

| <u>Type of Investment</u>              | <u>Total</u>        | <u>Level 1</u> | <u>Level 2</u>      | <u>Level 3</u> |
|--|---------------------|----------------|---------------------|----------------|
| Northland Securities Brokerage Account | \$ 1,389,884        | \$ -           | \$ 1,389,884        | \$ -           |
| Invest Co Brokerage Account            | 60,199              | -              | 60,199              | -              |
| 4M Fund                                | <u>510,088</u>      | <u>-</u>       | <u>510,088</u>      | <u>-</u>       |
| Total                                  | <u>\$ 1,960,171</u> | <u>\$ -</u>    | <u>\$ 1,960,171</u> | <u>\$ -</u>    |

A fair value hierarchy has been established, which prioritizes the valuation inputs into three broad levels. Level 1 inputs consist of quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the related assets. Level 3 inputs are unobservable inputs related to the asset.

C. Cash on Hand

Cash in the possession of the City, consisting of petty cash and change funds, totals \$155.

D. Cash and Investments Summary

A reconciliation of cash and investments as shown on the Statement of Net Position follows:

|                            |                     |
|----------------------------|---------------------|
| Total Deposits             | \$12,469,834        |
| Total Investments          | 1,960,171           |
| Total Cash on Hand         | <u>155</u>          |
|                            | <u>\$14,430,160</u> |
| Statement of Net Position: |                     |
| Cash and Investments       | \$13,875,533        |
| Escrowed Investments       | <u>554,627</u>      |
|                            | <u>\$14,430,160</u> |

E. Designated and Restricted Funds

The City has designated Water, Sewer, and Electric utility fund cash and investments for the following purposes:

Public Utilities Commission

|                                       |                     |
|---------------------------------------|---------------------|
| City-Wide Equipment                   |                     |
| Water                                 | \$ 181,012          |
| Sewer                                 | 74,872              |
| Electric                              | 425,299             |
| 69KV Line                             |                     |
| Electric                              | <u>931,751</u>      |
| Total Designated Cash and Investments | <u>\$ 1,612,934</u> |



CITY OF MOUNTAIN LAKE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

3. DEPOSITS AND INVESTMENTS (Cont.)

The City has restricted cash and investments for the following purposes:

Public Utilities Commission

Sewer:

|                     |                |
|---------------------|----------------|
| Capital Replacement | \$ 435,728     |
| Total Sewer         | <u>435,728</u> |

Electric:

|                     |               |
|---------------------|---------------|
| Capital Replacement | 99,974        |
| Total Electric      | <u>99,974</u> |

|                                       |                   |
|---------------------------------------|-------------------|
| Total Restricted Cash and Investments | <u>\$ 535,702</u> |
|---------------------------------------|-------------------|

4. NOTES RECEIVABLE

The loans receivable in the Southwest Housing Loan special revenue fund of \$144,702 are housing loans granted by Southwest Housing Agency that will be collected by the City. These loans will be paid back with various monthly payments. These loans are non-interest bearing.

As the Balzer funds have been repaid, loans to various other local businesses have been made out of this fund. The balance of these loans as of year-end was \$239,539. These loans will be paid back with various monthly payments with interest at 5.0 percent to 6.5 percent per annum on all unpaid balances. These loans are unsecured.

In 2012 the City issued a loan to the Good Samaritan project. The December 31, 2023 balance was \$578,363. As this loan is paid back to the City, the revenues will cover debt payments for the General Obligation Tax Increment Bonds of 2012B.

5. DUE TO AND FROM OTHER FUNDS

Due to and from other funds at December 31, 2023, follows:

|                             | Due from Other<br>Funds | Due to Other<br>Funds |
|-----------------------------|-------------------------|-----------------------|
| General Fund                | \$ 359,748              | \$ -                  |
| Revolving Loan Fund         | 176,737                 | -                     |
| Nonmajor Governmental Funds | 30,000                  | 552,376               |
| Nonmajor Enterprise Funds   | -                       | 15,645                |
| Water                       | <u>1,536</u>            | <u>-</u>              |
|                             | <u>\$ 568,021</u>       | <u>\$ 568,021</u>     |

The outstanding balance of the \$30,000 between the Southwest Housing Loans fund and the Economic Development Authority fund is a result of money borrowed to help assist the Southwest Housing Loan Program. All other balances are for internal cash purposes and are expected to be repaid with future available resources.

CITY OF MOUNTAIN LAKE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

6. UNAVAILABLE/UNEARNED REVENUE

Governmental funds report unavailable and unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unavailable revenue and unearned revenue reported in the governmental funds were as follows:

|                                | <u>Unavailable</u> | <u>Unearned</u>     |
|--------------------------------|--------------------|---------------------|
| General Fund                   |                    |                     |
| Delinquent taxes receivable    | \$ 28,117          | \$ -                |
| Nonmajor Governmental Funds    |                    |                     |
| Special assessments receivable | 4,842              | 1,299,155           |
| Loans Receivable               | <u>-</u>           | <u>671,069</u>      |
| Total                          | <u>\$ 32,959</u>   | <u>\$ 1,970,224</u> |

7. TRANSFERS

Transfers to and from other funds at December 31, 2023, follows:

|                             | <u>Transfers to<br/>Other Funds</u> | <u>Transfers from<br/>Other Funds</u> |
|-----------------------------|-------------------------------------|---------------------------------------|
| General Fund                | \$ 589,717                          | \$ 120,000                            |
| Revolving Loan Fund         | 50,000                              | 515,061                               |
| Nonmajor Governmental Funds | 580,061                             | 704,717                               |
| Nonmajor Enterprise Funds   | <u>120,000</u>                      | <u>-</u>                              |
|                             | <u>\$ 1,339,778</u>                 | <u>\$ 1,339,778</u>                   |

- The Public Utilities Fund transferred \$120,000 to the General Fund for payment in lieu of taxes on the Electric Fund.
- The General Fund transferred \$580,061 to the Nonmajor Governmental Funds for operating purposes.
- The remaining transfers were to clear old funds.

CITY OF MOUNTAIN LAKE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

8. CHANGES IN CAPITAL ASSETS

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

|                                       | <u>Balance</u><br><u>January 1</u> | <u>Additions</u>   | <u>Transfers/<br/>Retirements</u> | <u>Balance</u><br><u>December 31</u> |
|---------------------------------------|------------------------------------|--------------------|-----------------------------------|--------------------------------------|
| Not Being Depreciated:                |                                    |                    |                                   |                                      |
| Land                                  | \$ 716,453                         | \$ -               | \$ (129,765)                      | \$ 586,688                           |
| Subtotal                              | <u>716,453</u>                     | <u>-</u>           | <u>(129,765)</u>                  | <u>586,688</u>                       |
| Other Capital Assets:                 |                                    |                    |                                   |                                      |
| Buildings                             | 6,203,615                          | 20,243             | (108,734)                         | 6,115,124                            |
| Infrastructure and<br>Improvements    | 8,808,747                          | 92,479             | -                                 | 8,901,226                            |
| Machinery and Equipment               | 824,823                            | 25,476             | (3,084)                           | 847,215                              |
| Transportation and Other<br>Equipment | <u>2,505,346</u>                   | <u>380,243</u>     | <u>(324,243)</u>                  | <u>2,561,346</u>                     |
| Subtotal                              | <u>18,342,531</u>                  | <u>518,441</u>     | <u>(436,061)</u>                  | <u>18,424,911</u>                    |
| Less: Accumulated<br>Depreciation     |                                    |                    |                                   |                                      |
| Buildings                             | 2,843,913                          | 181,314            | (52,370)                          | 2,972,857                            |
| Infrastructure and<br>Improvements    | 3,658,526                          | 245,770            | -                                 | 3,904,296                            |
| Machinery and Equipment               | 527,807                            | 21,793             | -                                 | 549,600                              |
| Transportation and Other<br>Equipment | <u>1,979,840</u>                   | <u>99,514</u>      | <u>(324,243)</u>                  | <u>1,755,111</u>                     |
| Subtotal                              | <u>9,010,086</u>                   | <u>548,391</u>     | <u>(376,613)</u>                  | <u>9,181,864</u>                     |
| Net Other Capital Assets              | <u>9,332,445</u>                   | <u>(29,950)</u>    | <u>(59,448)</u>                   | <u>9,243,047</u>                     |
| Net Capital Assets                    | <u>\$ 10,048,898</u>               | <u>\$ (29,950)</u> | <u>\$ (189,213)</u>               | <u>\$ 9,829,735</u>                  |

CITY OF MOUNTAIN LAKE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

8. CHANGES IN CAPITAL ASSETS (Cont.)

Business Type Activities - The following is a summary of business-type activities capital assets at December 31, 2023.

|                                       | <u>Balance</u><br><u>January 1</u> | <u>Additions</u>    | <u>Transfers/<br/>Retirements</u> | <u>Balance</u><br><u>December 31</u> |
|---------------------------------------|------------------------------------|---------------------|-----------------------------------|--------------------------------------|
| Not Being Depreciated:                |                                    |                     |                                   |                                      |
| Land                                  | \$ 124,251                         | \$ -                | \$ -                              | \$ 124,251                           |
| Construction in Progress              | <u>9,965,783</u>                   | <u>424,553</u>      | <u>(9,956,962)</u>                | <u>433,374</u>                       |
| Subtotal                              | <u>10,090,034</u>                  | <u>424,553</u>      | <u>(9,956,962)</u>                | <u>557,625</u>                       |
| Other Capital Assets:                 |                                    |                     |                                   |                                      |
| Buildings                             | 6,985,891                          | 15,645              | -                                 | 7,001,536                            |
| Infrastructure and<br>Improvements    | 28,070,222                         | 357,489             | 9,956,962                         | 38,384,673                           |
| Machinery and Equipment               | 991,123                            | -                   | -                                 | 991,123                              |
| Transportation and Other<br>Equipment | <u>350,988</u>                     | <u>105,540</u>      | <u>-</u>                          | <u>456,528</u>                       |
| Subtotal                              | <u>36,398,224</u>                  | <u>478,674</u>      | <u>9,956,962</u>                  | <u>46,833,860</u>                    |
| Less: Accumulated<br>Depreciation     |                                    |                     |                                   |                                      |
| Buildings                             | 3,792,506                          | 217,210             | -                                 | 4,009,716                            |
| Infrastructure and<br>Improvements    | 12,648,593                         | 835,872             | -                                 | 13,484,465                           |
| Machinery and Equipment               | 847,775                            | 34,755              | -                                 | 882,530                              |
| Transportation and Other<br>Equipment | <u>326,789</u>                     | <u>19,501</u>       | <u>-</u>                          | <u>346,290</u>                       |
| Subtotal                              | <u>17,615,663</u>                  | <u>1,107,338</u>    | <u>-</u>                          | <u>18,723,001</u>                    |
| Net Other Capital Assets              | <u>18,782,561</u>                  | <u>(628,664)</u>    | <u>9,956,962</u>                  | <u>28,110,859</u>                    |
| Net Capital Assets                    | <u>\$ 28,872,595</u>               | <u>\$ (204,111)</u> | <u>\$ -</u>                       | <u>\$ 28,668,484</u>                 |

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

|   |                     |
|---|---------------------|
| Governmental Activities:                              |                     |
| General Government                                    | \$ 24,099           |
| Public Safety   | 71,882              |
| Public Works  | 270,755             |
| Culture and Recreation                                | 58,027              |
| Economic Development                                  | <u>123,628</u>      |
| Total Depreciation Expense - Governmental Activities  | <u>\$ 548,391</u>   |
| Business-Type Activities:                             |                     |
| Public Utilities Commission                           | \$ 1,016,143        |
| Nonmajor Enterprise Funds                             | <u>91,195</u>       |
| Total Depreciation Expense - Business-Type Activities | <u>\$ 1,107,338</u> |

CITY OF MOUNTAIN LAKE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

9. FUND BALANCE

A. Classifications

|                                    | <u>General<br/>Fund</u> | <u>Ambulance<br/>Fund</u> | <u>Revolving<br/>Loan Fund</u> | <u>Non Major<br/>Governmental<br/>Funds</u> | <u>Total</u>       |
|------------------------------------|-------------------------|---------------------------|--------------------------------|---|--------------------|
| Nonspendable:                      |                         |                           |                                |   |                    |
| Prepaid Expenses                   | \$ 5,481                | \$ -                      | \$ -                           | \$ -  | \$ 5,481           |
| Total                              |                         |                           |                                |   |                    |
| Nonspendable                       | <u>5,481</u>            | <u>-</u>                  | <u>-</u>                       | <u>-</u>                                    | <u>5,481</u>       |
| Restricted for:                    |                         |                           |                                |   |                    |
| Debt Service                       | -                       | -                         | 1,117,633                      | 1,497,058                                   | 2,614,691          |
| Housing Grant                      | -                       | -                         | -                              | 41,531                                      | 41,531             |
| Library                            | -                       | -                         | -                              | 794   | 794                |
| Total Restricted                   | <u>-</u>                | <u>-</u>                  | <u>1,117,633</u>               | <u>1,539,383</u>                            | <u>2,657,016</u>   |
| Assigned to:                       |                         |                           |                                |   |                    |
| Capital Outlay and<br>Improvements | 418,796                 | -                         | -                              | 724,064                                     | 1,142,860          |
| Ambulance                          | -                       | 177,392                   | -                              | -   | 177,392            |
| Fire                               | -                       | -                         | -                              | 575,269                                     | 575,269            |
| Library                            | -                       | -                         | -                              | 138,822                                     | 138,822            |
| Lake Commission                    | -                       | -                         | -                              | 24,808                                      | 24,808             |
| Economic<br>Development            | <u>-</u>                | <u>-</u>                  | <u>-</u>                       | <u>212,893</u>                              | <u>212,893</u>     |
| Total Assigned                     | <u>418,796</u>          | <u>177,392</u>            | <u>-</u>                       | <u>1,675,856</u>                            | <u>2,272,044</u>   |
| Unassigned                         | <u>1,668,890</u>        | <u>-</u>                  | <u>-</u>                       | <u>(281,522)</u>                            | <u>1,387,368</u>   |
| Total                              | <u>\$2,093,167</u>      | <u>\$ 177,392</u>         | <u>\$ 1,117,633</u>            | <u>\$ 2,933,717</u>                         | <u>\$6,321,909</u> |

B. Minimum Unassigned Fund Balance Policy

The City Council has formally adopted a policy regarding the minimum unassigned fund balance for the General Fund. The most significant revenue source of the General Fund is property taxes. This revenue source is received in two installments during the year - June and December. As such, it is the City's goal to begin each fiscal year with sufficient working capital to fund operations between each semi-annual receipt of property taxes.

The policy establishes a year-end targeted unassigned fund balance amount for cash-flow timing needs in the range of 35-50% of the subsequent year's budgeted expenditures. At December 31, 2023, the unassigned fund balance of the General Fund was 99.6% of the subsequent year's budgeted expenditures

CITY OF MOUNTAIN LAKE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

10. LEASE RECEIVABLE

The following is a summary of capital lease transactions of the City for the year ended December 31, 2023.

| <u>Describe</u>                   | <u>Date</u> | <u>Payment Terms</u> | <u>Payment Amount</u> | <u>Interest Rate</u> | <u>Original Lease Receivable</u> | <u>Current Year Additional Inflows</u> | <u>Balance December 31</u> |
|-----------------------------------|-------------|----------------------|-----------------------|----------------------|----------------------------------|--|----------------------------|
| Pop'd Kerns                       | 11/1/13     | monthly              | \$ 9,786              | 2.70 %               | \$ 672,683                       | \$ -                                   | \$ 587,571                 |
| Mt Power                          | 12/31/14    | monthly              | \$ 17,414             | 2.70 %               | \$1,325,818                      | -                                      | <u>972,008</u>             |
| Total Lease Receivable Agreements |             |                      |                       |                      |                                  | \$ -                                   | \$ <u>1,559,579</u>        |

The Pop'd Kerns Building was leased to Krienke Foods International, Inc. The lease can be renewed for an additional five years, but the City does not anticipate the lease will be renewed for an additional term. The interest rate on the lease is 2.70%. The payment amount is variable and is set to increase each year.

The Mt. Power Building was leased to MIFEK RE LLC, dba Mountain Power Hydraulic. The lease can be renewed for an additional term, but the City does not anticipate the lease will be renewed for an additional term. The interest rate on the lease was 2.70%. The payment amount is variable and set to increase each year.

The annual requirements to amortize long-term obligations and related interest are as follows:

|           | <u>Capital Lease Governmental Funds</u> |                   |                     |
|-----------|---|-------------------|---------------------|
|           | <u>Principal</u>                        | <u>Interest</u>   | <u>Total</u>        |
| 2024      | \$ 316,929                              | \$ 44,275         | \$ 361,204          |
| 2025      | 317,994                                 | 38,023            | 356,017             |
| 2026      | 265,570                                 | 23,343            | 288,913             |
| 2027      | 266,127                                 | 15,781            | 281,908             |
| 2028      | 247,320                                 | 7,840             | 255,160             |
| 2029-2033 | <u>145,639</u>                          | <u>1,789</u>      | <u>147,428</u>      |
| Total     | \$ <u>1,559,579</u>                     | \$ <u>131,051</u> | \$ <u>1,690,630</u> |

11. CHANGES IN LONG-TERM DEBT

The following is a summary of long-term debt transactions of the City for the year ended December 31, 2023.

|                          | <u>Balance January 1</u> | <u>Debt Issued</u> | <u>Debt Retired</u> | <u>Balance December 31</u> | <u>Current Amount</u> |
|--------------------------|--------------------------|--------------------|---------------------|----------------------------|-----------------------|
| G.O. Tax Increment Bonds | \$ 1,600,000             | \$ -               | \$ 45,000           | \$ 1,555,000               | \$ 45,000             |
| G.O. Improvement Bonds   | 2,175,000                | -                  | 90,000              | 2,085,000                  | 95,000                |
| G.O. Refunding Bonds     | 5,810,000                | -                  | 470,000             | 5,340,000                  | 475,000               |
| G.O. Revenue Bonds       | 12,370,340               | 61,924             | 1,082,239           | 11,350,025                 | 916,665               |
| Revenue Bonds            | 3,483,414                | -                  | 185,845             | 3,297,569                  | 192,423               |
| Notes Payable            | <u>147,230</u>           | -                  | <u>23,670</u>       | <u>123,560</u>             | <u>24,546</u>         |
| Totals                   | \$ <u>25,585,984</u>     | \$ <u>61,924</u>   | \$ <u>1,896,754</u> | \$ <u>23,751,154</u>       | \$ <u>1,748,634</u>   |

CITY OF MOUNTAIN LAKE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

11. CHANGES IN LONG-TERM DEBT (Cont.)

General Obligation bonds issued by the governmental activities are liquidated by the debt service funds. The revenue bonds issued by the governmental activities are expected to be liquidated by the related enterprise fund upon project completion. The notes payable issued by the governmental activities is expected to be liquidated by the related special revenue fund. The general obligation bonds and revenue bonds issued by the business-type activities are expected to be liquidated by those activities.

Bonds outstanding at December 31, 2023 are comprised of the following issues:

Governmental Activities

|   |                  |
|---|------------------|
| \$710,000 G.O. Tax Increment Refunding Bonds of 2020C, due in annual installments of \$35,000 to \$50,000 through February 1, 2036, plus interest from 1.0-2.25% due in semi-annual installments. | \$ 590,000       |
| \$2,670,000 G.O. Taxable Refunding Bonds 2020A, due in annual of \$35,000 to \$225,000 through February 1, 2046, plus interest from 1.8-4.0% due in semi-annual installments.                     | 2,110,000        |
| \$1,485,000 GO Refunding Bond of 2021A, due in annual installments through December 15, 2034, plus interest at 2.0% due in semi-annual installments.  | 1,280,000        |
| \$2,485,000 GO Improvement Bond of 2017B, due in annual installments through February 1, 2043, plus interest from 1.55-4.0% due in semi-annual installments.                                      | 2,085,000        |
| \$54,013 Republic First National Bank Fire SCBA Note Payable, due in annual installments of \$12,018 through February 1, 2024 including interest at 4.5%.   | 11,503           |
| \$125,000 USDA Fire Truck Note, due in annual installments of \$10,662 through December 21, 2033 including interest at 3.25%.   | 89,749           |
| \$70,000 USDA Library Roof Note due in annual installments of \$6,079 through September 21, 2027, including interest at 3.5%.   | <u>22,308</u>    |
| Total Governmental Activities   | <u>6,188,560</u> |

Business-Type Activities

|   |           |
|---|-----------|
| \$608,600 GO Refunding Bond of 2015A, due in annual installments through February 1, 2029, plus interest from 1.0-3.0% due in semi-annual installments. | 195,000   |
| \$47,444 G.O. Revenue Bonds, due in annual installments through August 20, 2034, plus interest at 1.0% due in semi-annual installments.                 | 21,587    |
| \$7,754,480 2012 G.O. Revenue Bond, due in annual installments through August 20, 2032, plus interest at 1.0% due in semi-annual installments.          | 3,432,000 |

CITY OF MOUNTAIN LAKE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

11. CHANGES IN LONG-TERM DEBT (Cont.)

|  |                     |
|--|---------------------|
| \$8,018,787 G.O. Revenue Bonds of 2020, due in annual installments through August 20, 2039, plus interest at 1.0% due in semi-annual installments.   | 6,321,000           |
| \$1,350,000 G.O. Refunding Bond of 2021A, due in annual installments through December 15, 2034, plus interest at 2.0% due in semi-annual installments.                                     | 1,165,000           |
| \$1,740,000 G.O. Revenue Bonds of 2021A, due in annual installments through December 15, 2034, plus interest at 2.0% due in semi-annual installments.                                      | 1,560,000           |
| \$38,440 2013 G.O. Revenue Bond, due in annual installments through August 20, 2032, plus interest at 1.0% due in semi-annual installments.  | 15,438              |
| \$620,000 Housing Development Refunding Bonds of 2012A, due in annual installments through February 1, 2031, including interest from 0.5-3.3% due in semi-annual installments.             | 250,000             |
| \$254,700 EDA Public Project Revenue Bonds of 2009, due in annual installments through October 6, 2040, plus interest at 4.5% due in semi-annual installments.                             | 182,569             |
| \$1,600,000 G.O. Tax Abatement Bonds of 2020B, due in annual installments of \$45,000 to \$130,000 through February 1, 2042, plus interest from 1.0-2.65% due in semi-annual installments. | 1,555,000           |
| \$3,000,000 Electric Revenue Bonds of 2017A, due in annual installments through December 1, 2036, plus interest from 2.5-4.0% due in semi-annual installments                              | <u>2,865,000</u>    |
| Total Business-Type Activities   | 17,562,594          |
| Total Long-Term Debt   | <u>\$23,751,154</u> |

The annual requirements to maturity for long-term liabilities are as follows:

|           | G.O. Tax Increment Bonds<br>Governmental Activities |                   |                    | G.O. Improvement Bonds<br>Governmental Activities |                   |                     |
|-----------|---|-------------------|--------------------|---|-------------------|---------------------|
|           | Principal   | Interest          | Total              | Principal   | Interest          | Total               |
| 2024      | \$ 245,000  | \$ 69,085         | \$ 314,085         | \$ 95,000   | \$ 74,200         | \$ 169,200          |
| 2025      | 245,000   | 64,335            | 309,335            | 100,000   | 71,250            | 171,250             |
| 2026      | 240,000   | 59,310            | 299,310            | 100,000   | 67,750            | 167,750             |
| 2027      | 250,000   | 53,890            | 303,890            | 105,000   | 64,675            | 169,675             |
| 2028      | 260,000   | 48,046            | 308,046            | 80,000  | 61,900            | 141,900             |
| 2029-2033 | 690,000   | 171,355           | 861,355            | 445,000   | 270,400           | 715,400             |
| 2034-2038 | 350,000   | 106,873           | 456,873            | 525,000   | 181,500           | 706,500             |
| 2039-2043 | 245,000   | 60,185            | 305,185            | 635,000   | 65,500            | 700,500             |
| 2044-2048 | <u>175,000</u>                                      | <u>10,700</u>     | <u>185,700</u>     | <u>-</u>  | <u>-</u>          | <u>-</u>            |
| Total     | <u>\$2,700,000</u>                                  | <u>\$ 643,779</u> | <u>\$3,343,779</u> | <u>\$2,085,000</u>                                | <u>\$ 857,175</u> | <u>\$ 2,942,175</u> |



CITY OF MOUNTAIN LAKE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

11. CHANGES IN LONG-TERM DEBT (Cont.)

|           | G.O. Tax Increment Bonds        |                   |                    | G.O. Refunding Bond            |                   |                    |
|-----------|---------------------------------|-------------------|--------------------|--------------------------------|-------------------|--------------------|
|           | <u>Business-Type Activities</u> |                   |                    | <u>Governmental Activities</u> |                   |                    |
|           | <u>Principal</u>                | <u>Interest</u>   | <u>Total</u>       | <u>Principal</u>               | <u>Interest</u>   | <u>Total</u>       |
| 2024      | \$ 45,000                       | \$ 41,118         | \$ 86,118          | \$ 105,000                     | \$ 25,600         | \$ 130,600         |
| 2025      | 50,000                          | 40,643            | 90,643             | 105,000                        | 23,500            | 128,500            |
| 2026      | 50,000                          | 40,017            | 90,017             | 110,000                        | 21,400            | 131,400            |
| 2027      | 60,000                          | 39,192            | 99,192             | 110,000                        | 19,200            | 129,200            |
| 2028      | 60,000                          | 38,292            | 98,292             | 115,000                        | 17,000            | 132,000            |
| 2029-2033 | 345,000                         | 164,689           | 509,689            | 610,000                        | 49,400            | 659,400            |
| 2034-2038 | 470,000                         | 104,614           | 574,614            | 125,000                        | 2,500             | 127,500            |
| 2039-2043 | 475,000                         | 26,578            | 501,578            | -                              | -                 | -                  |
| 2044-2048 | -                               | -                 | -                  | -                              | -                 | -                  |
| Total     | <u>\$1,555,000</u>              | <u>\$ 495,143</u> | <u>\$2,050,143</u> | <u>\$1,280,000</u>             | <u>\$ 158,600</u> | <u>\$1,438,600</u> |

|           | G.O. Refunding Bonds            |                   |                    | G.O. Revenue Bond               |                   |                     |
|-----------|---------------------------------|-------------------|--------------------|---------------------------------|-------------------|---------------------|
|           | <u>Business-Type Activities</u> |                   |                    | <u>Business-Type Activities</u> |                   |                     |
|           | <u>Principal</u>                | <u>Interest</u>   | <u>Total</u>       | <u>Principal</u>                | <u>Interest</u>   | <u>Total</u>        |
| 2024      | \$ 125,000                      | \$ 28,520         | \$ 153,520         | \$ 916,665                      | \$ 129,100        | \$ 1,045,765        |
| 2025      | 125,000                         | 25,840            | 150,840            | 928,665                         | 118,134           | 1,046,799           |
| 2026      | 130,000                         | 23,100            | 153,100            | 941,665                         | 106,996           | 1,048,661           |
| 2027      | 135,000                         | 20,125            | 155,125            | 953,665                         | 95,680            | 1,049,345           |
| 2028      | 140,000                         | 17,075            | 157,075            | 960,665                         | 84,194            | 1,044,859           |
| 2029-2033 | 585,000                         | 45,925            | 630,925            | 4,157,763                       | 248,348           | 4,406,111           |
| 2034-2038 | 120,000                         | 2,400             | 122,400            | 2,065,937                       | 83,610            | 2,149,547           |
| 2039-2043 | -                               | -                 | -                  | 425,000                         | 4,250             | 429,250             |
| 2044-2048 | -                               | -                 | -                  | -                               | -                 | -                   |
| Total     | <u>\$1,360,000</u>              | <u>\$ 162,985</u> | <u>\$1,522,985</u> | <u>\$11,350,025</u>             | <u>\$ 870,312</u> | <u>\$12,220,337</u> |

|           | Revenue Bonds                   |                   |                    | Mortgage Note                  |                  |                   |
|-----------|---------------------------------|-------------------|--------------------|--------------------------------|------------------|-------------------|
|           | <u>Business-Type Activities</u> |                   |                    | <u>Governmental Activities</u> |                  |                   |
|           | <u>Principal</u>                | <u>Interest</u>   | <u>Total</u>       | <u>Principal</u>               | <u>Interest</u>  | <u>Total</u>      |
| 2024      | \$ 192,423                      | \$ 118,307        | \$ 310,730         | \$ 24,546                      | \$ 4,213         | \$ 28,759         |
| 2025      | 237,764                         | 112,858           | 350,622            | 13,480                         | 3,261            | 16,741            |
| 2026      | 243,120                         | 105,661           | 348,781            | 13,931                         | 2,810            | 16,741            |
| 2027      | 238,493                         | 98,246            | 336,739            | 14,374                         | 2,344            | 16,718            |
| 2028      | 238,884                         | 90,672            | 329,556            | 8,801                          | 1,861            | 10,662            |
| 2029-2033 | 1,275,929                       | 320,139           | 1,596,068          | 48,429                         | 4,881            | 53,310            |
| 2034-2038 | 843,752                         | 76,881            | 920,633            | -                              | -                | -                 |
| 2039-2043 | 27,204                          | 1,186             | 28,390             | -                              | 1,203            | 1,203             |
| 2044-2048 | -                               | -                 | -                  | -                              | -                | -                 |
| Total     | <u>\$3,297,569</u>              | <u>\$ 923,950</u> | <u>\$4,221,519</u> | <u>\$ 123,561</u>              | <u>\$ 20,573</u> | <u>\$ 144,134</u> |

CITY OF MOUNTAIN LAKE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

12. DEFINED BENEFIT PENSION PLANS – STATEWIDE

A. Plan Description

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

**1. General Employees Retirement Plan (General Employees Plan (accounted for in the General Employees Fund))**

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

**2. Public Employees Police and Fire Plan (Police and Fire Fund (accounted for in the Police and Fire Fund))**

The Police and Fire Plan, originally established for police officers and firefighters not covered by a local relief association, now covers all police officers and firefighters hired since 1980. Effective July 1, 1999, the Police and Fire Plan also covers police officers and firefighters belonging to a local relief associations that elected to merge with and transfer assets and administration to PERA.

B. Benefits Provided

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

**1. General Employees Plan Benefits**

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

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

CITY OF MOUNTAIN LAKE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

12. DEFINED BENEFIT PENSION PLANS – STATEWIDE (Cont.)

B. Benefits Provided (Cont.)

**2. Police and Fire Plan Benefits**

Benefits for Police and Fire Plan members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50 percent after five years up to 100 percent after ten years of credited service. Benefits for Police and Fire Plan members first hired after June 30, 2014, vest on a prorated basis from 50 percent after ten years up to 100 percent after twenty years of credited service. The annuity accrual rate is 3 percent of average salary for each year of service. For Police and Fire Plan members who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

Benefit increases are provided to benefit recipients each January. The postretirement increase will be fixed at 1 percent. Recipients that have been receiving the annuity or benefit for at least 36 months 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 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

C. Contributions

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

**1. General Employees Fund Contributions**

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2023 and the City of Mountain Lake, Minnesota was required to contribute 7.50% for Coordinated Plan members. The City of Mountain Lake, Minnesota contributions to the General Employees Fund for the year ended December 31, 2023, were \$65,532. The City of Mountain Lake, Minnesota contributions were equal to the required contributions as set by state statute.

**2. Police and Fire Fund Contributions**

Police and Fire member's were required to contribute 11.80% of their annual covered salary in fiscal year 2023 and the City of Mountain Lake, Minnesota was required to contribute 17.70% for Police and Fire Plan members. The City of Mountain Lake, Minnesota contributions to the Police and Fire Fund for the year ended December 31, 2023, were \$51,209. The City of Mountain Lake, Minnesota contributions were equal to the required contributions as set by state statute.

D. Pension Costs

**1. General Employees Fund Pension Costs**

At December 31, 2023, the City of Mountain Lake, Minnesota reported a liability of \$592,740 for its proportionate share of the General Employees Fund's net pension liability. The City of Mountain Lake, Minnesota's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City of Mountain Lake, Minnesota totaled \$16,352.

CITY OF MOUNTAIN LAKE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

12. DEFINED BENEFIT PENSION PLANS – STATEWIDE (Cont.)

D. Pension Costs (Cont.)

The net pension liability was measured as of June 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City of Mountain Lake, Minnesota proportion share of the net pension liability was based on the City of Mountain Lake, Minnesota contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2022 through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. The City of Mountain Lake, Minnesota proportionate share was 0.0106% at the end of the measurement period and 0.0110% for the beginning of the period.

|   |                   |
|---|-------------------|
| City of Mountain Lake proportionate share of the net pension liability  | \$ 592,740        |
| State of Minnesota's proportionate share of the net pension liability associated with the City of Mountain Lake | <u>16,352</u>     |
| Total   | <u>\$ 609,092</u> |

For the year ended December 31, 2023, the City of Mountain Lake, Minnesota recognized pension expense of \$4,729 for its proportionate share of the General Employees Plan's pension expense. In addition, the City of Mountain Lake, Minnesota recognized an additional \$41 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

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

|  | <u>Deferred<br/>Outflows of<br/>Resources</u> | <u>Deferred<br/>Inflows of<br/>Resources</u> |
|--|---|--|
| Differences between expected and actual economic experience                | \$ 19,642                                     | \$ 4,391                                     |
| Changes in actuarial assumptions   | 103,054                                       | 162,465                                      |
| Net collective difference between projected and actual investment earnings | -   | 29,277                                       |
| Changes in proportion  | 7,493   | 32,301                                       |
| Contributions paid to PERA subsequent to the measurement date              | <u>33,218</u>                                 | <u>-</u>                                     |
| Total  | <u>\$ 163,407</u>                             | <u>\$ 228,434</u>                            |

The \$33,218 reported as deferred outflows of resources related to pensions resulting from City of Mountain Lake, Minnesota contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year Ended December 31:</u> | <u>Pension Expense Amount</u> |
|--------------------------------|-------------------------------|
| 2024                           | \$ 11,901                     |
| 2025                           | \$ (106,073)                  |
| 2026                           | \$ 8,784                      |
| 2027                           | \$ (12,857)                   |
| 2028                           | \$ -                          |
| Thereafter                     | \$ -                          |

CITY OF MOUNTAIN LAKE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

12. DEFINED BENEFIT PENSION PLANS – STATEWIDE (Cont.)  
D. Pension Costs (Cont.)

**2. Police and Fire Fund Pension Costs**

At December 31, 2023, the City of Mountain Lake, Minnesota reported a liability of \$345,374 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City of Mountain Lake, Minnesota proportion of the net pension liability was based on the City of Mountain Lake, Minnesota contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2022 through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. The City of Mountain Lake, Minnesota proportionate share was 0.0200% at the end of the measurement period and 0.0216% for the beginning of the period.

The State of Minnesota also contributed \$18 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2023. The contribution consisted of \$9 million in direct state aid that does meet the definition of a special funding situation and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. The \$9 million direct state was paid on October 1, 2022. Thereafter, by October 1 of each year, the state will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90 percent funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later. The State of Minnesota's proportionate share of the net pension liability associated with the City of Mountain Lake, Minnesota totaled .

|   |                   |
|---|-------------------|
| City of Mountain Lake proportionate share of the net pension liability  | \$ 345,374        |
| State of Minnesota's proportionate share of the net pension liability associated with the City of Mountain Lake | <u>13,908</u>     |
| Total   | <u>\$ 359,282</u> |

The State of Minnesota is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$9 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the State of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended June 30, 2023, the City of Mountain Lake, Minnesota recognized pension expense of \$(20,658) for its proportionate share of the Police and Fire Fund's pension expense. The City of Mountain Lake, Minnesota recognized \$(838) as grant revenue and pension expense for its proportionate share of the State of Minnesota's pension expense for the contribution of \$9 million to the Police and Fire Fund.

The State of Minnesota is not included as a non-employer contribution entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in supplemental state aid. The City of Mountain Lake, Minnesota recognized \$1,800 for the year ended December 31, 2023 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 Police and Fire Fund.

CITY OF MOUNTAIN LAKE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

12. DEFINED BENEFIT PENSION PLANS – STATEWIDE (Cont.)

D. Pension Costs (Cont.)

At December 31, 2023, the City of Mountain Lake, Minnesota reported its proportionate share of the Police and Fire Fund's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | <u>Deferred<br/>Outflows of<br/>Resources</u> | <u>Deferred<br/>Inflows of<br/>Resources</u> |
|--|---|--|
| Differences between expected and actual economic experience                | \$ 92,558                                     | \$ -   |
| Changes in actuarial assumptions   | 21,996  | 485,473                                      |
| Net collective difference between projected and actual investment earnings | -   | 3,968  |
| Changes in proportion  | 374,315                                       | 69,390                                       |
| Contributions paid to PERA subsequent to the measurement date              | <u>27,960</u>                                 | <u>-</u>                                     |
| Total  | <u>\$ 516,829</u>                             | <u>\$ 558,831</u>                            |

The \$27,960 reported as deferred outflows of resources related to pensions resulting from City of Mountain Lake, Minnesota contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year Ended December 31:</u> | <u>Pension Expense Amount</u> |
|--------------------------------|-------------------------------|
| 2024                           | \$ 68,795                     |
| 2025                           | \$ 56,761                     |
| 2026                           | \$ 8,865                      |
| 2027                           | \$ (107,091)                  |
| 2028                           | \$ (97,292)                   |
| Thereafter                     | \$ -                          |

E. Long-Term Expected Return on Investment

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

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

CITY OF MOUNTAIN LAKE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

12. DEFINED BENEFIT PENSION PLANS – STATEWIDE (Cont.)

F. Actuarial Assumptions

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

Inflation is assumed to be 2.25% for the General Employee Plan, Police and Fire Plan and the Correctional Plan. Benefit increases after retirement are assumed to be 1.25% for the General Employees Plan, 1% for the Police and Fire Plan, and 2% for the Correctional Plan.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25% after one year of service to 3.0% after 27 years of service. In the police and Fire Plan, salary growth assumptions range from 11.75% after one year of service to 3.0% after 24 years of service. In the Correctional Plan, salary growth assumptions range from 11.0% at age 20 to 3.0% at age 60.

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. Mortality rates for the Police and Fire Plan and the Correctional Plans are based on the Pub-2010 Public Safety Employee Mortality tables. The tables are adjusted slightly to fit PERA's experience.

Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study for the General Employees Plan was completed in 2022. The assumption changes were adopted by the Board and became effective with the July 1, 2023 actuarial valuation. The most recent four-year experience study for the Police and Fire and the Correctional Plan were completed in 2020 were adopted by the Board and became effective with the July 1, 2021 actuarial valuation.

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

**General Employees Fund**

Changes in Actuarial Assumptions:

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

Changed 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 retirements on or after January 1, 2024, was eliminated.

CITY OF MOUNTAIN LAKE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

12. DEFINED BENEFIT PENSION PLANS – STATEWIDE (Cont.)

F. Actuarial Assumptions (Cont.)

- A one-time, non-compounding benefit increase of 2.5% minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

**Police and Fire Fund**

Changes in Actuarial Assumptions:

- The investment return assumption was changed from 6.5% to 7.0%.
- The single discount rate changed from 5.4% to 7.0%.

Changes in Plan Provisions:

- Additional one-time direct state aid contribution of \$19.4 will be contributed to the Plan on October 1, 2023.
- Vesting requirement for new hires after June 30, 2014, was changed from a graded 20-year vesting schedule to a graded 10-year vesting schedule, with 50% vesting after five years, increasing incrementally to 100% after 10 years.
- A one-time, non-compounding benefit increase of 3.0% will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- Psychological treatment is required effective July 1, 2023, prior to approval for a duty disability benefit for a psychological relating to the member's occupation.
- The total and permanent duty disability benefit was increased, effective July 1, 2023.

G. Discount Rate

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



CITY OF MOUNTAIN LAKE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

12. DEFINED BENEFIT PENSION PLANS – STATEWIDE (Cont.)

H. Pension Liability Sensitivity

The following presents the City of Mountain Lake, Minnesota 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 of Mountain Lake, Minnesota proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

|                         | 1% Decrease<br>in Discount<br>Rate (6.0%) | Discount<br>Rate (7.0%) | 1% Increase<br>in Discount<br>Rate (8.0%) |
|-------------------------|---|-------------------------|---|
| General Employees Fund: | \$ 583,657                                | \$ 329,921              | \$ 121,214                                |
|                         | 1% Decrease<br>in Discount<br>Rate (5.5%) | Discount<br>Rate (6.5%) | 1% Increase<br>in Discount<br>Rate (7.5%) |
| Police and Fire Fund    | \$ 685,263                                | \$ 345,374              | \$ 65,940                                 |

I. Pension Plan Fiduciary Net Position

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

13. OTHER POST EMPLOYMENT BENEFITS

Any contingent liability for other post employment benefits is considered immaterial and not recognized in the financial statements.

14. RELATED PARTY TRANSACTIONS

There were no material related party transactions during the year 2023.

15. COMMITMENTS AND CONTINGENCIES

A. Risk Management

The city is exposed to various risk of loss related to torts, thefts of, damage to or destruction of assets, business interruption, errors and omissions, employee injuries and illness, and natural disasters for which the City carries insurance. The City obtains insurance through participation in the League of Minnesota Cities Insurance Trust (LMCIT) which is a risk sharing pool with approximately 800 other governmental units. The City pays an annual premium to LMCIT for its workers compensation and property and casualty insurance. The LMCIT is self sustaining through member premiums and will reinsure for claims above a prescribed dollar amount for each insurance event. Settled claims have not exceeded the City's coverage in any of the past three fiscal years.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities, if any, include an amount for claims that have been incurred but not reported (IBNRs). The City's management is not aware of any incurred but not reported claims.

CITY OF MOUNTAIN LAKE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

15. COMMITMENTS AND CONTINGENCIES (Cont.)

B. Claims and Judgments

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

C. Commitments

CapX Initiative - CMMPA entered into a Transmissions Project Memorandum of Understanding dated August 24, 2006, along with five other energy companies to construct power transmission lines in Minnesota, the largest portion of which consists of 220 miles of new power transmission lines between Brookings, South Dakota and the Twin Cities. The CapX Initiative is one of several transmission projects arising from the CapX 2020 Initiative, the purpose of which is to enhance the reliability of electrical power transmission for customers in Minnesota and the surrounding region.

The City is one of ten agency participants in the CapX Initiative. The City's participant election share is \$1,075,571 for participant election of 2.17 percent.

Land Lease and Easement Contract - On May 19, 2006, the City entered into a land lease and wind easement contract with a local citizen. The term of the lease is 20 years with rents being paid equal to \$4,000 per year for a wind turbine constructed on the premises.

16. SUBSEQUENT EVENTS

Management evaluated all activity of City of Mountain Lake through June 20, 2024 (the issue date of the Financial Statements) and concluded that no subsequent events have occurred that would require recognition in the Financial Statements or disclosure in the Notes to the Financial Statements.

REQUIRED SUPPLEMENTAL INFORMATION

CITY OF MOUNTAIN LAKE, MINNESOTA  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)  
 GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2023  
 With Comparative Amounts for the year ended December 31, 2022

|   |                            | <u>2023</u>             |                  | <u>2022</u>                           |                  |
|---|----------------------------|-------------------------|------------------|---------------------------------------|------------------|
|   | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>    | <u>Variance with<br/>Final Budget</u> | <u>Actual</u>    |
| REVENUES:                                     |                            |                         |                  |                                       |                  |
| TAXES:  |                            |                         |                  |                                       |                  |
| General Property Taxes                        | \$ 561,962                 | \$ 561,962              | \$ 627,013       | \$ 65,051                             | \$ 595,487       |
| Special Assessments                           | -                          | -                       | -                | -                                     | 10,884           |
| Total Taxes                                   | <u>561,962</u>             | <u>561,962</u>          | <u>627,013</u>   | <u>65,051</u>                         | <u>606,371</u>   |
| LICENSES AND PERMITS:                         |                            |                         |                  |                                       |                  |
| Business                                      | 1,105                      | 1,105                   | 1,605            | 500                                   | 1,105            |
| Nonbusiness                                   | <u>7,750</u>               | <u>7,750</u>            | <u>8,528</u>     | <u>778</u>                            | <u>9,615</u>     |
| Total Licenses and Permits                    | <u>8,855</u>               | <u>8,855</u>            | <u>10,133</u>    | <u>1,278</u>                          | <u>10,720</u>    |
| INTERGOVERNMENTAL REVENUE:                    |                            |                         |                  |                                       |                  |
| Other Federal Grants                          | -                          | -                       | -                | -                                     | 11,304           |
| Local Government Aid                          | 856,334                    | 856,334                 | 856,334          | -                                     | 850,077          |
| Market Value Credit                           | -                          | -                       | 216              | 216                                   | 224              |
| State Police Aid                              | 36,000                     | 36,000                  | 41,743           | 5,743                                 | 40,066           |
| Other State Grants                            | 3,750                      | 3,750                   | 94,916           | 91,166                                | 5,840            |
| County and Township Revenue                   | <u>9,000</u>               | <u>9,000</u>            | <u>6,117</u>     | <u>(2,883)</u>                        | <u>18,680</u>    |
| Total Intergovernmental Revenue               | <u>905,084</u>             | <u>905,084</u>          | <u>999,326</u>   | <u>94,242</u>                         | <u>926,191</u>   |
| CHARGES FOR SERVICES:                         |                            |                         |                  |                                       |                  |
| General Government                            | 500                        | 500                     | 60               | (440)                                 | 20               |
| Public Works                                  | 13,000                     | 13,000                  | 19,261           | 6,261                                 | 26,804           |
| Culture and Recreation                        | 20,000                     | 20,000                  | 29,643           | 9,643                                 | 32,551           |
| Miscellaneous                                 | <u>27,000</u>              | <u>27,000</u>           | <u>25,900</u>    | <u>(1,100)</u>                        | <u>28,500</u>    |
| Total Charges for Services                    | <u>60,500</u>              | <u>60,500</u>           | <u>74,864</u>    | <u>14,364</u>                         | <u>87,875</u>    |
| FINES AND FORFEITS                            | <u>5,700</u>               | <u>5,700</u>            | <u>8,515</u>     | <u>2,815</u>                          | <u>10,654</u>    |
| INTEREST INCOME                               | <u>1,200</u>               | <u>1,200</u>            | <u>43,039</u>    | <u>41,839</u>                         | <u>6,037</u>     |
| MISCELLANEOUS:                                |                            |                         |                  |                                       |                  |
| Loan Repayments                               | -                          | -                       | 500              | 500                                   | -                |
| Sale of Property                              | -                          | -                       | 9,741            | 9,741                                 | 2,250            |
| Miscellaneous Income                          | <u>3,500</u>               | <u>3,500</u>            | <u>17,991</u>    | <u>14,491</u>                         | <u>5,204</u>     |
| Total Miscellaneous                           | <u>3,500</u>               | <u>3,500</u>            | <u>28,232</u>    | <u>24,732</u>                         | <u>7,454</u>     |
| TOTAL REVENUES                                | <u>1,546,801</u>           | <u>1,546,801</u>        | <u>1,791,122</u> | <u>244,321</u>                        | <u>1,655,302</u> |
| OTHER FINANCING SOURCES                       |                            |                         |                  |                                       |                  |
| Transfer In                                   | <u>120,000</u>             | <u>120,000</u>          | <u>120,000</u>   | <u>-</u>                              | <u>120,000</u>   |
| TOTAL REVENUES AND OTHER<br>FINANCING SOURCES | <u>1,666,801</u>           | <u>1,666,801</u>        | <u>1,911,122</u> | <u>244,321</u>                        | <u>1,775,302</u> |
| EXPENDITURES:                                 |                            |                         |                  |                                       |                  |
| GENERAL GOVERNMENT:                           |                            |                         |                  |                                       |                  |
| Mayor and Council:                            |                            |                         |                  |                                       |                  |
| Personnel Services                            | 15,230                     | 15,230                  | 15,301           | (71)                                  | 14,943           |
| Other Current Expenditures                    | <u>1,620</u>               | <u>1,620</u>            | <u>842</u>       | <u>778</u>                            | <u>2,784</u>     |
| Total Mayor and Council                       | <u>16,850</u>              | <u>16,850</u>           | <u>16,143</u>    | <u>707</u>                            | <u>17,727</u>    |

CITY OF MOUNTAIN LAKE, MINNESOTA  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BLANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)  
 GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2023  
 With Comparative Amounts for the year ended December 31, 2022

|                                    | <u>2023</u>                |                         |                | Variance<br>with Final<br>Budget | <u>2022</u>    |
|------------------------------------|----------------------------|-------------------------|----------------|----------------------------------|----------------|
|                                    | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>  |                                  | <u>Actual</u>  |
| <b>EXPENDITURES (Cont.):</b>       |                            |                         |                |                                  |                |
| <b>GENERAL GOVERNMENT (Cont.):</b> |                            |                         |                |                                  |                |
| Election:                          |                            |                         |                |                                  |                |
| Personnel Services                 | \$ -                       | \$ -                    | \$ -           | \$ -                             | \$ 3,503       |
| Other Current Expenditures         | -                          | -                       | -              | -                                | 512            |
| Total Election                     | <u>-</u>                   | <u>-</u>                | <u>-</u>       | <u>-</u>                         | <u>4,015</u>   |
| Administrative and Finance:        |                            |                         |                |                                  |                |
| Personnel Services                 | 224,594                    | 224,594                 | 207,217        | 17,377                           | 176,502        |
| Supplies                           | 8,000                      | 8,000                   | 10,526         | (2,526)                          | 10,785         |
| Other Current Expenditures         | 55,026                     | 55,026                  | 52,516         | 2,510                            | 43,637         |
| Capital Outlay                     | <u>2,500</u>               | <u>2,500</u>            | <u>7,107</u>   | <u>(4,607)</u>                   | <u>3,213</u>   |
| Total Administrative and Finance   | <u>290,120</u>             | <u>290,120</u>          | <u>277,366</u> | <u>12,754</u>                    | <u>234,137</u> |
| Community Center:                  |                            |                         |                |                                  |                |
| Personnel Services                 | 1,375                      | 1,375                   | 2,758          | (1,383)                          | 1,239          |
| Supplies                           | 1,250                      | 1,250                   | 310            | 940                              | 151            |
| Other Current Expenditures         | 10,870                     | 10,870                  | 14,606         | (3,736)                          | 11,812         |
| Capital Outlay                     | <u>3,000</u>               | <u>3,000</u>            | <u>-</u>       | <u>3,000</u>                     | <u>-</u>       |
| Total Community Center             | <u>16,495</u>              | <u>16,495</u>           | <u>17,674</u>  | <u>(1,179)</u>                   | <u>13,202</u>  |
| Planning and Zoning:               |                            |                         |                |                                  |                |
| Personnel Services                 | 500                        | 500                     | 50             | 450                              | 50             |
| Other Current Expenditures         | <u>6,690</u>               | <u>6,690</u>            | <u>6,571</u>   | <u>119</u>                       | <u>3,071</u>   |
| Total Planning and Zoning          | <u>7,190</u>               | <u>7,190</u>            | <u>6,621</u>   | <u>569</u>                       | <u>3,121</u>   |
| Independent Auditing:              |                            |                         |                |                                  |                |
| Current Expenditures               | <u>8,600</u>               | <u>8,600</u>            | <u>7,405</u>   | <u>1,195</u>                     | <u>8,728</u>   |
| Legal:                             |                            |                         |                |                                  |                |
| Current Expenditures               | <u>11,000</u>              | <u>11,000</u>           | <u>5,419</u>   | <u>5,581</u>                     | <u>4,423</u>   |
| Total Legal                        | <u>11,000</u>              | <u>11,000</u>           | <u>5,419</u>   | <u>5,581</u>                     | <u>4,423</u>   |
| Total General Government           | <u>350,255</u>             | <u>350,255</u>          | <u>330,628</u> | <u>19,627</u>                    | <u>285,353</u> |
| <b>PUBLIC SAFETY:</b>              |                            |                         |                |                                  |                |
| Police Protection:                 |                            |                         |                |                                  |                |
| Personnel Services                 | 439,726                    | 439,726                 | 427,409        | 12,317                           | 392,251        |
| Supplies                           | 13,600                     | 13,600                  | 14,036         | (436)                            | 12,932         |
| Other Current Expenditures         | 37,565                     | 37,565                  | 32,625         | 4,940                            | 44,714         |
| Capital Outlay                     | <u>-</u>                   | <u>-</u>                | <u>-</u>       | <u>-</u>                         | <u>2,388</u>   |
| Total Police Protection            | <u>490,891</u>             | <u>490,891</u>          | <u>474,070</u> | <u>16,821</u>                    | <u>452,285</u> |
| Civil Defense:                     |                            |                         |                |                                  |                |
| Current Expenditures               | <u>1,300</u>               | <u>1,300</u>            | <u>1,197</u>   | <u>103</u>                       | <u>347</u>     |
| Total Civil Defense                | <u>1,300</u>               | <u>1,300</u>            | <u>1,197</u>   | <u>103</u>                       | <u>347</u>     |
| Total Public Safety                | <u>492,191</u>             | <u>492,191</u>          | <u>475,267</u> | <u>16,924</u>                    | <u>452,632</u> |

CITY OF MOUNTAIN LAKE, MINNESOTA  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BLANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)  
 GENERAL FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2023  
 With Comparative Amounts for the year ended December 31, 2022

|                                     | <u>2023</u>                |                         |                | Variance<br>with Final<br>Budget | <u>2022</u>    |
|-------------------------------------|----------------------------|-------------------------|----------------|----------------------------------|----------------|
|                                     | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>  |                                  | <u>Actual</u>  |
| <b>EXPENDITURES (Cont.):</b>        |                            |                         |                |                                  |                |
| <b>PUBLIC WORKS:</b>                |                            |                         |                |                                  |                |
| Streets and Alleys:                 |                            |                         |                |                                  |                |
| Personnel Services                  | \$ 182,145                 | \$ 182,145              | \$ 173,288     | \$ 8,857                         | \$ 159,700     |
| Supplies                            | 50,750                     | 50,750                  | 76,194         | (25,444)                         | 48,470         |
| Other Current Expenditures          | 100,645                    | 100,645                 | 92,859         | 7,786                            | 115,704        |
| Capital Outlay                      | 40,250                     | 40,250                  | 71,609         | (31,359)                         | 52,250         |
| Total Streets and Alleys            | <u>373,790</u>             | <u>373,790</u>          | <u>413,950</u> | <u>(40,160)</u>                  | <u>376,124</u> |
| Street Lighting:                    |                            |                         |                |                                  |                |
| Supplies                            | -                          | -                       | (3,096)        | 3,096                            | 7,684          |
| Other Current Expenditures          | 44,000                     | 44,000                  | 57,062         | (13,062)                         | 40,671         |
| Total Street Lighting               | <u>44,000</u>              | <u>44,000</u>           | <u>53,966</u>  | <u>(9,966)</u>                   | <u>48,355</u>  |
| Storm Sewer:                        |                            |                         |                |                                  |                |
| Supplies                            | 8,500                      | 8,500                   | 972            | 7,528                            | 1,375          |
| Other Current Expenditures          | 35,061                     | 35,061                  | 33,068         | 1,993                            | 20,910         |
| Total Storm Sewer                   | <u>43,561</u>              | <u>43,561</u>           | <u>34,040</u>  | <u>9,521</u>                     | <u>22,285</u>  |
| Total Public Works                  | <u>461,351</u>             | <u>461,351</u>          | <u>501,956</u> | <u>(40,605)</u>                  | <u>446,764</u> |
| <b>CULTURE AND RECREATION:</b>      |                            |                         |                |                                  |                |
| Parks and Recreation:               |                            |                         |                |                                  |                |
| Personnel Services                  | 71,035                     | 71,035                  | 63,824         | 7,211                            | 52,149         |
| Supplies                            | 5,000                      | 5,000                   | 3,556          | 1,444                            | 4,214          |
| Other Current Expenditures          | 38,402                     | 38,402                  | 43,194         | (4,792)                          | 39,478         |
| Capital Outlay                      | -                          | -                       | -              | -                                | 3,690          |
| Total Parks and Recreation          | <u>114,437</u>             | <u>114,437</u>          | <u>110,574</u> | <u>3,863</u>                     | <u>99,531</u>  |
| Campgrounds:                        |                            |                         |                |                                  |                |
| Personnel Services                  | 3,410                      | 3,410                   | -              | 3,410                            | -              |
| Supplies                            | -                          | -                       | 346            | (346)                            | -              |
| Other Current Expenditures          | 8,573                      | 8,573                   | 15,700         | (7,127)                          | 12,491         |
| Total Campgrounds                   | <u>11,983</u>              | <u>11,983</u>           | <u>16,046</u>  | <u>(4,063)</u>                   | <u>12,491</u>  |
| Total Culture and Recreation        | <u>126,420</u>             | <u>126,420</u>          | <u>126,620</u> | <u>(200)</u>                     | <u>112,022</u> |
| <b>SANITATION:</b>                  |                            |                         |                |                                  |                |
| Waste Collection and Disposal:      |                            |                         |                |                                  |                |
| Current Expenditures                | 10,000                     | 10,000                  | 9,565          | 435                              | 10,141         |
| Total Waste Collection and Disposal | <u>10,000</u>              | <u>10,000</u>           | <u>9,565</u>   | <u>435</u>                       | <u>10,141</u>  |
| Total Sanitation                    | <u>10,000</u>              | <u>10,000</u>           | <u>9,565</u>   | <u>435</u>                       | <u>10,141</u>  |
| <b>ECONOMIC DEVELOPMENT:</b>        |                            |                         |                |                                  |                |
| Current Expenditures                | 1,250                      | 1,250                   | 1,250          | -                                | 6,500          |

CITY OF MOUNTAIN LAKE, MINNESOTA  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BLANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)  
 GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2023  
 With Comparative Amounts for the year ended December 31, 2022

|   | <u>2023</u>        |                 |              | Variance<br>with Final<br>Budget | <u>2022</u>  |
|---|--------------------|-----------------|--------------|----------------------------------|--------------|
|   | Original<br>Budget | Final<br>Budget | Actual       |                                  | Actual       |
| EXPENDITURES (Cont.):   |                    |                 |              |                                  |              |
| MISCELLANEOUS:  |                    |                 |              |                                  |              |
| Cemetery  |                    |                 |              |                                  |              |
| Personnel Services  | \$ 59,833          | \$ 59,833       | \$ 52,372    | \$ 7,461                         | \$ 42,232    |
| Other Current Expenditures  | 10,029             | 10,029          | 14,592       | (4,563)                          | 12,518       |
| Capital Outlay  | 3,000              | 3,000           | -            | 3,000                            | 41,000       |
| Insurance   | 31,175             | 31,175          | 43,041       | (11,866)                         | 35,484       |
| Current Expenditures  | 20,000             | 20,000          | 19,997       | 3                                | 2,355        |
| Total Miscellaneous   | 124,037            | 124,037         | 130,002      | (5,965)                          | 133,589      |
| TOTAL EXPENDITURES  | 1,565,504          | 1,565,504       | 1,575,288    | (9,784)                          | 1,447,001    |
| EXCESS REVENUES AND OTHER<br>FINANCING SOURCES OVER<br>EXPENDITURES                                     | 101,297            | 101,297         | 335,834      | 234,537                          | 328,301      |
| OTHER FINANCING USES:   |                    |                 |              |                                  |              |
| Transfer Out  | 101,297            | 101,297         | 589,717      | 488,420                          | 236,463      |
| EXCESS REVENUES AND OTHER<br>FINANCING SOURCES OVER<br>(UNDER) EXPENDITURES AND<br>OTHER FINANCING USES | -                  | -               | (253,883)    | (253,883)                        | 91,838       |
| FUND BALANCES - January 1   | 2,347,050          | 2,347,050       | 2,347,050    | -                                | 2,255,212    |
| FUND BALANCES - December 31   | \$ 2,347,050       | \$ 2,347,050    | \$ 2,093,167 | \$ (253,883)                     | \$ 2,347,050 |

CITY OF MOUNTAIN LAKE, MINNESOTA  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)  
LIBRARY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2023  
With Comparative Amounts for the year ended December 31, 2022

|  | <u>2023</u>                |                         |                   | Variance<br>with Final<br>Budget | <u>2022</u>       |
|--|----------------------------|-------------------------|-------------------|----------------------------------|-------------------|
|  | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>     |                                  | <u>Actual</u>     |
| REVENUES                                     |                            |                         |                   |                                  |                   |
| General Property Taxes                       | \$ 141,569                 | \$ 141,569              | \$ 141,569        | \$ -                             | \$ 107,485        |
| Intergovernmental Revenue                    |                            |                         |                   |                                  |                   |
| Local Government Aid                         | 18,821                     | 18,821                  | 18,821            | -                                | 18,683            |
| County and Township Revenue                  | 30,000                     | 30,000                  | 31,044            | 1,044                            | 31,026            |
| Fines and Forfeits                           | -                          | -                       | 407               | 407                              | 501               |
| Interest Income                              | 250                        | 250                     | 4,294             | 4,044                            | 195               |
| Miscellaneous                                |                            |                         |                   |                                  |                   |
| Loan Repayments                              | -                          | -                       | 11,575            | 11,575                           | -                 |
| Miscellaneous Income                         | -                          | -                       | <u>1,577</u>      | <u>1,577</u>                     | <u>209</u>        |
| TOTAL REVENUES                               | <u>190,640</u>             | <u>190,640</u>          | <u>209,287</u>    | <u>18,647</u>                    | <u>158,099</u>    |
| EXPENDITURES                                 |                            |                         |                   |                                  |                   |
| Personnel Services                           | 141,751                    | 141,751                 | 138,586           | 3,165                            | 99,952            |
| Supplies                                     | 15,100                     | 15,100                  | 22,343            | (7,243)                          | 14,594            |
| Other Current Expenditures                   | 27,710                     | 27,710                  | 49,321            | (21,611)                         | 27,924            |
| Debt Service                                 |                            |                         |                   |                                  |                   |
| Principal Payments                           | 5,119                      | 5,119                   | 5,119             | -                                | 4,946             |
| Interest Payments                            | 960                        | 960                     | 960               | -                                | 1,133             |
| Capital Outlay                               | -                          | -                       | <u>13,136</u>     | <u>(13,136)</u>                  | <u>-</u>          |
| TOTAL EXPENDITURES                           | <u>190,640</u>             | <u>190,640</u>          | <u>229,465</u>    | <u>(38,825)</u>                  | <u>148,549</u>    |
| EXCESS REVENUES OVER (UNDER)<br>EXPENDITURES | <u>-</u>                   | <u>-</u>                | <u>(20,178)</u>   | <u>(20,178)</u>                  | <u>9,550</u>      |
| FUND BALANCES - January 1                    | <u>159,794</u>             | <u>159,794</u>          | <u>159,794</u>    | <u>-</u>                         | <u>150,244</u>    |
| FUND BALANCES - December 31                  | <u>\$ 159,794</u>          | <u>\$ 159,794</u>       | <u>\$ 139,616</u> | <u>\$ (20,178)</u>               | <u>\$ 159,794</u> |



CITY OF MOUNTAIN LAKE, MINNESOTA  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)  
 FIRE FUND

FOR THE YEAR ENDED DECEMBER 31, 2023  
 With Comparative Amounts for the year ended December 31, 2022

|  | <u>2023</u>           |                       |                       | Variance<br>with Final<br>Budget | <u>2022</u><br>Actual |
|--|-----------------------|-----------------------|-----------------------|----------------------------------|-----------------------|
|  | Original<br>Budget    | Final<br>Budget       | Actual                |                                  |                       |
| REVENUES:  |                       |                       |                       |                                  |                       |
| General Property Taxes   | \$ 42,504             | \$ 42,504             | \$ 42,504             | \$ -                             | \$ 47,543             |
| Intergovernmental Revenue  |                       |                       |                       |                                  |                       |
| Local Government Aid   | 37,641                | 37,641                | 37,641                | -                                | 37,366                |
| State Fire Aid   | 26,000                | 26,000                | 31,658                | 5,658                            | 30,108                |
| Other State Grants   | -                     | -                     | 1,600                 | 1,600                            | 5,410                 |
| County and Township Revenue  | 44,625                | 44,625                | 44,625                | -                                | 43,020                |
| Charges for Services   | 12,000                | 12,000                | 13,086                | 1,086                            | 11,515                |
| Interest Income  | 500                   | 500                   | 14,309                | 13,809                           | 633                   |
| Miscellaneous  | <u>250</u>            | <u>250</u>            | <u>40,335</u>         | <u>40,085</u>                    | <u>25,250</u>         |
| <br>TOTAL REVENUES   | <br><u>163,520</u>    | <br><u>163,520</u>    | <br><u>225,758</u>    | <br><u>62,238</u>                | <br><u>200,845</u>    |
| <br>EXPENDITURES:  |                       |                       |                       |                                  |                       |
| Personnel Services   | 54,696                | 54,696                | 52,381                | 2,315                            | 53,527                |
| Supplies   | 3,500                 | 3,500                 | 2,619                 | 881                              | 2,620                 |
| Other Current Expenditures   | 42,210                | 42,210                | 34,505                | 7,705                            | 31,734                |
| Debt Service   |                       |                       |                       |                                  |                       |
| Principal Payments   | 18,512                | 18,512                | 18,550                | (38)                             | 17,805                |
| Interest Payments  | 4,167                 | 4,167                 | 4,129                 | 38                               | 4,874                 |
| Capital Outlay   | <u>40,435</u>         | <u>40,435</u>         | <u>-</u>              | <u>40,435</u>                    | <u>18,265</u>         |
| <br>TOTAL EXPENDITURES   | <br><u>163,520</u>    | <br><u>163,520</u>    | <br><u>112,184</u>    | <br><u>51,336</u>                | <br><u>128,825</u>    |
| <br>EXCESS REVENUES OVER<br>EXPENDITURES                             | <br><u>-</u>          | <br><u>-</u>          | <br><u>113,574</u>    | <br><u>113,574</u>               | <br><u>72,020</u>     |
| <br>OTHER FINANCING USES:  |                       |                       |                       |                                  |                       |
| Transfer to Special Revenue Funds                                    | <u>-</u>              | <u>-</u>              | <u>(65,000)</u>       | <u>65,000</u>                    | <u>-</u>              |
| <br>EXCESS REVENUES OVER<br>EXPENDITURES AND OTHER<br>FINANCING USES | <br><u>-</u>          | <br><u>-</u>          | <br><u>48,574</u>     | <br><u>48,574</u>                | <br><u>72,020</u>     |
| <br>FUND BALANCE - January 1   | <br><u>491,242</u>    | <br><u>491,242</u>    | <br><u>491,242</u>    | <br><u>-</u>                     | <br><u>419,222</u>    |
| <br>FUND BALANCE - December 31                                       | <br><u>\$ 491,242</u> | <br><u>\$ 491,242</u> | <br><u>\$ 539,816</u> | <br><u>\$ 48,574</u>             | <br><u>\$ 491,242</u> |

CITY OF MOUNTAIN LAKE, MINNESOTA  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)  
 AMBULANCE FUND

FOR THE YEAR ENDED DECEMBER 31, 2023

With Comparative Amounts for the year ended December 31, 2022

|                                      | <u>2023</u>       |                   |                   | Variance            | <u>2022</u>       |
|--------------------------------------|-------------------|-------------------|-------------------|---------------------|-------------------|
|                                      | <u>Original</u>   | <u>Final</u>      | <u>Actual</u>     | with Final          | <u>Actual</u>     |
|                                      | <u>Budget</u>     | <u>Budget</u>     |                   | <u>Budget</u>       |                   |
| REVENUES                             |                   |                   |                   |                     |                   |
| General Property Taxes               | \$ 48,790         | \$ 48,790         | \$ 48,790         | \$ -                | \$ 50,127         |
| Intergovernmental Revenue            |                   |                   |                   |                     |                   |
| Local Government Aid                 | 28,231            | 28,231            | 28,231            | -                   | 28,025            |
| Other State Grants                   | -                 | -                 | 585               | 585                 | 6,269             |
| Charges for Services                 | 132,020           | 132,020           | 166,166           | 34,146              | 147,189           |
| Interest Income                      | -                 | -                 | 4,468             | 4,468               | 547               |
| Miscellaneous                        |                   |                   |                   |                     |                   |
| Sale of Property                     | -                 | -                 | 34,018            | 34,018              | -                 |
| Miscellaneous Income                 | <u>1,000</u>      | <u>1,000</u>      | <u>32,266</u>     | <u>31,266</u>       | <u>4,136</u>      |
| TOTAL REVENUES                       | <u>210,041</u>    | <u>210,041</u>    | <u>314,524</u>    | <u>104,483</u>      | <u>236,293</u>    |
| EXPENDITURES                         |                   |                   |                   |                     |                   |
| Personnel Services                   | 146,180           | 146,180           | 164,050           | (17,870)            | 152,502           |
| Other                                | 12,000            | 12,000            | 14,837            | (2,837)             | 17,343            |
| Current Expenditures                 | 47,861            | 47,861            | 55,483            | (7,622)             | 45,443            |
| Capital Outlay                       | <u>4,000</u>      | <u>4,000</u>      | <u>289,543</u>    | <u>(285,543)</u>    | <u>30,094</u>     |
| TOTAL EXPENDITURES                   | <u>210,041</u>    | <u>210,041</u>    | <u>523,913</u>    | <u>(313,872)</u>    | <u>245,382</u>    |
| EXCESS EXPENDITURES OVER<br>REVENUES | <u>-</u>          | <u>-</u>          | <u>(209,389)</u>  | <u>(209,389)</u>    | <u>(9,089)</u>    |
| FUND BALANCE - January 1             | <u>386,781</u>    | <u>386,781</u>    | <u>386,781</u>    | <u>-</u>            | <u>395,870</u>    |
| FUND BALANCE - December 31           | <u>\$ 386,781</u> | <u>\$ 386,781</u> | <u>\$ 177,392</u> | <u>\$ (209,389)</u> | <u>\$ 386,781</u> |

CITY OF MOUNTAIN LAKE, MINNESOTA  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)  
 LAKE COMMISSION FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2023  
 With Comparative Amounts for the year ended December 31, 2022

|   | <u>2023</u>        |                  |                  | Variance<br>with Final<br>Budget | <u>2022</u>      |
|---|--------------------|------------------|------------------|----------------------------------|------------------|
|   | Original<br>Budget | Final<br>Budget  | Actual           |                                  | Actual           |
| REVENUES  |                    |                  |                  |                                  |                  |
| General Property Taxes  | \$ 6,000           | \$ 6,000         | \$ 6,000         | \$ -                             | \$ 6,000         |
| Intergovernmental Revenue   |                    |                  |                  |                                  |                  |
| Other State Grants  | 7,500              | 7,500            | 20,000           | 12,500                           | 165,375          |
| County Grants   | -                  | -                | -                | -                                | 20,000           |
| Interest Income   | 250                | 250              | 1,479            | 1,229                            | 138              |
| Miscellaneous   | <u>500</u>         | <u>500</u>       | <u>6,631</u>     | <u>6,131</u>                     | <u>8,967</u>     |
| TOTAL REVENUES  | <u>14,250</u>      | <u>14,250</u>    | <u>34,110</u>    | <u>19,860</u>                    | <u>200,480</u>   |
| OTHER FINANCING SOURCES   |                    |                  |                  |                                  |                  |
| Transfer In   | <u>-</u>           | <u>-</u>         | <u>49,392</u>    | <u>49,392</u>                    | <u>-</u>         |
| TOTAL REVENUES AND OTHER<br>FINANCING SOURCES                       | <u>14,250</u>      | <u>14,250</u>    | <u>83,502</u>    | <u>69,252</u>                    | <u>200,480</u>   |
| EXPENDITURES  |                    |                  |                  |                                  |                  |
| Personnel Services  | 4,150              | 4,150            | -                | 4,150                            | 296              |
| Supplies  | 600                | 600              | 1,074            | (474)                            | 1,199            |
| Other Current Expenditures  | 5,250              | 5,250            | 43,219           | (37,969)                         | 259,726          |
| Capital Outlay  | <u>4,250</u>       | <u>4,250</u>     | <u>78,500</u>    | <u>(74,250)</u>                  | <u>-</u>         |
| TOTAL EXPENDITURES  | <u>14,250</u>      | <u>14,250</u>    | <u>122,793</u>   | <u>(108,543)</u>                 | <u>261,221</u>   |
| EXCESS EXPENDITURES OVER<br>REVENUES AND OTHER FINANCING<br>SOURCES | <u>-</u>           | <u>-</u>         | <u>(39,291)</u>  | <u>(39,291)</u>                  | <u>(60,741)</u>  |
| FUND BALANCES - January 1   | <u>64,099</u>      | <u>64,099</u>    | <u>64,099</u>    | <u>-</u>                         | <u>124,840</u>   |
| FUND BALANCES - December 31   | <u>\$ 64,099</u>   | <u>\$ 64,099</u> | <u>\$ 24,808</u> | <u>\$ (39,291)</u>               | <u>\$ 64,099</u> |

CITY OF MOUNTAIN LAKE, MINNESOTA  
 SCHEDULE OF PROPORTIONATE SHARE OF THE  
 NET PENSION LIABILITY  
 PERA GENERAL EMPLOYEES RETIREMENT FUND  
 DECEMBER 31, 2023

| Fiscal Year Ending | Proportion (Percentage) of the Net Pension Liability (Asset) | Proportionate Share (Amount) of the Net Pension Liability (Asset) | State's Proportionate Share (Amount) of the Net Pension Liability Associated with City | Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with the City | Covered-Employee Payroll | Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
|--------------------|--|---|--|--|--------------------------|--|--|
| June 30, 2023      | 0.0106 %   | 592,740   | 16,352   | 609,092  | 863,725                  | 70.52 %  | 83.10 %  |
| June 30, 2022      | 0.0110 %   | 871,204   | 25,490   | 896,694  | 819,750                  | 109.39 %   | 76.67 %  |
| June 30, 2021      | 0.0114 %   | 486,831   | 14,933   | 501,764  | 799,240                  | 62.78 %  | 87.00 %  |
| June 30, 2020      | 0.0109 %   | 653,505   | 20,267   | 673,772  | 782,293                  | 86.13 %  | 79.10 %  |
| June 30, 2019      | 0.0097 %   | 536,291   | 16,668   | 546,791  | 685,854                  | 79.72 %  | 80.20 %  |
| June 30, 2018      | 0.0101 %   | 560,306   | 18,324   | 572,111  | 672,907                  | 85.02 %  | 79.50 %  |
| June 30, 2017      | 0.0101 %   | 644,777   | 8,153  | 649,851  | 654,307                  | 99.32 %  | 75.90 %  |
| June 30, 2016      | 0.0102 %   | 828,190   | 10,781   | 834,889  | 633,214                  | 131.85 %   | 68.90 %  |
| June 30, 2015      | 0.0105 %   | 544,290   | -  | 544,290  | 616,226                  | 88.33 %  | 78.19 %  |

The City implemented GASB Statement No. 68 for fiscal year ended December 31, 2015. Information for prior years is not available.

CITY OF MOUNTAIN LAKE, MINNESOTA  
SCHEDULE OF CONTRIBUTIONS  
PERA GENERAL EMPLOYEES RETIREMENT FUND  
DECEMBER 31, 2023

| Fiscal Year Ended | Statutorily<br>Required<br>Contribution | Contributions in<br>Relation to the<br>Statutorily<br>Required<br>Contributions | Contributions<br>Deficiency<br>(Excess) | Covered-<br>Employee<br>Payroll | Contributions as<br>a Percentage of<br>Covered-<br>Employee<br>Payroll |
|-------------------|---|---|---|---------------------------------|--|
| December 31, 2023 | \$ 65,532                               | \$ 65,532   | -                                       | \$ 873,764                      | 7.50 %   |
| December 31, 2022 | \$ 61,984                               | \$ 61,984   | -                                       | \$ 826,452                      | 7.50 %   |
| December 31, 2021 | \$ 59,093                               | \$ 59,093   | -                                       | \$ 787,901                      | 7.50 %   |
| December 31, 2020 | \$ 62,695                               | \$ 62,695   | -                                       | \$ 835,933                      | 7.50 %   |
| December 31, 2019 | \$ 56,040                               | \$ 56,040   | -                                       | \$ 747,200                      | 7.50 %   |
| December 31, 2018 | \$ 50,805                               | \$ 50,805   | -                                       | \$ 677,400                      | 7.50 %   |
| December 31, 2017 | \$ 45,466                               | \$ 45,466   | -                                       | \$ 606,213                      | 7.50 %   |
| December 31, 2016 | \$ 47,810                               | \$ 47,810   | -                                       | \$ 637,467                      | 7.50 %   |
| December 31, 2015 | \$ 47,215                               | \$ 47,215   | -                                       | \$ 629,533                      | 7.50 %   |

The City implemented GASB Statement No. 68 for fiscal year ended December 31, 2015.  
Information for prior years is not available.

CITY OF MOUNTAIN LAKE, MINNESOTA  
 SCHEDULE OF PROPORTIONATE SHARE OF THE  
 NET PENSION LIABILITY  
 PUBLIC EMPLOYEES POLICE AND FIRE RETIREMENT FUND  
 DECEMBER 31, 2023

| Fiscal Year<br>Ending | Proportion<br>(Percentage) of<br>the Net Pension<br>Liability (Asset) | Proportionate<br>Share (Amount)<br>of the Net<br>Pension Liability<br>(Asset) | Covered-<br>Employee<br>Payroll | Proportionate<br>Share of the Net<br>Pension Liability<br>(Asset) as a<br>Percentage of its<br>Covered-<br>Employee<br>Payroll | Plan Fiduciary<br>Net Position as a<br>Percentage of<br>the Total<br>Pension Liability |
|-----------------------|---|---|---------------------------------|--|--|
| June 30, 2023         | 0.0200 %  | 345,374   | 263,069                         | 131.29 %   | 86.50 %  |
| June 30, 2022         | 0.0216 %  | 939,947   | 262,485                         | 358.10 %   | 70.53 %  |
| June 30, 2021         | 0.0200 %  | 154,379   | 236,808                         | 65.19 %  | 93.70 %  |
| June 30, 2020         | 0.0180 %  | 237,259   | 207,333                         | 114.43 %   | 87.20 %  |
| June 30, 2019         | 0.0212 %  | 225,695   | 223,430                         | 101.01 %   | 89.30 %  |
| June 30, 2018         | 0.0201 %  | 214,245   | 212,358                         | 100.89 %   | 88.80 %  |
| June 30, 2017         | 0.0200 %  | 270,024   | 201,765                         | 133.83 %   | 85.40 %  |
| June 30, 2016         | 0.0180 %  | 722,371   | 175,290                         | 412.10 %   | 63.90 %  |
| June 30, 2015         | 0.0190 %  | 215,884   | 176,581                         | 122.26 %   | 78.19 %  |

The City implemented GASB Statement No. 68 for fiscal year ended December 31, 2015. Information for prior years is not available.

CITY OF MOUNTAIN LAKE, MINNESOTA  
SCHEDULE OF CONTRIBUTIONS  
PUBLIC EMPLOYEES POLICE AND FIRE RETIREMENT FUND  
DECEMBER 31, 2023

| Fiscal Year Ended | Statutorily<br>Required<br>Contribution | Contributions in<br>Relation to the<br>Statutorily<br>Required<br>Contributions | Contributions<br>Deficiency<br>(Excess) | Covered-<br>Employee<br>Payroll | Contributions as<br>a Percentage of<br>Covered-<br>Employee<br>Payroll |
|-------------------|---|---|---|---------------------------------|--|
| December 31, 2023 | \$ 51,209                               | \$ 51,209   | -                                       | \$ 289,315                      | 17.70 %  |
| December 31, 2022 | \$ 45,789                               | \$ 45,789   | -                                       | \$ 258,693                      | 17.70 %  |
| December 31, 2021 | \$ 43,687                               | \$ 43,687   | -                                       | \$ 246,819                      | 17.70 %  |
| December 31, 2020 | \$ 41,268                               | \$ 41,268   | -                                       | \$ 233,152                      | 17.70 %  |
| December 31, 2019 | \$ 34,885                               | \$ 34,885   | -                                       | \$ 205,811                      | 16.95 %  |
| December 31, 2018 | \$ 35,605                               | \$ 35,605   | -                                       | \$ 219,784                      | 16.20 %  |
| December 31, 2017 | \$ 33,885                               | \$ 33,885   | -                                       | \$ 209,167                      | 16.20 %  |
| December 31, 2016 | \$ 31,063                               | \$ 31,063   | -                                       | \$ 191,747                      | 16.20 %  |
| December 31, 2015 | \$ 27,675                               | \$ 27,675   | -                                       | \$ 170,833                      | 16.20 %  |

The City implemented GASB Statement No. 68 for fiscal year ended December 31, 2015.  
Information for prior years is not available.

CITY OF MOUNTAIN LAKE, MINNESOTA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

**General Employees Fund**

2023 Changes

*Changes in Actuarial Assumptions*

- The investment return assumption and single discount rate were changed from 6.50% to 7.00%

*Change 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 2.50% minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

2022 Changes

*Change in Actuarial Assumptions*

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

*Change in Plan Provisions*

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

2021 Changes

*Change in Actuarial Assumptions*

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

*Changes in Plan Provisions*

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

2020 Changes

*Change in Actuarial Assumptions*

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.



CITY OF MOUNTAIN LAKE, MINNESOTA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

- 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.

*Change 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

*Change in Actuarial Assumptions*

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

*Changes in Plan Provisions*

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

2018 Changes

*Changes in Actuarial Assumptions*

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

*Changes in Plan Provisions*

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Postretirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90.00 percent funding ratio to 50.00 percent of the Social Security Cost of Living Adjustment, not less than 1.00 percent and no 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.

CITY OF MOUNTAIN LAKE, MINNESOTA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

2017 Changes

*Changes in Actuarial Assumptions*

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

*Changes in Plan Provisions*

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

2016 Changes

*Changes in Actuarial Assumptions*

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

**Police and Fire Fund**

2023 Changes

*Changes in Actuarial Assumptions*

- The investment return assumption was changed from 6.5% to 7.0%.
- The single discount rate changed from 5.4% to 7.0%.

*Changes in Plan Provisions*

- Additional one-time direct state aid contribution of \$19.4 million will be contributed to the Plan on October 1, 2023.

CITY OF MOUNTAIN LAKE, MINNESOTA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

- Vesting requirement for new hires after June 30, 2014, was changed from a graded 20-year vesting schedule to graded 10-year vesting schedule, with 50% vesting after five years, increasing incrementally to 100% after 10 years.
- A one-time, non-compounding benefit increase of 3.0% will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- Psychological treatment is required effective July 1, 2023, prior to approval for a duty disability benefit for a psychological condition relating to the member's occupation.
- The total and permanent duty disability benefit was increased, effective July 1, 2023.

2022 Changes

*Changes in Actuarial Assumptions*

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.
- The single discount rate changed from 6.5% to 5.4%.

*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% to 6.50%, for financial reporting purposes.
- The inflation assumption was changed from 2.50% to 2.25%.
- The payroll growth assumption was changed from 3.25% to 3.00%.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MN-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 14, 2020 experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 14, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed from selected and ultimate rates to service-based rates. The changes result in more assumed terminations.
- Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities.
- Assumed percent married for active female members was changed from 60 percent to 70 percent. Minor changes to form of payment assumptions were applied.

*Changes in Plan Provisions*

- There have been no changes since the prior valuation.

CITY OF MOUNTAIN LAKE, MINNESOTA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

2020 Changes

*Changes in Actuarial Assumptions*

- The morality projection scale was changed from MP-2018 to MP-2019.

*Changes in Plan Provisions*

- There have been no changes since the prior valuation.

2019 Changes

*Changes in Actuarial Assumptions*

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

*Changes in Plan Provisions*

- There have been no changes since the prior valuation.

2018 Changes

*Changes in Actuarial Assumptions*

- The morality projection scale was changed from MP2016 to MP-2017

*Changes in Plan Provisions*

- Postretirement benefit increases were changed to 1.00 percent for all years, with no trigger.
- An end date of July 1, 2048 was added to the existing \$9.0 million state contribution.
- New annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9.0 million thereafter until the plan reaches 100 percent funding, or July 1, 2048, if earlier.
- Member contributions were changed from 10.80 percent to 11.30 percent of pay, effective January 1, 2019 and 11.80 percent of pay, effective January 1, 2020.
- Employer contributions were changed from 16.20 percent to 16.95 percent of pay, effective January 1, 2019 and 17.70 percent of pay, effective January 1, 2020.
- 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.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 Changes

*Changes in Actuarial Assumptions*

- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The combined service annuity (CSA) load was 30.00 percent for vested and non-vested deferred members. The CSA has been changed to 33.00 percent for vested members and 2.00 percent for non-vested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3.00 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.

CITY OF MOUNTAIN LAKE, MINNESOTA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

- Assumed percentage of married female members was decreased from 65.00 percent to 60.00 percent.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing joint and survivor annuities was increased.
- The assumed postretirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter.
- The single discount rate was changed from 5.60 percent per annum to 7.50 percent per annum.

*Changes in Plan Provisions*

- There have been no changes since the prior valuation.

2016 Changes

*Changes in Actuarial Assumptions*

- The assumed postretirement benefit increase rate was changed from 1.00 percent per year through 2037 and 2.50 percent per year thereafter to 1.00 percent per year for all future 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 5.60 percent.
- 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 2037 and 2.50 percent per year thereafter.

*Changes in Plan Provisions*

- The postretirement benefit increase to be paid after the attainment of the 90.00 percent funding threshold was changed from inflation up to 2.50 percent, to a fixed rate of 2.50 percent.

SECTION III

SUPPLEMENTAL SECTION

CITY OF MOUNTAIN LAKE, MINNESOTA  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 DECEMBER 31, 2023

|   | Special<br>Revenue  | Debt Service        | Capital<br>Projects | Total               |
|---|---------------------|---------------------|---------------------|---------------------|
| <b>ASSETS:</b>  |                     |                     |                     |                     |
| Cash and Investments  | \$ 910,121          | \$ 1,619,890        | \$ 832,556          | \$ 3,362,567        |
| Escrowed Investment   | 96,494              | -                   | -                   | 96,494              |
| Accounts Receivable   | 5,700               | -                   | -                   | 5,700               |
| Special Assessments Receivable  | -                   | 1,305,705           | -                   | 1,305,705           |
| Interest Receivable   | 455                 | -                   | -                   | 455                 |
| Notes Receivable  | 144,702             | 578,363             | -                   | 723,065             |
| Due from Other Funds  | 30,000              | -                   | -                   | 30,000              |
| Due from Other Governments  | -                   | 13,323              | -                   | 13,323              |
| Land Held for Resale  | 24,352              | -                   | -                   | 24,352              |
| Lease Receivable  | -                   | 1,559,579           | -                   | 1,559,579           |
| <b>TOTAL ASSETS</b>   | <b>\$ 1,211,824</b> | <b>\$ 5,076,860</b> | <b>\$ 832,556</b>   | <b>\$ 7,121,240</b> |
| <b>LIABILITIES:</b>   |                     |                     |                     |                     |
| Accounts Payable  | \$ 70,065           | \$ 5,000            | \$ 39,696           | \$ 114,761          |
| Accrued Payroll   | 2,315               | -                   | -                   | 2,315               |
| Due to Other Funds  | 80,092              | 149,436             | 322,847             | 552,375             |
| <b>Total Liabilities</b>  | 152,472             | 154,436             | 362,543             | 669,451             |
| <b>DEFERRED INFLOWS OF RESOURCES:</b>   |                     |                     |                     |                     |
| Unavailable Revenue   | 92,706              | 1,882,360           | -                   | 1,975,066           |
| Related to Leases   | -                   | 1,543,006           | -                   | 1,543,006           |
| <b>Total Deferred Inflows of Resources</b>                                    | 92,706              | 3,425,366           | -                   | 3,518,072           |
| <b>FUND BALANCES:</b>   |                     |                     |                     |                     |
| Restricted  | 42,325              | 1,497,058           | -                   | 1,539,383           |
| Assigned  | 951,792             | -                   | 724,064             | 1,675,856           |
| Unassigned (Deficit)  | (27,471)            | -                   | (254,051)           | (281,522)           |
| <b>Total Fund Balances</b>  | 966,646             | 1,497,058           | 470,013             | 2,933,717           |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS<br/>OF RESOURCES AND FUND BALANCES</b> | <b>\$ 1,211,824</b> | <b>\$ 5,076,860</b> | <b>\$ 832,556</b>   | <b>\$ 7,121,240</b> |

CITY OF MOUNTAIN LAKE, MINNESOTA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2023

|   | <u>Special<br/>Revenue</u> | <u>Debt Service</u> | <u>Capital<br/>Projects</u> | <u>Total</u>        |
|---|----------------------------|---------------------|-----------------------------|---------------------|
| <b>REVENUES</b>   |                            |                     |                             |                     |
| Taxes   | \$ 222,708                 | \$ 410,321          | \$ 31,692                   | \$ 664,721          |
| Intergovernmental Revenue   | 185,389                    | -                   | 5,000                       | 190,389             |
| Charges for Services  | 24,105                     | 292,269             | -                           | 316,374             |
| Fines and Forfeits  | 407                        | -                   | -                           | 407                 |
| Interest Income   | 32,104                     | 88,901              | 20,456                      | 141,461             |
| Miscellaneous   | <u>203,510</u>             | <u>93,058</u>       | <u>10,000</u>               | <u>306,568</u>      |
| Total Revenues  | <u>668,223</u>             | <u>884,549</u>      | <u>67,148</u>               | <u>1,619,920</u>    |
| <b>EXPENDITURES</b>   |                            |                     |                             |                     |
| Public Safety   | 89,505                     | -                   | -                           | 89,505              |
| Culture and Recreation  | 210,250                    | -                   | -                           | 210,250             |
| Sanitation  | 44,293                     | -                   | -                           | 44,293              |
| Economic Development  | 257,593                    | 103,101             | 3,354                       | 364,048             |
| Debt Service  |                            |                     |                             |                     |
| Principal Payments  | 23,669                     | 435,000             | -                           | 458,669             |
| Interest Payments   | 5,089                      | 177,335             | -                           | 182,424             |
| Miscellaneous   | -                          | 2,356               | -                           | 2,356               |
| Capital Outlay  | <u>91,636</u>              | <u>-</u>            | <u>58,546</u>               | <u>150,182</u>      |
| Total Expenditures  | <u>722,035</u>             | <u>717,792</u>      | <u>61,900</u>               | <u>1,501,727</u>    |
| <b>EXCESS REVENUES OVER (UNDER)<br/>EXPENDITURES</b>                                      | (53,812)                   | 166,757             | 5,248                       | 118,193             |
| <b>OTHER FINANCING SOURCES (USES)</b>   |                            |                     |                             |                     |
| Transfer In   | 200,689                    | -                   | 504,028                     | 704,717             |
| Transfer Out  | <u>(580,061)</u>           | <u>-</u>            | <u>-</u>                    | <u>(580,061)</u>    |
| <b>EXCESS REVENUES AND OTHER SOURCES<br/>OVER (UNDER) EXPENDITURES AND<br/>OTHER USES</b> | (433,184)                  | 166,757             | 509,276                     | 242,849             |
| <b>FUND BALANCES (DEFICIT) - January 1</b>  | <u>1,399,830</u>           | <u>1,330,301</u>    | <u>(39,263)</u>             | <u>2,690,868</u>    |
| <b>FUND BALANCES - December 31</b>  | <u>\$ 966,646</u>          | <u>\$ 1,497,058</u> | <u>\$ 470,013</u>           | <u>\$ 2,933,717</u> |



CITY OF MOUNTAIN LAKE, MINNESOTA  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2023

|   | 205 -<br>Economic<br>Development<br>Authority | 211 - Library     | 221 - Fire<br>Department | 235 - SW<br>Housing<br>Grant |
|---|---|-------------------|--------------------------|------------------------------|
| <b>ASSETS</b>   |   |                   |                          |                              |
| Cash and Investments  | \$ 159,501                                    | \$ 154,253        | \$ 478,510               | \$ 69,535                    |
| Escrowed Investment   | -   | -                 | 96,494                   | -                            |
| Accounts Receivable   | -   | -                 | 5,700                    | -                            |
| Interest Receivable   | -   | -                 | 455                      | -                            |
| Notes Receivable  | -   | -                 | -                        | 144,702                      |
| Due from Other Funds  | 30,000  | -                 | -                        | -                            |
| Land Held for Resale  | 24,352  | -                 | -                        | -                            |
| TOTAL ASSETS  | <u>\$ 213,853</u>                             | <u>\$ 154,253</u> | <u>\$ 581,159</u>        | <u>\$ 214,237</u>            |
| <b>LIABILITIES</b>  |   |                   |                          |                              |
| Accounts Payable  | \$ 201  | \$ 13,081         | \$ 5,890                 | \$ 50,000                    |
| Accrued Payroll   | 759   | 1,556             | -                        | -                            |
| Due to Other Funds  | -   | -                 | -                        | 30,000                       |
| Total Liabilities   | <u>960</u>                                    | <u>14,637</u>     | <u>5,890</u>             | <u>80,000</u>                |
| <b>DEFERRED INFLOWS OF RESOURCES:</b>   |   |                   |                          |                              |
| Unavailable Revenue   | -   | -                 | -                        | 92,706                       |
| Total Deferred Inflows of Resources   | <u>-</u>                                      | <u>-</u>          | <u>-</u>                 | <u>92,706</u>                |
| <b>FUND BALANCES</b>  |   |                   |                          |                              |
| Restricted  | -   | 794               | -                        | 41,531                       |
| Assigned  | 212,893                                       | 138,822           | 575,269                  | -                            |
| Unassigned (Deficit)  | -   | -                 | -                        | -                            |
| Total Fund Balances (Deficit)   | <u>212,893</u>                                | <u>139,616</u>    | <u>575,269</u>           | <u>41,531</u>                |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF<br/>RESOURCES AND FUND BALANCES</b> | <u>\$ 213,853</u>                             | <u>\$ 154,253</u> | <u>\$ 581,159</u>        | <u>\$ 214,237</u>            |

| <u>240 -<br/>Protient -<br/>DTED Loan</u> | <u>280 - MSC -<br/>DEED Loan</u> | <u>360 - TIF<br/>#1-3<br/>Pinebrook</u> | <u>470 - TIF #1<br/>Hospital<br/>Project</u> | <u>507 - Lake<br/>Commission<br/>Fund</u> | <u>321 - TIF<br/>#2-1 BMP<br/>Investments</u> | <u>325 -<br/>Herrig/Hieb<br/>ert Prop<br/>TIF#2-2</u> | <u>Total</u>        |
|---|----------------------------------|---|--|---|---|---|---------------------|
| \$ -                                      | \$ -                             | \$ -                                    | \$ -   | \$ 25,701                                 | \$ 12,434                                     | \$ 10,187   | \$ 910,121          |
| -   | -                                | -                                       | -  | -   | -   | -   | 96,494              |
| -   | -                                | -                                       | -  | -   | -   | -   | 5,700               |
| -   | -                                | -                                       | -  | -   | -   | -   | 455                 |
| -   | -                                | -                                       | -  | -   | -   | -   | 144,702             |
| -   | -                                | -                                       | -  | -   | -   | -   | 30,000              |
| -   | -                                | -                                       | -  | -   | -   | -   | 24,352              |
| <u>\$ -</u>                               | <u>\$ -</u>                      | <u>\$ -</u>                             | <u>\$ -</u>                                  | <u>\$ 25,701</u>                          | <u>\$ 12,434</u>                              | <u>\$ 10,187</u>                                      | <u>\$ 1,211,824</u> |
| \$ -                                      | \$ -                             | \$ -                                    | \$ -   | \$ 893                                    | \$ -  | \$ -  | \$ 70,065           |
| -   | -                                | -                                       | -  | -   | -   | -   | 2,315               |
| -   | -                                | -                                       | -  | -   | 30,092  | 20,000  | 80,092              |
| -   | -                                | -                                       | -  | 893                                       | 30,092  | 20,000  | 152,472             |
| -   | -                                | -                                       | -  | -   | -   | -   | 92,706              |
| -   | -                                | -                                       | -  | -   | -   | -   | 92,706              |
| -   | -                                | -                                       | -  | -   | -   | -   | 42,325              |
| -   | -                                | -                                       | -  | 24,808                                    | -   | -   | 951,792             |
| -   | -                                | -                                       | -  | -   | (17,658)                                      | (9,813)   | (27,471)            |
| -   | -                                | -                                       | -  | 24,808                                    | (17,658)                                      | (9,813)   | 966,646             |
| <u>\$ -</u>                               | <u>\$ -</u>                      | <u>\$ -</u>                             | <u>\$ -</u>                                  | <u>\$ 25,701</u>                          | <u>\$ 12,434</u>                              | <u>\$ 10,187</u>                                      | <u>\$ 1,211,824</u> |

CITY OF MOUNTAIN LAKE, MINNESOTA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2023

|   | 205 -<br>Economic<br>Development<br>Authority | 211 - Library     | 221 - Fire<br>Department | 235 - SW<br>Housing<br>Grant |
|---|---|-------------------|--------------------------|------------------------------|
| REVENUES  |   |                   |                          |                              |
| Taxes   | \$ 20,188                                     | \$ 141,569        | \$ 42,504                | \$ -                         |
| Intergovernmental Revenue   | -   | 49,865            | 115,524                  | -                            |
| Charges for Services  | 11,019  | -                 | 13,086                   | -                            |
| Fines and Forfeits  | -   | 407               | -                        | -                            |
| Interest Income   | 2,954   | 4,294             | 14,310                   | 520                          |
| Miscellaneous   | 85,750  | 13,152            | 40,335                   | 829                          |
| Total Revenues  | <u>119,911</u>                                | <u>209,287</u>    | <u>225,759</u>           | <u>1,349</u>                 |
| EXPENDITURES  |   |                   |                          |                              |
| Public Safety   | -   | -                 | 89,505                   | -                            |
| Culture and Recreation  | -   | 210,250           | -                        | -                            |
| Sanitation  | -   | -                 | -                        | -                            |
| Economic Development  | 134,720                                       | -                 | -                        | (178)                        |
| Principal Payments  | -   | 5,119             | 18,550                   | -                            |
| Interest Payments   | -   | 960               | 4,129                    | -                            |
| Capital Outlay  | -   | 13,136            | -                        | -                            |
| Total Expenditures  | <u>134,720</u>                                | <u>229,465</u>    | <u>112,184</u>           | <u>(178)</u>                 |
| EXCESS REVENUES OVER (UNDER)<br>EXPENDITURES                                  | <u>(14,809)</u>                               | <u>(20,178)</u>   | <u>113,575</u>           | <u>1,527</u>                 |
| OTHER FINANCING SOURCES (USES)  |   |                   |                          |                              |
| Transfer In   | 101,297                                       | -                 | -                        | 50,000                       |
| Transfer Out  | -   | -                 | (65,000)                 | -                            |
| EXCESS REVENUES AND OTHER SOURCES OVER<br>(UNDER) EXPENDITURES AND OTHER USES | 86,488  | (20,178)          | 48,575                   | 51,527                       |
| FUND BALANCES (DEFICIT) - January 1   | <u>126,405</u>                                | <u>159,794</u>    | <u>526,694</u>           | <u>(9,996)</u>               |
| FUND BALANCES (DEFICIT) - December 31   | <u>\$ 212,893</u>                             | <u>\$ 139,616</u> | <u>\$ 575,269</u>        | <u>\$ 41,531</u>             |

| <u>240 -<br/>Protient -<br/>DTED Loan</u> | <u>280 - MSC -<br/>DEED Loan</u> | <u>360 - TIF<br/>#1-3<br/>Pinebrook</u> | <u>470 - TIF #1<br/>Hospital<br/>Project</u> | <u>507 - Lake<br/>Commission<br/>Fund</u> | <u>321 - TIF<br/>#2-1 BMP<br/>Investments</u> | <u>325 -<br/>Herrig/Hieb<br/>ert Prop<br/>TIF#2-2</u> | <u>Total</u>      |
|---|----------------------------------|---|--|---|---|---|-------------------|
| \$ -                                      | \$ -                             | \$ 12,447                               | \$ -   | \$ 6,000                                  | \$ -  | \$ -  | \$ 222,708        |
| -   | -                                | -                                       | -  | 20,000                                    | -   | -   | 185,389           |
| -   | -                                | -                                       | -  | -   | -   | -   | 24,105            |
| -   | -                                | -                                       | -  | -   | -   | -   | 407               |
| 5,077                                     | 2,375                            | 468                                     | 309  | 1,479                                     | 131   | 187   | 32,104            |
| <u>56,452</u>                             | <u>361</u>                       | <u>-</u>                                | <u>-</u>                                     | <u>6,631</u>                              | <u>-</u>                                      | <u>-</u>  | <u>203,510</u>    |
| <u>61,529</u>                             | <u>2,736</u>                     | <u>12,915</u>                           | <u>309</u>                                   | <u>34,110</u>                             | <u>131</u>                                    | <u>187</u>  | <u>668,223</u>    |
| -   | -                                | -                                       | -  | -   | -   | -   | 89,505            |
| -   | -                                | -                                       | -  | -   | -   | -   | 210,250           |
| -   | -                                | -                                       | -  | 44,293                                    | -   | -   | 44,293            |
| -   | -                                | 23,644                                  | 71,618                                       | -   | 17,789  | 10,000  | 257,593           |
| -   | -                                | -                                       | -  | -   | -   | -   | 23,669            |
| -   | -                                | -                                       | -  | -   | -   | -   | 5,089             |
| -   | -                                | -                                       | -  | 78,500                                    | -   | -   | 91,636            |
| <u>-</u>                                  | <u>-</u>                         | <u>23,644</u>                           | <u>71,618</u>                                | <u>122,793</u>                            | <u>17,789</u>                                 | <u>10,000</u>   | <u>722,035</u>    |
| <u>61,529</u>                             | <u>2,736</u>                     | <u>(10,729)</u>                         | <u>(71,309)</u>                              | <u>(88,683)</u>                           | <u>(17,658)</u>                               | <u>(9,813)</u>  | <u>(53,812)</u>   |
| -   | -                                | -                                       | -  | 49,392                                    | -   | -   | 200,689           |
| <u>(283,188)</u>                          | <u>(231,873)</u>                 | <u>-</u>                                | <u>-</u>                                     | <u>-</u>                                  | <u>-</u>                                      | <u>-</u>  | <u>(580,061)</u>  |
| (221,659)                                 | (229,137)                        | (10,729)                                | (71,309)                                     | (39,291)                                  | (17,658)                                      | (9,813)   | (433,184)         |
| <u>221,659</u>                            | <u>229,137</u>                   | <u>10,729</u>                           | <u>71,309</u>                                | <u>64,099</u>                             | <u>-</u>                                      | <u>-</u>  | <u>1,399,830</u>  |
| <u>\$ -</u>                               | <u>\$ -</u>                      | <u>\$ -</u>                             | <u>\$ -</u>                                  | <u>\$ 24,808</u>                          | <u>\$ (17,658)</u>                            | <u>\$ (9,813)</u>                                     | <u>\$ 966,646</u> |

CITY OF MOUNTAIN LAKE, MINNESOTA  
 COMBINING BALANCE SHEET  
 NONMAJOR DEBT SERVICE FUNDS  
 DECEMBER 31, 2023

|  | 320 -<br>2020A GO<br>Taxable<br>Refunding<br>Bonds | 308 - G.O.<br>Crossover<br>Refunding<br>Bonds of<br>2011A | 342 - TIF<br>#1-4 Good<br>Samaritan | 312 - G.O.<br>Refunding<br>Bond<br>2021A | 385 - ML<br>Comm Park<br>Debt<br>Service | Total               |
|--|--|---|-------------------------------------|--|--|---------------------|
| ASSETS   |  |   |                                     |  |  |                     |
| Cash and Investments   | \$ 591,806   | \$ 38,870   | \$ 37,824                           | \$ 488,341                               | \$ 463,049                               | \$ 1,619,890        |
| Special Assessments Receivable                                     | -  | -   | -                                   | 970,807                                  | 334,898                                  | 1,305,705           |
| Notes Receivable   | -  | -   | 578,363                             | -  | -  | 578,363             |
| Due from Other Governments   | 13,323   | -   | -                                   | -  | -  | 13,323              |
| Lease Receivable   | 1,559,579  | -   | -                                   | -  | -  | 1,559,579           |
| TOTAL ASSETS   | <u>\$ 2,164,708</u>                                | <u>\$ 38,870</u>  | <u>\$ 616,187</u>                   | <u>\$ 1,459,148</u>                      | <u>\$ 797,947</u>                        | <u>\$ 5,076,860</u> |
| LIABILITIES  |  |   |                                     |  |  |                     |
| Accounts Payable   | \$ 5,000   | \$ -  | \$ -                                | \$ -                                     | \$ -                                     | \$ 5,000            |
| Due to Other Funds   | 149,436  | -   | -                                   | -  | -  | 149,436             |
| Total Liabilities  | <u>154,436</u>                                     | <u>-</u>  | <u>-</u>                            | <u>-</u>                                 | <u>-</u>                                 | <u>154,436</u>      |
| DEFERRED INFLOWS OF RESOURCES:                                     |  |   |                                     |  |  |                     |
| Unavailable Revenue  | -  | -   | 578,363                             | 969,099                                  | 334,898                                  | 1,882,360           |
| Related to Leases  | 1,543,006  | -   | -                                   | -  | -  | 1,543,006           |
| FUND BALANCES  |  |   |                                     |  |  |                     |
| Restricted   | 467,266  | 38,870  | 37,824                              | 490,049                                  | 463,049                                  | 1,497,058           |
| Total Fund Balances  | <u>467,266</u>                                     | <u>38,870</u>   | <u>37,824</u>                       | <u>490,049</u>                           | <u>463,049</u>                           | <u>1,497,058</u>    |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | <u>\$ 2,164,708</u>                                | <u>\$ 38,870</u>  | <u>\$ 616,187</u>                   | <u>\$ 1,459,148</u>                      | <u>\$ 797,947</u>                        | <u>\$ 5,076,860</u> |

CITY OF MOUNTAIN LAKE, MINNESOTA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 NONMAJOR DEBT SERVICE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2023

|                                   | 320 -             | 308 - G.O.       | 342 - TIF        | 312 - G.O.        | 385 - ML          | Total               |
|-----------------------------------|-------------------|------------------|------------------|-------------------|-------------------|---------------------|
|                                   | 2020A GO          | Crossover        | #1-4 Good        | Refunding         | Comm Park         |                     |
|                                   | Taxable           | Refunding        | Samaritan        | Bond              | Debt              | Service             |
|                                   | Bonds             | Bonds of         | #1-4 Good        | 2021A             | Service           | Total               |
|                                   | 2011A             | 2011A            | Samaritan        | 2021A             | Service           | Total               |
| REVENUES                          |                   |                  |                  |                   |                   |                     |
| Taxes                             | \$ 95,430         | \$ -             | \$ 40,405        | \$ 118,702        | \$ 155,784        | \$ 410,321          |
| Charges for Services              | 292,269           | -                | -                | -                 | -                 | 292,269             |
| Interest Income                   | 58,109            | 1,287            | 491              | 17,012            | 12,002            | 88,901              |
| Miscellaneous                     | 37,271            | -                | 55,787           | -                 | -                 | 93,058              |
| Total Revenues                    | <u>483,079</u>    | <u>1,287</u>     | <u>96,683</u>    | <u>135,714</u>    | <u>167,786</u>    | <u>884,549</u>      |
| EXPENDITURES                      |                   |                  |                  |                   |                   |                     |
| Economic Development              | 66,870            | -                | 36,231           | -                 | -                 | 103,101             |
| Debt Service                      |                   |                  |                  |                   |                   |                     |
| Principal Payments                | 195,000           | -                | 45,000           | 105,000           | 90,000            | 435,000             |
| Interest Payments                 | 62,610            | -                | 10,975           | 27,700            | 76,050            | 177,335             |
| Miscellaneous                     | 495               | -                | 495              | 248               | 1,118             | 2,356               |
| Total Expenditures                | <u>324,975</u>    | <u>-</u>         | <u>92,701</u>    | <u>132,948</u>    | <u>167,168</u>    | <u>717,792</u>      |
| EXCESS REVENUES OVER EXPENDITURES | 158,104           | 1,287            | 3,982            | 2,766             | 618               | 166,757             |
| FUND BALANCES - January 1         | <u>309,162</u>    | <u>37,583</u>    | <u>33,842</u>    | <u>487,283</u>    | <u>462,431</u>    | <u>1,330,301</u>    |
| FUND BALANCES - December 31       | <u>\$ 467,266</u> | <u>\$ 38,870</u> | <u>\$ 37,824</u> | <u>\$ 490,049</u> | <u>\$ 463,049</u> | <u>\$ 1,497,058</u> |

CITY OF MOUNTAIN LAKE, MINNESOTA  
 COMBINING BALANCE SHEET  
 NONMAJOR CAPITAL PROJECT FUNDS  
 DECEMBER 31, 2023

|                                    | 501 - Capital<br>Outlay | 415 - MSG<br>Construction | 450 -<br>Downtown<br>Ross Project | 422 -<br>Emergency<br>Services | Total      |
|------------------------------------|-------------------------|---------------------------|-----------------------------------|--------------------------------|------------|
| ASSETS:                            |                         |                           |                                   |                                |            |
| Cash and Investments               | \$ 542,973              | \$ 219,431                | \$ 1                              | \$ 70,149                      | \$ 832,554 |
| TOTAL ASSETS                       | \$ 542,973              | \$ 219,431                | \$ 1                              | \$ 70,149                      | \$ 832,554 |
| LIABILITIES:                       |                         |                           |                                   |                                |            |
| Accounts Payable                   | \$ 38,340               | \$ -                      | \$ 1,354                          | \$ -                           | \$ 39,694  |
| Due to Other Funds                 | -                       | -                         | 322,847                           | -                              | 322,847    |
| Total Liabilities                  | 38,340                  | -                         | 324,201                           | -                              | 362,541    |
| FUND BALANCES:                     |                         |                           |                                   |                                |            |
| Assigned                           | 504,633                 | 219,431                   | -                                 | -                              | 724,064    |
| Unassigned (Deficit)               | -                       | -                         | (324,200)                         | 70,149                         | (254,051)  |
| Total Fund Balances (Deficit)      | 504,633                 | 219,431                   | (324,200)                         | 70,149                         | 470,013    |
| TOTAL LIABILITIES AND FUND BALANCE | \$ 542,973              | \$ 219,431                | \$ 1                              | \$ 70,149                      | \$ 832,554 |

CITY OF MOUNTAIN LAKE, MINNESOTA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 NONMAJOR CAPITAL PROJECT FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2023

|   | 501 - Capital<br>Outlay | 415 - MSG<br>Construction | 450 -<br>Downtown<br>Ross Project | 422 -<br>Emergency<br>Services | Total             |
|---|-------------------------|---------------------------|-----------------------------------|--------------------------------|-------------------|
| <b>REVENUES</b>   |                         |                           |                                   |                                |                   |
| Taxes   | \$ -                    | \$ 31,692                 | \$ -                              | \$ -                           | \$ 31,692         |
| Intergovernmental Revenue   | -                       | -                         | 5,000                             | -                              | 5,000             |
| Interest Income   | 12,971                  | 6,810                     | 27                                | 649                            | 20,457            |
| Miscellaneous   | -                       | -                         | -                                 | 10,000                         | 10,000            |
| Total Revenues  | <u>12,971</u>           | <u>38,502</u>             | <u>5,027</u>                      | <u>10,649</u>                  | <u>67,149</u>     |
| <b>EXPENDITURES</b>   |                         |                           |                                   |                                |                   |
| Economic Development  | -                       | 1,000                     | 2,355                             | -                              | 3,355             |
| Capital Outlay  | 58,546                  | -                         | -                                 | -                              | 58,546            |
| Total Expenditures  | <u>58,546</u>           | <u>1,000</u>              | <u>2,355</u>                      | <u>-</u>                       | <u>61,901</u>     |
| EXCESS REVENUES OVER (UNDER) EXPENDITURES                                     | (45,575)                | 37,502                    | 2,672                             | 10,649                         | 5,248             |
| OTHER FINANCING SOURCES (USES):   |                         |                           |                                   |                                |                   |
| Transfer In   | <u>439,028</u>          | -                         | -                                 | <u>65,000</u>                  | <u>504,028</u>    |
| EXCESS REVENUES AND OTHER SOURCES OVER (UNDER)<br>EXPENDITURES AND OTHER USES | 393,453                 | 37,502                    | 2,672                             | 75,649                         | 509,276           |
| FUND BALANCES (DEFICIT) - January 1   | <u>111,180</u>          | <u>181,929</u>            | <u>(326,872)</u>                  | <u>(5,500)</u>                 | <u>(39,263)</u>   |
| FUND BALANCES (DEFICIT) - December 31   | <u>\$ 504,633</u>       | <u>\$ 219,431</u>         | <u>\$ (324,200)</u>               | <u>\$ 70,149</u>               | <u>\$ 470,013</u> |



CITY OF MOUNTAIN LAKE, MINNESOTA  
COMBINING STATEMENT OF NET POSITION  
NONMAJOR ENTERPRISE FUNDS  
DECEMBER 31, 2023

|   | <u>607 - EDA -<br/>4 Plex Fund</u> | <u>608 - EDA -<br/>8 Plex Fund</u> | <u>609 - EDA -<br/>Mason<br/>Manor</u> | <u>610 - EDA<br/>Midway</u> | <u>Total</u>        |
|---|------------------------------------|------------------------------------|--|-----------------------------|---------------------|
| <b>ASSETS</b>                                 |                                    |                                    |  |                             |                     |
| Current Assets:                               |                                    |                                    |  |                             |                     |
| Cash and Investments                          | \$ 10,447                          | \$ 38,003                          | \$ 33,354                              | \$ 99,162                   | \$ 180,966          |
| Total Current Assets                          | <u>10,447</u>                      | <u>38,003</u>                      | <u>33,354</u>                          | <u>99,162</u>               | <u>180,966</u>      |
| <b>NONCURRENT ASSETS</b>                      |                                    |                                    |  |                             |                     |
| Capital Assets:                               |                                    |                                    |  |                             |                     |
| Land  | 6,175                              | 12,350                             | 2,304                                  | 10,195                      | 31,024              |
| Buildings and Improvements                    | <u>389,601</u>                     | <u>697,597</u>                     | <u>309,759</u>                         | <u>1,570,359</u>            | <u>2,967,316</u>    |
| Total Capital Assets                          | 395,776                            | 709,947                            | 312,063                                | 1,580,554                   | 2,998,340           |
| Less: Accumulated                             |                                    |                                    |  |                             |                     |
| Depreciation                                  | <u>230,829</u>                     | <u>561,525</u>                     | <u>173,435</u>                         | <u>94,876</u>               | <u>1,060,665</u>    |
| Net Capital Assets                            | <u>164,947</u>                     | <u>148,422</u>                     | <u>138,628</u>                         | <u>1,485,678</u>            | <u>1,937,675</u>    |
| Total Assets                                  | <u>\$ 175,394</u>                  | <u>\$ 186,425</u>                  | <u>\$ 171,982</u>                      | <u>\$ 1,584,840</u>         | <u>\$ 2,118,641</u> |
| <b>LIABILITIES</b>                            |                                    |                                    |  |                             |                     |
| Current Liabilities:                          |                                    |                                    |  |                             |                     |
| Accounts Payable                              | \$ 2,384                           | \$ 2,329                           | \$ 974                                 | \$ 1,540                    | \$ 7,227            |
| Due to Other Funds                            | 15,645                             | -                                  | -                                      | -                           | 15,645              |
| Accrued Interest                              | 469                                | 2,624                              | 552                                    | 17,226                      | 20,871              |
| Customer Deposits                             | 3,790                              | 4,955                              | 3,890                                  | 9,250                       | 21,885              |
| Unamortized Bond Premium                      | 436                                | 865                                | -                                      | 32,757                      | 34,058              |
| Current Amount of Long-Term<br>Debt           | <u>15,000</u>                      | <u>25,000</u>                      | <u>7,423</u>                           | <u>45,000</u>               | <u>92,423</u>       |
| Total Current Liabilities                     | <u>37,724</u>                      | <u>35,773</u>                      | <u>12,839</u>                          | <u>105,773</u>              | <u>192,109</u>      |
| <b>LONG-TERM LIABILITIES</b>                  |                                    |                                    |  |                             |                     |
| Bonds and Notes Payable                       | <u>25,000</u>                      | <u>185,000</u>                     | <u>175,146</u>                         | <u>1,510,000</u>            | <u>1,895,146</u>    |
| Total Liabilities                             | <u>62,724</u>                      | <u>220,773</u>                     | <u>187,985</u>                         | <u>1,615,773</u>            | <u>2,087,255</u>    |
| <b>NET POSITION</b>                           |                                    |                                    |  |                             |                     |
| Net Investment in Capital Assets<br>(Deficit) | 124,947                            | (61,578)                           | (43,941)                               | (69,322)                    | (49,894)            |
| Unrestricted (Deficit)                        | <u>(12,277)</u>                    | <u>27,230</u>                      | <u>27,938</u>                          | <u>38,389</u>               | <u>81,280</u>       |
| Total Net Position (Deficit)                  | <u>112,670</u>                     | <u>(34,348)</u>                    | <u>(16,003)</u>                        | <u>(30,933)</u>             | <u>31,386</u>       |
| Total Liabilities and Net Position            | <u>\$ 175,394</u>                  | <u>\$ 186,425</u>                  | <u>\$ 171,982</u>                      | <u>\$ 1,584,840</u>         | <u>\$ 2,118,641</u> |

CITY OF MOUNTAIN LAKE, MINNESOTA  
 COMBINING STATEMENT OF REVENUES, EXPENSES  
 AND CHANGES IN FUND NET POSITION  
 NONMAJOR ENTERPRISE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2023

|  | <u>607 - EDA -<br/>4 Plex Fund</u> | <u>608 - EDA -<br/>8 Plex Fund</u> | <u>609 - EDA -<br/>Mason<br/>Manor</u> | <u>610 - EDA<br/>Midway</u> | <u>Total</u>     |
|--|------------------------------------|------------------------------------|--|-----------------------------|------------------|
| <b>OPERATING REVENUES</b>                  |                                    |                                    |  |                             |                  |
| Rental Income                              | \$ 33,434                          | \$ 70,713                          | \$ 38,025                              | \$ 109,661                  | \$ 251,833       |
| Total Operating Revenues                   | <u>33,434</u>                      | <u>70,713</u>                      | <u>38,025</u>                          | <u>109,661</u>              | <u>251,833</u>   |
| <b>OPERATING EXPENSES</b>                  |                                    |                                    |  |                             |                  |
| Depreciation                               | 11,413                             | 28,133                             | 12,390                                 | 39,259                      | 91,195           |
| Contracted Services                        | -                                  | -                                  | -                                      | 6,666                       | 6,666            |
| Insurance                                  | 2,235                              | 4,400                              | 2,162                                  | 5,730                       | 14,527           |
| Miscellaneous                              | 1,718                              | 5,512                              | 1,973                                  | 5,245                       | 14,448           |
| Professional Services                      | 3,334                              | 6,666                              | 3,334                                  | -                           | 13,334           |
| Repairs, Maintenance and<br>Supplies       | 18,532                             | 23,626                             | 14,780                                 | 10,174                      | 67,112           |
| Utilities                                  | <u>1,043</u>                       | <u>675</u>                         | <u>204</u>                             | <u>419</u>                  | <u>2,341</u>     |
| Total Operating Expenses                   | <u>38,275</u>                      | <u>69,012</u>                      | <u>34,843</u>                          | <u>67,493</u>               | <u>209,623</u>   |
| Net Operating Income (Loss)                | <u>(4,841)</u>                     | <u>1,701</u>                       | <u>3,182</u>                           | <u>42,168</u>               | <u>42,210</u>    |
| <b>NON OPERATING REVENUE<br/>(EXPENSE)</b> |                                    |                                    |  |                             |                  |
| Interest Income                            | 315                                | 677                                | 989                                    | 2,236                       | 4,217            |
| Interest Expense                           | <u>(1,190)</u>                     | <u>(6,159)</u>                     | <u>(8,359)</u>                         | <u>(39,170)</u>             | <u>(54,878)</u>  |
| Total Non Operating<br>Revenue (Expense)   | <u>(875)</u>                       | <u>(5,482)</u>                     | <u>(7,370)</u>                         | <u>(36,934)</u>             | <u>(50,661)</u>  |
| CHANGE IN NET POSITION                     | (5,716)                            | (3,781)                            | (4,188)                                | 5,234                       | (8,451)          |
| NET POSITION (DEFICIT) -<br>January 1      | <u>118,386</u>                     | <u>(30,567)</u>                    | <u>(11,815)</u>                        | <u>(36,167)</u>             | <u>39,837</u>    |
| NET POSITION (DEFICIT) -<br>December 31    | <u>\$ 112,670</u>                  | <u>\$ (34,348)</u>                 | <u>\$ (16,003)</u>                     | <u>\$ (30,933)</u>          | <u>\$ 31,386</u> |

CITY OF MOUNTAIN LAKE, MINNESOTA  
STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2023

|   | 607 - EDA<br>- 4 Plex<br>Fund | 608 - EDA<br>- 8 Plex<br>Fund | 609 - EDA<br>- Mason<br>Manor | 610 - EDA<br>Midway | Total             |
|---|-------------------------------|-------------------------------|-------------------------------|---------------------|-------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>  |                               |                               |                               |                     |                   |
| Receipts from Customers   | \$ 34,459                     | \$ 70,134                     | \$ 38,405                     | \$ 109,711          | \$ 252,709        |
| Payments to Vendors   | <u>(25,460)</u>               | <u>(40,489)</u>               | <u>(22,641)</u>               | <u>(28,614)</u>     | <u>(117,204)</u>  |
| Net Cash Provided By Operating Activities   | <u>8,999</u>                  | <u>29,645</u>                 | <u>15,764</u>                 | <u>81,097</u>       | <u>135,505</u>    |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>                                       |                               |                               |                               |                     |                   |
| Due to (from) Other Funds   | <u>15,645</u>                 | <u>-</u>                      | <u>-</u>                      | <u>-</u>            | <u>15,645</u>     |
| Net Cash Provided By Noncapital Financing Activities  | <u>15,645</u>                 | <u>-</u>                      | <u>-</u>                      | <u>-</u>            | <u>15,645</u>     |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>                              |                               |                               |                               |                     |                   |
| Purchase of Capital Assets  | (15,645)                      | -                             | -                             | -                   | (15,645)          |
| Principal Paid on Capital Debt  | (15,000)                      | (20,000)                      | (7,095)                       | (45,000)            | (87,095)          |
| Interest Paid on Capital Debt   | <u>(1,580)</u>                | <u>(6,820)</u>                | <u>(8,392)</u>                | <u>(42,088)</u>     | <u>(58,880)</u>   |
| Net Cash Used By Capital and Related Financing Activities                                     | <u>(32,225)</u>               | <u>(26,820)</u>               | <u>(15,487)</u>               | <u>(87,088)</u>     | <u>(161,620)</u>  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>  |                               |                               |                               |                     |                   |
| Interest Received   | <u>315</u>                    | <u>677</u>                    | <u>989</u>                    | <u>2,236</u>        | <u>4,217</u>      |
| Net Cash Provided By Investing Activities   | <u>315</u>                    | <u>677</u>                    | <u>989</u>                    | <u>2,236</u>        | <u>4,217</u>      |
| NET INCREASE (DECREASE) IN CASH AND INVESTMENTS - January 1                                   | <u>(7,266)</u>                | <u>3,502</u>                  | <u>1,266</u>                  | <u>(3,755)</u>      | <u>(6,253)</u>    |
| CASH AND INVESTMENTS - December 31  | <u>17,713</u>                 | <u>34,501</u>                 | <u>32,088</u>                 | <u>102,917</u>      | <u>187,219</u>    |
|   | <u>\$ 10,447</u>              | <u>\$ 38,003</u>              | <u>\$ 33,354</u>              | <u>\$ 99,162</u>    | <u>\$ 180,966</u> |
| <b>Reconciliation of Operating Income (Loss) to Net Cash Provided By Operating Activities</b> |                               |                               |                               |                     |                   |
| Income (Loss)   | \$ (4,841)                    | \$ 1,701                      | \$ 3,182                      | \$ 42,168           | \$ 42,210         |
| Adjustments to Reconcile Operating Income to Net Cash Provided By Operating Activities        |                               |                               |                               |                     |                   |
| Depreciation  | 11,413                        | 28,133                        | 12,390                        | 39,259              | 91,195            |
| Changes in Assets and Liabilities   |                               |                               |                               |                     |                   |
| Accounts Payable  | 1,402                         | 391                           | (188)                         | (380)               | 1,225             |
| Customer Deposits'  | <u>1,025</u>                  | <u>(580)</u>                  | <u>380</u>                    | <u>50</u>           | <u>875</u>        |
| Net Cash Provided By Operating Activities   | <u>\$ 8,999</u>               | <u>\$ 29,645</u>              | <u>\$ 15,764</u>              | <u>\$ 81,097</u>    | <u>\$ 135,505</u> |

CITY OF MOUNTAIN LAKE, MINNESOTA  
 COMBINING STATEMENT OF NET POSITION  
 PUBLIC UTILITIES COMMISSION  
 DECEMBER 31, 2023

|  | 601 - Water<br>Fund | 602 - Sewer<br>Fund  | 604 - Electric<br>Fund | Total                |
|--|---------------------|----------------------|------------------------|----------------------|
| <b>ASSETS</b>  |                     |                      |                        |                      |
| Current Assets:  |                     |                      |                        |                      |
| Cash and Investments   | \$ 266,664          | \$ 2,644,753         | \$ 5,308,846           | \$ 8,220,263         |
| Accounts Receivable  | 105,035             | 194,362              | 568,538                | 867,935              |
| Special Assessments Receivable   | -                   | 50,807               | -                      | 50,807               |
| Due from Other Funds   | 1,538               | -                    | -                      | 1,538                |
| Inventory  | 20,939              | -                    | 301,573                | 322,512              |
| <b>Total Current Assets</b>  | <b>394,176</b>      | <b>2,889,922</b>     | <b>6,178,957</b>       | <b>9,463,055</b>     |
| <b>NONCURRENT ASSETS</b>   |                     |                      |                        |                      |
| Capital Assets:  |                     |                      |                        |                      |
| Land   | 24,350              | 3,500                | 65,377                 | 93,227               |
| Buildings and Improvements   | 3,353,632           | 291,616              | 388,972                | 4,034,220            |
| Infrastructure and Improvements  | 5,461,159           | 19,598,735           | 13,324,779             | 38,384,673           |
| Machinery and Equipment  | 140,685             | 359,815              | 490,623                | 991,123              |
| Transportation and Other Equipment                                       | 65,938              | 51,912               | 338,678                | 456,528              |
| Construction in Progress   | -                   | -                    | 433,374                | 433,374              |
| <b>Total Capital Assets</b>  | <b>9,045,764</b>    | <b>20,305,578</b>    | <b>15,041,803</b>      | <b>44,393,145</b>    |
| Less: Accumulated Depreciation   | 4,858,146           | 3,857,755            | 8,946,435              | 17,662,336           |
| <b>Net Capital Assets</b>  | <b>4,187,618</b>    | <b>16,447,823</b>    | <b>6,095,368</b>       | <b>26,730,809</b>    |
| Net Bond Discount  | 14,174              | 4,905                | 42,791                 | 61,870               |
| <b>Total Assets</b>  | <b>4,595,968</b>    | <b>19,342,650</b>    | <b>12,317,116</b>      | <b>36,255,734</b>    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                                    |                     |                      |                        |                      |
| Related to Pensions  | 37,146              | 37,146               | 109,666                | 183,958              |
| <b>Total Assets and Deferred Outflows of Resources</b>                   | <b>\$ 4,633,114</b> | <b>\$ 19,379,796</b> | <b>\$ 12,426,782</b>   | <b>\$ 36,439,692</b> |
| <b>LIABILITIES</b>   |                     |                      |                        |                      |
| Current Liabilities:   |                     |                      |                        |                      |
| Accounts Payable   | \$ 8,291            | \$ 41,905            | \$ 203,451             | \$ 253,647           |
| Accrued Interest   | 1,158               | 35,249               | 9,985                  | 46,392               |
| Accrued Payroll  | 1,216               | 1,216                | 4,728                  | 7,160                |
| Due to Other Governments   | -                   | -                    | 22,308                 | 22,308               |
| Customer Deposits  | 210                 | -                    | 119,328                | 119,538              |
| Unamortized Bond Premium   | 36,205              | -                    | 55,527                 | 91,732               |
| Current Amount of Long-Term Debt   | 98,665              | 763,000              | 325,000                | 1,186,665            |
| <b>Total Current Liabilities</b>   | <b>145,745</b>      | <b>841,370</b>       | <b>740,327</b>         | <b>1,727,442</b>     |
| <b>LONG-TERM LIABILITIES</b>   |                     |                      |                        |                      |
| Accrued Compensated Absences   | 5,331               | 5,331                | 18,094                 | 28,756               |
| Net Pension Liability  | 51,069              | 51,069               | 160,681                | 262,819              |
| Bonds and Notes Payable  | 1,103,360           | 9,185,000            | 4,100,000              | 14,388,360           |
| <b>Total Long-Term Liabilities</b>                                       | <b>1,159,760</b>    | <b>9,241,400</b>     | <b>4,278,775</b>       | <b>14,679,935</b>    |
| <b>Total Liabilities</b>   | <b>1,305,505</b>    | <b>10,082,770</b>    | <b>5,019,102</b>       | <b>16,407,377</b>    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                     |                     |                      |                        |                      |
| Related to Pensions  | 44,255              | 44,255               | 118,958                | 207,468              |
| <b>NET POSITION</b>  |                     |                      |                        |                      |
| Net Investment in Capital Assets   | 2,985,593           | 6,499,823            | 1,670,368              | 11,155,784           |
| Restricted for Capital Replacement                                       | -                   | 435,728              | 99,974                 | 535,702              |
| Unrestricted   | 297,761             | 2,317,220            | 5,518,380              | 8,133,361            |
| <b>Total Net Position</b>  | <b>3,283,354</b>    | <b>9,252,771</b>     | <b>7,288,722</b>       | <b>19,824,847</b>    |
| <b>Total Liabilities, Deferred Inflows of Resources and Net Position</b> | <b>\$ 4,633,114</b> | <b>\$ 19,379,796</b> | <b>\$ 12,426,782</b>   | <b>\$ 36,439,692</b> |

CITY OF MOUNTAIN LAKE, MINNESOTA  
 COMBINING STATEMENT OF REVENUES, EXPENSES  
 AND CHANGES IN FUND NET POSITION  
 PUBLIC UTILITIES COMMISSION  
 FOR THE YEAR ENDED DECEMBER 31, 2023

|  | 601 - Water<br>Fund | 602 - Sewer<br>Fund | 604 - Electric<br>Fund | Total                |
|--|---------------------|---------------------|------------------------|----------------------|
| <b>OPERATING REVENUES</b>                      |                     |                     |                        |                      |
| Sales to Consumers                             | \$ 716,924          | \$ 1,362,022        | \$ 3,493,101           | \$ 5,572,047         |
| Rental Income                                  | 1,800               | -                   | -                      | 1,800                |
| <b>Total Operating Revenues</b>                | <u>718,724</u>      | <u>1,362,022</u>    | <u>3,493,101</u>       | <u>5,573,847</u>     |
| <b>OPERATING EXPENSES</b>                      |                     |                     |                        |                      |
| Pumping, Treatment, Production                 |                     |                     |                        |                      |
| Utilities                                      | 8,274               | 1,303               | 27,129                 | 36,706               |
| Power for Pumping                              | 30,155              | 72,550              | -                      | 102,705              |
| Supplies and Chemicals                         | 5,934               | 1,130               | 6,916                  | 13,980               |
| Travel and Meetings                            | 1,129               | 1,707               | 1,223                  | 4,059                |
| Outside Services                               | -                   | -                   | 11,604                 | 11,604               |
| Repairs and Maintenance                        | 39,789              | 43,234              | 62,662                 | 145,685              |
| Miscellaneous                                  | 3,238               | 2,557               | 241                    | 6,036                |
| Purchased Power                                | -                   | -                   | 1,643,777              | 1,643,777            |
| <b>Total Pumping, Treatment, Production</b>    | <u>88,519</u>       | <u>122,481</u>      | <u>1,753,552</u>       | <u>1,964,552</u>     |
| Distribution and Collection                    |                     |                     |                        |                      |
| Salaries                                       | 102,625             | 102,634             | 351,828                | 557,087              |
| Supplies and Chemicals                         | 60,787              | -                   | 5,299                  | 66,086               |
| Outside Services                               | 420                 | 5,671               | 16,796                 | 22,887               |
| Repairs and Maintenance                        | 86,874              | 25,469              | 92,085                 | 204,428              |
| Miscellaneous                                  | 3,312               | 861                 | 2,383                  | 6,556                |
| <b>Total Distribution and Collection</b>       | <u>254,018</u>      | <u>134,635</u>      | <u>468,391</u>         | <u>857,044</u>       |
| Administration and General                     |                     |                     |                        |                      |
| Salaries                                       | 25,891              | 25,882              | 124,319                | 176,092              |
| Supplies                                       | 1,575               | -                   | -                      | 1,575                |
| Outside Services                               | 2,231               | 2,081               | 47,683                 | 51,995               |
| Insurance                                      | 22,114              | 6,359               | 85,305                 | 113,778              |
| Repairs and Maintenance                        | 3,540               | 5,982               | 13,051                 | 22,573               |
| Miscellaneous                                  | 980                 | 14,862              | 33,139                 | 48,981               |
| <b>Total Administration and General</b>        | <u>56,331</u>       | <u>55,166</u>       | <u>303,497</u>         | <u>414,994</u>       |
| Depreciation                                   | 243,651             | 413,891             | 358,600                | 1,016,142            |
| <b>Total Operating Expenses</b>                | <u>642,519</u>      | <u>726,173</u>      | <u>2,884,040</u>       | <u>4,252,732</u>     |
| Net Operating Income                           | <u>76,205</u>       | <u>635,849</u>      | <u>609,061</u>         | <u>1,321,115</u>     |
| <b>NON OPERATING REVENUE (EXPENSE)</b>         |                     |                     |                        |                      |
| Interest Income                                | 29,610              | 113,845             | 150,360                | 293,815              |
| Refunds and Reimbursements                     | 1,442               | 2,981               | 2,816                  | 7,239                |
| Grant Income                                   | 20,000              | 24,261              | -                      | 44,261               |
| CAP X Credit                                   | -                   | -                   | 20,484                 | 20,484               |
| Interest Expense                               | (24,052)            | (105,717)           | (137,165)              | (266,934)            |
| <b>Total Non Operating Revenue (Expense)</b>   | <u>27,000</u>       | <u>35,370</u>       | <u>36,495</u>          | <u>98,865</u>        |
| <b>CHANGE IN NET POSITION BEFORE TRANSFERS</b> | <u>103,205</u>      | <u>671,219</u>      | <u>645,556</u>         | <u>1,419,980</u>     |
| Transfer to Other Funds                        | -                   | -                   | (120,000)              | (120,000)            |
| <b>CHANGE IN NET POSITION</b>                  | <u>103,205</u>      | <u>671,219</u>      | <u>525,556</u>         | <u>1,299,980</u>     |
| <b>NET POSITION - January 1</b>                | <u>3,180,149</u>    | <u>8,581,552</u>    | <u>6,763,166</u>       | <u>18,524,867</u>    |
| <b>NET POSITION - December 31</b>              | <u>\$ 3,283,354</u> | <u>\$ 9,252,771</u> | <u>\$ 7,288,722</u>    | <u>\$ 19,824,847</u> |

CITY OF MOUNTAIN LAKE, MINNESOTA  
STATEMENT OF CASH FLOWS  
PUBLIC UTILITIES COMMISSION  
FOR THE YEAR ENDED DECEMBER 31, 2023

|  | 601 - Water<br>Fund | 602 - Sewer<br>Fund | 604 - Electric<br>Fund | Total        |
|--|---------------------|---------------------|------------------------|--------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>   |                     |                     |                        |              |
| Receipts from Customers  | \$ 713,362          | \$ 1,342,130        | \$ 3,605,445           | \$ 5,660,937 |
| Payments to Vendors  | (260,855)           | (130,616)           | (1,985,791)            | (2,377,262)  |
| Payments to Employees  | (120,730)           | (120,730)           | (448,458)              | (689,918)    |
| Other Receipts and Payments  | 1,442               | 2,981               | 23,300                 | 27,723       |
| Net Cash Provided By Operating Activities  | 333,219             | 1,093,765           | 1,194,496              | 2,621,480    |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING<br/>ACTIVITIES:</b>  |                     |                     |                        |              |
| Transfers to Other Funds   | -                   | -                   | (120,000)              | (120,000)    |
| Net Cash Used By Noncapital Financing<br>Activities  | -                   | -                   | (120,000)              | (120,000)    |
| <b>CASH FLOWS FROM CAPITAL AND RELATED<br/>FINANCING ACTIVITIES:</b>                                 |                     |                     |                        |              |
| Purchase of Capital Assets   | (272,463)           | (118,105)           | (497,014)              | (887,582)    |
| Proceeds from Bond Issuance  | -                   | 61,924              | -                      | 61,924       |
| Principal Paid on Capital Debt   | (269,665)           | (757,974)           | (323,750)              | (1,351,389)  |
| Interest Paid on Capital Debt  | (28,177)            | (109,930)           | (139,171)              | (277,278)    |
| Special Assessments Received   | -                   | 443                 | -                      | 443          |
| Grant Income   | 20,000              | 24,261              | -                      | 44,261       |
| Net Cash Used By Capital and Related<br>Financing Activities   | (550,305)           | (899,381)           | (959,935)              | (2,409,621)  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>   |                     |                     |                        |              |
| Interest Received  | 29,610              | 113,845             | 150,360                | 293,815      |
| Net Cash Provided By Investing Activities  | 29,610              | 113,845             | 150,360                | 293,815      |
| <b>NET INCREASE (DECREASE) IN CASH</b>   | (187,476)           | 308,229             | 264,921                | 385,674      |
| <b>CASH AND INVESTMENTS - January 1</b>  | 454,140             | 2,336,524           | 5,043,925              | 7,834,589    |
| <b>CASH AND INVESTMENTS - December 31</b>  | \$ 266,664          | \$ 2,644,753        | \$ 5,308,846           | \$ 8,220,263 |
| <b>Reconciliation of Operating Operating Income to Net<br/>Cash Provided By Operating Activities</b> |                     |                     |                        |              |
| Operating Income   | \$ 76,205           | \$ 635,849          | \$ 609,061             | \$ 1,321,115 |
| <b>Adjustments to Reconcile Operating Income to Net<br/>Cash Provided By Operating Activities</b>    |                     |                     |                        |              |
| Depreciation   | 243,651             | 413,891             | 358,600                | 1,016,142    |
| Noncash Pension Expense  | 4,414               | 4,414               | 17,127                 | 25,955       |
| <b>Changes in Assets and Liabilities</b>   |                     |                     |                        |              |
| Receivables  | (5,362)             | (19,892)            | 112,370                | 87,116       |
| Inventory  | 1,833               | 190                 | 9,364                  | 11,387       |
| Prepaid Expenses   | -                   | 11,802              | -                      | 11,802       |
| Accounts Payable   | 7,664               | 41,158              | 56,503                 | 105,325      |
| Accrued Wages  | 85                  | 85                  | (51)                   | 119          |
| Accrued Compensated Absences   | 3,287               | 3,287               | 10,613                 | 17,187       |
| Due to Other Governments   | -                   | -                   | (2,365)                | (2,365)      |
| Deposits Payable   | -                   | -                   | (26)                   | (26)         |
| Other Receipts and Payments  | 1,442               | 2,981               | 23,300                 | 27,723       |
| <b>Net Cash Provided By Operating Activities</b>   | \$ 333,219          | \$ 1,093,765        | \$ 1,194,496           | \$ 2,621,480 |

CITY OF MOUNTAIN LAKE, MINNESOTA  
SUMMARY FINANCIAL REPORT

REVENUES AND EXPENDITURES FOR GENERAL OPERATIONS  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2023

The purpose of this report is to provide a summary of financial information concerning the City of Mountain Lake to interested citizens. The complete financial statements may be examined at the City Hall, 930 Third Ave Mountain Lake, MN Questions about this report should be directed to Michael Mueller, City Administrator, at 507 427 2999

|  | <u>Total</u><br><u>2023</u> | <u>Total</u><br><u>2022</u> | Percent<br>Increase<br>(Decrease) |
|--|-----------------------------|-----------------------------|-----------------------------------|
| <b>REVENUES:</b>                                   |                             |                             |                                   |
| Taxes and Assessments                              | \$ 1,340,524                | \$ 1,224,741                | 9.45 %                            |
| Licenses and Permits                               | 10,133                      | 10,720                      | (5.48)%                           |
| Intergovernmental                                  | 1,218,531                   | 1,311,473                   | (7.09)%                           |
| Charges for Services                               | 563,509                     | 544,274                     | 3.53 %                            |
| Fines  | 8,922                       | 11,155                      | (20.02)%                          |
| Investment Earnings                                | 209,177                     | 64,401                      | 224.80 %                          |
| Miscellaneous                                      | 445,484                     | 235,373                     | 89.27 %                           |
| Transfer In  | <u>1,339,778</u>            | <u>445,746</u>              | 200.57 %                          |
| Total Revenues                                     | <u>\$ 5,136,058</u>         | <u>\$ 3,847,883</u>         | 33.48 %                           |
| Per Capita   | <u>2,540</u>                | <u>1,903</u>                |                                   |
| <b>EXPENDITURES:</b>                               |                             |                             |                                   |
| Current  |                             |                             |                                   |
| General Government                                 | \$ 323,521                  | \$ 282,140                  | 14.67 %                           |
| Public Safety                                      | 799,142                     | 756,163                     | 5.68 %                            |
| Public Works                                       | 430,347                     | 394,514                     | 9.08 %                            |
| Culture and Recreation                             | 336,870                     | 250,802                     | 34.32 %                           |
| Sanitation   | 53,858                      | 271,362                     | (80.15)%                          |
| Economic Development                               | 377,991                     | 325,189                     | 16.24 %                           |
| Miscellaneous                                      | 130,002                     | 92,589                      | 40.41 %                           |
| Debt Service:                                      |                             |                             |                                   |
| Principal Payments                                 | 458,669                     | 551,251                     | (16.79)%                          |
| Interest Payments                                  | 182,424                     | 193,123                     | (5.54)%                           |
| Other Debt Service                                 | 2,356                       | 2,356                       | - %                               |
| Capital Outlay                                     | 518,441                     | 150,900                     | 243.57 %                          |
| Transfer Out                                       | <u>1,219,778</u>            | <u>325,746</u>              | 274.46 %                          |
| Total Expenditures                                 | <u>\$ 4,833,399</u>         | <u>\$ 3,596,135</u>         | 34.41 %                           |
| Per Capita   | <u>2,390</u>                | <u>1,779</u>                |                                   |
| Governmental Long-term Indebtedness                | <u>\$ 6,188,560</u>         | <u>\$ 6,647,231</u>         | (6.90)%                           |
| Per Capita   | <u>3,061</u>                | <u>3,287</u>                |                                   |
| General Fund Unassigned Fund Balance - December 31 | <u>\$ 1,674,371</u>         | <u>\$ 1,241,091</u>         | 34.91 %                           |
| Per Capita   | <u>828</u>                  | <u>614</u>                  |                                   |

SECTION IV

ADDITIONAL INFORMATION



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INDEPENDENT AUDITORS' 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 Council  
City of Mountain Lake  
Mountain Lake, 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, business-type activities, each major fund, and the aggregate remaining fund information of City of Mountain Lake, Minnesota, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise City of Mountain Lake, Minnesota's basic financial statements, and have issued our report thereon dated June 20, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered City of Mountain Lake, Minnesota's internal control over financial reporting (internal control) as a basis for designing 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 Mountain Lake, Minnesota's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Mountain Lake, 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 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 the 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002 that we consider to be significant deficiencies.

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

As part of obtaining reasonable assurance about whether City of Mountain Lake, 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 financial statements. 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 that are required to be reported under *Government Auditing Standards*.

## **City of Mountain Lake, Minnesota's Response to Findings**

Government Auditing Standards requires the auditor to perform limited procedures on the City of Mountain Lake, Minnesota's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City of Mountain Lake, Minnesota's response was not subjected to the 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.

*Oberloh & Oberloh, Ltd.*

Oberloh & Oberloh, Ltd.  
Redwood Falls, Minnesota

June 20, 2024

CITY OF MOUNTAIN LAKE  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED DECEMBER 31, 2023

INTERNAL CONTROL FINDINGS

Audit Finding 2023-001

*Criteria:* The City does not have the internal resources to identify all journal entries required to maintain a general ledger and to prepare the full-disclosure financial statements in conformity with generally accepted accounting principles.

*Condition:* The City's personnel prepare periodic financial information for internal use that meets the needs of management and the City Council. However, the City does not have internal resources to identify all journal entries required to maintain a general ledger and prepare full-disclosure financial statements required by generally accepted accounting principles for external reporting. The City is aware of this significant deficiency, and obtains our assistance in the preparation of the City's annual financial statements.

*Cause:* The City does not have the internal expertise needed to handle all aspects of the external financial reporting.

*Effect or Potential Effect:* The City's management is aware of the deficiency and addresses it by reviewing and approving the adjusting journal entries and completed statements prior to distribution to the end users.

*Questioned Cost:* None.

*Context:* During our audit, adjustments were made to the trial balance to prepare financial statements.

*Repeat of Prior-Year Finding:* 2022-001

*Recommendations:* For entities of the City's size, it generally is not practical to obtain the internal expertise needed to handle all aspects of the external financial reporting.

*Views of Responsible Officials and Planned Corrective Actions:* Management agrees with the recommendation that it is not cost effective for the City to prepare the financial statements and maintain a working knowledge of the required disclosures.

Audit Finding 2023-002

*Criteria:* Internal control that supports the City's ability to initiate, record, process and report financial data consistent with the assertions of management in the financial statements requires adequate segregation of accounting duties.

*Condition:* The City does not have adequate segregation of accounting duties.

*Cause:* There are a limited number of office employees.

*Effect or Potential Effect:* The lack of adequate segregation of accounting duties could adversely affect the City's ability to initiate, record, process and report financial data consistent with the assertions of management in the financial statements.

*Questioned Cost:* None.

CITY OF MOUNTAIN LAKE  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED DECEMBER 31, 2023

*Context:* During our audit, we noted the City does not maintain proper separation within the accounting function of the City to ensure proper segregation of accounting duties.

*Repeat of Prior-Year Finding:* 2022-002

*Recommendations:* For entities of the City's size, it generally is not practical to obtain the internal control that supports the adequate segregation of duties.

*Views of Responsible Officials and Planned Corrective Actions:* Management agrees with the recommendation that it is not cost effective for the City to maintain proper segregation of duties.

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MINNESOTA LEGAL COMPLIANCE  
INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with 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 governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of City of Mountain Lake, Minnesota, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 20, 2024.

In connection with our audit, nothing came to our attention that caused us to believe that City of Mountain Lake, Minnesota failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to Minn. Stat. 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City of Mountain Lake, Minnesota's noncompliance with the above reference provisions, insofar as they relate to accounting matters.

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. Accordingly, this communication is not suitable for any other purpose.

*Oberloh & Oberloh, Ltd.*  
Oberloh & Oberloh, Ltd.  
Redwood Falls, Minnesota

June 20, 2024