

**CITY OF LAKE CRYSTAL
LAKE CRYSTAL, MINNESOTA**

AUDITED FINANCIAL STATEMENTS

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

CITY OF LAKE CRYSTAL, MINNESOTA

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CITY OF LAKE CRYSTAL, MINNESOTA
ELECTED AND APPOINTED OFFICIALS
FOR THE YEAR ENDED DECEMBER 31, 2024

ELECTED

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Todd Wiens	Mayor	December 31, 2024
Michael Windsperger	Council Member	December 31, 2026
Gina Cooper	Council Member	December 31, 2026
Michael Turgeon	Council Member	December 31, 2024
Brett Hanson	Council Member	December 31, 2024

APPOINTED

<u>Name</u>	<u>Title</u>
Dennis McCoy	Utilities Commissioner Chairperson
Brad Ahrenstorff	Utilities Commissioner Member
Don Johnson	Utilities Commissioner Member
Angela Grafstrom	City Administrator



Burkhardt & Burkhardt, Ltd.

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Emphasis of Matter

As described in Note 1 to the financial statements, the City implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, for the year ended December 31, 2024. Also, the City implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 100, *Accounting Changes and Error Corrections*, for the year ended December 31, 2024. Our opinion is not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City'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, which raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis and pension liability schedules as listed in the table of contents, 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's basic financial statements. The supplemental information, as listed in the table of contents under supplemental section, are presented for purposes of additional analysis and is 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. Such 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 supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Prior Year Comparative Information

We have previously audited the City's 2023 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information in our report dated June 11, 2024. In our opinion, the partial comparative information presented herein as of and for the year ended December 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Burkhardt & Burkhardt, Ltd.

Burkhardt & Burkhardt, Ltd
Mankato, Minnesota
June 30, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Lake Crystal, Minnesota (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, 2024.

FINANCIAL HIGHLIGHTS

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

- (1) 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 \$31,727,492 (net position). Of this amount, \$10,527,416 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- (2) Capital assets, less depreciation, total \$28,333,869, representing a broad base of city-wide infrastructure.
- (3) As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$10,554,969. \$5,488,153 of this total amount, over 52%, is available for use within the City's designations.
- (4) At the end of the current fiscal year, the unassigned fund balance for the General fund was \$4,170,389, or 181% of total General fund expenditures.
- (5) The City had an increase in net position for governmental activities of \$1,875,281 during the current fiscal year.

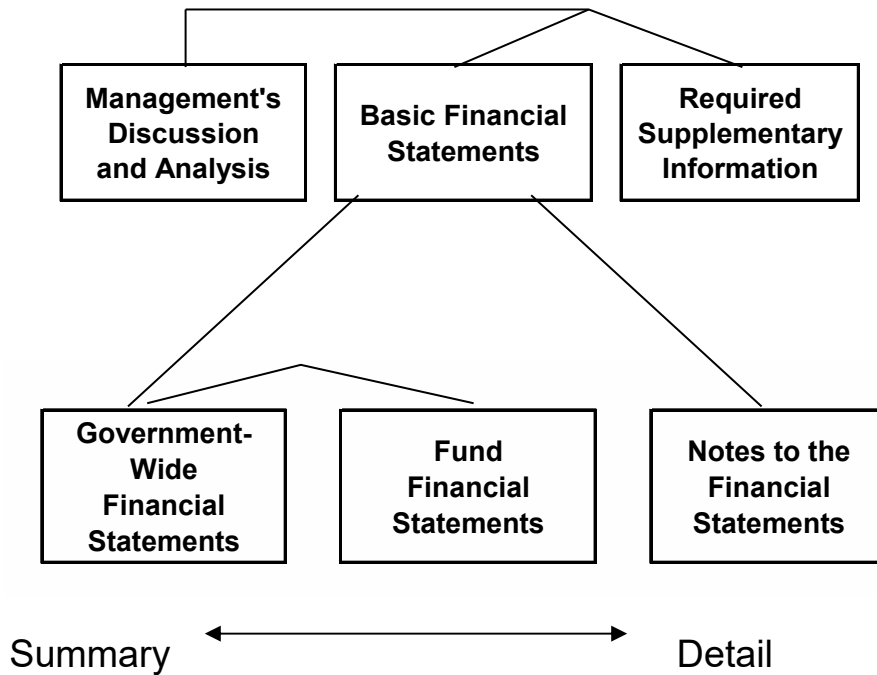
CITY OF LAKE CRYSTAL, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2024

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis serves as an introduction to the City's basic financial statements, which consist of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. The report also contains other supplementary information in addition to the basic financial statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of combining and individual fund financial statements and schedules that further explain and support the information in the financial statements. Figure 1 shows how the required parts of the annual report are arranged and relate to one another. In addition to these required elements, we have included a section with combining and individual fund financial statements and schedules that provide details about nonmajor governmental funds, which are added together and presented in single columns in the basic financial statements.

FIGURE 1 – REQUIRED COMPONENTS OF THE CITY'S ANNUAL FINANCIAL REPORT



CITY OF LAKE CRYSTAL, MINNESOTA
MANAGEMENT’S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2024

Figure 2 summarizes the major features of the City’s financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of the overview section of management’s discussion and analysis explains the structure and contents of each of the statements.

Figure 2
Major features of the Government-wide and Fund Financial Statements

	Fund Financial Statements		
	Government-wide Statements	Governmental Funds	Proprietary Funds
Scope	Entire City government (except fiduciary funds) and the City’s component units	The activities of the City that are not proprietary or fiduciary, such as police, fire and parks	Activities the City operates similar to private businesses, such as the water and sewer system
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenue, Expenditures, and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Revenues, Expenses and Changes in Net Position • Statement of Cash Flows
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital asset included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year; regardless of when cash is received or paid

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

CITY OF LAKE CRYSTAL, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2024

The *Statement of Activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of 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). The 2024 Statement provides for an increase in net position in the governmental activities and a decrease in the business-type activities, as the investment in capital assets in both governmental and business activities decreased.

Both government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, parks and recreation, cemetery, economic development, and interest on long-term debt. The business-type activities of the City include the electric, water and sewer utilities and ambulance services.

The government-wide financial statements can be found on pages 20 and 21 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All 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 functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financial decisions. The Governmental Funds Balance Sheet and Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains fifteen individual governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General, Debt Service, T.H. 60 Improvement, and Railroad Crossing Improvement funds. Data from the debt service and other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these debt service and nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its General and Special Revenue funds. A budgetary comparison statement has been provided for the General fund to demonstrate compliance with this budget.

The basic governmental funds financial statements can be found on pages 23 - 28 of this report.

CITY OF LAKE CRYSTAL, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2024

Proprietary Funds

The City maintains only one type of Proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the governmental-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The Proprietary funds financial statements provide separate information for the Enterprise funds, all of which are major funds of the City.

The basic Proprietary fund financial statements can be found on pages 31 - 35 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 36 - 71 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's share of net pension liabilities for defined benefits plans and schedules of contributions. The required supplementary information can be found starting on page 73 of this report.

Other Information

761The combining statements and schedules referred to earlier in connection with debt service and nonmajor governmental funds are presented following the required supplementary information. Combining and individual fund financial statements and schedules start on page 83 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$31,727,492 at the close of the most recent fiscal year.

By far the largest portion of the City's net position reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment) less any related debt used to acquire those assets that are 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.

CITY OF LAKE CRYSTAL, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2024

A condensed version of the Statement of Net Position on December 31, 2024, follows:

City of Lake Crystal's Summary of Net Position

	Governmental Activities			Business-type Activities		
	2024	2023	Increase (Decrease)	2024	2023	Increase (Decrease)
<i>Assets</i>						
Current and other assets	\$ 12,139,743	\$ 8,101,454	\$ 4,038,289	\$ 5,930,467	\$ 5,382,333	548,134
Capital assets	14,868,456	15,557,296	(688,840)	13,465,413	12,453,156	1,012,257
	27,008,199	23,658,750	3,349,449	19,395,880	17,835,489	1,560,391
<i>Deferred Outflows of Resources</i>						
Pension plan deferments	763,698	852,480	(88,782)	251,432	268,600	(17,168)
Deferred refunding debits	-	-	-	9,910	12,436	(2,526)
	763,698	852,480	(88,782)	261,342	281,036	(19,694)
<i>Liabilities</i>						
Current liabilities	1,412,976	837,395	575,581	643,048	873,591	(230,543)
Long-term liabilities	8,056,609	7,078,003	978,606	4,588,038	2,270,785	2,317,253
	9,469,585	7,915,398	1,554,187	5,231,086	3,144,376	2,086,710
<i>Deferred Inflows of Resources</i>						
Lease deferments	-	-	-	-	2,857	(2,857)
Pension plan deferments	671,568	840,409	(168,841)	329,388	414,715	(85,327)
	671,568	840,409	(168,841)	329,388	417,572	(88,184)
Excess of total assets and deferred outflows of resources over total liabilities and deferred inflows of resources	\$ 17,630,744	\$ 15,755,423	\$ 1,875,281	\$ 14,096,748	\$ 14,554,577	(457,833)
<i>Net Position</i>						
Net Investment in						
Capital Assets	\$ 6,856,783	\$ 8,636,298	(1,779,515)	\$ 9,110,104	\$ 10,149,908	(1,039,804)
Restricted	5,233,189	2,152,604	3,080,585	-	144,000	(144,000)
Unrestricted	5,540,772	4,966,521	574,251	4,986,644	4,260,669	725,975
Total net position	\$ 17,630,744	\$ 15,755,423	\$ 1,875,281	\$ 14,096,748	\$ 14,554,577	\$ (457,833)

In 2024, the assets of governmental activities increased by \$3,349,449, primarily due to the issuance of bonds for projects in the current year. Long-term liabilities for governmental activities rose by approximately \$978,606. This increase was driven by bond proceeds totaling \$1,390,000, which were partially offset by \$410,000 in principal payments on bonded indebtedness and reductions in net pension liabilities.

Conversely, business-type activities experienced an increase in assets of approximately \$1,560,391, attributed to capital contributions from the governmental activities for construction projects. Liabilities in the business-type activities increased by approximately \$2,086,000, mainly due to the issuance of debt totaling \$2,445,000 netted against scheduled bond principal repayments and reductions in pension liabilities.

A portion of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$10,527,416 may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City can report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

CITY OF LAKE CRYSTAL, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2024

Governmental and business-type activities increased the City's net position by \$1,417,448. Key elements of this increase are as follows:

City of Lake Crystal's Changes in Net Position

	Governmental Activities			Business-type Activities		
	<i>2024</i>	<i>2023</i>	Increase (Decrease)	<i>2024</i>	<i>2023</i>	Increase (Decrease)
<i>Revenues</i>						
Program revenues						
Charges for services	\$ 400,396	\$ 321,356	\$ 79,040	\$ 5,550,472	\$ 5,570,541	\$ (20,069)
Operating grants and contributions	89,483	191,338	(101,855)	112,587	-	112,587
Capital grants and contributions	151,328	36,690	114,638	-	-	-
General revenues						
Property taxes	1,646,329	1,397,323	249,006	-	-	-
Intergovernmental	983,224	839,029	144,195	-	-	-
Other sources	533,062	761,616	(228,554)	196,049	139,248	56,801
Total Revenue	3,803,822	3,547,352	256,470	5,859,108	5,709,789	149,319
<i>Expenses</i>						
General Government	413,216	580,674	(167,458)	-	-	-
Public Safety	858,402	749,455	108,947	-	-	-
Public Works	1,022,556	1,115,786	(93,230)	-	-	-
Park and Recreation	515,343	451,102	64,241	-	-	-
Cemetery	4,619	3,972	647	-	-	-
Economic Development	65,111	67,235	(2,124)	-	-	-
Electric	-	-	-	3,045,876	3,050,460	(4,584)
Water	-	-	-	733,867	740,298	(6,431)
Sewer	-	-	-	797,064	871,230	(74,166)
Ambulance	-	-	-	446,061	383,058	63,003
Interest on long-term debt	343,367	195,736	147,631	-	-	-
Total Expenses	3,222,614	3,163,960	58,654	5,022,868	5,045,046	(22,178)
Transfer	1,294,073	58,597	1,235,476	(1,294,073)	(58,597)	(1,235,476)
Change in Net Position	1,875,281	441,989	1,433,292	(457,833)	606,146	(1,063,979)
Net position - January 1	15,755,463	15,313,474	441,989	14,554,581	13,948,431	606,150
Net position - December 31	\$ 17,630,744	\$ 15,755,463	\$ 1,875,281	\$ 14,096,748	\$ 14,554,577	\$ (457,833)

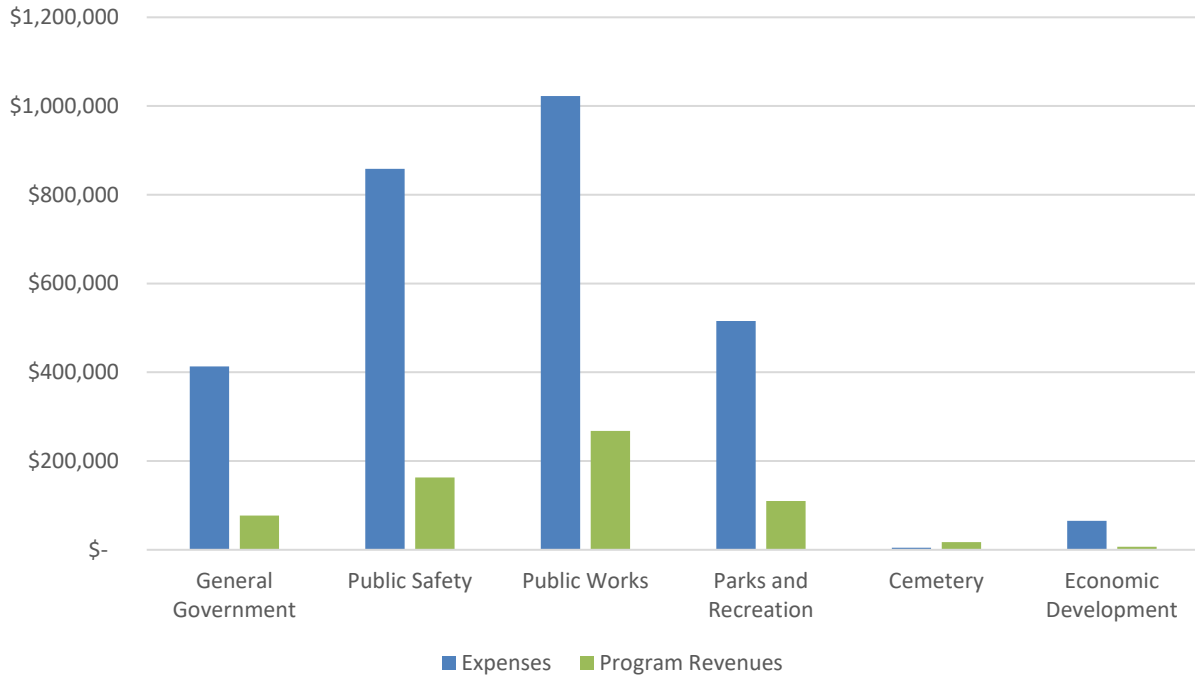
The substantial increase in the net position for governmental activities between 2023 and 2024 was primarily driven by significant long-term liabilities contributed to the business-type activities. This was also due to increased revenues from property taxes, with only a modest increase in expenses.

For business-type activities, revenues rose by \$149,319, attributed to rate adjustments. However, expenses decreased, driven by lower personal service costs and lower repairs and maintenance in the Sewer fund. This trend highlights the importance of balancing revenue adjustments with operational cost management to sustain financial health.

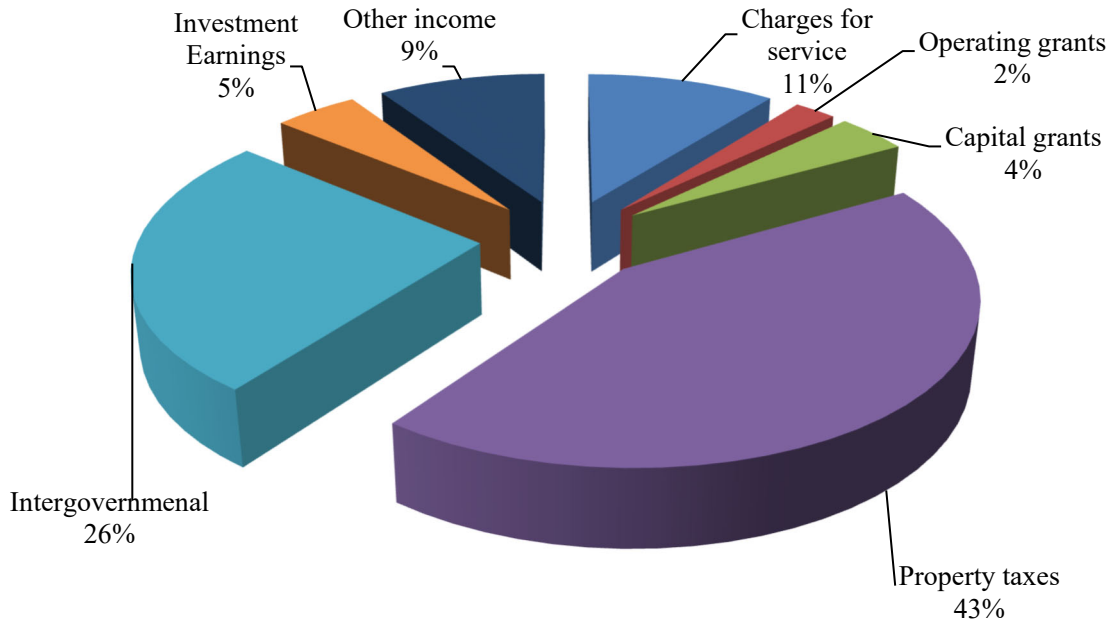
CITY OF LAKE CRYSTAL, MINNESOTA
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 YEAR ENDED DECEMBER 31, 2024

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

Expenses and Program Revenues – Governmental Activities



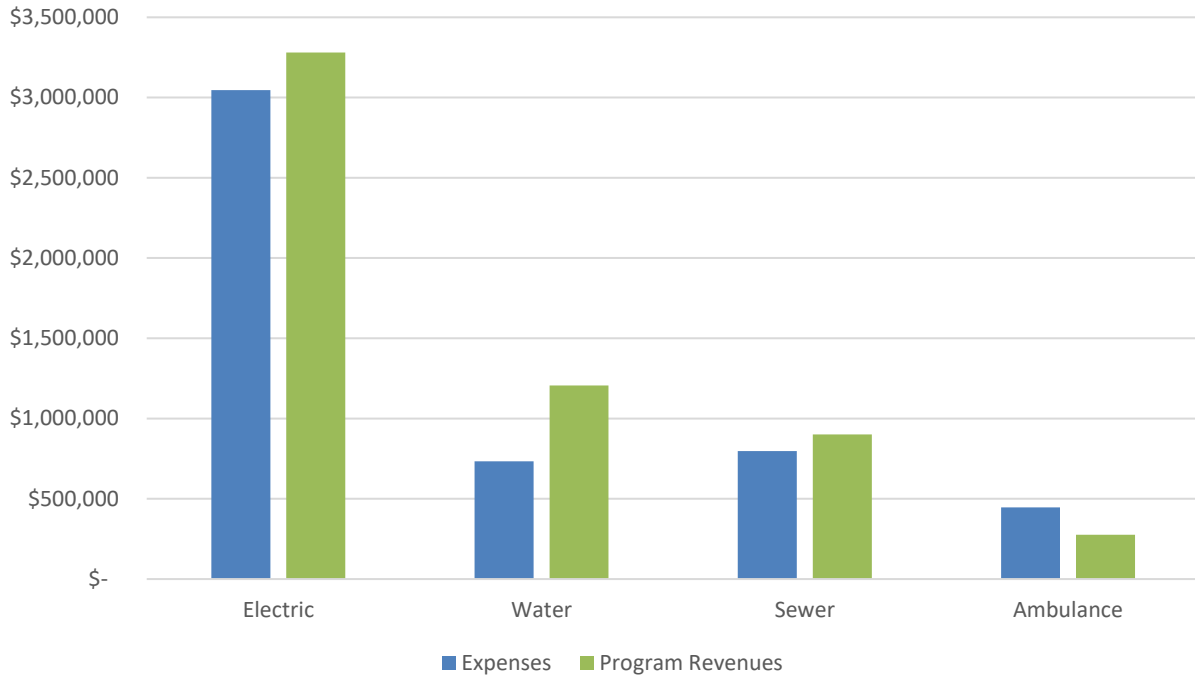
Revenues by Source – Governmental Activities



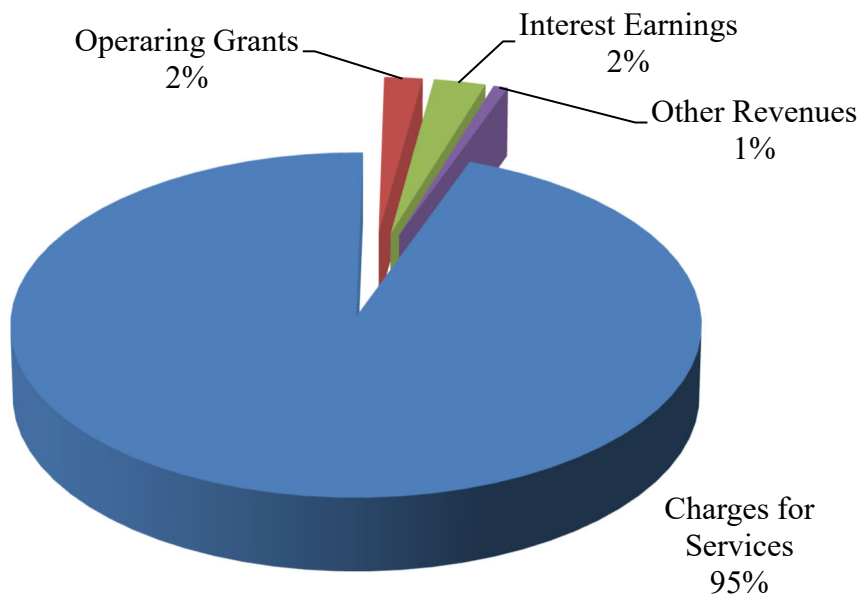
CITY OF LAKE CRYSTAL, MINNESOTA
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 YEAR ENDED DECEMBER 31, 2024

Below are specific graphs that provide comparisons of the business-type activities' direct program revenues with their expenditures. Excess revenues are retained within each fund until such a time that capital replacement is needed.

Expenses and Program Revenues – Business-type Activities



Revenue by Source – Business-type Activities



CITY OF LAKE CRYSTAL, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2024

FUND FINANCIAL ANALYSIS

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 financial requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$10,554,969. The unreserved fund balance constitutes \$5,488,153 of the total combined ending fund balance. The remainder of the fund balance is either not in spendable form or is reserved and is not available for new spending because it has already been committed to debt service payments and special revenue funds and other restrictions in the amount of \$5,066,816.

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 \$4,834,996. As a measure of the General fund's liquidity, it may be useful to compare total fund balance to total expenditures. Total unassigned fund balance represents 181% of total 2024 actual expenditures. The General fund balance increased \$272,433 during the year, primarily due to increased levy and donations received in the current year.

The Debt Service fund had a fund balance of \$1,039,571. The fund was established to properly account for the resources necessary to meet debt service requirements.

The T.H. 60 Improvement fund had a fund balance of \$2,903,831. The fund was established to account for revenues and expenditures related to the reconstruction of Highway 60.

The Railroad Crossing Improvement fund had a fund balance of \$133,956. The fund was established to account for project costs relating to the construction activity of expanding the sewer and water service lines around the rail line. The project has a construction commitment remaining on December 31, 2024, for \$69,658.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Other factors concerning the finance of the fund have already been addressed in the discussion of the City's business-type activities.

The City's Proprietary funds have unrestricted net position as follows:

Electric fund	\$ 1,311,321
Water fund	2,502,751
Sewer fund	761,185
Ambulance fund	411,387

BUDGETARY HIGHLIGHTS

General Fund

The City increased its general tax levy collectible in 2024 by 11.9% from the 2023 levy. Local government aid from the state has stabilized and with budget surpluses at the state level in the last few years it appears that source of revenue is in good shape. There were no budget amendments during the year, and the City had a balanced budget.

Revenues were under the budgeted sources by \$1,804, with the following significant variances:

- Property taxes of \$(234,914)
- Intergovernmental of \$94,065
- Charges for services \$(70,895)
- Other revenues of \$128,409

CITY OF LAKE CRYSTAL, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2024

Expenditures were under the budgeted appropriations by \$12,984, with the following significant variances:

- General government current expenditures were under budget by \$237,578, primarily related to personnel costs.
- Public safety current expenditures were over budget by \$137,642, primarily related to personnel costs.
- Public safety capital outlay was over budget by \$60,488, primarily related to higher than anticipated costs.

CAPITAL ASSET AND DEBT ADMINISTRATION

CAPITAL ASSETS

The City continued to invest in capital equipment to provide the best services for its residents. Many donations and grants were obtained to help offset purchase costs. All bonded debt was reduced with annual payments.

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2024, amounts to \$28,333,869 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, and infrastructure.

Major capital asset events during the current fiscal year included the following:

- Electric substation upgrades.
- Truck Highway 60 project.
- Water filter media replacement.
- Generator at city hall.
- Collis Field fence replaced.
- Irrigation system installed at the baseball field.
- Recreation Center expansion.
- 2024 Ford Police squad.

City of Lake Crystal's Capital Assets

	Governmental Activities			Business-type Activities		
	<u>2024</u>	<u>2023</u>	Increase (Decrease)	<u>2024</u>	<u>2023</u>	Increase (Decrease)
Land and Improvements	\$ 501,357	\$ 501,357	\$ -	\$ 31,700	\$ 31,700	\$ -
Construction in progress	296,413	1,915,799	(1,619,386)	164,490	-	164,490
Buildings	7,488,623	7,320,650	167,973	8,234,032	8,234,032	-
Infrastructure	11,645,402	10,265,734	1,379,668	13,342,556	11,898,044	1,444,512
Intangible assets	42,600	42,600	-	42,600	42,600	-
Equipment	2,906,422	2,880,214	26,208	3,920,014	3,920,014	-
Total	<u>\$ 22,880,816</u>	<u>\$ 22,926,353</u>	<u>\$ (45,537)</u>	<u>\$ 25,735,392</u>	<u>\$ 24,126,390</u>	<u>\$ 1,609,002</u>

LONG-TERM LIABILITIES

At the end of the fiscal year, the City had total long-term liabilities of \$13,280,818. This consisted of \$11,855,000 for bonded debt, \$756,665 for net pension liabilities, \$117,258 for compensated absences, and \$521,895 for bond premiums. State statutes limit the amount of general obligation debt a Minnesota city may issue to 3% (percent) of the total estimated market value. More detailed information on the City's long-term debt is presented in the Notes to the Financial Statement.

CITY OF LAKE CRYSTAL, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2024

Key elements of long-term liabilities are as follows:

	<u>2024</u>	<u>2023</u>	Increase (Decrease)
Governmental Activities:			
General Obligation Bonds	\$ 7,665,000	\$ 6,685,000	\$ 980,000
Bond Premium	346,674	235,998	110,676
Net Pension Liabilities	440,980	514,919	(73,939)
Compensated Absences	63,436	52,086	11,350
Total	<u>8,516,090</u>	<u>7,488,003</u>	<u>1,028,087</u>
Business-type Activities:			
General Obligation Revenue Bonds	4,190,000	2,055,000	2,135,000
Revenue Bonds	-	190,000	(190,000)
Bond Premium	175,221	70,684	104,537
Net Pension Liabilities	315,685	398,102	(82,417)
Compensated Absences	83,822	56,999	26,823
Total	<u>4,764,728</u>	<u>2,770,785</u>	<u>1,993,943</u>
Total Long-term Liabilities	<u>\$ 13,280,818</u>	<u>\$ 10,258,788</u>	<u>\$ 3,022,030</u>
Bonded Debt:			
General Obligation Bonds	\$ 7,665,000	\$ 6,685,000	\$ 980,000
General Obligation Revenue Bonds	4,190,000	2,055,000	2,135,000
Revenue Bonds	-	190,000	(190,000)
Total Bonded Debt	<u>\$ 11,855,000</u>	<u>\$ 8,930,000</u>	<u>\$ 2,925,000</u>

FACTORS BEARING ON THE CITY'S FUTURE

The City is situated in one of the healthiest economic regions of Minnesota. The City is well positioned to participate in economic growth. Due primarily to the continued housing boom, the City's tax capacity increased by \$341,838, or 15%, between 2023 and 2024. New construction was strong again in 2024, with 6 residential permits (5 permits, 6 in 2022, 4 in 2021, 6 in 2020) approved for new homes. 3 of those permits were for twin homes or duplexes. The agricultural economy around Lake Crystal remains strong with continued strong land prices. Initial indications are that tax capacity is expected to remain stable with potential for slight growth going forward.

Additionally, the State of Minnesota appears optimistic in its outlook for the future as it still has a surplus that should stabilize state aid and eliminate the need for future reductions. The council identified several future projects for the City and developed both a capital improvement plan and a capital financial plan to prioritize projects and plan how to finance them with minimal impact to taxpayers. Staff continue to monitor the potential fiscal post-pandemic impacts and are able to adjust if conditions warrant it. All of these factors will be considered when preparing the budget for the 2025 fiscal year.

For the 2024 fiscal year, General fund revenue and expenditure projections remained conservative. The 2024 General fund budget for revenues was \$3,101,018 and for expenditures was \$2,316,045.

In 2024, the City completed Crystal Gardens Subdivision #7 creating 10 buildable lots. By the end of 2024, 4 of the 10 lots had been sold to developers. Three more lots were sold in the first quarter of 2025.

Other projects the City is preparing for include:

- Beginning in 2025: Highway 60 Reconstruction which includes utility upgrades and a trail extension.
- The Lily Lakes Trail Project. Grant funds have been secured to partially fund this project which is slated to begin in 2027 or 2028.

CITY OF LAKE CRYSTAL, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2024

Lake Crystal Municipal Utilities (LCMU) continues to plan and prepare for future, large capital projects including:

- New wastewater treatment plant/plant upgrades;
- Water plant upgrades, including well maintenance and construction of a new well;
- Power plant engine maintenance; and
- And, a new Electric substation, which is expected to break ground in 2027.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the City Administrator, City of Lake Crystal, 100 E. Robinson St., Lake Crystal, MN, 56055.

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BASIC FINANCIAL STATEMENTS

CITY OF LAKE CRYBAL, MINNESOTA

STATEMENT OF NET POSITION

December 31, 2024

	Governmental Activities	Business-type Activities	Total Government
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Assets:			
Cash and Cash Equivalents	\$ 3,566,996	\$ 2,368,643	\$ 5,935,639
Investments	7,464,699	2,585,155	10,049,854
Receivables:			
Accounts, Net	85,270	548,483	633,753
Property Taxes	61,742	0	61,742
Special Assessments	598,642	0	598,642
Notes, Net	17,140	0	17,140
Leases	0	2,341	2,341
Due From Other Governments	19,284	0	19,284
Internal Balances	(48,280)	48,280	0
Inventory	0	233,180	233,180
Prepaid Expenses	127,215	144,385	271,600
Real Estate Held for Sale	247,035	0	247,035
Capital Assets Not Being Depreciated	797,770	196,190	993,960
Other Capital Assets, Net of Depreciation	14,070,686	13,269,223	27,339,909
Total Assets	<u>27,008,199</u>	<u>19,395,880</u>	<u>46,404,079</u>
Deferred Outflows of Resources:			
Pension Plan Deferments	763,698	251,432	1,015,130
Deferred Refunding Debits	0	9,910	9,910
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 27,771,897</u>	<u>\$ 19,657,222</u>	<u>\$ 47,429,119</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION			
Liabilities:			
Accounts Payable	\$ 879,213	\$ 401,292	\$ 1,280,505
Accrued Expenses	71,382	65,066	136,448
Unearned Revenue	2,900	0	2,900
Noncurrent Liabilities:			
Due Within One Year	459,481	176,690	636,171
Due in More than One Year	7,615,629	4,272,353	11,887,982
Net Pension Liability	440,980	315,685	756,665
Total Liabilities	<u>9,469,585</u>	<u>5,231,086</u>	<u>14,700,671</u>
Deferred Inflows of Resources:			
Pension Plan Deferments	671,568	329,388	1,000,956
Total Deferred Inflows of Resources	<u>671,568</u>	<u>329,388</u>	<u>1,000,956</u>
Net Position:			
Net Investment in Capital Assets	6,856,783	9,110,104	15,966,887
Restricted	5,233,189	0	5,233,189
Unrestricted	5,540,772	4,986,644	10,527,416
Total Net Position	<u>17,630,744</u>	<u>14,096,748</u>	<u>31,727,492</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 27,771,897</u>	<u>\$ 19,657,222</u>	<u>\$ 47,429,119</u>

The Notes to the Financial Statements are an Integral Part of this Statement.

CITY OF LAKE CRYSTAL, MINNESOTA

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2024

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES:				
General Government	\$ 413,216	\$ 76,933	\$ 0	\$ 0
Public Safety	858,402	78,246	84,483	0
Public Works	1,022,556	226,406	0	41,328
Parks and Recreation	515,343	0	0	110,000
Cemetery	4,619	17,200	0	0
Economic Development	65,111	1,611	5,000	0
Interest on Long-term Debt	343,367	0	0	0
Total Governmental Activities	<u>3,222,614</u>	<u>400,396</u>	<u>89,483</u>	<u>151,328</u>
BUSINESS-TYPE ACTIVITIES:				
Electric	3,045,876	3,279,791	0	0
Water	733,867	1,205,774	0	0
Sewer	797,064	896,789	4,336	0
Ambulance	446,061	168,118	108,251	0
Total Business-type Activities	<u>5,022,868</u>	<u>5,550,472</u>	<u>112,587</u>	<u>0</u>
Total Primary Government	<u>\$ 8,245,482</u>	<u>\$ 5,950,868</u>	<u>\$ 202,070</u>	<u>\$ 151,328</u>

General Revenues:

Property Taxes, levied for General Purposes
 Property Taxes, levied for Debt Service
 Intergovernmental
 Interest and Investment Earnings
 Other Revenues
 Transfers
 Total General Revenues

Changes in Net Position

Net Position - Beginning

Net Position - Ending

The Notes to the Financial Statements are an Integral Part of this Statement.

Net (Expenses) Revenues and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (336,283)	\$ 0	\$ (336,283)
(695,673)	0	(695,673)
(754,822)	0	(754,822)
(405,343)	0	(405,343)
12,581	0	12,581
(58,500)	0	(58,500)
(343,367)	0	(343,367)
<u>(2,581,407)</u>	<u>0</u>	<u>(2,581,407)</u>
0	233,915	233,915
0	471,907	471,907
0	104,061	104,061
0	(169,692)	(169,692)
<u>0</u>	<u>640,191</u>	<u>640,191</u>
<u>(2,581,407)</u>	<u>640,191</u>	<u>(1,941,216)</u>
1,406,859	0	1,406,859
239,470	0	239,470
983,224	0	983,224
177,714	152,771	330,485
355,348	43,278	398,626
1,294,073	(1,294,073)	0
<u>4,456,688</u>	<u>(1,098,024)</u>	<u>3,358,664</u>
1,875,281	(457,833)	1,417,448
<u>15,755,463</u>	<u>14,554,581</u>	<u>30,310,044</u>
<u>\$ 17,630,744</u>	<u>\$ 14,096,748</u>	<u>\$ 31,727,492</u>

The Notes to the Financial Statements are an Integral Part of this Statement.

CITY OF LAKE CRYSTAL, MINNESOTA

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2024

	General	Debt Service	T.H. 60 Improvement
ASSETS			
Cash and Cash Equivalents	\$ 2,139,007	\$ 525,593	\$ 2,234
Investments	2,341,694	267,073	3,164,598
Receivables:			
Accounts	23,576	0	0
Property Taxes	61,742	0	0
Special Assessments	1,384	597,258	0
Franchise Fee	60,906	0	0
Notes	0	0	0
Due From Other Funds	68,443	245,995	0
Due From Other Governments	19,284	0	0
Prepaid Expenses	127,215	0	0
Real Estate Held for Sale	0	0	0
Interfund Advance	290,000	0	0
TOTAL ASSETS	<u>\$ 5,133,251</u>	<u>\$ 1,635,919</u>	<u>\$ 3,166,832</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE			
Liabilities:			
Accounts Payable	\$ 181,326	\$ 0	\$ 158,001
Accrued Expenses	58,622	0	0
Unearned Revenue	2,900	0	0
Due to Other Funds	7,718	0	105,000
Advance from Other Funds	0	0	0
Total Liabilities	<u>250,566</u>	<u>0</u>	<u>263,001</u>
Deferred Inflows of Resources:			
Unavailable Revenue	47,689	596,348	0
Fund Balance:			
Nonspendable	417,215	0	0
Restricted	227,392	1,039,571	2,903,831
Committed	0	0	0
Assigned	20,000	0	0
Unassigned	4,170,389	0	0
Total Fund Balance	<u>4,834,996</u>	<u>1,039,571</u>	<u>2,903,831</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 5,133,251</u>	<u>\$ 1,635,919</u>	<u>\$ 3,166,832</u>

The Notes to the Financial Statements are an Integral Part of this Statement.

Railroad Crossing Improvement	Nonmajor Governmental Funds	Total Governmental Funds
\$ 33,188	\$ 866,974	\$ 3,566,996
758,849	932,485	7,464,699
0	788	24,364
0	0	61,742
0	0	598,642
0	0	60,906
0	17,140	17,140
0	0	314,438
0	0	19,284
0	0	127,215
0	247,035	247,035
0	0	290,000
<u>\$ 792,037</u>	<u>\$ 2,064,422</u>	<u>\$ 12,792,461</u>

\$ 408,081	\$ 131,807	\$ 879,215
0	0	58,622
0	0	2,900
250,000	0	362,718
0	290,000	290,000
<u>658,081</u>	<u>421,807</u>	<u>1,593,455</u>

<u>0</u>	<u>0</u>	<u>644,037</u>
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0	0	417,215
133,956	344,851	4,649,601
0	109,682	109,682
0	1,188,082	1,208,082
0	0	4,170,389
<u>133,956</u>	<u>1,642,615</u>	<u>10,554,969</u>

<u>\$ 792,037</u>	<u>\$ 2,064,422</u>	<u>\$ 12,792,461</u>
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The Notes to the Financial Statements are an Integral Part of this Statement.

CITY OF LAKE CRYVAL, MINNESOTA

RECONCILIATION OF THE BALANCE SHEET TO THE
STATEMENT OF NET POSITION - GOVERNMENTAL FUNDS
December 31, 2024

Total Fund Balances - Governmental Funds	\$ 10,554,969
Amounts reported for Governmental Activities in the Statement of Net Position are different because:	
Capital assets used in Governmental Activities are not financial resources and therefore are not reported as assets in Governmental Funds.	
Cost of capital assets	22,880,817
Less: accumulated depreciation	(8,012,361)
Long-term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported as liabilities in the Governmental Funds.	
Bonds payable	(7,665,000)
Compensated absences	(63,436)
Bond premiums on long-term debt are recognized as revenue in the Governmental Funds but as a decrease in the Statement of Net Position	
	(346,674)
Long-term receivables will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the Funds.	
Delinquent property taxes	46,305
Special assessments	597,732
Net pension liabilities are not recognized under the current financial resource measurement focus and, therefore, has no effect on fund balance	
Net pension liability - general employees retirement pension fund	(206,252)
Net pension liability - public employees police and fire pension fund	(195,596)
Net pension liability - volunteer firemen's relief pension fund	(39,132)
Deferred inflows and outflows of resources related to the pension liabilities are not recognized under the current financial resource measurement focus and, therefore, have no effect on fund balance	
Deferred outflows of resources related to pensions	763,698
Deferred inflows of resources related to pensions	(671,568)
Governmental funds do not report a liability for accrued interest payable until due and payable.	
	<u>(12,760)</u>
Total Net Position - Governmental Activities	<u>\$ 17,630,744</u>

The Notes to the Financial Statements are an Integral Part of this Statement.

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CITY OF LAKE CRYSA, MINNESOTA

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2024

	General	Debt Service	T.H. 60 Improvement
Revenues:			
Property Taxes	\$ 1,405,636	\$ 239,470	\$ 0
Franchise Fees	61,500	0	0
Special Assessments	1,495	96,585	0
Intergovernmental	1,070,955	0	0
Licenses and Permits	50,895	0	0
Charges for Services	344,818	0	0
Fines	6,331	0	0
Other Revenues	157,584	6,557	761
Total Revenues	<u>3,099,214</u>	<u>342,612</u>	<u>761</u>
Expenditures:			
Current:			
General Government	412,727	0	0
Public Safety	676,164	0	0
Public Works	839,344	0	0
Parks and Recreation	244,155	0	0
Cemetery	4,619	0	0
Economic Development	0	0	0
Capital Outlay:			
General Government	0	0	0
Public Safety	71,672	0	0
Public Works	0	0	177,161
Park and Recreation	54,380	0	0
Debt Service:			
Principal	0	410,000	0
Interest and Fees	0	241,429	84,190
Total Expenditures	<u>2,303,061</u>	<u>651,429</u>	<u>261,351</u>
Excess of Revenues Over (Under) Expenditures	<u>796,153</u>	<u>(308,817)</u>	<u>(260,590)</u>
Other Financing Sources (Uses):			
Transfers Out	(527,820)	0	0
Transfers In	0	353,360	0
Sale of Capital Assets	4,100	0	0
Bond Premium	0	0	188,201
Sale of Bonds	0	62,100	3,032,900
Total Other Financing Sources (Uses)	<u>(523,720)</u>	<u>415,460</u>	<u>3,221,101</u>
Change in Fund Balance	<u>272,433</u>	<u>106,643</u>	<u>2,960,511</u>
Fund Balance - January 1 (As Previously Stated)	4,562,563	932,928	0
Change from Major to Nonmajor Fund	0	0	0
Change from Nonmajor to Major Fund	<u>0</u>	<u>0</u>	<u>(56,680)</u>
Fund Balance - January 1 (As Restated)	<u>4,562,563</u>	<u>932,928</u>	<u>(56,680)</u>
Fund Balance - December 31	<u>\$ 4,834,996</u>	<u>\$ 1,039,571</u>	<u>\$ 2,903,831</u>

The Notes to the Financial Statements are an Integral Part of this Statement.

Railroad Crossing Improvement	Nonmajor Governmental Funds	Formerly Major Fund	Total Governmental Funds
\$ 0	\$ 0	\$ 0	\$ 1,645,106
0	0	0	61,500
0	0	0	98,080
0	5,000	0	1,075,955
0	0	0	50,895
0	1,611	0	346,429
0	0	0	6,331
<u>219</u>	<u>298,647</u>	<u>0</u>	<u>463,768</u>
<u>219</u>	<u>305,258</u>	<u>0</u>	<u>3,748,064</u>
0	0	0	412,727
0	2,550	0	678,714
0	33,195	0	872,539
0	0	0	244,155
0	0	0	4,619
0	65,111	0	65,111
0	11,213	0	11,213
0	26,281	0	97,953
618,609	175,914	0	971,684
0	231,587	0	285,967
0	0	0	410,000
<u>20,008</u>	<u>0</u>	<u>0</u>	<u>345,627</u>
<u>638,617</u>	<u>545,851</u>	<u>0</u>	<u>4,400,309</u>
<u>(638,398)</u>	<u>(240,593)</u>	<u>0</u>	<u>(652,245)</u>
0	(382,972)	0	(910,792)
0	608,342	0	961,702
0	110,068	0	114,168
32,354	0	0	220,555
<u>740,000</u>	<u>0</u>	<u>0</u>	<u>3,835,000</u>
<u>772,354</u>	<u>335,438</u>	<u>0</u>	<u>4,220,633</u>
<u>133,956</u>	<u>94,845</u>	<u>0</u>	<u>3,568,388</u>
0	951,500	539,590	6,986,581
0	539,590	(539,590)	0
<u>0</u>	<u>56,680</u>	<u>0</u>	<u>0</u>
<u>0</u>	<u>1,547,770</u>	<u>0</u>	<u>6,986,581</u>
<u>\$ 133,956</u>	<u>\$ 1,642,615</u>	<u>\$ 0</u>	<u>\$ 10,554,969</u>

The Notes to the Financial Statements are an Integral Part of this Statement.

CITY OF LAKE CRYSTAL, MINNESOTA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES - GOVERNMENTAL FUNDS
For the Year Ended December 31, 2024

Total Net Change in Fund Balances - Governmental Funds	\$ 3,568,388
Amounts reported for Governmental Activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay	1,315,669
Depreciation expense	(692,805)
Capital assets transferred to business-type activities	(1,311,704)
The issuance of long-term debt provides current financial resources to governmental funds, while issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond and note principal is an expenditure in the governmental funds, while the repayment reduces long-term liabilities in the Statement of Net Position.	
Principal payments	410,000
Bonds and notes issued	(4,055,555)
Bond premiums and deferred refunding losses on long-term debt are recognized as revenues and expenditures in the Governmental Funds. However, in the Statement of Activities those revenues and expenditures are allocated over the life of the debt and amortized as a decrease or increase in interest expense.	
Amortization of bond premiums	(11)
Long-term debt transferred to business-type activities	2,554,867
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	
	2,196
Certain revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	
Delinquent property taxes	1,223
Special assessments	(56,752)
Accounts receivable	(2,882)
Pension expense in the Statement of Activities is recognized as the change in net pension liabilities, including the amortization of layered deferred inflows and deferred outflows of resources of the current and prior periods, this does not require the use of current financial resources, and therefore is not reported in the government funds.	
Pension expense	153,999
Some expenses in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Compensated absences	<u>(11,350)</u>
Change in Net Position - Governmental Activities	<u>\$ 1,875,281</u>

The Notes to the Financial Statements are an Integral Part of this Statement.

CITY OF LAKE CRYVAL, MINNESOTA

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended December 31, 2024

	Budget		Actual	Over (Under)
	Original	Final		Final Budget
Revenues:				
Property Taxes	\$ 1,640,550	\$ 1,640,550	\$ 1,405,636	\$ (234,914)
Franchise Fees	0	0	61,500	61,500
Special Assessments	0	0	1,495	1,495
Intergovernmental	976,890	976,890	1,070,955	94,065
Licenses and Permits	34,690	34,690	50,895	16,205
Charges for Services	415,713	415,713	344,818	(70,895)
Fines	4,000	4,000	6,331	2,331
Other Revenues	29,175	29,175	157,584	128,409
Total Revenues	<u>3,101,018</u>	<u>3,101,018</u>	<u>3,099,214</u>	<u>(1,804)</u>
Expenditures:				
Current:				
General Government	650,305	650,305	412,727	(237,578)
Public Safety	538,522	538,522	676,164	137,642
Public Works	835,667	835,667	839,344	3,677
Parks and Recreation	216,467	216,467	244,155	27,688
Cemetery	14,000	14,000	4,619	(9,381)
Capital Outlay:				
Public Safety	11,184	11,184	71,672	60,488
Park and Recreation	49,900	49,900	54,380	4,480
Total Expenditures	<u>2,316,045</u>	<u>2,316,045</u>	<u>2,303,061</u>	<u>(12,984)</u>
Excess of Revenues Over (Under) Expenditures	<u>784,973</u>	<u>784,973</u>	<u>796,153</u>	<u>11,180</u>
Other Financing Sources (Uses):				
Transfers Out	(784,973)	(784,973)	(527,820)	(257,153)
Sale of Capital Assets	0	0	4,100	4,100
Total Other Financing Sources (Uses)	<u>(784,973)</u>	<u>(784,973)</u>	<u>(523,720)</u>	<u>261,253</u>
Change in Fund Balance	<u>\$ 0</u>	<u>\$ 0</u>	272,433	<u>\$ 272,433</u>
Fund Balance - January 1			<u>4,542,563</u>	
Fund Balance - December 31			<u>\$ 4,814,996</u>	

The Notes to the Financial Statements are an Integral Part of this Statement.

CITY OF LAKE CRYSTAL, MINNESOTA

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 December 31, 2024

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	Business-type Activities - Enterprise Funds		
	Electric	Water	Sewer
Current Assets:			
Cash and Cash Equivalents	\$ 877,186	\$ 903,458	\$ 285,929
Investments	667,345	1,382,128	535,682
Accounts Receivable, Net	224,849	105,225	91,149
Lease Receivable	0	2,341	0
Due from Other Funds	4,925	281,621	31,172
Inventory	206,931	26,249	0
Prepaid Expenses	<u>68,612</u>	<u>30,653</u>	<u>31,559</u>
Total Current Assets	2,049,848	2,731,675	975,491
Noncurrent Assets:			
Property and Equipment	7,049,684	9,919,286	8,496,467
Less: Accumulated Depreciation	<u>(4,854,952)</u>	<u>(3,143,228)</u>	<u>(4,078,148)</u>
Total Assets	4,244,580	9,507,733	5,393,810
Deferred Outflows of Resources:			
Pension Plan Deferments	130,785	60,415	60,232
Deferred Amount on Bond Refunding	<u>0</u>	<u>0</u>	<u>9,910</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 4,375,365</u>	<u>\$ 9,568,148</u>	<u>\$ 5,463,952</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION			
Current Liabilities:			
Accounts Payable	\$ 292,723	\$ 46,999	\$ 52,152
Due to Other Funds	172,891	55,653	40,894
Accrued Expenses	34,091	10,701	10,276
Compensated Absences	11,505	6,355	6,031
Current Portion of Long-term Debt	<u>0</u>	<u>45,000</u>	<u>105,000</u>
Total Current Liabilities	511,210	164,708	214,353
Noncurrent Liabilities:			
Compensated Absences	22,561	14,630	10,652
Bonds Payable, Less Current Portion	0	2,163,161	2,052,060
Net Pension Liability	<u>164,206</u>	<u>75,854</u>	<u>75,625</u>
Total Liabilities	<u>697,977</u>	<u>2,418,353</u>	<u>2,352,690</u>
Deferred Inflows of Resources:			
Pension Plan Deferments	<u>171,334</u>	<u>79,147</u>	<u>78,907</u>
Total Deferred Inflows of Resources	<u>171,334</u>	<u>79,147</u>	<u>78,907</u>
Net Position:			
Net Investment in Capital Assets	2,194,733	4,567,897	2,271,170
Unrestricted	<u>1,311,321</u>	<u>2,502,751</u>	<u>761,185</u>
Total Net Position	<u>3,506,054</u>	<u>7,070,648</u>	<u>3,032,355</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 4,375,365</u>	<u>\$ 9,568,148</u>	<u>\$ 5,463,952</u>

The Notes to the Financial Statements are an Integral Part of this Statement.

Business-type Activities -

Ambulance	Totals
-----------	--------

\$ 302,070		\$ 2,368,643	
0		2,585,155	
127,260		548,483	
0		2,341	
0		317,718	
0		233,180	
<u>13,561</u>		<u>144,385</u>	
442,891		6,199,905	

269,955		25,735,392	
<u>(193,651)</u>		<u>(12,269,979)</u>	
519,195		19,665,318	

0		251,432	
<u>0</u>		<u>9,910</u>	

<u>\$ 519,195</u>		<u>\$ 19,926,660</u>	

\$ 9,418		\$ 401,292	
0		269,438	
9,998		65,066	
2,799		26,690	
<u>0</u>		<u>150,000</u>	
22,215		912,486	

9,289		57,132	
0		4,215,221	
<u>0</u>		<u>315,685</u>	
<u>31,504</u>		<u>5,500,524</u>	

<u>0</u>		<u>329,388</u>	
<u>0</u>		<u>329,388</u>	

76,304		9,110,104	
<u>411,387</u>		<u>4,986,644</u>	
<u>487,691</u>		<u>14,096,748</u>	

<u>\$ 519,195</u>		<u>\$ 19,926,660</u>	

The Notes to the Financial Statements are an Integral Part of this Statement.

CITY OF LAKE CRYSTAL, MINNESOTA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS

For the Year Ended December 31, 2024

	Business-type Activities - Enterprise Funds		
	Electric	Water	Sewer
Operating Revenues:			
Charges for Services	\$ 3,279,791	\$ 1,205,774	\$ 896,789
Cost of Revenues:			
Wholesale Electrical Power	(1,847,858)	0	0
Gross Profit	1,431,933	1,205,774	896,789
Operating Expenses:			
Personal Services	431,811	198,285	194,666
Supplies	77,561	54,848	155,019
Other Services and Charges	133,480	74,763	83,873
Utilities	46,889	137,472	64,275
Repairs and Maintenance	185,891	40,693	64,822
Other	129,637	18,129	12,082
Depreciation	187,350	180,979	194,610
Total Operating Expenses	1,192,619	705,169	769,347
Income (Loss) from Operations	239,314	500,605	127,442
Nonoperating Revenues (Expenses)			
Investment Earnings	44,029	79,217	25,387
Interest and Fiscal Expense	(5,399)	(28,698)	(27,717)
Other Revenues	16,542	8,942	14,444
Total Nonoperating Revenues (Expenses)	55,172	59,461	12,114
Income Before Transfers and Other Items	294,486	560,066	139,556
Capital Contributions	0	(596,081)	(647,082)
Transfers In	0	0	0
Transfers Out	(149,448)	(55,653)	(40,894)
Change in Net Position	145,038	(91,668)	(548,420)
Net Position - January 1	3,361,016	7,162,316	3,580,775
Net Position- December 31	\$ 3,506,054	\$ 7,070,648	\$ 3,032,355

The Notes to the Financial Statements are an Integral Part of this Statement.

Business-type Activities -	
Ambulance	Totals
\$ 168,118	\$ 5,550,472
<u>0</u>	<u>(1,847,858)</u>
168,118	3,702,614
248,769	1,073,531
27,606	315,034
45,021	337,137
3,815	252,451
4,307	295,713
82,737	242,585
33,806	596,745
<u>446,061</u>	<u>3,113,196</u>
<u>(277,943)</u>	<u>589,418</u>
4,138	152,771
0	(61,814)
<u>115,937</u>	<u>155,865</u>
<u>120,075</u>	<u>246,822</u>
(157,868)	836,240
0	(1,243,163)
195,085	195,085
<u>0</u>	<u>(245,995)</u>
37,217	(457,833)
<u>450,474</u>	<u>14,554,581</u>
<u>\$ 487,691</u>	<u>\$ 14,096,748</u>

The Notes to the Financial Statements are an Integral Part of this Statement.

CITY OF LAKE CRYSTAL, MINNESOTA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2024

	Business-type Activities - Enterprise Funds		
	Electric	Water	Sewer
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts From Customers and Users	\$ 3,416,305	\$ 1,211,099	\$ 900,132
Payments to Suppliers	(2,298,775)	(348,981)	(364,640)
Payments to Employees	(485,244)	(230,736)	(228,251)
Other Receipts	16,542	8,942	14,444
Net Cash from Operating Activities	<u>648,828</u>	<u>640,324</u>	<u>321,685</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Operating Transfers	(163,538)	(57,216)	(41,084)
Net Investment Activity	(387,552)	23,929	3,526
Payments on Interfund Loans	(1,291)	(261,621)	(11,172)
Net Cash from Noncapital Financing Activities	<u>(552,381)</u>	<u>(294,908)</u>	<u>(48,730)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Purchases of Capital Assets	(164,490)	(132,807)	0
Principal Payments on Long-term Debt	(190,000)	(215,000)	(95,000)
Interest Payments on Long-term Debt	(5,890)	(32,075)	(28,350)
Net Cash from Capital and Related Financing Activities	<u>(360,380)</u>	<u>(379,882)</u>	<u>(123,350)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest Received	<u>18,287</u>	<u>20,182</u>	<u>5,801</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(245,646)	(14,284)	155,404
Cash and Cash Equivalents - January 1	<u>1,122,836</u>	<u>917,740</u>	<u>130,523</u>
Cash and Cash Equivalents - December 31	<u>\$ 877,185</u>	<u>\$ 903,458</u>	<u>\$ 285,929</u>
Reconciliation of Operating Income (Loss) to Net Cash			
Operating Income (Loss)	\$ 239,314	\$ 500,605	\$ 127,442
Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities:			
Other Operating Receipts	16,542	8,942	14,444
Depreciation	187,350	180,979	194,610
(Increase) Decrease in Receivables	136,514	5,325	3,343
(Increase) Decrease in Inventory	14,995	(7,560)	0
(Increase) Decrease in Prepaid Expenses	10,139	3,513	7,967
(Increase) Decrease in Pension Resources	(33,780)	(17,683)	(16,697)
Increase (Decrease) in Net Pension Liability	(38,308)	(23,361)	(20,747)
Increase (Decrease) in Accounts Payable	93,018	(19,098)	7,464
Increase (Decrease) in Compensated Absences	13,863	6,218	1,916
Increase (Decrease) in Accrued Expenses	9,181	2,444	1,943
Net Cash from Operating Activities	<u>\$ 648,828</u>	<u>\$ 640,324</u>	<u>\$ 321,685</u>
Non-cash Investing/Financing Activities:			
Contributions of Capital Assets	\$ 0	\$ 743,434	\$ 568,270
Issuance of Long-term Debt	0	(1,339,515)	(1,215,352)
Investment Earnings	25,742	59,035	19,586
Amortization of Bond Premiums	0	2,320	3,011
Total Non-cash Investing/Financing Activities	<u>\$ 25,742</u>	<u>\$ (534,726)</u>	<u>\$ (624,485)</u>

The Notes to the Financial Statements are an Integral Part of this Statement.

Business-type Activities -	
Ambulance	Totals
\$ 151,834	\$ 5,679,370
(158,933)	(3,171,329)
(247,945)	(1,192,176)
<u>115,937</u>	<u>155,865</u>
<u>(139,107)</u>	<u>1,471,730</u>
195,085	(66,753)
0	(360,097)
0	(274,084)
<u>195,085</u>	<u>(700,934)</u>
0	(297,297)
0	(500,000)
0	(66,315)
<u>0</u>	<u>(863,612)</u>
4,138	48,408
60,114	(44,412)
<u>241,955</u>	<u>2,413,054</u>
<u>\$ 302,071</u>	<u>\$ 2,368,643</u>
\$ (277,943)	\$ 589,418
115,937	155,865
33,806	596,745
(16,284)	128,898
0	7,435
1,613	23,232
0	(68,160)
0	(82,416)
2,940	84,324
4,825	26,822
(4,001)	9,567
<u>\$ (139,107)</u>	<u>\$ 1,471,730</u>
\$ 0	\$ 1,311,704
0	(2,554,867)
0	104,363
0	5,331
<u>\$ 0</u>	<u>\$ (1,133,469)</u>

The Notes to the Financial Statements are an Integral Part of this Statement.

CITY OF LAKE CRYSTAL, MINNESOTA

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting entity

The City of Lake Crystal, Minnesota (the City), operates under the “Optional Plan A” form of government as defined in Minnesota statutes. Under this plan, the government of the City is directed by a City Council composed of an elected Mayor and four elected City Council Members. The City Council exercises legislative authority and determines all matters of policy. The City Council appoints personnel responsible for the proper administration of all affairs relating to the City.

The City has considered all the 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. As required by accounting principles generally accepted in the United States of America, these financial statements present the City and its component units, entities for which the City is financially accountable.

Component units for which the City has been determined to be financially accountable can be blended with the primary government or be included as a discrete presentation. 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 City. Each discretely presented component unit, on the other hand, is reported in a separate column in the financial statements to emphasize it is legally separate from the City. Included in the City’s reporting entity, based upon the application of these criteria, are the following blended component units. The blended component units presented have a December 31 year end.

Economic Development Authority. The Economic Development Authority (the EDA) was created pursuant to Minnesota statutes 469.090 through 469.108. The five-member Board of Directors carries out economic and industrial development and redevelopment within the City in accordance with policies established by the City. Separate financial statements are not issued for this component unit.

Municipal Utilities Commission. The Lake Crystal Municipal Utilities Commission (the Commission) was created pursuant to Minnesota statutes 412.321. The Commission serves all the citizens of the City and is governed by a Commission comprised of three Council approved members who serve overlapping three-year terms. The Minnesota statutes provide the Council with all the discretionary authority necessary to operate the utilities except as its powers have been delegated to the Commission. The utility funds are included in the enterprise funds of this report. Separate financial statements are not issued for this component unit.

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Interest on general long-term debt is considered an indirect expense and is reported separately in the Statement of Activities. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. Internally dedicated revenues are reported as general revenues rather than as program revenues.

CITY OF LAKE CRYSTAL, MINNESOTA

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

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. Aggregate information for the remaining nonmajor governmental funds is reported in a single column in the fund financial statements.

C. Measurement focus, basis of accounting and financial statement presentation

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

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

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is susceptible to accrual as revenue of the current period. All other revenue items are 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 an 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, entitlements, 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 when 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 deferred inflows of resources in the fund financial statements.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

The City reports the following major governmental funds:

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

CITY OF LAKE CRYSTAL, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

The *Debt Service fund* accounts for the servicing of general long-term debt not being financed by proprietary funds.

The *T.H. 60 Improvement fund* accounts for the construction activity related to the reconstruction of State Trunk Highway 60.

The *Railroad Crossing Improvement fund* accounts for construction activity related to rehabilitating a railroad crossing within city limits.

The City reports the following major proprietary funds:

The *Electric fund* accounts for the costs associated with the City's electric utility system and ensures that user charges are sufficient to meet those costs.

The *Water fund* accounts for the costs associated with the City's water utility system and ensures that user charges are sufficient to meet those costs.

The *Sewer fund* accounts for the costs associated with the City's sewer utility system and ensures that user charges are sufficient to meet those costs.

The *Ambulance fund* accounts for the costs associated with the City's ambulance service.

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 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, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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

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

D. Assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position/fund balance

Deposits and investments

The City's cash and cash equivalents are 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 based on applicable participation by each of the funds.

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.

CITY OF LAKE CRYSTAL, MINNESOTA

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

2. Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, rated in one of the two highest rating categories by a statistical rating agency, and have a final maturity of thirteen months or less.
3. General obligations of a state or local government with taxing powers rated “A” or better; revenue obligations rated “AA” or better.
4. General obligations of the Minnesota Housing Finance Agency rated “A” or better.
5. Bankers’ acceptances of United States banks eligible for purchase by the Federal Reserve System.
6. Commercial paper issued by United States banks, corporations, or their Canadian subsidiaries, of highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less.
7. Repurchase or reverse repurchase agreements and securities lending agreements with financial institutions qualified as a “depository” by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.
8. Guaranteed Investment Contracts (GIC’s) issued or guaranteed by a United States commercial bank, a domestic branch of a foreign bank, a United States insurance company, or its Canadian subsidiary, whose similar debt obligations were rated in one of the top two rating categories by a nationally recognized rating agency.

Investments are generally stated at fair value, except for investments in certain external investment pools, which are stated at amortized cost. Short-term, highly liquid debt instruments (including commercial paper, bankers’ acceptance, and U.S. treasury and agency obligations) purchased with a remaining maturity of one year or less are also reported at amortized cost. Investment income is accrued at the Balance Sheet date.

The City categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Financial assets and liabilities recorded on the combined statements of financial position are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities.

Level 2 – Financial assets and liabilities are valued based on quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data.

Level 3 – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity’s own assumptions about the assumptions market participants and would use in pricing the asset.

Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities’ relationship to benchmark quoted prices.

See Note 3 for the City’s recurring fair value measurements as of December 31, 2024. The City has adopted a formal investment policy.

CITY OF LAKE CRYSTAL, MINNESOTA

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Property taxes

The City Council annually adopts a tax levy and certifies it to the County in December for collection in the following year. The County is responsible for 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 December each year.

Taxes payable on homestead property, as defined by Minnesota statutes, were partially reduced by a market value credit aid. The credit is paid to the City by the State in lieu of taxes levied against the homestead property. The State remits this credit in two equal installments in October and December each year.

Delinquent taxes receivable includes the past six years' uncollected taxes. Delinquent taxes have been offset by a deferred inflow of resources for delinquent taxes not received within 60 days after year end in the fund financial statements.

Accounts receivable

Accounts receivable include amounts billed for services provided before year end. Unbilled utility and ambulance enterprise fund receivables are also included for services provided in 2024. The City annually certifies delinquent water and sewer accounts to the County for collection in the following year. Therefore, there has been no allowance for doubtful accounts established for utility accounts receivable. The Ambulance fund accounts receivable was shown net of an allowance of \$238,674.

Notes receivable

Notes receivable represents loans made to various commercial entities throughout the City. An allowance has been established and was determined based on historical bad debt experience related to the nature of the receivable balance.

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 received in cash or within 60 days after year end. All governmental special assessments receivable are offset by a deferred inflow of resources in the fund financial statements.

Land held for resale

Land held for resale is carried at the lower of cost or net realizable value.

Inventory and Prepaid items

All inventories are stated at the lower of cost or market on the first-in, first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

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). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

CITY OF LAKE CRYSTAL, MINNESOTA

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than the thresholds below (amount not rounded) and an estimated useful life in excess of one year. For financial statement purposes only, a capitalization threshold is established for each capital asset category as follows:

<u>Assets</u>	<u>Capitalization Threshold</u>
Land improvements	\$ 10,000
Buildings and improvements	25,000
Infrastructure	100,000
Machinery and equipment	5,000

As the City constructs or acquires capital 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 acquisition value of the item at the date of its donation.

Property, plant, and equipment of the City, as well as component units, are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Useful Lives in Years</u>
Buildings and improvements	15 to 75
Infrastructure	20 to 60
Machinery and equipment	3 to 15

Compensated absences

The City provides paid leave benefits to employees, including vacation, sick leave, and other compensated absences, in accordance with its personnel policies. Employees earn leave based on the number of months worked during the year. Upon termination, employees are entitled to receive compensation for fifty percent of unused sick leave balances and all of the vacation leave balances based on the City’s policy. Employees accrue one day of sick leave per month of work, with a maximum accrual limit of 90 days. The liability for compensated absences is recognized when earned and measured using an expected payout approach, considering historical usage patterns and projected future payments.

Postemployment benefits other than pensions (OPEB)

Minnesota Statutes require the City to allow retired employees to stay on the health care plan with the retiree responsible to pay the entire premium for continuation coverage. Employees of the City pay health care premiums based on level of coverage, without consideration to age. The City’s personnel policy does not provide for any contributions upon employee retirement; thus, the City does not expect any future retirees to elect to continue coverage and has no experience with past retirees electing coverage. The implicit rate subsidy factor in postemployment health care expenses is considered immaterial, therefore, no liability is accrued for OPEB.

CITY OF LAKE CRYSTAL, MINNESOTA

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Unearned Revenue

Unearned revenues are those for which the City receives resources before it has a legal claim against them. The City has reported unearned revenues for prepaid service revenues and security deposits in the proprietary funds.

Deferred outflows/inflows of resources

In addition to liabilities, the statement of financial position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

In addition to assets, the statement of financial position and fund financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of resources that is applicable to future reporting period(s) and so will not be recognized as an outflow of resources (expense) until that time.

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), Lake Crystal Volunteer Fire Relief Association (VFRA) and additions to/deductions from PERA's fiduciary net position and VFRA's fiduciary net position have been determined on the same basis as they are reported by PERA and VFRA, except that PERA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

PERA has a special funding situation for their public employees' police and fire pension fund in the State of Minnesota contributes \$9 million annually on October 1 until both PEPFP and MSRS State Patrol become 90% funded (on a Market Value of Asset Basis).

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 premiums and discounts are delayed and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

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

Leases

Lease receivables

The City determines if an arrangement is a lease at inception. Leases are included in lease receivables and deferred inflows of resources in the statements of net position and fund financial statements.

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Lease receivables represent the City’s claim to receive lease payments over the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease receivables are recognized at commencement date based on the present value of expected lease payments over the lease term, reduced by any provision for estimated uncollectible amounts. Interest revenue is recognized ratably over the contract term.

Deferred inflows of resources related to leases are recognized at the commencement date based on the initial measurement of the lease receivable, plus any payments received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The deferred inflows related to leases are recognized as lease revenue in a systematic and rational manner over the lease term.

The City has elected to recognize payments received for short-term leases with a lease term of 12 months or less as revenue as the payments are received. These leases are not included as lease receivables or deferred inflows on the statements of net position and fund financial statements.

Lease liabilities

The City determines if an arrangement is a lease at inception. Leases are included in lease assets and lease liabilities in the statements of net position.

Lease assets represent the City’s control of the right to use an underlying asset for the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease assets are recognized at the commencement date based on the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Lease assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Lease liabilities represent the City’s obligation to make lease payments arising from the lease. Lease liabilities are recognized at the commencement date based on the present value of expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term.

The lease term may include options to extend or terminate the lease when it is reasonably certain that the Entity will exercise that option.

The City has elected to recognize payments for short-term leases with a lease term of 12 months or less as expenses as incurred, and these leases are not included as lease liabilities or right-to-use lease assets on the statements of net position.

Significant lease terms are disclosed in note 3.

Net position

In the government-wide financial statements, net position represents the difference between assets and liabilities. 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 balances 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 balances that do not meet the definition of “restricted” or “net investment in capital assets”.

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Fund balance

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

Nonspendable - Amounts that cannot be spent because they are not in a spendable form, such as prepaid items.

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

Committed - Amounts constrained for specific purposes that are internally imposed by formal action (resolution) of the City Council, which is the City's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the City Council modifies or rescinds the commitment by resolution.

Assigned - Amounts constrained for specific purposes that are internally imposed. In governmental funds other than the General fund, assigned fund balance represents all remaining amounts that are not classified as nonspendable and are neither restricted nor committed. In the General fund, assigned amounts represent intended uses established by the City Council itself or by an official to which the governing body delegates the authority. The City Council has adopted a fund balance policy which delegates the authority to assign amounts for specific purposes to the City Administrator.

Unassigned - The residual classification for the General fund and also negative residual amounts in other funds.

The City considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The City has formally adopted a fund balance policy for the General fund. The City's policy is to maintain a minimum unassigned fund balance of 50 percent of budgeted operating expenditures for cash-flow timing needs.

Note 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. All annual appropriations lapse at fiscal year-end. The City does not use encumbrance accounting.

On or before July 1 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 30, the proposed budget is presented to the City Council for review. The City Council holds public hearings, and a final budget is prepared and adopted in December.

The appropriated budget is prepared by fund, function, and department. The City's department heads, with the approval of the City Administrator, 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 department level. Budgeted amounts are as originally adopted or as amended by the City Council. There were no budget amendments during the year.

CITY OF LAKE CRYSTAL, MINNESOTA

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

Note 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – (Continued)

B. Excess of Expenditures over Appropriations

For the year ended December 31, 2024, no funds had expenditures over appropriations.

C. Deficit Fund Equity

There were no funds that had fund equity deficits at year end.

Note 3 DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

Deposits

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 and as authorized by the City Council, the City maintains deposits at those depository banks, all of which are members of the Federal Reserve System.

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

Authorized collateral in lieu of a corporate surety bond includes:

- United States government Treasury bills, Treasury notes, Treasury bonds;
- Issues of United States government agencies and instrumentalities as quoted by a recognized industry quotation service available to the government entity;
- General obligation securities of any state or local government with taxing powers which is rated "A" or better by a national bond rating service, or revenue obligation securities of any state or local government with taxing powers which is rated "AA" or better by a national bond rating service;
- General obligation securities of a local government with taxing powers may be pledged as collateral against funds deposited by that same local government entity;
- Irrevocable standby letters of credit issued by Federal Home Loan Banks to a municipality accompanied by written evidence that the bank's public debt is rated "AA" or better by Moody's Investors Service, Inc., or Standard & Poor's Corporation; and
- Time deposits that are fully insured by any federal agency

Minnesota statutes require that all collateral shall be placed in safekeeping in a restricted account at a Federal Reserve Bank, or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral. The selection should be approved by the government entity.

On December 31, 2024, the carrying amount of deposits was \$5,935,639 and the bank balance was \$5,872,751. Of the bank balance, \$500,000 was covered by federal depository insurance. The remaining balance was covered by collateral held by the City's agent in the City's name.

CITY OF LAKE CRYSTAL, MINNESOTA

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

Note 3 DETAILED NOTES ON ALL FUNDS – (Continued)

Investments

Investments are subject to various risks, the following of which are considered the most significant:

Custodial Credit Risk – For investments, this is the risk that in the event of a failure of the counterparty to an investment transaction (typically a broker-dealer) the City would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments in investment pools and money markets are not evidenced by securities that exist in physical or book entry form and, therefore, are not subject to custodial credit risk disclosures. Although the City’s investment policies do not directly address custodial credit risk, it typically limits its exposure by purchasing insured or registered investments, or by the control of who holds the securities.

Credit Risk – This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Minnesota Statute 118A.07 limits the City’s investments.

Concentration Risk – This is the risk associated with investing a significant portion of the City’s investments (considered 5 percent or more) in the securities of a single issuer, excluding U.S. guaranteed investments (such as treasuries), investment pools, and mutual funds. The City’s investment policies do not address concentration risk.

Interest Rate Risk – This is the risk of potential variability in the fair value of fixed rate investments resulting from changes in interest rates (the longer the period for which an interest rate is fixed, the greater the risk). The City’s investment policies do not limit the maturities of investments; however, when purchasing investments, the City considers such things as interest rates and cash flow needs.

As of December 31, 2024, the City had the following investments that are insured or registered, or securities held by the City’s agent in the City’s name:

Deposit/Investments	Credit Risk		Fair Value Measurements Using	Interest Risk - Maturity Duration in Years		Total
	Rating	Agency		Less Than 1	1 to 5	
Pooled investment at amortized cost						
Broker money market funds	N/R	N/R	Cost	N/A	N/A	\$ 11,017
Minnesota municipal money market fund liquid class	N/R	N/R	NAV	N/A	N/A	8,189,730
Investment pools/mutual funds						
U.S. Government money market	N/R	N/R	Cost	N/A	N/A	33,216
Unlisted real estate investment trusts	N/R	N/R	NAV	N/A	N/A	15,517
Municipal bond funds	N/R	N/R	Level 1	N/A	N/A	1,558,738
Negotiable certificates of deposit	N/R	N/R	Level 2	-	241,636	241,636
Total investments						\$ 10,049,854

NAV - Investments measured at the net asset value

N/A - Not applicable

N/R - Not rated

Approximately 0.2% or \$15,517 of the City’s investments are held with investments that have no specific statutory authority.

CITY OF LAKE CRYSTAL, MINNESOTA

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

Note 3 DETAILED NOTES ON ALL FUNDS – (Continued)

The City’s investment in certain money market funds is measured at the net asset value (NAV) per share provided by the pool, which approximates fair value in accordance with Rule 2a-7 of the Investment Company Act of 1940. The NAV method of valuation values a security at its cost on the date of purchase and thereafter assumes a constant amortization to maturity of any discount or premium, regardless of the impact of fluctuating interest rates on the market value of the investments. For U.S. Government money market investments valued at the NAV, there are no unfunded commitments, redemption frequency is daily and there is no redemption notice. For 4M Fund investments valued at the NAV, there are no unfunded commitments, redemption frequency is daily, and there is no redemption notice for the Liquid Class; the redemption notice period is 14 days for the MAX Class.

The City’s investment in certain real estate funds includes 3 real estate funds that invest primarily in U.S. commercial real estate. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the City’s ownership interest in partners’ capital. These investments can never be redeemed with the funds. Distributions from each fund will be received as the underlying investments of the funds are liquidated. It is expected that the underlying assets of the funds will be liquidated over the next eight to ten years. Because it is not probable that any individual investment will be sold, the fair value of each individual investment has been determined using the NAV per share (or its equivalent) of the City’s ownership interest in partners’ capital. Once it has been determined which investments will be sold and whether those investments will be sold individually or in a group, the investments will be sold in an auction process. The investee fund’s management is required to approve of the buyer before the sale of the investments can be completed.

A reconciliation of cash and investment as shown on the Statement of Net Position for the City is as follows:

	Governmental Funds	Proprietary Funds
Carrying amount of demand deposits	\$ 322,276	\$ 214,001
Time deposits	3,244,645	2,154,542
Petty Cash	75	100
Cash and Cash equivalents	3,566,996	2,368,643
Investments	7,464,699	2,585,155
Total cash and investments	<u>\$ 11,031,695</u>	<u>\$ 4,953,798</u>

B. Receivables

Taxes receivable as of the year-end for the City are reported on the Statement of Net Position. There are no estimates for allowances for uncollectible property tax and special assessment receivables.

Accounts receivable on the statement of net position consist of the following:

<u>Nature of Receivable</u>	<u>Receivable Balance</u>
Other services	\$ 24,364
Franchise Fees	60,906
Total	<u>\$ 85,270</u>

CITY OF LAKE CRYSTAL, MINNESOTA

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

Note 3 DETAILED NOTES ON ALL FUNDS – (Continued)

Notes receivable represents loans made to various commercial entities throughout the City. These loans all carry an interest rate of 3% and are collectible in monthly installments with varying maturities. There is no collateral securing these notes. The amount shown on the Statement of Net Position is net of an allowance of \$39,661. The allowance was determined based on historical bad debt experience related to the nature of the receivable balance.

Governmental funds report *deferred inflows of resources* 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 *deferred inflows* and *unearned revenue* reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Special assessments not yet due	\$ 596,491	\$ -
Delinquent special assessments	1,241	-
Delinquent property taxes	<u>46,305</u>	<u>-</u>
Total deferred inflows of resources/unearned revenue	<u>\$ 644,037</u>	<u>\$ -</u>

The only receivables not expected to be collectible within one year are the following: General fund: \$30,000 and Debt Service fund: \$478,000 of special assessments.

C. Lease Receivables

The City, acting as lessor, leases certain real property under long-term, noncancelable lease agreements. The leases contain discount rates of 2.50% and expire at various dates through May 2025 and provide for renewal options ranging from five to ten years. During the year ended December 31, 2024, the City recognized \$2,284 and \$116 in lease revenue and interest revenue, respectively, pursuant to these contracts.

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

Year Ending	<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
<u>December 31</u>		
2025	\$ 2,341	\$ 59

CITY OF LAKE CRYSTAL, MINNESOTA

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

Note 3 DETAILED NOTES ON ALL FUNDS – (Continued)

D. Capital assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 501,357	\$ -	\$ -	\$ 501,357
Construction in progress	1,915,799	296,413	(1,915,799)	296,413
Total capital assets not being depreciated	<u>2,417,156</u>	<u>296,413</u>	<u>(1,915,799)</u>	<u>797,770</u>
Capital assets being depreciated/amortized				
Buildings and Improvements	7,320,650	167,973	-	7,488,623
Infrastructure	10,265,734	1,379,668	-	11,645,402
Intangible assets	42,600	-	-	42,600
Machinery and equipment	2,880,214	79,088	(52,880)	2,906,422
Total capital assets being depreciated/amortized	<u>20,509,198</u>	<u>1,626,729</u>	<u>(52,880)</u>	<u>22,083,047</u>
Less accumulated depreciation/amortization for				
Buildings and Improvements	(2,338,430)	(181,473)	-	(2,519,903)
Infrastructure	(3,037,565)	(244,299)	-	(3,281,864)
Intangible assets	(6,390)	(8,520)	-	(14,910)
Machinery and equipment	(1,986,673)	(258,513)	49,502	(2,195,684)
Total accumulated depreciation/amortization	<u>(7,369,058)</u>	<u>(692,805)</u>	<u>49,502</u>	<u>(8,012,361)</u>
Total capital assets being depreciated/amortized, net	<u>13,140,140</u>	<u>933,924</u>	<u>(3,378)</u>	<u>14,070,686</u>
Governmental activities capital assets, net	<u>\$ 15,557,296</u>	<u>\$ 1,230,337</u>	<u>\$ (1,919,177)</u>	<u>\$ 14,868,456</u>

CITY OF LAKE CRYSTAL, MINNESOTA

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

Note 3 DETAILED NOTES ON ALL FUNDS – (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets not being depreciated				
Land	\$ 31,700	\$ -	\$ -	\$ 31,700
Construction in progress	-	164,490	-	164,490
Total capital assets not being depreciated	<u>31,700</u>	<u>164,490</u>	<u>-</u>	<u>196,190</u>
Capital assets being depreciated/amortized				
Buildings and improvements	8,234,032	-	-	8,234,032
Distribution system	11,898,044	1,444,512	-	13,342,556
Intangible assets	42,600	-	-	42,600
Machinery and equipment	3,920,014	-	-	3,920,014
Total capital assets being depreciated/amortized	<u>24,094,690</u>	<u>1,444,512</u>	<u>-</u>	<u>25,539,202</u>
Less accumulated depreciation/amortization for				
Buildings and improvements	(4,566,537)	(206,588)	-	(4,773,125)
Distribution system	(3,988,225)	(193,093)	-	(4,181,318)
Intangible assets	(6,390)	(8,520)	-	(14,910)
Machinery and equipment	(3,112,082)	(188,544)	-	(3,300,626)
Total accumulated depreciation/amortization	<u>(11,673,234)</u>	<u>(596,745)</u>	<u>-</u>	<u>(12,269,979)</u>
Total capital assets being depreciated/amortized, net	<u>12,421,456</u>	<u>847,767</u>	<u>-</u>	<u>13,269,223</u>
Business-type activities capital assets, net	<u>\$ 12,453,156</u>	<u>\$ 1,012,257</u>	<u>\$ -</u>	<u>\$ 13,465,413</u>

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

Governmental activities	
General government	\$ 51,044
Public safety	195,290
Public works	293,831
Parks and recreation	<u>152,640</u>
Total depreciation/amortization expense - governmental activities	<u>\$ 692,805</u>

CITY OF LAKE CRYSTAL, MINNESOTA

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

Note 3 DETAILED NOTES ON ALL FUNDS – (Continued)

Business-type activities

Water	\$ 180,979
Sewer	194,610
Electric	187,350
Ambulance	<u>33,806</u>
Total depreciation expense - business-type activities	<u><u>\$ 596,745</u></u>

E. Long-term debt

General Obligation Revenue Bonds/Notes

The City issued general obligation revenue bonds/notes where the government pledges income derived from the acquired or constructed assets to pay debt service requirements. The City is obligated to levy ad valorem taxes in the event that anticipated income from the acquired or constructed assets will not be sufficient to cover debt service requirements. G.O. Revenue Bonds/Notes currently outstanding are as follows:

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Crossover Refunding					
Bonds of 2012A	\$ 755,000	2.00 - 2.50%	4/4/12	12/15/27	\$ 200,000
G.O. Improvement					
Bonds of 2019A	1,895,000	3.00%	6/26/19	12/15/39	1,545,000
G.O. Utility Revenue					
Bonds of 2024A	2,160,000	4.00-5.00%	12/30/24	12/15/50	<u>2,445,000</u>
Total general obligation revenue bonds/notes					<u><u>\$ 4,190,000</u></u>

General Obligation Improvement Bonds

The City issues general obligation improvement bonds to finance various improvements and will be repaid primarily from special assessments levied on the properties benefiting from the improvements. Some issues, however, are partly financed by ad valorem tax levies. All special assessment debt is backed by the full faith and credit of the City. General obligation special assessment bonds currently outstanding are as follows:

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Improvement					
Bonds of 2019A	\$ 4,345,000	3.00	6/26/19	12/15/39	<u>\$ 3,530,000</u>
Total general obligation special assessment bonds					<u><u>\$ 3,530,000</u></u>

CITY OF LAKE CRYSTAL, MINNESOTA

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

Note 3 DETAILED NOTES ON ALL FUNDS – (Continued)

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. General obligation bonds currently outstanding are as follows:

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Capital Improvement Plan					
Bonds of 2017A	\$ 960,000	1.13-3.00%	6/1/17	12/15/32	\$ 550,000
G.O. Bonds of 2021A	1,035,000	2.00%	9/30/21	12/15/31	725,000
G.O. Improvement Bonds of 2023A	1,525,000	4.00-5.00%	9/6/23	12/15/38	1,470,000
G.O. Bonds of 2024A	1,390,000	4.00-5.00%	12/30/24	12/15/40	<u>1,390,000</u>
Total general obligation bonds					<u>\$ 4,135,000</u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending December 31	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 435,000	\$ 200,350	\$ 635,350	\$ 150,000	\$ 153,728	\$ 303,728
2026	515,000	187,500	702,500	215,000	154,275	369,275
2027	535,000	173,500	708,500	225,000	146,850	371,850
2028	550,000	159,000	709,000	165,000	139,150	304,150
2029	570,000	273,500	843,500	170,000	132,700	302,700
2030-2034	2,520,000	1,144,100	3,664,100	955,000	558,700	1,513,700
2035-2039	2,415,000	822,300	3,237,300	1,135,000	359,250	1,494,250
2040-2044	125,000	130,000	255,000	680,000	183,000	863,000
2045-2049	-	-	-	420,000	59,200	479,200
2050	-	-	-	75,000	3,000	78,000
Total	<u>\$ 7,665,000</u>	<u>\$ 3,090,250</u>	<u>\$ 10,755,250</u>	<u>\$ 4,190,000</u>	<u>\$ 1,889,853</u>	<u>\$ 6,079,853</u>

CITY OF LAKE CRYSTAL, MINNESOTA

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

Note 3 DETAILED NOTES ON ALL FUNDS – (Continued)

Changes in long-term liabilities

During the year ended December 31, 2024, the following changes occurred in long-term liabilities.

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
GO special assessment bonds	\$ 3,715,000	\$ -	\$ (185,000)	\$ 3,530,000	\$ 190,000
GO capital improvement bonds	2,970,000	1,390,000	(225,000)	4,135,000	245,000
Bond Premium	235,998	220,555	(109,879)	346,674	-
Total GO bonds	<u>6,920,998</u>	<u>1,610,555</u>	<u>(519,879)</u>	<u>8,011,674</u>	<u>435,000</u>
Compensated absences	<u>52,086</u>	<u>11,350</u> *	<u>-</u>	<u>63,436</u>	<u>24,481</u>
Governmental activity long-term liabilities	<u>\$ 6,973,084</u>	<u>\$ 1,621,905</u>	<u>\$ (519,879)</u>	<u>\$ 8,075,110</u>	<u>\$ 459,481</u>
Business-type activities:					
GO revenue bonds/notes	\$ 2,055,000	\$ 2,445,000	\$ (310,000)	\$ 4,190,000	\$ 150,000
Revenue bonds	190,000	-	(190,000)	-	-
Bond Premium	70,684	109,868	(5,331)	175,221	-
Total bonds	<u>2,315,684</u>	<u>2,554,868</u>	<u>(505,331)</u>	<u>4,365,221</u>	<u>150,000</u>
Compensated absences	<u>56,999</u>	<u>26,823</u> *	<u>-</u>	<u>83,822</u>	<u>26,690</u>
Business-type activity long-term liabilities	<u>\$ 2,372,683</u>	<u>\$ 2,581,691</u>	<u>\$ (505,331)</u>	<u>\$ 4,449,043</u>	<u>\$ 176,690</u>

*The change in the compensated absences liability is presented as a net change.

CITY OF LAKE CRYSTAL, MINNESOTA

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

Note 3 DETAILED NOTES ON ALL FUNDS – (Continued)

F. Interfund receivables, payables, and transfers

Interfund transfers

Interfund transfers for the year ended December 31, 2024, consisted of the following:

<u>Transferred From</u>	<u>Transferred To</u>				<u>Total</u>
	<u>Debt Service</u>	<u>Nonmajor</u>	<u>Ambulance</u>	<u>Governmental Activities</u>	
General	\$ -	\$ 389,051	\$ 138,769	\$ -	\$ 527,820
Nonmajor	107,365	219,291	56,316	-	382,972
Electric	149,448	-	-	-	149,448
Water	55,653	-	-	596,081	651,734
Sewer	40,894	-	-	647,082	687,976
Total	<u>\$ 353,360</u>	<u>\$ 608,342</u>	<u>\$ 195,085</u>	<u>\$ 1,243,163</u>	<u>\$ 2,399,950</u>

During the year, the General Fund transferred resources to the Nonmajor Governmental Funds and the Ambulance Fund to provide operating support, as budgeted in the prior year. A transfer from the Nonmajor Governmental Funds to the Debt Service Fund was made to allocate proceeds from lot sales for future debt service obligations. In accordance with city ordinance, the Enterprise Funds transferred an amount equal to 5% of their respective gross revenues to the Debt Service Fund. Additionally, upon completion of a construction project, Governmental Activities transferred capital assets and the related outstanding debt to the Water and Sewer Funds to reflect their ongoing operational responsibility for the assets.

Internal Balances

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Electric	\$ 23,443
General	Nonmajor	290,000
General	T.H. 60 Improvement	45,000
Debt Service	Electric	149,448
Debt Service	Water	55,653
Debt Service	Sewer	40,894
Electric	General	4,925
Water	General	1,621
Water	T.H. 60 Improvement	30,000
Water	Railroad Crossing Improvement	250,000
Sewer	General	1,172
Sewer	T.H. Hwy Improvement	30,000
Total		<u>\$ 922,156</u>

CITY OF LAKE CRYSTAL, MINNESOTA

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

Note 3 DETAILED NOTES ON ALL FUNDS – (Continued)

Interfund loans were used to provide temporary financing between the General fund, Nonmajor Governmental funds, and Proprietary funds. These loans were made primarily to cover timing differences between when reimbursable expenditures were incurred or interfund services provided, and when payments or reimbursements were received.

A significant interfund advance of \$290,000 was made during 2023 from the General fund to a Nonmajor Governmental fund to finance the acquisition and development of real property. This advance carries a stated interest rate of 0% and is to be repaid from proceeds generated through the future sale or development of the property.

G. Net Position/Fund Balance

Governmental Fund Balances

Governmental fund balances reported on the fund financial statements on December 31, 2024, included the following:

	General	Debt Service	T.H. 60 Improvement	Railroad Crossing Improvement	Other Nonmajor Governmental	Total Fund Balance
Nonspendable:						
Prepaid expense	\$ 127,215	\$ -	\$ -	\$ -	\$ -	\$ 127,215
Interfund advance	290,000	-	-	-	-	290,000
Total nonspendable	<u>417,215</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>417,215</u>
Restricted:						
Debt service	-	1,039,571	-	-	-	1,039,571
Capital projects	-	-	2,903,831	133,956	109,577	3,147,364
Small cities development	-	-	-	-	235,274	235,274
Cemetery	193,983	-	-	-	-	193,983
Public safety aid	33,409	-	-	-	-	33,409
Total restricted	<u>227,392</u>	<u>1,039,571</u>	<u>2,903,831</u>	<u>133,956</u>	<u>344,851</u>	<u>4,649,601</u>
Committed:						
Economic development	-	-	-	-	109,682	109,682
Assigned:						
Capital expenditures	20,000	-	-	-	56,316	76,316
Fire department	-	-	-	-	38,043	38,043
Cemetery	-	-	-	-	56,316	56,316
Police	-	-	-	-	51,613	51,613
Fire equipment	-	-	-	-	362,908	362,908
Capital equipment	-	-	-	-	622,886	622,886
Total assigned	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,188,082</u>	<u>1,208,082</u>
Unassigned:						
General fund	<u>4,170,389</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,170,389</u>
Total fund balance	\$ 4,834,996	\$ 1,039,571	\$ 2,903,831	\$ 133,956	\$ 1,642,615	\$ 10,554,969

CITY OF LAKE CRYSTAL, MINNESOTA

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

Note 3 DETAILED NOTES ON ALL FUNDS – (Continued)

Governmental Activities Net Position

Governmental activities net position reported on the government-wide statement of net position on December 31, 2024, includes the following:

Net Investment in Capital Assets:

Land	\$ 501,357
Construction in progress	296,413
Buildings and improvements	7,488,623
Infrastructure	11,645,402
Intangible assets	42,600
Machinery and equipment	2,906,422
Less: accumulated depreciation/amortization	(8,012,360)
Less: long-term debt outstanding	(7,665,000)
Less: bond premiums	(346,674)
Total Net Investment in Capital Assets	<u>6,856,783</u>

Restricted for:

Debt Service	1,623,158
Construction commitments	3,147,363
Cemetery	193,983
Small cities development	235,274
Public safety aid	33,409
Total restricted	<u>5,233,189</u>

Unrestricted

5,540,772

Total Governmental Activities Net Position	<u><u>\$ 17,630,744</u></u>
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CITY OF LAKE CRYSTAL, MINNESOTA

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

Note 3 DETAILED NOTES ON ALL FUNDS – (Continued)

Business-type Activities Net Position

Business-type activities net position reported on the government-wide statement of net position on December 31, 2024, includes the following:

Net Investment in Capital Assets:

Land	\$ 31,700
Construction in progress	164,490
Buildings and improvements	8,234,032
Distribution system	13,342,556
Intangible assets	42,600
Machinery and equipment	3,920,014
Less: accumulated depreciation/amortization	(12,269,979)
Less: long-term debt outstanding	(4,190,000)
Less: bond premiums	(175,221)
Add: deferred amount on refunding	9,910
Total Net Investment in Capital Assets	<u>9,110,104</u>
Unrestricted	<u>4,986,644</u>
Total Business-type Activities Net Position	<u><u>\$ 14,096,748</u></u>

Note 4 DEFINED BENEFIT PENSION PLANS – STATEWIDE

PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION

A. Plan Description

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

General Employees Retirement Plan (GERP)

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

Public Employees Police and Fire Fund (PEFPF)

Membership in the Police & Fire Plan includes full-time, licensed police officers and firefighters who meet the membership criteria defined in Minnesota Statutes section 353.64 and who are not earning service credit in any other PERA retirement plan or a local relief association for the same service. Employers can provide Police & Fire Plan coverage for part-time positions and certain other public safety positions by submitting a resolution adopted by the entity's governing body. The resolution must state that the position meets plan requirements.

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024Note 4 DEFINED BENEFIT PENSION PLANS – (Continued)**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. When a member is “vested,” they have earned enough service credit to receive a lifetime monthly benefit after leaving public service and reaching an eligible retirement age. Members who retire at or over their Social Security full retirement age with at least one year of service qualify for a retirement benefit.

GERP Benefits

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

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. The 2024 annual increase was 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a prorated increase.

PEPFP Benefits

Benefits for Police and Fire Plan members hired before July 1, 2010, are vested after three years of service. Members hired on or after July 1, 2010, are 50 percent vested after five years of service and 100 percent vested after ten years. After five years, vesting increase by 10 percent each full year of service until members are 100 percent vested after ten years. Police and Fire Plan members receive 3 percent of highest average salary for all years of service. Police and Fire Plan members receive a full retirement benefit when they are age 55 and vested, or when their age plus their years of service equals 90 or greater if they were first hired before July 1, 1989. Early retirement starts at age 50, and early retirement benefits are reduced by 0.417 percent each month members are younger than age 55.

Benefit increases are provided to benefit recipients each January. The postretirement increase is 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 prorated increase.

C. Contributions

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

CITY OF LAKE CRYSTAL, MINNESOTA

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

Note 4 DEFINED BENEFIT PENSION PLANS – (Continued)

GERP Contributions

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2024; the City was required to contribute 7.50 percent for Coordinated Plan members. The City’s contributions to the General Employees Fund for the year ended December 31, 2024, were \$90,578. The City’s contributions were equal to the required contributions as set by state statute.

PEPPF Contributions

Police and Fire Plan members were required to contribute 11.80 percent of their annual covered salary in fiscal year 2024 and the City was required to contribute 17.70 percent for Police and Fire Plan members. The City’s contributions to the Police and Fire Fund for the year ended December 31, 2024, were \$38,263. The City’s contributions were equal to the required contributions as set by state statute.

D. Pension Costs

GERP Pension Costs

On December 31, 2024, the City reported a liability of \$521,937 for its proportionate share of the GERP’s net pension liability. The City’s net pension liability reflected a reduction due to the State of Minnesota’s contribution of \$16 million to the fund in 2024. The State of Minnesota is considered a non-employer contributing entity and the state’s contribution meets the definition of a special funding situation. The State of Minnesota’s proportionate share of the net pension liability associated with the City totaled \$13,496.

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City’s proportion of the net pension liability was based on the City’s contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2023, through June 30, 2024, relative to the total employer contributions received from all of PERA’s participating employers. On June 30, 2024, the City’s proportion was 0.0141% which was an increase of 0.0022% from its proportion measured as of June 30, 2023. For the year ended December 31, 2024, the City recognized pension expense of \$(258,845) for its proportionate share of GERP’s pension expense. In addition, the City recognized an additional \$362 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota’s contribution of \$16 million to the General Employees Fund.

During the plan year ended June 30, 2024, the State of Minnesota contributed \$170.1 million to the General Employees Fund. The State of Minnesota is not included as a non-employer contributing entity in the General Employees Plan pension allocation schedules for the \$170.1 million in direct state aid because this contribution was not considered to meet the definition of a special funding situation. The City recognized \$670 for the year ended December 31, 2024 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota’s on-behalf contributions to the General Employees Fund.

On December 31, 2024, the City reported its proportionate share of GERP’s deferred outflows of resources and deferred inflows of resources from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 49,242	\$ -
Differences between projected and actual investment earnings	205,239	341,838
Changes in actuarial assumptions	10,759	151,534
Changes in proportion	104,725	51,222
City's contributions subsequent to the measurement date	45,740	-
Total	\$ 415,705	\$ 544,594

CITY OF LAKE CRYSTAL, MINNESOTA

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

Note 4 DEFINED BENEFIT PENSION PLANS – (Continued)

\$45,740 reported as deferred outflows of resources related to pensions resulting from City contributions to GERP subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows and inflows of resources related to GERP pensions will be recognized in pension expense as follows:

Year Ending December 31,	Pension Expense Amount
2025	\$ (167,045)
2026	31,671
2027	748
2028	(40,003)
2029	-
Thereafter	-

PEPPF Pension Costs

On December 31, 2024, the City reported a liability of \$195,596 for its proportionate share of the Police and Fire Fund’s net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City’s proportionate share of the net pension liability was based on the City’s contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2023 through June 30, 2024, relative to the total employer contributions received from all of PERA’s participating employers. On June 30, 2024, the City’s proportion was 0.0149% which was an increase of 0.0016% from its proportion measured as of June 30, 2023.

The State of Minnesota contributed \$37.4 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2024. The contribution consisted of \$9 million in direct state aid that meets the definition of a special funding situation, additional one-time direct state aid contribution of \$19.4 million, and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. Additionally, \$9 million supplemental state aid was paid on October 1, 2024. 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 totaled \$7,456.

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. Strong asset returns for the fiscal year ended 2024 will accelerate the phasing out of these state contributions, although we do not anticipate them to be phased out during the fiscal year ending 2024.

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, 2024, the City recognized pension expense of \$(44,837) for its proportionate share of the Police and Fire Plan’s pension expense. The City recognized \$724 as grant revenue 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 contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$28.4 million in supplemental state aid. The City recognized \$1,338 for the year ended December 31, 2024, as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota’s on-behalf contributions to the Police and Fire Fund.

CITY OF LAKE CRYSTAL, MINNESOTA

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

Note 4 DEFINED BENEFIT PENSION PLANS – (Continued)

On December 31, 2024, the City reported its proportionate share of the PEPFP’s deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 76,466	\$ -
Differences between projected and actual investment earnings	86,612	135,460
Changes in actuarial assumptions	217,140	257,590
Changes in proportion	-	22,432
City's contributions subsequent to the measurement date	19,039	-
Total	\$ 399,257	\$ 415,482

\$19,039 reported as deferred outflows of resources related to pensions resulting from City’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Pension Expense Amount
2025	\$ (9,596)
2026	51,998
2027	(16,433)
2028	(63,824)
2029	2,591
Thereafter	-

E. Actuarial Assumptions

GERP and PEPFP

The total pension liability in the June 30, 2024, actuarial valuation was determined using the following actuarial assumptions:

Key Methods and Assumptions Used in Valuation of Total Pension Liability

Actuarial Information:

Measurement Date	June 30, 2024
Valuation Date	July 1, 2024
Actuarial Cost Method	Entry Age Normal

Actuarial Assumption:

Investment Rate of Return	7.00%
Inflation	2.25% per year
Projected Salary Increase	3.00% after 27 years of service

CITY OF LAKE CRYSTAL, MINNESOTA

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

Note 4 DEFINED BENEFIT PENSION PLANS – (Continued)

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25 percent after one year of service to 3.0 percent after 27 years of service. In the Police and Fire Plan, salary growth assumptions range from 11.75 percent after one year of service to 3.0 percent after 24 years of service. In the Correctional Plan, salary growth assumptions range from 11.0 percent at age 20 to 3.0 percent 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 General Employees Plan was last reviewed in 2022. The assumption changes were adopted by the board and became effective with the July 1, 2023 actuarial valuation. The Police & Fire Plan and Correctional Plan were reviewed in 2024. PERA anticipates the experience study will be approved by the Legislative Commission on Pensions and Retirement and become effective with the July 1, 2025 actuarial valuation.

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

General Employees Fund

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

Police and Fire Fund

Changes in Plan Provisions:

- The State contribution of \$9.0 million per year will continue until the earlier of 1) both the Police & Fire Plan and the State Patrol Retirement Fund attain 90 percent funded status for three consecutive years (on an actuarial value of assets basis) or 2) July 1, 2048. The contribution was previously due to expire after attaining a 90 percent funded status for one year.
- The additional \$9.0 million contribution will continue until the Police & Fire Plan is fully funded for a minimum of three consecutive years on an actuarial value of assets basis, or July 1, 2048, whichever is earlier. This contribution was previously due to expire upon attainment of fully funded status on an actuarial value of assets basis for one year (or July 1, 2048 if earlier).

CITY OF LAKE CRYSTAL, MINNESOTA

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

Note 4 DEFINED BENEFIT PENSION PLANS – (Continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Stocks	34%	5.10%
International Stocks	17%	5.30%
Bonds	25%	0.75%
Alternative Assets	25%	5.90%

F. Discount Rate

GERP and PEPFP

The discount rate used to measure the total pension liability in 2024 was 7.00. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. Pension Liability Sensitivity

GERP and PEPFP

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

<u>Plan</u>	<u>City's proportionate share of NPL</u>			
	<u>Rate</u>	<u>1 % Decrease</u>	<u>Current</u>	<u>1 % Increase</u>
Proportionate share of the GERP net pension liability:	6.00%	\$ 1,139,994	\$ 521,937	\$ 13,528
Proportionate share of the PEPFP net pension liability:	7.00%	\$ 462,231	\$ 195,596	\$ (23,368)

H. Pension Plan Fiduciary Net Position

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

CITY OF LAKE CRYSTAL, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

Note 4 DEFINED BENEFIT PENSION PLANS – (Continued)

VOLUNTEER FIRE RELIEF ASSOCIATION

A. Plan Description

All active or probationary members of the Lake Crystal Fire Department (the Department) are covered by a Defined Benefit Plan (the Plan) administered by the Lake Crystal Fire Relief Association (the Association). The Plan is a single employer retirement plan and is established and administered in accordance with Minnesota statute, chapter 69.

The Association issues a publicly available financial report. The report may be obtained by writing to Lake Crystal Fire Relief Association, P.O. Box 200, Lake Crystal, Minnesota 56055.

The Association maintains a separate Special fund to accumulate assets to fund the retirement benefits earned by the Department’s membership. Funding for the Association is derived from an insurance premium tax in accordance with the Volunteer Fire Relief Association Financing Guidelines Act of 1971 (chapter 261 as amended by chapter 509 of Minnesota statutes 1980). Funds are also derived from investment income.

If a member is terminated prior to age 50 with at least 5 years of service, a deferred lump sum pension payable will be established based on the lump sum pension formula and service at date of termination, reduced for less than 20 years of service. For members that terminate with at least 5 years of service, the Association will pay interest on the deferred service pensions during the period of deferral at the rate established by the Board of Trustees based on date of termination. If a member dies before payment, the benefit will be paid to the participant’s beneficiary.

The disability lump sum pension is payable immediately based on the lump sum pension formula and service at date of disability without regard to vesting.

A survivor benefit is paid based on years of service (not less than 5 years) times the lump sum rate in effect at the time of death without regard to vesting, payable to named beneficiary plus a Supplemental Benefit in the amount of 20% of the total benefit paid, but not more than \$2,000.

Summary of Participant Data	
Active members	25
Inactive members entitled to future benefits	2
Inactive members or beneficiaries currently receiving benefits	0
Total number of participants	27

B. Benefits Provided

Benefits are provided to Fire Department members who reach the age of 50 or have 20 years of service. The benefit upon retirement is a lump sum payment of \$2,300 (effective August 11, 2021) per year of service plus a Supplemental Benefit of 10% of the regular lump sum distribution, but not more than \$1,000. If a member is both age 50 and has completed 5 years of service, but not 20 years of service, the lump sum pension will be reduced by 4% for each year of service less than 20 years.

C. Contributions

The pension plan is funded by fire state aid, investment earnings and, if necessary, employer contributions as specified in Minnesota Statutes, and voluntary City contributions. The State of Minnesota contributed \$50,540 in fire state aid to the plan for the year ended December 31, 2024. Required employer contributions are calculated annually based on statutory provisions. There were no statutorily required contributions to the pension plan for the year ended December 31, 2024. In addition, the City made voluntary contributions of \$4,050 to the plan.

CITY OF LAKE CRYSTAL, MINNESOTA

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

Note 4 DEFINED BENEFIT PENSION PLANS – (Continued)

D. Pension Costs

On December 31, 2023, the Association reported a net pension liability of \$39,132. The net pension liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022.

The following table presents the changes in net pension liability during the year:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (c) = (a) - (b)
Balance at Previous			
Fiscal Year 12/31/2022	\$ 729,323	\$ 711,411	\$ 17,912
Changes for the year:			
Service cost	33,057	-	33,057
Interest	32,401	-	32,401
Differences between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Changes of benefit terms	-	-	-
Contributions - State and local	-	50,864	(50,864)
Contributions - Donation and other income	-	-	-
Contributions - Member	-	-	-
Net investment incomes	-	(4,626)	4,626
Other additions (e.g. receivables)	-	-	-
Benefit payments, including member contribution refunds	-	-	-
Administrative expense	-	(2,000)	2,000
Other deductions (e.g. payables)	-	-	-
Net changes	65,458	44,238	21,220
Balance at Current			
Fiscal Year 12/31/2023	\$ 794,781	\$ 755,649	\$ 39,132

No plan provision changes were made during the measurement period.

For the year ended December 31, 2024, the City recognized pension expense of \$(854).

CITY OF LAKE CRYSTAL, MINNESOTA

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

Note 4 DEFINED BENEFIT PENSION PLANS – (Continued)

On December 31, 2023, the Association reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 30,313
Differences between projected and actual investment earnings	136,376	10,567
Changes in actuarial assumptions	9,292	-
City's contributions subsequent to the measurement date	54,500	-
Total	\$ 200,168	\$ 40,880

\$54,500 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Pension Expense Amount
2025	\$ 33,221
2026	33,649
2027	38,933
2028	3,937
2029	(2,345)
Thereafter	(2,607)

E. Actuarial Assumptions

The total pension liability in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions:

Key Methods and Assumptions Used in Valuation of Total Pension Liability

Actuarial Information:

Measurement Date	December 31, 2023
Valuation Date	December 31, 2022
Actuarial Cost Method	Entry Age Normal

Actuarial Assumption:

Investment Rate of Return	4.25%
Inflation	2.50% per year
Lump Sum Benefit Increase	N/A*

CITY OF LAKE CRYSTAL, MINNESOTA

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

Note 4 DEFINED BENEFIT PENSION PLANS – (Continued)

* GASB rules require that accrued liabilities be based on the terms of the plan in effect on the measurement date. Therefore, the actuary has not reflected any future lump sum multiplier increases even though the Relief Association may have a history of regular benefit increases. Potential increases are contingent on future benefit agreements and statutory average available financing requirements. Any future increases will be reflected at the time they are approved.

Mortality rates for active members, retirees, survivors, and disabilitants were based on RP-2014 tables for males or females, as appropriate, with slight adjustments as follows:

Active: RP-2014 employee generational mortality table projected with mortality improvement scale MP-2021, from a base year of 2006.

Retirees: RP-2014 annuitant generational mortality table projected with mortality improvement scale MP-2021 from a base year of 2006. Male rates are adjusted by a factor of 0.98.

Disabled: RP-2014 annuitant generational mortality table projected with mortality improvement scale MP-2021 from a base year of 2006. Male rates are adjusted by a factor of 1.05.

Actuarial assumptions used in the December 31, 2022; valuation was based on the most recent Minnesota PERA Police & Fire Plan actuarial valuation performed on July 1, 2022.

The following changes in actuarial assumptions occurred in 2023:

- None.

The long-term expected rate of return on pension plan investments is 4.25%. The actuary used a building-block method in which best-estimate ranges of expected future rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These asset class estimates are combined to produce the portfolio long-term expected rate of return by weighting the expected future real rates of return by the current asset allocation percentage (or target allocation, if available) and by adding expected inflation (2.50%) All results are then rounded to the nearest quarter percentage point.

The best estimates of expected future real rates of return were developed by aggregating data from several published capital market assumption surveys and deriving a single best estimate based on the average survey values. These capital market assumptions reflect both historical market experience as well as diverse views regarding anticipated future returns. The expected inflation assumption was developed based on an analysis of historical experience blended with forward looking expectations available in the market data.

Best estimates of geometric real and nominal rates of return for each major asset class included in the pension plan's assets allocation as of the measurement date are summarized in the following table:

CITY OF LAKE CRYSTAL, MINNESOTA

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

Note 4 DEFINED BENEFIT PENSION PLANS – (Continued)

<u>Asset Class</u>	<u>Allocation at Measurement Date</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Long-Term Expected Nominal Rate of Return</u>
Domestic Equity	31.0%	4.10%	6.60%
International Equity	7.0%	4.64%	7.14%
Fixed Income	34.0%	1.05%	3.55%
Real estate and alternative	9.0%	3.54%	6.04%
Cash and equivalents	19.0%	-0.45%	2.05%
Total	<u>100.00%</u>		5.13%
Reduced for assumed investment expense			<u>(1.00%)</u>
Net assumed investment return			<u>4.25%</u>

F. Discount Rate

The discount rate used to measure the total pension liability was 4.25%. The liability discount rate was developed using the alternative method described in paragraph 43 of GASB 67, which states that “if the evaluations required by paragraph 41 can be made with sufficient reliability without a separate projection of cash flows into and out of the pension plan, alternative methods may be applied in make the evaluation.” The actuary believes that the plan’s current overfunded status, combined with statutory funding requirements, provide sufficient reliability that projected plan assets will be adequate to pay future retiree benefits. Therefore, they have used the plan’s long-term expected investment return as the liability discount rate.

G. Pension Liability Sensitivity

The following presents the Association’s net pension asset for plans it participates in, calculated using the discount rate disclosed in the preceding paragraphs, as well as what the Association’s net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

Association’s Net Pension Liability		
<u>1 Percent Decrease</u>	<u>Current</u>	<u>1 Percent Increase</u>
3.25%	4.25%	5.25%
\$ 48,594	\$ 39,132	\$ 29,825

H. Pension Plan Fiduciary Net Position

Detailed information about the Association’s defined benefit pension plan’s fiduciary net position is available in a separately issued financial report. That report may be obtained by writing to the City of Lake Crystal at 100 E Robinson St Lake Crystal, Minnesota, 56055; or by calling (507) 726-2538.

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

Note 5 OTHER INFORMATION

A. Risk management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters 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.

B. Legal debt margin

In accordance with Minnesota statutes, the City may not incur or be subject to net debt in excess of 3 percent of the market value of taxable property within the City. Net debt is payable solely from ad valorem taxes and therefore excludes debt financed partially or entirely by special assessments, enterprise fund revenues, or tax increments. The City has \$1,275,000 of debt outstanding subjected to this limit on December 31, 2024.

C. Concentrations

The City receives a significant amount of its annual General fund revenues from the State of Minnesota from Local Government Aid (LGA). The amount received in 2024 was \$906,890 for LGA. This accounted for 29 percent of General fund revenues.

The City receives a significant amount of its water revenues from a single customer. During the year ended December 31, 2024, the amount received was \$883,793. This accounted for 73 percent of the Water fund's operating revenue.

D. Commitments

Power Purchase Contract

The Lake Crystal Municipal Utilities Commission (Commission) entered into a purchase agreement, effective November 1, 2006, and expiring December 31, 2040, with Heartland Consumer Power District (Heartland) to purchase and receive all electric power which the Commission shall require for the operation of its municipal electrical system at rates established by Heartland per their applicable schedules. Payments are made monthly per the agreement set forth and increases per said agreement. On or before January 1, 2036, and on or before January 1 of every year thereafter, either Party may notify the other that this Agreement shall terminate at 11:59 P.M. Central Standard Time on the 31st day of December, of the 5th year following such notice, but in no case shall this Agreement terminate prior to December 31, 2040, except as provided by the Agreement.

Capacity Purchase Agreement

On October 1, 2007, and ending on December 31, 2026, the Commission entered into a Participation Power Sale and Interchange (PSI) Agreement with Heartland Consumer Power District (Heartland) whereby Heartland is entitled to purchase power from the Commission up to 5,825 kW per month per year starting at \$1.52 per kW per month and increasing incrementally throughout the agreement as stated by the schedule in said agreement. By no later than November 1, 2026, Heartland shall give the Commission notice in writing, either an offer to purchase (with kW per month per year pricing) the maximum available Firm Accredited Capacity (5,825 kW) for five more years, or notice of "no interest to purchase," giving the Commission the time and ability to market the capacity to other interested parties.

CITY OF LAKE CRYSTAL, MINNESOTA

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

Note 5 OTHER INFORMATION – (Continued)

Nonexchange Financial Guarantees

Chapter 469 of the Minnesota Statutes as amended authorizes the Economic Development Authority to make loans to prospective private businesses. This Statute also permits EDAs to extend nonexchange financial guarantees on certain debt issued by unrelated entities located within the government’s physical boundaries. In accordance with the statute, the EDA has guaranteed certain debt of the various businesses, which are legally separate entities located within the City boundaries but is not a component unit of the City or part of the City’s financial reporting entity.

Construction commitments

As of December 31, 2024, the City has two signed contracts in place for two construction projects. The following summarizes these commitments:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Crystal Gardens Subdivision No. 7	\$ 1,726,526	\$ 125,788
Sewer and watermain expansion	512,904	69,658
Total commitments	<u>\$ 2,239,430</u>	<u>\$ 195,446</u>

Note 6 ADOPTION OF NEW STANDARD

The City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. The objective of this statement is to better meet the information needs of the financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending previously required disclosures. The City adopted the requirements of the guidance effective January 1, 2024, and has applied the provisions of this standard to the beginning of the period of adoption. The beginning fund balance/net position was not restated due to the implementation of GASB 101.

The City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 100, *Accounting Changes and Error Corrections*. The objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The City adopted the requirements of the guidance effective January 1, 2024, and has applied the provisions of this standard to the beginning of the period of adoption. The beginning fund balance/net position was unchanged due to the implementation of GASB 100.

CITY OF LAKE CRYSTAL, MINNESOTA

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

Note 6 ADOPTION OF NEW STANDARD – (Continued)

During 2024, the Economic Development Authority and Crystal Gardens 7 Project funds changed from being reported as major funds to nonmajor funds due to revenues and expenditures not meeting the threshold for major fund classification. The beginning fund balances of the major funds were reduced by \$539,590 as seen below.

During 2024, the Trunk Highway 60 Project fund changed from being reported as a nonmajor fund to a major fund due to revenues and expenditures exceeding the threshold for major fund classification. The beginning fund balances of the nonmajor funds were increased by \$56,860 as seen below.

	12/31/2023 As Previously Stated	Change to or within the financial reporting entity	12/31/2024 As restated
Governmental funds			
Major:			
General	\$ 4,562,563	\$ -	\$ 4,562,563
Economic Development Authority	304,607	(304,607)	-
Debt Service	932,928	-	932,928
Crystal Gardens 7 Project	234,983	(234,983)	-
Total major funds	<u>\$ 6,035,081</u>	<u>\$ (539,590)</u>	<u>\$ 5,495,491</u>

	12/31/2023 As Previously Stated	Change to or within the financial reporting entity	12/31/2024 As restated
Governmental funds			
Nonmajor:			
Small cities development	\$ 16,024	\$ -	\$ 16,024
Capital projects	992,156	-	992,156
Trunk highway 60	(56,680)	56,680	-
Total nonmajor funds	<u>\$ 951,500</u>	<u>\$ 56,680</u>	<u>\$ 1,008,180</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LAKE CRYSTAL, MINNESOTA

SCHEDULE OF CITY'S PROPORTIONARE SHARE OF NET PENSION LIABILITY
 GENERAL EMPLOYEES RETIREMENT FUND PENSION PLAN
 Year Ended December 31, 2024

City Fiscal Year-End Date	PERA Fiscal Year-End Date (Measurement Date)	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Penion Liability	State's Proportionate Share of the Net Pension Liability Associated with the City	Total	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/2024	6/30/2024	0.0141%	\$ 521,937	\$ 13,496	\$ 535,433	\$ 116,312	460.3%	89.1%
12/31/2023	6/30/2023	0.0119%	\$ 665,435	\$ 18,302	\$ 683,737	\$ 1,024,814	66.7%	83.1%
12/31/2022	6/30/2022	0.0127%	\$ 1,005,844	\$ 29,551	\$ 1,035,395	\$ 1,259,909	82.2%	76.7%
12/31/2021	6/30/2021	0.0147%	\$ 627,756	\$ 19,108	\$ 646,864	\$ 1,057,713	61.2%	87.0%
12/31/2020	6/30/2020	0.0141%	\$ 845,359	\$ 26,005	\$ 871,364	\$ 1,007,346	86.5%	79.1%
12/31/2019	6/30/2019	0.0135%	\$ 746,385	\$ 23,166	\$ 769,551	\$ 894,855	86.0%	80.2%
12/31/2018	6/30/2018	0.0133%	\$ 737,829	\$ 24,314	\$ 762,143	\$ 930,544	81.9%	79.5%
12/31/2017	6/30/2017	0.0124%	\$ 791,608	\$ 9,950	\$ 801,558	\$ 786,945	101.9%	75.9%
12/31/2016	6/30/2016	0.0128%	\$ 1,039,297	\$ 13,609	\$ 1,052,906	\$ 765,122	137.6%	68.9%
12/31/2015	6/30/2015	0.0127%	\$ 658,180	\$ -	\$ 658,180	\$ 742,346	88.7%	78.2%

SCHEDULE OF CITY'S CONTRIBUTIONS
 GENERAL EMPLOYEES RETIREMENT FUND PENSION PLAN
 Year Ended December 31, 2024

City Fiscal Year-End Date	PERA Fiscal Year-End Date (Measurement Date)	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/2024	6/30/2024	\$ 89,617	\$ 89,617	\$ -	\$ 1,194,893	7.50%
12/31/2023	6/30/2023	\$ 70,748	\$ 70,748	\$ -	\$ 943,307	7.50%
12/31/2022	6/30/2022	\$ 71,482	\$ 71,482	\$ -	\$ 953,093	7.50%
12/31/2021	6/30/2021	\$ 79,241	\$ 79,241	\$ -	\$ 1,056,547	7.50%
12/31/2020	6/30/2020	\$ 75,260	\$ 75,260	\$ -	\$ 1,003,467	7.50%
12/31/2019	6/30/2019	\$ 71,470	\$ 71,470	\$ -	\$ 952,933	7.50%
12/31/2018	6/30/2018	\$ 67,174	\$ 67,174	\$ -	\$ 895,653	7.50%
12/31/2017	6/30/2017	\$ 59,888	\$ 59,888	\$ -	\$ 798,507	7.50%
12/31/2016	6/30/2016	\$ 59,673	\$ 59,673	\$ -	\$ 795,640	7.50%
12/31/2015	6/30/2015	\$ 54,926	\$ 54,926	\$ -	\$ 732,347	7.50%

CITY OF LAKE CRYSTAL, MINNESOTA

SCHEDULE OF CITY'S PROPORTIONARE SHARE OF NET PENSION LIABILITY
PUBLIC EMPLOYEES POLICE AND FIRE FUND PENSION PLAN
Year Ended December 31, 2024

City Fiscal Year-End Date	PERA Fiscal Year-End Date (Measurement Date)	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Penion Liability	State's Proportionate Share of the Net Pension Liability Associated with the City	Total	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/2024	6/30/2024	0.0149%	\$ 195,596	\$ 7,456	\$ 203,052	\$ 236,881	85.7%	90.2%
12/31/2023	6/30/2023	0.0133%	\$ 229,674	\$ 9,228	\$ 238,902	\$ 193,468	123.5%	86.5%
12/31/2022	6/30/2022	0.0137%	\$ 596,170	\$ 26,047	\$ 622,217	\$ 174,128	357.3%	70.5%
12/31/2021	6/30/2021	0.0141%	\$ 108,837	\$ 4,882	\$ 113,719	\$ 201,939	56.3%	93.7%
12/31/2020	6/30/2020	0.0149%	\$ 196,398	\$ 4,642	\$ 201,040	\$ 202,903	99.1%	87.2%
12/31/2019	6/30/2019	0.0161%	\$ 171,401	\$ -	\$ 171,401	\$ 174,984	98.0%	89.3%
12/31/2018	6/30/2018	0.0162%	\$ 172,675	\$ -	\$ 172,675	\$ 175,030	98.7%	88.8%
12/31/2017	6/30/2017	0.0153%	\$ 202,518	\$ -	\$ 202,518	\$ 193,981	104.4%	85.4%
12/31/2016	6/30/2016	0.0152%	\$ 601,976	\$ -	\$ 601,976	\$ 181,302	332.0%	63.9%
12/31/2015	6/30/2015	0.0168%	\$ 193,160	\$ -	\$ 193,160	\$ 190,205	101.6%	86.6%

SCHEDULE OF CITY'S CONTRIBUTIONS
PUBLIC EMPLOYEES POLICE AND FIRE FUND PENSION PLAN
Year Ended December 31, 2024

City Fiscal Year-End Date	PERA Fiscal Year-End Date (Measurement Date)	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/2024	6/30/2024	\$ 36,194	\$ 36,194	\$ -	\$ 204,486	17.70%
12/31/2023	6/30/2023	\$ 30,814	\$ 30,814	\$ -	\$ 174,090	17.70%
12/31/2022	6/30/2022	\$ 29,449	\$ 29,449	\$ -	\$ 166,379	17.70%
12/31/2021	6/30/2021	\$ 29,462	\$ 29,462	\$ -	\$ 166,452	17.70%
12/31/2020	6/30/2020	\$ 29,169	\$ 29,169	\$ -	\$ 164,797	17.70%
12/31/2019	6/30/2019	\$ 28,070	\$ 28,070	\$ -	\$ 165,605	16.95%
12/31/2018	6/30/2018	\$ 27,638	\$ 27,638	\$ -	\$ 170,605	16.20%
12/31/2017	6/30/2017	\$ 25,374	\$ 25,374	\$ -	\$ 156,630	16.20%
12/31/2016	6/30/2016	\$ 23,724	\$ 23,724	\$ -	\$ 146,444	16.20%
12/31/2015	6/30/2015	\$ 24,286	\$ 24,286	\$ -	\$ 149,914	16.20%

CITY OF LAKE CRYSTAL, MINNESOTA

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAKE CRYSTAL FIRE RELIEF ASSOCIATION
(Last 10 Fiscal Years)

Total Pension Liability	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Service cost	\$ 33,057	\$ 30,347	\$ 27,157	\$ 26,761	\$ 26,108	\$ 27,656	\$ 26,185	\$ 24,732	\$ 25,906	\$ 25,213
Interest	32,401	36,286	32,863	37,495	38,857	35,633	33,813	40,191	30,667	27,591
Difference between expected and actual experience	-	(21,254)	-	(17,920)	-	(21,743)	-	(44,074)	-	-
Changes of assumptions	-	4,275	-	8,988	-	2,582	2,482	18,325	(14,594)	-
Changes in benefit terms	-	-	62,755	-	-	32,329	-	-	-	-
Benefit payments, including member contribution refunds	-	(107,800)	-	(156,125)	(27,000)	-	-	-	-	-
Net change in total pension liability	65,458	(58,146)	122,775	(100,801)	37,965	76,457	62,480	39,174	41,979	52,804
Total Pension Liability - beginning	729,323	787,469	664,694	765,495	727,530	651,073	588,593	549,419	507,440	454,636
Total Pension Liability - ending	\$ 794,781	\$ 729,323	\$ 787,469	\$ 664,694	\$ 765,495	\$ 727,530	\$ 651,073	\$ 588,593	\$ 549,419	\$ 507,440
Plan Fiduciary Net Position										
Contributions - state and local	\$ 50,864	\$ 43,641	\$ 43,911	\$ 50,372	\$ 38,240	\$ 45,262	\$ 37,411	\$ 41,971	\$ 48,695	\$ 66,601
Contributions - donation and other income	-	-	-	30,000	-	-	-	-	-	-
Contributions - member	-	-	-	-	-	-	-	-	-	-
Net investment income	(4,626)	(131,787)	64,993	26,792	86,106	(39,959)	32,839	18,264	(13,278)	30,015
Other additions (e.g. receivable)	-	-	-	-	-	-	-	-	-	-
Benefit payments, including member contribution refunds	-	(107,800)	-	(156,125)	(27,000)	-	-	-	-	-
Administrative expenses	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(1,800)	(1,800)	(1,800)	(1,800)	(6,435)
Other deductions (e.g. payables)	-	-	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	44,238	(197,946)	106,904	(50,961)	95,346	3,503	68,450	58,435	33,617	90,181
Plan Fiduciary Net Position - beginning	711,411	909,357	802,453	853,414	758,068	754,565	686,115	627,680	594,063	503,882
Plan Fiduciary Net Position - ending	\$ 755,649	\$ 711,411	\$ 909,357	\$ 802,453	\$ 853,414	\$ 758,068	\$ 754,565	\$ 686,115	\$ 627,680	\$ 594,063
Net Pension (Asset) Liability - ending	\$ 39,132	\$ 17,912	\$ (121,888)	\$ (137,759)	\$ (87,919)	\$ (30,538)	\$ (103,492)	\$ (97,522)	\$ (78,261)	\$ (86,623)
FNP as a percentage of the TPL	95.08%	97.54%	115.48%	120.73%	111.49%	104.20%	115.90%	116.57%	114.24%	117.07%

CITY OF LAKE CRYSTAL, MINNESOTA

SCHEDULE OF CONTRIBUTIONS AND NET PENSION LIABILITY AS A PERCENT OF PAYROLL
 LAKE CRYSTAL FIRE RELIEF ASSOCIATION
 (Last 10 Fiscal Years)

Fiscal year ending	Actuarially determined contribution	Contributions in relation to the ADC	Contribution deficiency (excess)	Payroll	Contributions as a percentage of payroll	NPL as a percent of payroll
December 31, 2023	-	\$ 4,050	\$ (4,050)	-	-	-
December 31, 2022	-	\$ 4,050	\$ (4,050)	-	-	-
December 31, 2021	-	\$ 3,900	\$ (3,900)	-	-	-
December 31, 2020	-	\$ 11,940	\$ (11,940)	-	-	-
December 31, 2019	-	\$ 3,750	\$ (3,750)	-	-	-
December 31, 2018	-	\$ 11,250	\$ (11,250)	-	-	-
December 31, 2017	-	\$ 3,750	\$ (3,750)	-	-	-
December 31, 2016	-	\$ 7,500	\$ (7,500)	-	-	-
December 31, 2015	-	\$ 11,868	\$ (11,868)	-	-	-
December 31, 2014	-	\$ 32,882	\$ (32,882)	-	-	-

NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION
December 31, 2024

Note 1 CHANGE IN ACTUARIAL ASSUMPTIONS AND PLAN PROVISIONS

A. Public Employees Retirement Association – General Employees Retirement Fund

2024 Changes

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

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

2023 changes:

Changes in Actuarial Assumptions. The investment return assumption and single discount rate were changed from 6.5 percent to 7.00 percent.

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

2022 changes:

Changes in Actuarial Assumptions. The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

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

2021 changes:

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

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

2020 changes:

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

NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION

December 31, 2024

Note 1 CHANGE IN ACTUARIAL ASSUMPTIONS AND PLAN PROVISIONS – (Continued)**A. Public Employees Retirement Association – General Employees Retirement Fund – (Continued)**

The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments. The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019. The assumed spouse age difference was changed from two years older for females to one year older. The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

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

2019 changes:

Changes in Actuarial Assumptions. The mortality projection scale was changed from MP-2017 to MP-2018.

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

2018 changes:

Change of Assumptions. The mortality 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.

2017 changes:

Change of Assumptions. The Combined Service Annuity (CSA) loads were changed from 0.8 percent for active members and 60 percent for vested and non-vested deferred members. The revised CSA loads are now 0.0 percent for active member liability, 15.0 percent for vested deferred member liability and 3.0 percent for non-vested deferred member liability. 2) The assumed post-retirement benefit increase rate was changed from 1.0 percent per year for all years to 1.0 percent per year through 2044 and 2.5 percent per year thereafter.

2016 changes:

Changes in Actuarial Assumptions: 1) the assumed post-retirement benefit increase rate was changed from 1.0% per year through 2035 and 2.5% per year thereafter to 1.0% per year for all future years. 2) The assumed investment return was changed from 7.9% to 7.5%. The single discount rate was changed from 7.9% to 7.5%. 3) Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

2015 changes:

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.

Changes in Actuarial Assumptions: The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2030 and 2.5% per year thereafter to 1.0% per year through 2035 and 2.5% per year thereafter.

NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION
December 31, 2024Note 1 CHANGE IN ACTUARIAL ASSUMPTIONS AND PLAN PROVISIONS – (Continued)**B. Public Employees Retirement Association – Public Employees Police and Fire Fund**2024 Changes

Changes in Plan Provisions. The State contribution of \$9.0 million per year will continue until the earlier of 1) both the Police & Fire Plan and the State Patrol Retirement Fund attain 90 percent funded status for three consecutive years (on an actuarial value of assets basis) or 2) July 1, 2048. The contribution was previously due to expire after attaining a 90 percent funded status for one year. The additional \$9.0 million contribution will continue until the Police & Fire Plan is fully funded for a minimum of three consecutive years on an actuarial value of assets basis, or July 1, 2048, whichever is earlier. This contribution was previously due to expire upon attainment of fully funded status on an actuarial value of assets basis for one year (or July 1, 2048 if earlier).

2023 changes:

Changes in Actuarial Assumptions. The investment return assumption was changed from 6.5 percent to 7.00 percent. The single discount rate changed from 5.4 percent to 7.0 percent.

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. 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 percent vesting after five years, increasing incrementally to 100 percent after 10 years. A one-time, non-compounding benefit increase of 3.0 percent 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 6.50% to 5.40%.

Changes in Plan Provisions. There have been no changes since the previous valuation.

2021 changes:

Changes in Actuarial Assumptions. The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes. The inflation assumption was changed from 2.50 percent to 2.25 percent. The payroll growth assumption was changed from 3.25 percent to 3.00 percent. 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 select 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 previous valuation.

NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION

December 31, 2024

Note 1 CHANGE IN ACTUARIAL ASSUMPTIONS AND PLAN PROVISIONS – (Continued)

B. Public Employees Retirement Association – Public Employees Police and Fire Fund – (Continued)

2020 changes:

Changes in Actuarial Assumptions. 1) The mortality projection scale was changed from MP-2018 to MP-2019.

Changes in Plan Provisions. 1) There have been no changes since the prior valuation.

2019 changes:

Change of Assumptions. 1) The mortality projection scale was changed from MP-2017 to MP-2018.

2018 changes:

Change of Assumptions. 1) The mortality projection scale was changed from MP-2016 to MP-2017.

2017 changes:

Change of Assumptions. 1) 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. 2) Assumed rates of retirement were changed, resulting in fewer retirements. 3) The Combined Service Annuity (CSA) load was 30 percent for vested and non-vested deferred members. The CSA has been changed to 33 percent for vested members and 2 percent for non-vested deferred members. 4) 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. 5) Assumed termination rates were decreased to 3.0 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall. 6) Assumed percentage of married female members was decreased from 65 percent to 60 percent. 7) 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. 8) The assumed percentage of female members electing Joint and Survivor annuities was increased. 9) The assumed post-retirement 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.

2016 changes:

Changes in Actuarial Assumptions: 1) the assumed post-retirement benefit increase rate was changed from 1.0% per year through 2037 and 2.5% thereafter to 1.0% per year for all future years. 2) The assumed investment return was changed from 7.9% to 7.5%. The single discount rate changed from 7.9% to 5.6%. 3) The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

2015 changes:

Changes in Plan Provisions: The post-retirement benefit increase to be paid after attainment of the 90% funding threshold was changed, from inflation up to 2.5%, to a fixed rate of 2.5%.

Changes in Actuarial Assumptions: The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2030 and 2.5% per year thereafter to 1.0% per year through 2037 and 2.5% per year thereafter.

NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION
December 31, 2024

Note 1 CHANGE IN ACTUARIAL ASSUMPTIONS AND PLAN PROVISIONS – (Continued)

C. Volunteer Fire Relief Association

2023 changes:

Changes in Plan Provisions: None.

Changes in Actuarial Assumptions: None

2022 changes:

Changes in Actuarial Assumptions: 1) The expected investment return and discount rate decreased from 4.75% to 4.25% to reflect updated capital market assumptions. 2) The disability, mortality and withdrawal assumptions were updated from the rates used in the July 1, 2020 Minnesota PERA Police & Fire Plan actuarial valuation to the rates used in the July 1, 2022 Minnesota PERA Police & Fire Plan actuarial valuation. 3) The inflation assumption increased from 2.25% to 2.50%.

2021 changes:

Changes in Plan Provisions: The benefit level increased \$200 from \$2,100 to \$2,300 during the measurement period.

Changes in Actuarial Assumptions: None

2020 changes:

Changes in Actuarial Assumptions: 1) The expected investment return and discount rate decreased from 5.25% to 4.75% to reflect updated capital market assumptions. 2) The mortality assumptions were updated from the rates used in the July 1, 2018 Minnesota PERA Police & Fire Plan actuarial valuation to the rates used in the July 1, 2020 Minnesota PERA Police & Fire Plan actuarial valuation. 3) The inflation assumption decreased from 2.50% to 2.25%.

2019 changes:

None.

2018 changes:

Changes in Actuarial Assumptions: A) The mortality and withdrawal assumptions were updated from the rates used in the July 1, 2016 Minnesota PERA Police & Fire Plan actuarial valuation to the rates used in the July 1, 2018 Minnesota PERA Police & Fire Plan actuarial valuation. B) The inflation assumption rate was reduced from 2.75% to 2.50%

2017 changes:

Changes in Actuarial Assumptions: The discount rate was reduced from 5.50% to 5.25%.

2016 changes:

Changes in Actuarial Assumptions: Discount rate decreased from 7.00% to 5.50%.

2015 changes:

None.

2014 changes:

None.

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SUPPLEMENTARY INFORMATION SECTION

CITY OF LAKE CRYSTAL, MINNESOTA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2024

	Capital Projects		
	Capital Projects Fund	Crystal Gardens 7 Project	Recreation Center Expansion
ASSETS			
Cash and Cash Equivalents	\$ 467,800	\$ 25,977	\$ 1,961
Investments	758,016	174,469	0
Accounts Receivable	0	0	0
Notes Receivable - Less Allowance	0	0	0
Real Estate Held for Sale	0	0	0
TOTAL ASSETS	<u>\$ 1,225,816</u>	<u>\$ 200,446</u>	<u>\$ 1,961</u>
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts Payable	\$ 39,695	\$ 90,869	\$ 0
Advance from Other Funds	0	0	0
Total Liabilities	<u>39,695</u>	<u>90,869</u>	<u>0</u>
Fund Balance:			
Restricted:			
Small Cities Development Program	0	0	0
Capital Projects	0	109,577	0
Committed for:			
Economic Development	0	0	0
Assigned for:			
Capital Projects	1,186,121	0	1,961
Total Fund Balance	<u>1,186,121</u>	<u>109,577</u>	<u>1,961</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,225,816</u>	<u>\$ 200,446</u>	<u>\$ 1,961</u>

Special Revenue		Total
Small Cities Development Program	Economic Development Authority	Nonmajor Governmental Funds
\$ 235,274	\$ 135,962	\$ 866,974
0	0	932,485
0	788	788
0	17,140	17,140
<u>0</u>	<u>247,035</u>	<u>247,035</u>
<u>\$ 235,274</u>	<u>\$ 400,925</u>	<u>\$ 2,064,422</u>

\$ 0	\$ 1,243	\$ 131,807
<u>0</u>	<u>290,000</u>	<u>290,000</u>
<u>0</u>	<u>291,243</u>	<u>421,807</u>

235,274	0	235,274
0	0	109,577
0	109,682	109,682
<u>0</u>	<u>0</u>	<u>1,188,082</u>
<u>235,274</u>	<u>109,682</u>	<u>1,642,615</u>
<u>\$ 235,274</u>	<u>\$ 400,925</u>	<u>\$ 2,064,422</u>

CITY OF LAKE CRYSTAL, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended December 31, 2024

	Capital Project		
	Capital Projects Fund	Crystal Gardens 7 Project	Recreation Center Expansion
Revenues:			
Intergovernmental	\$ 0	\$ 0	\$ 0
Charges for Services	0	0	0
Investment Earnings	17,362	14,391	0
Other Revenue	137,380	17,166	110,000
Total Revenues	<u>154,742</u>	<u>31,557</u>	<u>110,000</u>
Expenditures:			
Current:			
Public Safety	2,550	0	0
Public Works	33,195	0	0
Economic Development	0	0	0
Capital Outlay:			
General Government	11,213	0	0
Public Safety	26,281	0	0
Public Works	18,951	156,963	0
Parks and Recreation	123,548	0	108,039
Total Expenditures	<u>215,738</u>	<u>156,963</u>	<u>108,039</u>
Excess of Revenue Over (Under) Expenditures	<u>(60,996)</u>	<u>(125,406)</u>	<u>1,961</u>
Other Financing Sources (Uses):			
Sales of Capital Assets	0	0	0
Transfers Out	(56,316)	0	0
Transfer In	311,277	0	0
Total Other Financing Sources (Uses)	<u>254,961</u>	<u>0</u>	<u>0</u>
Change in Fund Balance	<u>193,965</u>	<u>(125,406)</u>	<u>1,961</u>
Fund Balance - January 1 (As Previously Stated)	992,156	0	0
Change from Nonmajor to Major Fund	0	0	0
Change from Major to Nonmajor Fund	<u>0</u>	<u>234,983</u>	<u>0</u>
Fund Balance - January 1 (As Restated)	<u>992,156</u>	<u>234,983</u>	<u>0</u>
Fund Balance - December 31	<u>\$ 1,186,121</u>	<u>\$ 109,577</u>	<u>\$ 1,961</u>

Special Revenue		Formerly Nonmajor Fund	Total Nonmajor Governmental Funds
Small Cities Development Program	Economic Development Authority		
\$ 0	\$ 5,000	\$ 0	\$ 5,000
0	1,611	0	1,611
5	2,295	0	34,053
0	48	0	264,594
<u>5</u>	<u>8,954</u>	<u>0</u>	<u>305,258</u>
0	0	0	2,550
0	0	0	33,195
46	65,065	0	65,111
0	0	0	11,213
0	0	0	26,281
0	0	0	175,914
0	0	0	231,587
<u>46</u>	<u>65,065</u>	<u>0</u>	<u>545,851</u>
<u>(41)</u>	<u>(56,111)</u>	<u>0</u>	<u>(240,593)</u>
0	110,068	0	110,068
0	(326,656)	0	(382,972)
219,291	77,774	0	608,342
<u>219,291</u>	<u>(138,814)</u>	<u>0</u>	<u>335,438</u>
<u>219,250</u>	<u>(194,925)</u>	<u>0</u>	<u>94,845</u>
16,024	0	(56,680)	951,500
0	0	56,680	56,680
0	304,607	0	539,590
<u>16,024</u>	<u>304,607</u>	<u>0</u>	<u>1,547,770</u>
<u>\$ 235,274</u>	<u>\$ 109,682</u>	<u>\$ 0</u>	<u>\$ 1,642,615</u>

CITY OF LAKE CRYSTAL, MINNESOTA

COMBINING BALANCE SHEET
DEBT SERVICES FUNDS
December 31, 2024

	Debt Service	2017A G.O. CIP Bonds	2019A G.O. Improvement Bonds	2021A G.O. Bonds
ASSETS				
Cash and Cash Equivalents	\$ 137,793	\$ 183,230	\$ 131,668	\$ 66,748
Investments	0	0	204,939	0
Receivables:				
Special Assessments	154,585	0	442,673	0
Due From Other Funds	0	0	150,057	56,579
TOTAL ASSETS	<u>\$ 292,378</u>	<u>\$ 183,230</u>	<u>\$ 929,337</u>	<u>\$ 123,327</u>
DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE				
Deferred Inflows of Resources:				
Unavailable Revenue	\$ 154,585	\$ 0	\$ 441,763	\$ 0
Fund Balance:				
Restricted	<u>137,793</u>	<u>183,230</u>	<u>487,574</u>	<u>123,327</u>
TOTAL DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 292,378</u>	<u>\$ 183,230</u>	<u>\$ 929,337</u>	<u>\$ 123,327</u>

2023A G.O. Improvement Bonds	2024A G.O. Improvement Bonds	Total Debt Service Funds
\$ 6,154	\$ 0	\$ 525,593
0	62,134	267,073
0	0	597,258
39,359	0	245,995
<u>\$ 45,513</u>	<u>\$ 62,134</u>	<u>\$ 1,635,919</u>
\$ 0	\$ 0	\$ 596,348
<u>45,513</u>	<u>62,134</u>	<u>1,039,571</u>
<u>\$ 45,513</u>	<u>\$ 62,134</u>	<u>\$ 1,635,919</u>

CITY OF LAKE CRYSTAL, MINNESOTA

COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - DEBT SERVICE FUNDS
For the Year Ended December 31, 2024

	Debt Service	2017A G.O. CIP Bonds	2019A G.O. Improvement Bonds	2021A G.O. Bonds
Revenues:				
Property Taxes	\$ 0	\$ 0	\$ 146,870	\$ 53,251
Special Assessments	0	0	96,585	0
Other Revenues	193	272	5,842	111
Total Revenues	<u>193</u>	<u>272</u>	<u>249,297</u>	<u>53,362</u>
Expenditures:				
Debt Service:				
Principal	0	60,000	185,000	110,000
Interest and Fees	9,029	17,595	111,945	17,195
Total Expenditures	<u>9,029</u>	<u>77,595</u>	<u>296,945</u>	<u>127,195</u>
Excess of Revenues Over (Under) Expenditures	(8,836)	(77,323)	(47,648)	(73,833)
Other Financing Sources (Uses):				
Sale of Bonds	0	0	0	0
Transfers In	0	0	150,057	56,579
Total Other Financing Sources	<u>0</u>	<u>0</u>	<u>150,057</u>	<u>56,579</u>
Change in Fund Balance	(8,836)	(77,323)	102,409	(17,254)
Fund Balance - January 1	<u>146,629</u>	<u>260,553</u>	<u>385,165</u>	<u>140,581</u>
Fund Balance - December 31	<u>\$ 137,793</u>	<u>\$ 183,230</u>	<u>\$ 487,574</u>	<u>\$ 123,327</u>

2023A G.O. Improvement Bonds	2024A G.O. Improvement Bonds	Total Debt Service Funds
\$ 39,349	\$ 0	\$ 239,470
0	0	96,585
105	34	6,557
<u>39,454</u>	<u>34</u>	<u>342,612</u>
55,000	0	410,000
85,665	0	241,429
<u>140,665</u>	<u>0</u>	<u>651,429</u>
(101,211)	34	(308,817)
0	62,100	62,100
146,724	0	353,360
<u>146,724</u>	<u>62,100</u>	<u>415,460</u>
45,513	62,134	106,643
0	0	932,928
<u>\$ 45,513</u>	<u>\$ 62,134</u>	<u>\$ 1,039,571</u>

CITY OF LAKE CRYSTAL, MINNESOTA

BALANCE SHEET

GENERAL FUND

December 31, 2024

(With Comparative Amounts for December 31, 2023)

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash and Cash Equivalents	\$ 2,139,007	\$ 2,360,661
Investments	2,341,694	1,808,512
Receivables:		
Interest	0	33,712
Accounts	23,576	46,130
Property Taxes	61,742	49,941
Franchise Fee	60,906	77,535
Special Assessments	1,384	2,768
Due From Other Funds	68,443	39,809
Due from Other Governments	19,284	1
Prepaid Expenses	127,215	129,973
Advance to Other Funds	<u>290,000</u>	<u>290,000</u>
TOTAL ASSETS	<u><u>\$ 5,133,251</u></u>	<u><u>\$ 4,839,042</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
Liabilities:		
Accounts Payable	\$ 181,326	\$ 197,818
Accrued Expenses	58,622	32,816
Unearned Revenue	2,900	0
Due to Other Funds	7,718	0
Total Liabilities	<u>250,566</u>	<u>230,634</u>
Deferred Inflows of Resources:		
Unavailable Revenue	<u>47,689</u>	<u>45,845</u>
Fund Balance:		
Nonspendable for:		
Interfund Advance	290,000	419,973
Prepaid Expense	127,215	0
Restricted for:		
Public Safety Aid	33,409	111,046
Cemetery	193,983	179,504
Assigned for:		
Land Acquisition	20,000	0
Unassigned	<u>4,170,389</u>	<u>3,852,040</u>
Total Fund Balance	<u>4,834,996</u>	<u>4,562,563</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u><u>\$ 5,133,251</u></u>	<u><u>\$ 4,839,042</u></u>

CITY OF LAKE CRYSTAL, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended December 31, 2024

(With Comparative Amounts for the Year Ended December 31, 2023)

	Budget		2024 Actual Amounts	Over (Under) Final Budget	2023 Actual Amounts
	Original	Final			
Revenues:					
Taxes:					
Property	\$ 1,640,550	1,640,550	\$ 1,405,636	\$ (234,914)	\$ 1,244,691
Franchise	0	0	61,500	61,500	97,447
Total Taxes	<u>1,640,550</u>	<u>1,640,550</u>	<u>1,467,136</u>	<u>(173,414)</u>	<u>1,342,138</u>
Special Assessments	<u>0</u>	<u>0</u>	<u>1,495</u>	<u>1,495</u>	<u>1,550</u>
Intergovernmental:					
Federal Grants And Aids	0	0	3,248	3,248	0
State Grant And Aid	0	0	13,337	13,337	30,095
Local Government Aid (state)	906,890	906,890	906,890	0	816,531
Police State Aid	27,000	27,000	34,033	7,033	140,224
State Aid For Streets	0	0	34,717	34,717	0
State Fire Aid	38,000	38,000	50,450	12,450	44,764
Other Grants And Aid	5,000	5,000	25,780	20,780	0
Inactive Other Local Grants	<u>0</u>	<u>0</u>	<u>2,500</u>	<u>2,500</u>	<u>0</u>
Total Intergovernmental	<u>976,890</u>	<u>976,890</u>	<u>1,070,955</u>	<u>94,065</u>	<u>1,031,614</u>
Licenses and Permits	<u>34,690</u>	<u>34,690</u>	<u>50,895</u>	<u>16,205</u>	<u>32,737</u>
Charges for Services:					
Liaison Officer	32,287	32,287	30,398	(1,889)	29,369
Rural Fire Dept Receipts	45,000	45,000	48,960	3,960	98,692
Refuse Collection	230,251	230,251	226,406	(3,845)	215,441
Supplies and Services	2,875	2,875	12,251	9,376	11,693
Cemetery Fees	7,500	7,500	16,950	9,450	18,825
Rental	<u>97,800</u>	<u>97,800</u>	<u>9,853</u>	<u>(87,947)</u>	<u>2,175</u>
Total Charges for Services	<u>415,713</u>	<u>415,713</u>	<u>344,818</u>	<u>(70,895)</u>	<u>376,195</u>
Fines	<u>4,000</u>	<u>4,000</u>	<u>6,331</u>	<u>2,331</u>	<u>6,406</u>
Other Revenues:					
Donations	500	500	9,158	8,658	6,350
Miscellaneous	6,675	6,675	12,302	5,627	9,920
Interest Earnings	<u>22,000</u>	<u>22,000</u>	<u>136,124</u>	<u>114,124</u>	<u>104,230</u>
Total Other Revenues	<u>29,175</u>	<u>29,175</u>	<u>157,584</u>	<u>128,409</u>	<u>120,500</u>
Total Revenues	<u>3,101,018</u>	<u>3,101,018</u>	<u>3,099,214</u>	<u>(1,804)</u>	<u>2,911,140</u>

CITY OF LAKE CRYSTAL, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended December 31, 2024

(With Comparative Amounts for the Year Ended December 31, 2023)

	Budget		2024 Actual Amounts	Over (Under) Final Budget	2023 Actual Amounts
	Original	Final			
Current Expenditures:					
General Government:					
Mayor and Council:					
Salaries	\$ 14,700	\$ 14,700	\$ 14,700	\$ 0	\$ 14,700
Pera Employer Share	465	465	600	135	600
Social Security/med.	1,600	1,600	1,125	(475)	384
Worker's Compensation	0	0	35	35	0
Operating Expenses	1,000	1,000	3,643	2,643	532
Training & Conference Fees	500	500	30	(470)	0
Safety Program Expense	0	0	1,169	1,169	88
Contracted Services	0	0	2,825	2,825	1,092
Travel & Hotel	200	200	127	(73)	592
Publishing & Printing	5,400	5,400	4,081	(1,319)	5,179
Memberships & Subscriptions	1,150	1,150	1,108	(42)	3,811
Government Building:					
Operating Expenses	7,000	7,000	3,507	(3,493)	4,192
Maintenance & Repairs	5,000	5,000	19,586	14,586	3,108
Janitor Service	13,000	13,000	13,635	635	13,436
Utilities	10,000	10,000	9,950	(50)	10,317
Finance:					
Salaries	51,200	51,200	51,570	370	48,015
Ft Hourly Salaries	136,067	136,067	141,405	5,338	113,110
Pera Employer Share	14,027	14,027	13,698	(329)	12,595
Social Security/med.	14,307	14,307	13,552	(755)	12,759
Health/life/dental Ins.	138,117	138,117	29,067	(109,050)	95,263
Worker's Compensation	0	0	1,179	1,179	0
Office Supplies	2,500	2,500	2,085	(415)	0
Operating Expenses	4,500	4,500	1,544	(2,956)	4,165
Maintenance & Repairs	3,002	3,002	3,001	(1)	2,118
Audit Expense	9,312	9,312	9,312	0	10,242
Engineering Costs	22,996	22,996	26,708	3,712	41,722
Legal Expenses	10,500	10,500	9,910	(590)	10,095
Administrative Costs	3,000	3,000	2,730	(270)	2,565
Training & Conference Fees	1,000	1,000	157	(843)	0
Building Inspector	22,500	22,500	0	(22,500)	0
Safety Program Expense	1,700	1,700	1,126	(574)	0
Contracted Services	6,000	6,000	1,594	(4,406)	4,702
Telephone	3,900	3,900	4,101	201	3,916
Postage	2,500	2,500	1,274	(1,226)	2,234
Technology	18,488	18,488	13,742	(4,746)	6,067
Travel & Hotel	1,000	1,000	454	(546)	506
Insurance	110,142	110,142	2,619	(107,523)	113,253
Miscellaneous Expense	1,000	1,000	1,028	28	5,522
Memberships & Subscriptions	349	349	349	0	120
Mn Surcharge Exp.	2,033	2,033	0	(2,033)	0
Grant Projects	0	0	0	0	1,381
Contracted Services	0	0	0	0	1,132

CITY OF LAKE CRYSTAL, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended December 31, 2024

(With Comparative Amounts for the Year Ended December 31, 2023)

	Budget		2024 Actual Amounts	Over (Under) Final Budget	2023 Actual Amounts
	Original	Final			
Current Expenditures (Continued):					
Elections:					
Election Salaries	\$ 7,000	\$ 7,000	\$ 2,205	\$ (4,795)	\$ 0
Social Security/med.	0	0	169	169	0
Worker's Compensation	0	0	31	31	0
Administrative Costs	2,600	2,600	1,484	(1,116)	0
Travel & Hotel	550	550	512	(38)	0
Total General Government	<u>650,305</u>	<u>650,305</u>	<u>412,727</u>	<u>(237,578)</u>	<u>549,513</u>
Public Safety:					
Police Department:					
Ft Hourly Salaries	209,628	209,628	238,942	29,314	193,468
Pt Hourly Salaries	19,216	19,216	14,539	(4,677)	0
Pera Employer Share	37,733	37,733	39,682	1,949	33,953
Social Security/med.	3,040	3,040	4,730	1,690	2,796
Health/life/dental Ins.	0	0	49,285	49,285	0
Worker's Compensation	0	0	15,366	15,366	0
Gas & Oil	6,000	6,000	4,196	(1,804)	4,822
Operating Supplies	10,000	10,000	5,485	(4,515)	4,237
Maintenance & Repairs	9,500	9,500	5,086	(4,414)	6,053
Legal Expenses	3,000	3,000	4,789	1,789	5,399
Janitor Service	2,800	2,800	2,824	24	2,686
Training & Conference Fees	0	0	1,005	1,005	0
Contracted Services	30,000	30,000	28,569	(1,431)	24,168
Telephone	4,320	4,320	5,364	1,044	4,245
Technology	5,000	5,000	4,776	(224)	6,381
Travel & Hotel	6,000	6,000	1,383	(4,617)	498
Insurance	0	0	14,201	14,201	0
Utilities	7,000	7,000	5,264	(1,736)	6,659
Uniforms	3,000	3,000	3,312	312	1,307
Memberships & Subscriptions	0	0	0	0	280
Towing Fees	0	0	180	180	142
Grant Projects	0	0	8,162	8,162	0
Fire Department:					
Salaries	9,000	9,000	6,628	(2,372)	4,183
Pt Hourly Salaries	36,346	36,346	13,254	(23,092)	15,916
Social Security/med.	3,469	3,469	1,670	(1,799)	1,537
Fireman's Relief Association	49,000	49,000	54,500	5,500	48,814
Worker's Compensation	0	0	4,295	4,295	0
Gas & Oil	1,600	1,600	1,595	(5)	1,731
Operating Expenses	21,400	21,400	9,180	(12,220)	10,932
Maintenance & Repairs	22,855	22,855	9,520	(13,335)	17,457
Legal Expenses	3,000	3,000	2,005	(995)	770
Janitor Service	800	800	1,017	217	497
Training & Conference Fees	8,000	8,000	7,993	(7)	2,750
Contracted Services	1,000	1,000	6,583	5,583	0
Telephone	1,800	1,800	979	(821)	874
Technology	200	200	369	169	0
Travel & Hotel	3,000	3,000	542	(2,458)	16,926
Insurance	6,945	6,945	7,356	411	0

CITY OF LAKE CRYSTAL, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended December 31, 2024

(With Comparative Amounts for the Year Ended December 31, 2023)

	Budget		2024 Actual Amounts	Over (Under) Final Budget	2023 Actual Amounts
	Original	Final			
Current Expenditures (Continued):					
Fire Department: (Continued)					
Utilities	\$ 7,000	\$ 7,000	\$ 4,882	\$ (2,118)	\$ 4,697
Miscellaneous Expense	100	100	35	(65)	0
Memberships & Subscriptions	1,500	1,500	1,238	(262)	630
Grant Projects	0	0	709	709	0
Rural Fire Dept Expenses	0	0	0	0	5,875
Salaries	0	0	4,400	4,400	4,800
Pt Hourly Salaries	0	0	13,695	13,695	16,811
Social Security/med.	0	0	1,292	1,292	1,653
Worker's Compensation	0	0	3,718	3,718	0
Gas & Oil	0	0	0	0	262
Operating Expenses	0	0	5,987	5,987	9,911
Maintenance & Repairs	0	0	4,788	4,788	9,867
Training & Conference Fee	0	0	570	570	0
Telephone	0	0	983	983	878
Travel & Hotel	0	0	542	542	3,661
Insurance	0	0	7,371	7,371	1,493
Utilities	0	0	921	921	1,848
Memberships & Subscriptions	0	0	398	398	630
Building Inspection:					
Building Inspector	0	0	32,371	32,371	29,028
Mn Surcharge Exp.	0	0	2,519	2,519	723
Civil Defense:					
Salaries	250	250	0	(250)	250
Social Security/med.	20	20	0	(20)	19
Maintenance & Repairs	5,000	5,000	5,119	119	2,350
Total Public Safety	<u>538,522</u>	<u>538,522</u>	<u>676,164</u>	<u>137,642</u>	<u>514,867</u>
Public Works:					
Streets:					
Salaries	90,376	90,376	91,046	670	84,878
Ft Hourly Salaries	196,378	196,378	174,495	(21,883)	165,708
Pera Employer Share	21,506	21,506	19,842	(1,664)	18,889
Social Security/med.	21,937	21,937	21,016	(921)	19,003
Health/life/dental Ins.	0	0	45,851	45,851	0
Worker's Compensation	0	0	22,172	22,172	0
Gas & Oil	29,450	29,450	21,285	(8,165)	23,251
Operating Expenses	20,000	20,000	17,986	(2,014)	18,293
Maintenance & Repairs	174,900	174,900	161,620	(13,280)	155,137
Snow Removal	11,000	11,000	615	(10,385)	2,940
Contracted Services	0	0	583	583	0
Telephone	1,200	1,200	1,154	(46)	1,153
Technology	750	750	803	53	220
Travel & Hotel	4,000	4,000	141	(3,859)	3,728
Insurance	0	0	9,216	9,216	0
Utilities	30,000	30,000	25,272	(4,728)	27,429
Rent Expense	8,550	8,550	6,750	(1,800)	7,800
Uniforms	3,600	3,600	3,908	308	1,351
Miscellaneous Expense	100	100	0	(100)	35

CITY OF LAKE CRYSTAL, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended December 31, 2024

(With Comparative Amounts for the Year Ended December 31, 2023)

	Budget		2024 Actual Amounts	Over (Under) Final Budget	2023 Actual Amounts
	Original	Final			
Current Expenditures (Continued):					
Sanitation:					
Contracted Services	\$ 202,450	\$ 202,450	\$ 204,827	\$ 2,377	\$ 193,115
Operating Expenses	12,000	12,000	10,726	(1,274)	12,457
Maintenance & Repairs	0	0	0	0	2,386
Insect & Pest Control	7,470	7,470	36	(7,434)	156
Total Public Works	<u>835,667</u>	<u>835,667</u>	<u>839,344</u>	<u>3,677</u>	<u>737,929</u>
Parks and Recreation:					
Parks:					
Pt Hourly Salaries	8,100	8,100	8,077	(23)	3,683
Social Security/med.	459	459	89	(370)	282
Worker's Compensation	0	0	1,155	1,155	0
Larc-misc.	170,000	170,000	157,339	(12,661)	184,004
Operating Expenses	8,100	8,100	4,594	(3,506)	6,719
Maintenance & Repairs	5,900	5,900	4,542	(1,358)	10,169
Insurance	0	0	32,327	32,327	0
Utilities	5,300	5,300	6,280	980	4,527
Miscellaneous Expense	0	0	59	59	0
Grant Projects	0	0	11,001	11,001	34,675
Library:					
Pt Hourly Salaries	15,638	15,638	15,487	(151)	14,395
Pera Employer Share	1,173	1,173	1,151	(22)	1,080
Social Security/med.	1,197	1,197	1,185	(12)	1,101
Worker's Compensation	0	0	140	140	0
Telephone	600	600	729	129	592
Total Parks and Recreation	<u>216,467</u>	<u>216,467</u>	<u>244,155</u>	<u>27,688</u>	<u>261,227</u>
Cemetery:					
Operating Expenses	3,000	3,000	2,337	(663)	2,172
Maintenance & Repairs	10,000	10,000	0	(10,000)	0
Open Graves	1,000	1,000	1,800	800	1,800
Insurance	0	0	482	482	0
Total Cemetery	<u>14,000</u>	<u>14,000</u>	<u>4,619</u>	<u>(9,381)</u>	<u>3,972</u>
Capital Outlay:					
Public Safety	11,184	11,184	71,672	60,488	17,353
Public Works	0	0	0	0	9,881
Park and Recreation	49,900	49,900	54,380	4,480	50,349
Total Capital Outlay	<u>61,084</u>	<u>61,084</u>	<u>126,052</u>	<u>64,968</u>	<u>77,583</u>
Total Expenditures	<u>2,316,045</u>	<u>2,316,045</u>	<u>2,303,061</u>	<u>(12,984)</u>	<u>2,145,091</u>
Excess of Revenues Over (Under) Expenditures	<u>784,973</u>	<u>784,973</u>	<u>796,153</u>	<u>11,180</u>	<u>766,049</u>

CITY OF LAKE CRYSTAL, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended December 31, 2024

(With Comparative Amounts for the Year Ended December 31, 2023)

	Budget		2024 Actual Amounts	Over (Under) Final Budget	2023 Actual Amounts
	Original	Final			
Other Financing Sources (Uses):					
Transfers Out	\$ (784,973)	\$ (784,973)	\$ (527,820)	\$ (257,153)	\$ (309,617)
Sale of Capital Assets	0	0	4,100	4,100	50
Total Other Financing Sources (Uses)	<u>(784,973)</u>	<u>(784,973)</u>	<u>(523,720)</u>	<u>261,253</u>	<u>(309,567)</u>
Change in Fund Balance	<u>\$ 0</u>	<u>\$ 0</u>	272,433	<u>\$ 272,433</u>	456,482
Fund Balance - January 1			<u>4,562,563</u>		<u>4,106,081</u>
Fund Balance - December 31			<u>\$ 4,834,996</u>		<u>\$ 4,562,563</u>

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CITY OF LAKE CRYSTAL, MINNESOTA

SCHEDULE OF NET POSITION
ELECTRIC FUND
December 31, 2024
(With Comparative Amounts for December 31, 2023)

	<u>2024</u>	<u>2023</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current Assets:		
Cash and Cash Equivalents	\$ 877,186	\$ 1,122,836
Investments	667,345	252,080
Accounts Receivable, Net	224,849	361,356
Interest Receivable	0	1,971
Due from Other Funds	4,925	0
Inventory	206,931	221,927
Prepaid Expenses	68,612	78,751
Total Current Assets	<u>2,049,848</u>	<u>2,038,921</u>
Noncurrent Assets:		
Property and Equipment	7,049,684	6,885,194
Less: Accumulated Depreciation	<u>(4,854,952)</u>	<u>(4,667,602)</u>
Total Assets	<u>4,244,580</u>	<u>4,256,513</u>
Deferred Outflows of Resources:		
Pension Plan Deferments	<u>130,785</u>	<u>136,637</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 4,375,365</u>	<u>\$ 4,393,150</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
Current Liabilities:		
Accounts Payable	\$ 292,723	\$ 199,704
Due to Other Funds	172,891	183,347
Accrued Expenses	34,091	25,399
Compensated Absences	11,505	20,203
Current Portion of Long-term Debt	0	190,000
Total Current Liabilities	<u>511,210</u>	<u>618,653</u>
Noncurrent Liabilities:		
Compensated Absences	22,561	0
Net Pension Liability	<u>164,206</u>	<u>202,515</u>
Total Liabilities	<u>697,977</u>	<u>821,168</u>
Deferred Inflows of Resources:		
Pension Plan Deferments	<u>171,334</u>	<u>210,966</u>
Net Position:		
Net Investment in Capital Assets	2,194,733	2,027,593
Restricted	0	144,000
Unrestricted	<u>1,311,321</u>	<u>1,189,423</u>
Total Net Position	<u>3,506,054</u>	<u>3,361,016</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 4,375,365</u>	<u>\$ 4,393,150</u>

CITY OF LAKE CRYSTAL, MINNESOTA

SCHEDULE OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION - ELECTRIC FUND

For the Year Ended December 31, 2024

(With Comparative Amounts for the Year Ended December 31, 2023)

	Original Budget	Final Budget	2024 Actual Amounts	Over (Under) Final Budget	2023 Amounts
Operating Revenues					
Charges for Services	\$ 3,249,110	\$ 3,249,110	\$ 3,279,791	\$ 30,681	\$ 3,318,822
Operating Expenses					
Production:					
Salaries	57,339	57,339	51,625	(5,714)	53,110
Leave Hour Adjustment	0	0	3,430	3,430	1,405
Pera Employer Share	4,300	4,300	3,832	(468)	3,553
Social Security/med.	4,386	4,386	3,680	(706)	4,216
Operating Expenses	12,000	12,000	13,742	1,742	34,318
Maintenance & Repairs	40,000	40,000	114,535	74,535	113,699
Purchased Power	1,577,020	1,577,020	1,839,287	262,267	1,939,408
Solar Power	200	200	8,571	8,371	1,702
Engineering Costs	0	0	432	432	3,379
Training & Conference Fees	0	0	5	5	0
Contracted Services	4,000	4,000	4,077	77	21,586
Telephone	2,800	2,800	2,950	150	2,831
Technology	2,000	2,000	6,787	4,787	1,257
Travel & Hotel	50	50	42	(8)	7,453
Insurance	25	25	25	0	0
Utilities	40,950	40,950	46,176	5,226	42,050
Load Management Credit	4,800	4,800	4,768	(32)	5,021
Rent Expense	220	220	220	0	248
Memberships & Subscriptions	0	0	120	120	0
Distribution:					
Salaries	57,339	57,339	40,354	(16,985)	10,866
Ft Hourly Salaries	169,360	169,360	176,579	7,219	164,869
Leave Hour Adjustment	0	0	13,969	13,969	1,273
Pera Employer Share	17,002	17,002	16,180	(822)	11,909
Social Security/med.	17,342	17,342	16,092	(1,250)	13,461
Gas & Oil	3,900	3,900	4,312	412	3,764
Operating Expenses	25,950	25,950	53,951	28,001	2,868
Maintenance & Repairs	16,985	16,985	71,356	54,371	5,441
Engineering Costs	35,000	35,000	0	(35,000)	0
Training & Conference Fees	6,530	6,530	8,026	1,496	0
Contracted Services	5,000	5,000	2,219	(2,781)	13,142
Telephone	2,500	2,500	2,026	(474)	2,210
Travel & Hotel	1,520	1,520	2,196	676	10,562
Utilities	3,000	3,000	713	(2,287)	1,878
Uniforms	4,000	4,000	2,769	(1,231)	10,237
Memberships & Subscriptions	110	110	110	0	0
Capital Outlay	135,000	135,000	0	(135,000)	10,430

CITY OF LAKE CRYSTAL, MINNESOTA

SCHEDULE OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION - ELECTRIC FUND

For the Year Ended December 31, 2024

(With Comparative Amounts for the Year Ended December 31, 2023)

	Original Budget	Final Budget	2024 Actual Amounts	Over (Under) Final Budget	2023 Amounts
Operating Expenses (Continued)					
Administration:					
Salaries	\$ 25,477	\$ 25,477	\$ 27,785	\$ 2,308	\$ 24,008
Ft Hourly Salaries	67,983	67,983	70,703	2,720	59,033
Salaries	3,100	3,100	3,100	0	3,100
Leave Hour Adjustment	0	0	(3,535)	(3,535)	1,143
Pera Employer Share	7,010	7,010	(65,319)	(72,329)	81,250
Social Security/med.	7,150	7,150	7,166	16	6,555
Health/life/dental Ins.	71,693	71,693	66,170	(5,523)	46,319
Worker's Compensation	0	0	7,129	7,129	0
Office Supplies	800	800	651	(149)	0
Operating Expenses	4,425	4,425	4,905	480	1,828
Maintenance & Repairs	0	0	0	0	1,066
Audit Expense	5,000	5,000	4,656	(344)	5,152
Engineering Costs	2,615	2,615	1,000	(1,615)	0
Legal Expenses	4,000	4,000	725	(3,275)	3,273
Administrative Costs	320	320	490	170	329
Training & Conference Fees	25	25	25	0	0
Safety Program Expense	3,250	3,250	3,723	473	2,885
Contracted Services	5,000	5,000	4,203	(797)	11,445
Telephone	1,600	1,600	1,620	20	1,917
Postage	4,000	4,000	3,715	(285)	4,315
Technology	35,000	35,000	37,857	2,857	12,956
Travel & Hotel	1,000	1,000	955	(45)	975
Publishing & Printing	1,500	1,500	1,201	(299)	1,571
Insurance	50,000	50,000	43,219	(6,781)	50,665
Rent Expense	0	0	0	0	12
Miscellaneous Expense	0	0	34	34	3,007
Uncollectable Accounts	0	0	15,209	15,209	0
Memberships & Subscriptions	3,415	3,415	3,503	88	3,427
Payment Processing Fees	8,800	8,800	9,149	349	8,705
Cip	48,000	48,000	87,932	39,932	28,389
Permits & Licenses	100	100	0	(100)	25
Capital Outlay	15,000	15,000	0	(15,000)	2,890
Depreciation	0	0	187,350	187,350	177,704
Total Operating Expenses	<u>2,626,891</u>	<u>2,626,891</u>	<u>3,040,477</u>	<u>413,586</u>	<u>3,042,090</u>
Income (Loss) from Operations	<u>622,219</u>	<u>622,219</u>	<u>239,314</u>	<u>(382,905)</u>	<u>276,732</u>

CITY OF LAKE CRYSTAL, MINNESOTA

SCHEDULE OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION - ELECTRIC FUND

For the Year Ended December 31, 2024

(With Comparative Amounts for the Year Ended December 31, 2023)

	Original Budget	Final Budget	2024 Actual Amounts	Over (Under) Final Budget	2023 Amounts
Nonoperating Revenues (Expenses):					
Investment Earnings	\$ (12,500)	\$ (12,500)	\$ 44,029	\$ 56,529	\$ 28,370
Interest and Fiscal Expense	(7,585)	(7,585)	(5,399)	(2,186)	(8,369)
Other Revenues	5,700	5,700	16,542	10,842	30,710
Total Nonoperating Revenues (Expenses)	<u>(14,385)</u>	<u>(14,385)</u>	<u>55,172</u>	<u>65,185</u>	<u>50,711</u>
Income Before Transfers	607,834	607,834	294,486	(313,348)	327,443
Transfers Out	<u>(241,160)</u>	<u>(241,160)</u>	<u>(149,448)</u>	<u>(91,712)</u>	<u>(163,538)</u>
Change in Net Position	<u>\$ 366,674</u>	<u>\$ 366,674</u>	145,038	<u>\$ (221,636)</u>	163,905
Net Position - January 1			<u>3,361,016</u>		<u>3,197,111</u>
Net Position - December 31			<u>\$ 3,506,054</u>		<u>\$ 3,361,016</u>

CITY OF LAKE CRYVAL, MINNESOTA

SCHEDULE OF NET POSITION
WATER FUND

December 31, 2024

(With Comparative Amounts for December 31, 2023)

	<u>2024</u>	<u>2023</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current Assets:		
Cash and Cash Equivalents	\$ 903,458	\$ 917,740
Investments	1,382,128	1,319,286
Accounts Receivable, Net	105,225	110,552
Interest Receivable	0	27,737
Inventory	26,249	18,689
Due from Other Funds	281,621	20,000
Lease Receivable	2,341	4,626
Prepaid Expenses	30,653	34,166
Total Current Assets	<u>2,731,675</u>	<u>2,452,796</u>
Noncurrent Assets:		
Property and Equipment	9,919,286	9,043,044
Less: Accumulated Depreciation	<u>(3,143,228)</u>	<u>(2,962,249)</u>
Total Assets	<u>9,507,733</u>	<u>8,533,591</u>
Deferred Outflows of Resources:		
Pension Plan Deferments	<u>60,415</u>	<u>66,941</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 9,568,148</u></u>	<u><u>\$ 8,600,532</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
Current Liabilities:		
Accounts Payable	\$ 46,999	\$ 66,099
Due to Other Funds	55,653	57,217
Accrued Expenses	10,701	8,738
Compensated Absences	6,355	14,767
Current Portion of Long-term Debt	45,000	215,000
Total Current Liabilities	<u>164,708</u>	<u>361,821</u>
Noncurrent Liabilities:		
Compensated Absences	14,630	0
Bonds Payable, Less Current Portion	2,163,161	870,966
Net Pension Liability	75,854	99,216
Total Liabilities	<u>2,418,353</u>	<u>1,332,003</u>
Deferred Inflows of Resources:		
Lease Deferments	0	2,857
Pension Plan Deferments	79,147	103,356
Total Deferred Inflows of Resources	<u>79,147</u>	<u>106,213</u>
Net Position:		
Net Investment in Capital Assets	4,567,897	4,994,829
Unrestricted	2,502,751	2,167,487
Total Net Position	<u>7,070,648</u>	<u>7,162,316</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u><u>\$ 9,568,148</u></u>	<u><u>\$ 8,600,532</u></u>

CITY OF LAKE CRYVAL, MINNESOTA

SCHEDULE OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION - WATER FUND

For the Year Ended December 31, 2024

(With Comparative Amounts for the Year Ended December 31, 2023)

	Original Budget	Final Budget	2024 Actual Amounts	Over (Under) Final Budget	2023 Amounts
Operating Revenues					
Charges for Services	\$ 1,121,770	\$ 1,121,770	\$ 1,205,774	\$ 84,004	\$ 1,144,674
Operating Expenses					
Production:					
Salaries	56,757	56,757	52,375	(4,382)	51,674
Ft Hourly Salaries	77,446	77,446	68,012	(9,434)	59,605
Leave Hour Adjustment	0	0	7,485	7,485	(4,243)
Pera Employer Share	10,065	10,065	9,087	(978)	8,346
Social Security/med.	10,266	10,266	8,731	(1,535)	7,457
Health/life/dental Ins.	400	400	0	(400)	0
Water & Chemicals	25,000	25,000	28,015	3,015	19,473
Operating Expenses	6,515	6,515	5,343	(1,172)	4,973
Maintenance & Repairs	33,500	33,500	20,598	(12,902)	46,514
Water Tower	7,600	7,600	7,600	0	0
Engineering Costs	0	0	0	0	9,995
Training & Conference Fees	435	435	435	0	0
Contracted Services	1,600	1,600	1,984	384	457
Telephone	3,900	3,900	4,140	240	3,890
Technology	7,000	7,000	5,658	(1,342)	4,430
Travel & Hotel	2,500	2,500	48	(2,452)	2,077
Utilities	145,000	145,000	137,102	(7,898)	142,226
Rent Expense	50	50	41	(9)	680
Memberships & Subscriptions	0	0	(159)	(159)	0
Capital Outlay	125,520	125,520	0	(125,520)	28,114
Distribution:					
Gas & Oil	3,600	3,600	3,979	379	3,927
Operating Expenses	17,000	17,000	16,524	(476)	6,977
Maintenance & Repairs	19,000	19,000	19,264	264	37,604
Engineering Costs	1,500	1,500	1,340	(160)	10,463
Contracted Services	1,400	1,400	1,321	(79)	0
Travel & Hotel	0	0	0	0	20
Utilities	500	500	370	(130)	348
Uniforms	1,700	1,700	1,805	105	658
Permits & Licenses	1,400	1,400	1,369	(31)	0
Administration:					
Salaries	12,739	12,739	12,892	153	12,004
Ft Hourly Salaries	33,992	33,992	35,351	1,359	29,517
Salaries	3,100	3,100	3,100	0	3,100
Leave Hour Adjustment	0	0	(1,267)	(1,267)	572
Pera Employer Share	3,505	3,505	(37,560)	(41,065)	(59,091)
Social Security/med.	3,575	3,575	3,644	69	3,392
Health/life/dental Ins.	46,782	46,782	36,435	(10,347)	31,532
Worker's Compensation	0	0	3,882	3,882	0
Office Supplies	400	400	303	(97)	521
Operating Expenses	700	700	684	(16)	353
Maintenance & Repairs	700	700	831	131	500

CITY OF LAKE CRYSTAL, MINNESOTA

SCHEDULE OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION - WATER FUND

For the Year Ended December 31, 2024

(With Comparative Amounts for the Year Ended December 31, 2023)

	Original Budget	Final Budget	2024 Actual Amounts	Over (Under) Final Budget	2023 Amounts
Operating Expenses (Continued)					
Administration (Continued):					
Audit Expense	\$ 2,500	\$ 2,500	\$ 2,328	\$ (172)	\$ 2,560
Engineering Costs	14,481	14,481	3,594	(10,887)	13,522
Legal Expenses	1,000	1,000	547	(453)	1,516
Administrative Costs	2,720	2,720	3,000	280	2,819
Training & Conference Fees	0	0	8	8	0
Safety Program Expense	425	425	730	305	22
Contracted Services	2,000	2,000	1,384	(616)	625
Telephone	900	900	890	(10)	812
Postage	2,000	2,000	1,862	(138)	2,066
Technology	16,775	16,775	19,431	2,656	6,453
Travel & Hotel	500	500	492	(8)	381
Publishing & Printing	1,100	1,100	616	(484)	1,130
Insurance	20,300	20,300	17,785	(2,515)	19,510
Rent Expense	0	0	0	0	6
Miscellaneous Expense	2,300	2,300	2,296	(4)	10,907
Uncollectable Accounts	0	0	(752)	(752)	0
Memberships & Subscriptions	1,500	1,500	1,237	(263)	1,207
Payment Processing Fees	4,700	4,700	5,001	301	4,322
Permits & Licenses	3,358	3,358	2,979	(379)	1,571
Depreciation	0	0	180,979	180,979	181,866
Total Operating Expenses	<u>741,706</u>	<u>741,706</u>	<u>705,169</u>	<u>(36,537)</u>	<u>719,360</u>
Income (Loss) from Operations	<u>380,064</u>	<u>380,064</u>	<u>500,605</u>	<u>47,467</u>	<u>425,314</u>
Nonoperating Revenues (Expenses)					
Investment Earnings	(5,000)	(5,000)	79,217	84,217	72,973
Interest and Fiscal Expense	(31,832)	(31,832)	(28,698)	(3,134)	(20,938)
Other Revenues	7,300	7,300	8,942	1,642	7,671
Total Nonoperating Revenues (Expenses)	<u>(29,532)</u>	<u>(29,532)</u>	<u>59,461</u>	<u>82,725</u>	<u>59,706</u>
Income Before Transfers and Other Items	350,532	350,532	560,066	209,534	485,020
Capital Contributions	0	0	(596,081)	596,081	0
Transfers Out	<u>(66,040)</u>	<u>(66,040)</u>	<u>(55,653)</u>	<u>(10,387)</u>	<u>(57,217)</u>
Change in Net Position	<u>\$ 284,492</u>	<u>\$ 284,492</u>	(91,668)	<u>\$ 795,228</u>	427,803
Net Position - January 1			<u>7,162,316</u>		<u>6,734,513</u>
Net Position - December 31			<u>\$ 7,070,648</u>		<u>\$ 7,162,316</u>

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CITY OF LAKE CRYSTAL, MINNESOTA

SCHEDULE OF NET POSITION
SEWER FUND

December 31, 2024

(With Comparative Amounts for December 31, 2023)

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	2024	2023
Current Assets:		
Cash and Cash Equivalents	\$ 285,929	\$ 130,523
Investments	535,682	519,622
Accounts Receivable, Net	91,149	94,495
Due from Other Funds	31,172	20,000
Prepaid Expenses	31,559	39,526
Total Current Assets	975,491	804,166
Noncurrent Assets:		
Property and Equipment	8,496,467	7,928,197
Less: Accumulated Depreciation	(4,078,148)	(3,883,538)
Total Assets	5,393,810	4,848,825
Deferred Outflows of Resources:		
Pension Plan Deferments	60,232	65,022
Deferred Amount on Refunding	9,910	12,436
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 5,463,952	\$ 4,926,283
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
Current Liabilities:		
Accounts Payable	\$ 52,152	\$ 44,692
Due to Other Funds	40,894	41,085
Accrued Expenses	10,276	8,482
Compensated Absences	6,031	14,767
Current Portion of Long-term Debt	105,000	95,000
Total Current Liabilities	214,353	204,026
Noncurrent Liabilities:		
Compensated Absences	10,652	0
Bonds Payable, Less Current Portion	2,052,060	944,718
Net Pension Liability	75,625	96,371
Total Liabilities	2,352,690	1,245,115
Deferred Inflows of Resources:		
Pension Plan Deferments	78,907	100,393
Net Position:		
Net Investment in Capital Assets	2,271,170	3,017,377
Unrestricted	761,185	563,398
Total Net Position	3,032,355	3,580,775
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 5,463,952	\$ 4,926,283

CITY OF LAKE CRYSTAL, MINNESOTA

SCHEDULE OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION - SEWER FUND

For the Year Ended December 31, 2024

(With Comparative Amounts for the Year Ended December 31, 2023)

	Original Budget	Final Budget	2024 Actual Amounts	Over (Under) Final Budget	2023 Amounts
Operating Revenues					
Charges for Services	\$ 839,400	\$ 839,400	\$ 896,789	\$ 57,389	\$ 822,031
Operating Expenses					
Production:					
Gas & Oil	3,750	3,750	3,222	(528)	3,927
Operating Expenses	1,650	1,650	1,575	(75)	2
Maintenance & Repairs	54,190	54,190	59,049	4,859	67,118
Engineering Costs	360	360	360	0	13,870
Contracted Services	1,000	1,000	947	(53)	0
Utilities	14,000	14,000	14,145	145	13,751
Uniforms	1,500	1,500	1,426	(74)	751
Distribution:					
Salaries	56,757	56,757	52,240	(4,517)	45,721
Ft Hourly Salaries	77,446	77,446	67,635	(9,811)	61,176
Leave Hour Adjustment	0	0	2,181	2,181	4,204
Pera Employer Share	10,065	10,065	9,067	(998)	8,017
Social Security/med.	10,266	10,266	8,717	(1,549)	7,569
Water & Chemicals	131,000	131,000	141,938	10,938	132,825
Operating Expenses	8,500	8,500	7,662	(838)	7,795
Maintenance & Repairs	26,000	26,000	5,104	(20,896)	17,125
Engineering Costs	2,000	2,000	0	(2,000)	0
Training & Conference Fees	560	560	728	168	0
Contracted Services	1,200	1,200	1,821	621	0
Telephone	3,400	3,400	3,438	38	3,890
Technology	3,000	3,000	3,240	240	5,195
Travel & Hotel	50	50	32	(18)	1,186
Utilities	45,900	45,900	50,130	4,230	53,794
Rent Expense	50	50	41	(9)	0
Memberships & Subscriptions	0	0	193	193	0
Sludge Removal	11,000	11,000	13,235	2,235	8,624
Capital Outlay	0	0	0	0	1,876
Administration:					
Salaries	12,738	12,738	12,892	154	12,004
Ft Hourly Salaries	33,991	33,991	35,352	1,361	29,517
Salaries	3,100	3,100	3,100	0	3,100
Leave Hour Adjustment	0	0	(265)	(265)	572
Pera Employer Share	3,405	3,405	(33,970)	(37,375)	42,484
Social Security/med.	3,575	3,575	3,625	50	3,401
Health/life/dental Ins.	34,491	34,491	34,092	(399)	31,552
Worker's Compensation	0	0	4,559	4,559	0
Office Supplies	400	400	270	(130)	521
Operating Expense	400	400	352	(48)	353
Maintenance & Repairs	600	600	669	69	500
Audit Expense	2,400	2,400	2,328	(72)	2,560
Engineering Costs	4,852	4,852	372	(4,480)	2,907

CITY OF LAKE CRYSTAL, MINNESOTA

SCHEDULE OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION - SEWER FUND

For the Year Ended December 31, 2024

(With Comparative Amounts for the Year Ended December 31, 2023)

	Original Budget	Final Budget	2024 Actual Amounts	Over (Under) Final Budget	2023 Amounts
Operating Expenses (Continued)					
Administration (Continued):					
Legal Expenses	\$ 1,600	\$ 1,600	\$ 278	\$ (1,322)	\$ 934
Administrative Costs	3,350	3,350	4,021	671	3,181
Training & Conference Fees	0	0	5	5	0
Safety Program Expense	425	425	613	188	22
Contracted Services	800	800	1,207	407	625
Telephone	900	900	761	(139)	812
Postage	2,000	2,000	1,577	(423)	2,052
Technology	16,300	16,300	19,406	3,106	6,453
Travel & Hotel	350	350	347	(3)	411
Publishing & Printing	650	650	168	(482)	707
Insurance	24,900	24,900	22,043	(2,857)	26,346
Rent Expense	100	100	0	(100)	6
Miscellaneous Expense	525	525	6,255	5,730	1,472
Uncollectable Accounts	0	0	(262)	(262)	700
Memberships & Subscriptions	1,210	1,210	1,254	44	1,359
Payment Processing Fees	3,900	3,900	4,112	212	4,322
Permits & Licenses	1,500	1,500	1,450	(50)	1,450
Capital Outlay	3,550	3,550	0	(3,550)	0
Depreciation	0	0	194,610	(194,610)	200,927
Total Operating Expenses	<u>625,656</u>	<u>625,656</u>	<u>769,347</u>	<u>(245,529)</u>	<u>839,666</u>
Income (Loss) from Operations	<u>213,744</u>	<u>213,744</u>	<u>127,442</u>	<u>(188,140)</u>	<u>(17,635)</u>
Nonoperating Revenues (Expenses):					
Investment Earnings	0	0	25,387	25,387	31,843
Interest and Fiscal Expense	(35,498)	(35,498)	(27,717)	(7,781)	(31,563)
Other Revenues	1,200	1,200	14,444	13,244	3,191
Total Nonoperating Revenues (Expenses)	<u>(34,298)</u>	<u>(34,298)</u>	<u>12,114</u>	<u>30,850</u>	<u>3,471</u>
Income Before Transfers and Other Items	179,446	179,446	139,556	39,890	(14,164)
Capital Contributions	0	0	(647,082)	(647,082)	0
Transfers Out	<u>(51,047)</u>	<u>(51,047)</u>	<u>(40,894)</u>	<u>(10,153)</u>	<u>(41,085)</u>
Change in Net Position	<u>\$ 128,399</u>	<u>\$ 128,399</u>	<u>(548,420)</u>	<u>\$ (617,345)</u>	<u>(55,249)</u>
Net Position - January 1			<u>3,580,775</u>		<u>3,636,024</u>
Net Position - December 31			<u>\$ 3,032,355</u>		<u>\$ 3,580,775</u>

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CITY OF LAKE CRYSTAL, MINNESOTA

SCHEDULE OF NET POSITION
 AMBULANCE FUND
 December 31, 2024

	2024	2023
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 302,070	\$ 241,955
Accounts Receivable, Net	127,260	110,972
Prepaid Expenses	13,561	15,174
Total Current Assets	442,891	368,101
Noncurrent Assets:		
Property and Equipment	269,955	269,955
Less: Accumulated Depreciation	(193,651)	(159,845)
Total Noncurrent Assets	76,304	110,110
TOTAL ASSETS	\$ 519,195	\$ 478,211
LIABILITIES AND NET POSITION		
Current Liabilities:		
Accounts Payable	\$ 9,418	\$ 6,476
Accrued Expenses	9,998	13,999
Compensated Absences	2,799	7,262
Total Current Liabilities	22,215	27,737
Noncurrent Liabilities:		
Compensated Absences	9,289	0
Total Liabilities	31,504	27,737
Net Position:		
Net Investment in Capital Assets	76,304	110,109
Unrestricted	411,387	340,365
Total Net Position	487,691	450,474
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 519,195	\$ 478,211

CITY OF LAKE CRYSTAL, MINNESOTA

SCHEDULE OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION - AMBULANCE FUND

For the Year Ended December 31, 2024

	Original Budget	Final Budget	2024 Actual Amounts	Over (Under) Final Budget	2023 Amounts
Operating Revenues					
Charges for Services	\$ 210,000	\$ 210,000	\$ 168,118	\$ (41,882)	\$ 237,611
Operating Expenses					
Personal Services	216,275	216,275	248,769	32,494	198,728
Supplies	26,500	26,500	27,606	1,106	27,502
Other Services and Charges	51,142	51,142	45,021	(6,121)	43,885
Repair and Maintenance	3,500	3,500	4,307	807	2,852
Utilities	4,700	4,700	3,815	(885)	3,573
Other	29,152	29,152	82,737	53,585	72,322
Depreciation	0	0	33,806	(33,806)	34,195
Total Operating Expenses	<u>331,269</u>	<u>331,269</u>	<u>446,061</u>	<u>47,180</u>	<u>383,057</u>
Income (Loss) from Operations	<u>(121,269)</u>	<u>(121,269)</u>	<u>(277,943)</u>	<u>5,298</u>	<u>(145,446)</u>
Nonoperating Revenues (Expenses):					
Investment Earnings	500	500	4,138	3,638	6,062
Other Revenues	2,000	2,000	115,937	113,937	5,825
Total Nonoperating Revenues (Expenses)	<u>2,500</u>	<u>2,500</u>	<u>120,075</u>	<u>117,575</u>	<u>11,887</u>
Income Before Transfers and Other Items	(118,769)	(118,769)	(157,868)	39,099	(133,559)
Transfers In	<u>118,769</u>	<u>118,769</u>	<u>195,085</u>	<u>76,316</u>	<u>203,243</u>
Change in Net Position	<u>\$ 0</u>	<u>\$ 0</u>	37,217	<u>\$ 115,415</u>	69,684
Net Position - January 1			<u>450,474</u>		<u>380,790</u>
Net Position - December 31			<u>\$ 487,691</u>		<u>\$ 450,474</u>

OTHER REQUIRED REPORTS



Burkhardt & Burkhardt, Ltd.

Certified Public Accountants

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MINNESOTA LEGAL COMPLIANCE

Independent Auditor's Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the governmental activities, business-type activities, each major fund and the aggregate fund information of the City of Lake Crystal, Minnesota (the City), as of and for the year ended December 31, 2024, and the related notes to the financial statements, and have issued our report thereon dated June 30, 2025.

The *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, contains seven categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing. Our audit considered all of the listed categories except tax increment financing because the City does not have any tax increment districts.

In connection with our audit, nothing came to our attention that caused us to believe that the City failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for Cities*, except as described in the schedule of findings as items 2024-003, 2024-004, and 2024-005. 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's noncompliance with the above referenced provisions.

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

Burkhardt & Burkhardt, Ltd.

Burkhardt & Burkhardt, Ltd
Mankato, Minnesota
June 30, 2025



Burkhardt & Burkhardt, Ltd.

Certified Public Accountants

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

In planning and performing our audit of the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City of Lake Crystal, Minnesota (the City), as of and for the year ended December 31, 2024, in accordance with auditing standards generally accepted in the United States of America, we considered the City'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's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did identify a deficiency in internal control that we consider to be a material weakness and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented or detected and corrected on a timely basis. As described in the accompanying schedule of findings and responses, we consider the following deficiency in internal control to be a material weakness as item 2024-001.

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. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses, that we consider to be a significant deficiency as item 2024-002.

This communication is intended solely for the information and use of the City Council and management of the City and is not intended to be and should not be used by anyone other than these specified parties.

Burkhardt & Burkhardt, Ltd.

Burkhardt & Burkhardt, Ltd.
Mankato, Minnesota
June 30, 2025

CITY OF LAKE CRYSTAL, MINNESOTA

SCHEDULE OF FINDINGS AND RESPONSES ON
LEGAL COMPLIANCE AND INTERNAL CONTROL
December 31, 2024

CURRENT YEAR FINANCIAL STATEMENT FINDINGS

Material Weakness

Finding 2024-001. Material Audit Adjustments

Condition:	The audit firm proposed, and the City approved corrections of certain misstatements.
Criteria	The City should have controls in place to prevent and detect a material misstatement in the financial statements in a timely manner. Management is responsible for the accuracy and completeness of all financial records and related information. Their responsibility includes adjusting the financial statements to correct material misstatements.
Cause:	The City has not established controls to ensure that all accounts are adjusted to their appropriate year-end balances in accordance with GAAP.
Effect:	The design of internal control over completeness and accuracy of financial records could adversely affect the City's ability to detect misstatements in amounts that would be material in relation to the financial statements in a timely period by employees in the normal course of performing their assigned functions.
Recommendation:	The City should continue to evaluate its internal controls processes to determine if additional internal control procedures should be implemented to ensure that accounts are adjusted to their appropriate year end balances in accordance with GAAP.

Corrective Action Plan (CAP)

Explanation of Disagreement with Audit Finding:

None

Actions Planned in Response to Finding:

The City will continue to review and approve adjusting journal entries as proposed by the auditor, as well as taking responsibility for the audited financial statements.

Official Responsible for Ensuring CAP:

Angela Grafstrom, City Administrator

Planned Completion Date for CAP:

December 31, 2025

Plan to Monitor Completion of CAP:

City Council

CITY OF LAKE CRYSTAL, MINNESOTA

SCHEDULE OF FINDINGS AND RESPONSES ON
LEGAL COMPLIANCE AND INTERNAL CONTROL
December 31, 2024

Significant Deficiencies

Finding 2024-002. Auditor Prepared Financial Statements and Related Footnotes

Condition:	The City does have an internal control in place for the review of the drafted financial statements, however, the City does not have an internal control system designed to provide for the preparation of the related notes being audited. Based on the degree of complexity and level of detail needed to prepare the financial statement disclosures in accordance with accounting principles generally accepted in the United States of America (GAAP), the City has requested the auditors prepare them.
Criteria	The preparation of the financial statements and the related notes are the responsibility of management.
Cause:	The City has informed us they do not have the expertise to prepare the annual financial statement disclosures, although the City has reviewed and approved the annual financial statements as prepared by the audit firm.
Effect:	This could result in a material omission of a disclosure that would not be prevented or detected and corrected as a result of the City's current internal control.
Recommendation:	The City should continue to request assistance to draft the financial statements and related notes and thoroughly review these financial statements after they have been prepared so the City can take responsibility for them.

Corrective Action Plan (CAP)

Explanation of Disagreement with Audit Finding:

None

Actions Planned in Response to Finding:

The City is aware of the lack of expertise to ensure all disclosures required by GAAP are included in the financial statements, however, the City will review the notes for accuracy and compare balances in the financial report to the general ledger and other City reports prior to issuance of the financial statements.

Official Responsible for Ensuring CAP:

Angela Grafstrom, City Administrator

Planned Completion Date for CAP:

December 31, 2025

Plan to Monitor Completion of CAP:

City Council

CITY OF LAKE CRYSTAL, MINNESOTA

SCHEDULE OF FINDINGS AND RESPONSES ON
LEGAL COMPLIANCE AND INTERNAL CONTROL
December 31, 2024

CURRENT YEAR MINNESOTA LEGAL COMPLIANCE FINDINGS

Finding 2024-003. Investments Lacking Statutory Authority

The City may only invest idle funds as authorized by Minnesota statutes, MSA 118A.04.

During 2024, the City had investments that were not authorized under MSA 118A.04.

Corrective Action Plan (CAP)

Explanation of Disagreement with Audit Finding:

None

Actions Planned in Response to Finding:

The City will work with their investment broker to move their investments into holdings that are authorized by state statute.

Official Responsible for Ensuring CAP:

Angela Grafstrom, City Administrator

Planned Completion Date for CAP:

December 31, 2025

Plan to Monitor Completion of CAP:

City Council

CITY OF LAKE CRYSTAL, MINNESOTA

SCHEDULE OF FINDINGS AND RESPONSES ON
LEGAL COMPLIANCE AND INTERNAL CONTROL
December 31, 2024

Finding 2024-004. Missing Endorsement on Paid Claims

Minnesota Statutes § 471.391 sub. 2 requires local governments to have the following declaration on their checks, “The undersigned payee, in endorsing this check declares that the same is received in payment of a just and correct claim against the city, and that no part of it has heretofore been paid.”

In 2024, it was noted that the City did not have the required declaration on the back of their checks.

Corrective Action Plan (CAP)

Explanation of Disagreement with Audit Finding:

None

Actions Planned in Response to Finding:

The City will get a stamp to mark each check with the required declaration.

Official Responsible for Ensuring CAP:

Angela Grafstrom, City Administrator

Planned Completion Date for CAP:

December 31, 2025

Plan to Monitor Completion of CAP:

City Council

CITY OF LAKE CRYSTAL, MINNESOTA

SCHEDULE OF FINDINGS AND RESPONSES ON
LEGAL COMPLIANCE AND INTERNAL CONTROL
December 31, 2024

Finding 2024-005. Failure to Receive Contractor's Withholding Affidavit Prior to Final Payment

Minnesota Statutes § 270C.66, requires the City before making final settlement with any contractor under a contract requiring the employment of employees for wages by said contractor and by subcontractors, to obtain a certificate by the Commissioner of Revenue that the contractor or subcontractor has complied with the withholding requirements.

During 2024, the City encountered an issue wherein a contractor's withholding affidavit was not received prior to the release of final payment for a construction project.

Corrective Action Plan (CAP)

Explanation of Disagreement with Audit Finding:

None

Actions Planned in Response to Finding:

The City will develop a policy to ensure that contractor withholding affidavits are received prior to releasing final payment when applicable.

Official Responsible for Ensuring CAP:

Angela Grafstrom, City Administrator

Planned Completion Date for CAP:

December 31, 2025

Plan to Monitor Completion of CAP:

City Council

CITY OF LAKE CRYSTAL, MINNESOTA

SCHEDULE OF PRIOR AUDIT FINDINGS

December 31, 2024

<u>Finding Reference</u>	<u>Finding Title</u>	<u>Status</u>	<u>Year Finding Initially Occurred</u>	<u>If Not Corrected, Provide Planned Corrective Action or Other Explanation</u>
Financial Statement Findings:				
2023-001	Material Audit Adjustments	Not Corrected	2023	See Current Year Finding 2024-001
2023-002	Auditor Preparation of Financial Statements	Not Corrected	2007	See Current Year Finding 2024-002
Minnesota Legal Compliance Findings:				
2023-003	Investments Lacking Statutory Authority	Not Corrected	2015	See Current Year Finding 2024-003