

CITY OF WAITE PARK, MINNESOTA
AUDITED FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

DECEMBER 31, 2023

CONWAY, DEUTH & SCHMIESING, PLLP
CPAS & ADVISORS
LITCHFIELD, MINNESOTA

This page intentionally left blank

CITY OF WAITE PARK, MINNESOTA

TABLE OF CONTENTS
DECEMBER 31, 2023

	<u>PAGE</u>
ELECTED OFFICIALS AND ADMINISTRATION	1
INDEPENDENT AUDITOR'S REPORT	2-5
REQUIRED SUPPLEMENTARY INFORMATION	
Management's Discussion and Analysis	6-13
BASIC FINANCIAL STATEMENTS	
Statement of Net Position	14
Statement of Activities	15
Balance Sheet - Governmental Funds	16
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	17
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund	20-21
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Local Sales Tax Special Revenue Fund	22
Statement of Net Position - Proprietary Funds	23
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	24
Statement of Cash Flows - Proprietary Funds	25-26
Statement of Fiduciary Net Position	27
Statement of Changes in Fiduciary Net Position	27
Notes to the Financial Statements	28-68

CITY OF WAITE PARK, MINNESOTA

TABLE OF CONTENTS
DECEMBER 31, 2023

	<u>PAGE</u>
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Proportionate Share of the Net Pension Liability	69
Schedule of Employer Contributions	70
Schedule of Changes in the City Fire Relief Association's Net Pension Liability and Related Ratios	71
Schedule of Changes to the City's Total OPEB Liability	72
Notes to Required Supplementary Information	73-84
SUPPLEMENTARY INFORMATION	
COMBINING STATEMENTS OF NONMAJOR FUNDS	
Combining Balance Sheet - Nonmajor Governmental Funds	85
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	86
Combining Balance Sheet - Nonmajor Governmental Funds - Special Revenue	87-88
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds - Special Revenue	89-90
Combining Balance Sheet - Nonmajor Governmental Funds - Debt Service	91
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds - Debt Service	92
Combining Balance Sheet - Nonmajor Governmental Funds - Capital Projects	93
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds - Capital Projects	94
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund	95-96

CITY OF WAITE PARK, MINNESOTA

TABLE OF CONTENTS
DECEMBER 31, 2023

	<u>PAGE</u>
COMPLIANCE SECTION	
Independent Auditor's Report on Minnesota Legal Compliance	97
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	98-99
Schedule of Findings	100
Summary Schedule of Prior Audit Findings	101

This page intentionally left blank

CITY OF WAITE PARK, MINNESOTA

ELECTED OFFICIALS AND ADMINISTRATION
DECEMBER 31, 2023

<u>Elected Officials</u>	<u>Position</u>	<u>Term Expires</u>
Richard E. Miller	Mayor	December 31, 2024
Shawn Blackburn	Council Member	December 31, 2026
Ken Schmitt	Council Member	December 31, 2024
Michael J. Linquist	Council Member	December 31, 2024
Frank Theisen	Council Member	December 31, 2026
<u>Administration</u>		
Shaunna Johnson	City Administrator	
Karla Virnig	Finance Director	
Adri Brenny	City Clerk	

This page intentionally left blank



INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the City Council
City of Waite Park
Waite Park, 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 Waite Park, Minnesota, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City of Waite Park, Minnesota, as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and Local Sales Tax Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the 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.

Change in Accounting Principle

As described in Note 9 to the financial statements, in 2023, the City adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

Exercise professional judgment and maintain professional skepticism throughout the audit.

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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, that 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 Management's Discussion and Analysis, Schedule of Proportionate Share of the Net Pension Liability, Schedules of Employer Contributions, the Schedule of Changes in the City Fire Relief Association's Net Pension Liability and Related Ratios, the Schedule of Changes in the City's Total OPEB Liability, and related notes as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other 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 statements and schedules listed in the table of contents as supplementary information is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 15, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Conway, Deuth & Schmiesing, PLLP

CONWAY, DEUTH & SCHMIESING, PLLP
CPAS & ADVISORS
LITCHFIELD, MINNESOTA

July 15, 2024

REQUIRED SUPPLEMENTARY INFORMATION

This page intentionally left blank

CITY OF WAITE PARK, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023

This section of the basic financial statements of the City of Waite Park, Minnesota (the City) presents a discussion and analysis of the City's financial performance during the fiscal year ended December 31, 2023. Please read it in conjunction with the City's basic financial statements following this section.

Financial Highlights

- The assets and deferred outflows of the City of Waite Park exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$92,913,926. Of this amount, \$11,507,900 may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designations and fiscal policies.
- The City's total net position increased by \$7,776,060 from normal operations.
- The City's governmental funds reported combined ending fund balances of \$14,427,735. This represents an increase of \$1,598,603 compared to 2022.
- The City's outstanding long-term liabilities decreased by \$1,509,107.

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements are presented after the Statement of Activities. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's funds. The notes to the basic financial statements provide information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. This report also contains other supplementary information in addition to the basic financial statements.

The City as a Whole: Statement of Net Position and Statement of Activities

Our analysis of the City of Waite Park begins with the Statement of Net Position and the Statement of Activities. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities both report information about the City as a whole and about its activities in a way that helps answer this question. The Statement of Net Position includes all assets and deferred outflows of resources, and liabilities and deferred inflows of resources using the accrual basis of accounting. In the Statement of Activities, all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the City's net position and changes in them. You can think of the City's net position—the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources—as one way to measure the City's financial health. Over time, increases or decreases in the City's net position are one indicator of whether the City's financial health is improving or deteriorating.

You will need to consider other nonfinancial factors, however, to assess the overall health of the City.

In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

Governmental Activities - Most of the City's basic services are reported here, including public safety, public works, sanitation, recreation and parks and general administration. Property taxes, franchise fees, state and federal grants, and charges for services finance most of these activities.

CITY OF WAITE PARK, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023

The City as a Whole: Statement of Net Position and Statement of Activities (Cont'd)

Business-Type Activities - The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's Water, Sewer, and Stormwater funds are reported here.

The City's Most Significant Funds: Fund Financial Statements

Our analysis of the City's major funds begins with the fund financial statements. These statements provide detailed information about the most significant funds, not the City as a whole. Some funds are required to be established by state law and by bond covenants. However, the City Council establishes other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The City's two kinds of funds-governmental and proprietary-use different accounting approaches.

Governmental Funds - Most of the City's basic services are reported in governmental funds. Governmental funds focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps the reader of the statements determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation after the fund financial statements.

The governmental fund financial statements can be found on pages 16-22 of this report.

Proprietary Funds - When the City charges customers for the services it provides—whether to outside customers or to other units of the City—these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

The proprietary fund financial statements can be found on pages 23-26 of this report.

Fiduciary funds - Fiduciary funds are used to account for resources that are held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City of Waite Park's own programs. The accounting used for fiduciary funds is much like that which is used for proprietary funds.

The fiduciary fund financial statements can be found on page 27 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 28-68 of this report.

CITY OF WAITE PARK, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023

Statement of Net Position

The City of Waite Park's overall net position increased from a year ago. Our analysis focuses on the net position of the City's governmental (Table 1) and business-type activities (Table 2).

Table 1 Comparative Condensed Statement of Net Position			
	Governmental Activities		Change
	2023	2022	
Current and Other Assets	\$ 18,033,338	\$ 16,142,312	\$ 1,891,026
Net Capital Assets	63,495,967	58,795,616	4,700,351
Total Assets	<u>81,529,305</u>	<u>74,937,928</u>	6,591,377
Deferred Outflows of Resources	<u>4,006,789</u>	<u>4,526,090</u>	(519,301)
Total Assets and Deferred Outflows of Resources	<u>\$ 85,536,094</u>	<u>\$ 79,464,018</u>	<u>\$ 6,072,076</u>
Current Liabilities	\$ 1,409,026	\$ 1,039,109	\$ 369,917
Long-Term Liabilities	19,497,653	24,332,254	(4,834,601)
Total Liabilities	<u>20,906,679</u>	<u>25,371,363</u>	(4,464,684)
Deferred Inflows of Resources	3,797,192	369,419	3,427,773
Net Position			
Net Investment in Capital Assets	49,133,887	43,097,895	6,035,992
Restricted for Economic Development	2,208	2,113	95
Restricted for Debt Service	1,538,082	2,461,584	(923,502)
Restricted for Tax Increment	434,569	1,471,545	(1,036,976)
Restricted for Capital Projects	5,530,127	1,891,594	3,638,533
Unrestricted	4,193,350	4,798,505	(605,155)
Total Net Position	<u>60,832,223</u>	<u>53,723,236</u>	<u>7,108,987</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 85,536,094</u>	<u>\$ 79,464,018</u>	<u>\$ 6,072,076</u>

CITY OF WAITE PARK, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023

Statement of Net Position (Cont'd)

Table 2 Comparative Condensed Statement of Net Position			
	<u>Business-Type Activities</u>		Change
	<u>2023</u>	<u>2022</u>	
Current and Other Assets	\$ 8,695,912	\$ 7,426,354	\$ 1,269,558
Net Capital Assets	25,205,495	26,097,272	(891,777)
Total Assets	<u>33,901,407</u>	<u>33,523,626</u>	377,781
Deferred Outflows of Resources	199,395	201,571	(2,176)
Total Assets and Deferred Outflows of Resources	<u>\$ 34,100,802</u>	<u>\$ 33,725,197</u>	<u>\$ 375,605</u>
Current Liabilities	\$ 344,432	\$ 365,230	\$ (20,798)
Long-Term Liabilities	1,530,865	1,937,664	(406,799)
Total Liabilities	<u>1,875,297</u>	<u>2,302,894</u>	<u>(427,597)</u>
Deferred Inflows of Resources	143,802	7,673	136,129
Net Position			
Net Investment in Capital Assets	24,767,153	25,234,396	(467,243)
Unrestricted	7,314,550	6,180,234	1,134,316
Total Net Position	<u>32,081,703</u>	<u>31,414,630</u>	<u>667,073</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 34,100,802</u>	<u>\$ 33,725,197</u>	<u>\$ 375,605</u>

Governmental Activities

Net position of the City's governmental activities increased by \$7,108,987, this is an increase from the prior year by \$5,104,791. The increase is due to increases in property and sales tax revenues, and intergovernmental revenues.

Business-Type Activities

The net position of the business-type activities increased by \$667,073. The increase is attributable to the following funds increase in net position: Water - \$882,401. The increase was off set by a decrease in net position in the Sewer - \$173,888 and Stormwater Fund - \$41,440.

CITY OF WAITE PARK, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023

Statement of Activities

The following tables indicate the changes in net position for the City's governmental (Table 3) and business-type activities (Table 4):

Table 3 Comparative Condensed Statement of Activities			
	Governmental Activities		Change
	2023	2022	
REVENUES			
Program Revenues			
Fees, Fines, and Charges for Services	\$ 728,176	\$ 684,427	\$ 43,749
Operating Grants and Contributions	593,544	554,648	38,896
Capital Grants and Contributions	2,957,400	631,098	2,326,302
General Revenues			
Taxes			
Property	10,330,512	8,987,137	1,343,375
Increment	285,348	311,968	(26,620)
Gravel	153,770	149,803	3,967
Franchise	442,089	450,026	(7,937)
Local Sales and Use	3,548,920	1,842,633	1,706,287
Grants and Contributions			
Not Restricted to Specific Programs	33,118	439,978	(406,860)
Refunds and Reimbursements	136,277	222,213	(85,936)
Unrestricted Investment Earnings	588,808	142,658	446,150
Other	107,298	116,116	(8,818)
Gain on Sale of Assets	3,845	8,025	(4,180)
Total Revenues	19,909,105	14,540,730	5,368,375
EXPENSES			
General Government	1,826,821	1,830,216	(3,395)
Public Safety	4,867,656	4,834,996	32,660
Public Works	3,220,508	2,981,380	239,128
Sanitation	481,118	422,928	58,190
Culture and Recreation	1,697,317	1,615,538	81,779
Economic Development	238,619	290,987	(52,368)
Interest on Long-Term Debt	468,079	560,489	(92,410)
Total Expenses	12,800,118	12,536,534	263,584
Change in Net Position	7,108,987	2,004,196	5,104,791
NET POSITION, BEGINNING OF YEAR	53,723,236	51,719,040	2,004,196
NET POSITION, END OF YEAR	\$ 60,832,223	\$ 53,723,236	\$ 7,108,987

CITY OF WAITE PARK, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023

Statement of Activities (Cont'd)

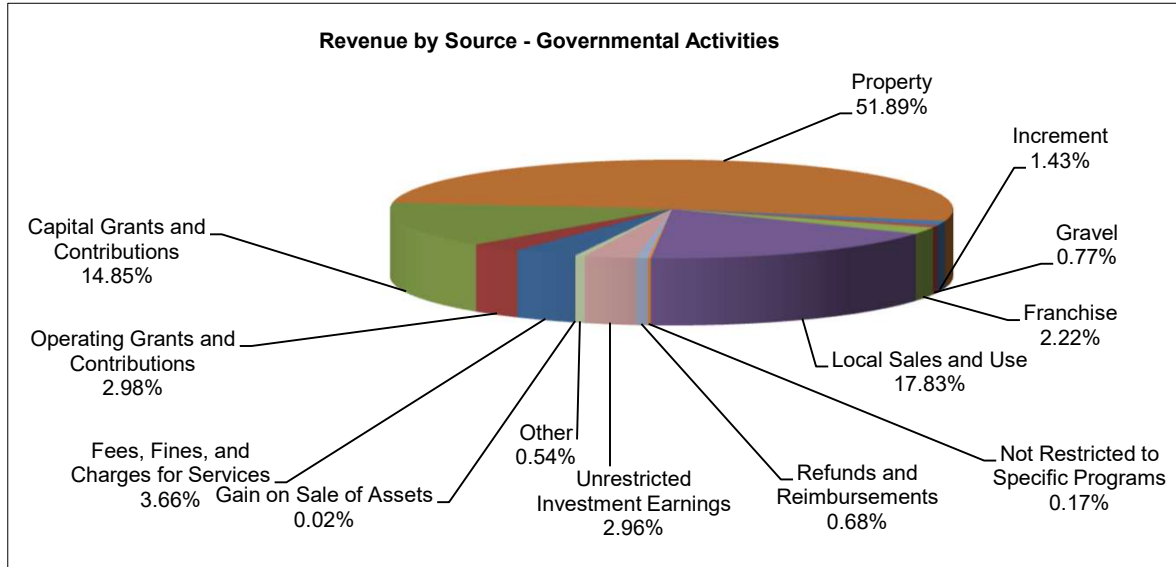
Table 4 Comparative Condensed Statement of Activities			
	Business-Type Activities		Change
	2023	2022	
REVENUES			
Program Revenues			
Fees, Fines, and Charges for Services	\$ 4,093,996	\$ 3,998,507	\$ 95,489
General Revenues			
Grants and Contributions			
Not Restricted to Specific Programs	1,403		1,403
Refunds and Reimbursements	33,274	5,715	27,559
Unrestricted Investment Earnings	318,937	77,954	240,983
Other		10,312	(10,312)
Total Revenues	<u>4,447,610</u>	<u>4,092,488</u>	<u>355,122</u>
EXPENSES			
Water	1,543,019	1,744,069	(201,050)
Sewer	2,133,084	1,747,073	386,011
Stormwater	104,434	83,822	20,612
Total Expenses	<u>3,780,537</u>	<u>3,574,964</u>	<u>205,573</u>
Change in Net Position	667,073	517,524	149,549
NET POSITION, BEGINNING OF YEAR	<u>31,414,630</u>	<u>30,897,106</u>	<u>517,524</u>
NET POSITION, END OF YEAR	<u>\$ 32,081,703</u>	<u>\$ 31,414,630</u>	<u>\$ 667,073</u>

CITY OF WAITE PARK, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023

Governmental Activities

Revenues - The following chart visually illustrates the City's revenue by source for its governmental activities:



Financial Analysis of the City's Funds

General Fund - The City's General Fund balance increased by \$703,258. The increase was caused by an increase in property taxes, intergovernmental revenues and refunds and reimbursements.

Special Revenue Funds - The City's Special Revenue fund balances increased by \$1,312,184. This increase was caused by a increase in local sales tax and sales tax revenue related to the Public Safety Facility capital project.

Debt Service Funds - The Debt Service fund balances decreased by \$306,768. This decrease was due to transfers out of these funds as issuances were paid in full.

Capital Project Funds - The Capital Project fund balances decreased by \$110,071. This was due to a transfer to close the Amphitheater Capital Project Fund.

Water Fund - The Water Fund net position increased \$882,401 due to a decrease professional services expenses.

Sewer Fund - The Sewer Fund net position decreased \$173,888 due to an increase in wages and salaries.

Stormwater Fund - The Stormwater Fund net position decreased \$41,440 as a result of an increase in repair and maintenance expenses.

CITY OF WAITE PARK, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023

General Fund Budgetary Highlights

Over the course of the year, the City of Waite Park Council did not revise the budget. The General Fund budget included revenues over expenditures, resulting in a budgeted decrease in fund balance of \$300,000. The actual fund balance decreased by -\$703,258. The General Fund actual revenues were over budgeted amounts by \$3,215,329 consisting of intergovernmental, refunds and reimbursements, and investment revenue. Expenditures were over budgeted amounts by \$3,536,705. This was due to the City spending more for capital outlay expenditures than what was budgeted.

Capital and Right to Use Assets

At the end of 2023, the City of Waite Park had \$142,862,178 invested in a broad range of capital and right to use assets. Refer to Note 5 of the Notes to the Financial Statements for a schedule showing the City's capital asset activity.

Long-Term Liabilities

At year-end of the year, the City of Waite Park had \$16,356,357 in bonds and other long-term liabilities outstanding. Refer to Note 7 of the Notes to the Financial Statements for a schedule showing the City's long-term liability activity.

Economic Factors and Next Year's Budget

The City of Waite Park's appointed officials considered many factors when setting the fiscal year 2024 budget, rates, and fees that will be charged by the funds of the City. The major factor accounted for when adopting the General Fund budget is to hold all line items as much as possible to the 2023 final Budget.

Contacting the City's Financial Management

This financial report is designed to provide our residents, customers, and creditors with a general overview of the City of Waite Park's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional information, contact the City of Waite Park, 19 13th Avenue North, PO Box 339, Waite Park, Minnesota 56387, (320) 252-6822, or Karla.Virnig@ci.waitepark.mn.us.

BASIC FINANCIAL STATEMENTS

This page intentionally left blank

CITY OF WAITE PARK, MINNESOTA

STATEMENT OF NET POSITION
DECEMBER 31, 2023

	Governmental Activities	Business-Type Activities	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Cash and Investments	\$ 12,151,211	\$ 7,780,350	\$ 19,931,561
Receivables			
Accounts	139,781	12,605	152,386
Utilities		864,385	864,385
Interest	10,617		10,617
Delinquent Taxes	548,171		548,171
Special Assessments Receivable			
Delinquent	14,057		14,057
Deferred	1,306,638		1,306,638
Inventories	36,800	3,761	40,561
Prepaid Items	254,891	34,811	289,702
Due from Other Governments	3,219,866		3,219,866
Capital Assets			
Assets Not Being Depreciated or Amortized	9,369,928	1,421,032	10,790,960
Other Capital Assets, Net of Depreciation and Amortization	54,126,039	23,784,463	77,910,502
Net Pension Asset	351,306		351,306
Total Assets	<u>81,529,305</u>	<u>33,901,407</u>	<u>115,430,712</u>
Deferred Outflows of Resources	<u>4,006,789</u>	<u>199,395</u>	<u>4,206,184</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 85,536,094</u>	<u>\$ 34,100,802</u>	<u>\$ 119,636,896</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION			
Liabilities			
Current Liabilities			
Accounts Payable	\$ 601,410	\$ 333,832	\$ 935,242
Contracts Payable	232,585		232,585
Due to Other Governments	102,566		102,566
Salaries and Benefits Payable	82,684	10,071	92,755
Interest Payable	23,595	529	24,124
Unearned Revenue	366,186		366,186
Long-Term Liabilities			
Net Pension Liability	3,438,882	467,991	3,906,873
Total OPEB Liability	554,604	210,684	765,288
Other Long-Term Liabilities Due Within One Year	1,297,110	438,342	1,735,452
Other Long-Term Liabilities Due in More Than One Year	14,207,057	413,848	14,620,905
Total Liabilities	<u>20,906,679</u>	<u>1,875,297</u>	<u>22,781,976</u>
Deferred Inflows of Resources	3,797,192	143,802	3,940,994
Net Position			
Net Investment in Capital Assets	49,133,887	24,767,153	73,901,040
Restricted for			
Economic Development	2,208		2,208
Debt Service	1,538,082		1,538,082
Tax Increment	434,569		434,569
Regional Capital Improvement Projects	5,530,127		5,530,127
Unrestricted	4,193,350	7,314,550	11,507,900
Total Net Position	<u>60,832,223</u>	<u>32,081,703</u>	<u>92,913,926</u>
Total Liabilities, Deferred Inflows of Resources and Net Pension	<u>\$ 85,536,094</u>	<u>\$ 34,100,802</u>	<u>\$ 119,636,896</u>

See Accompanying Notes to the Financial Statements

CITY OF WAITE PARK, MINNESOTA

STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES							
General Government	\$ 1,826,821	\$ 200,410	\$ 330	\$	\$ (1,626,081)	\$	\$ (1,626,081)
Public Safety	4,867,656	271,933	522,265		(4,073,458)		(4,073,458)
Public Works	3,220,508	2,755	577	573,019	(2,644,157)		(2,644,157)
Sanitation	481,118	6,010			(475,108)		(475,108)
Culture and Recreation	1,697,317	247,068	70,372	2,518,161	1,138,284		1,138,284
Economic Development	238,619				(238,619)		(238,619)
Interest on Long-Term Debt	468,079			(133,780)	(601,859)		(601,859)
Total Governmental Activities	12,800,118	728,176	593,544	2,957,400	(8,520,998)	0	(8,520,998)
BUSINESS-TYPE ACTIVITIES							
Water	1,543,019	2,260,531				717,512	717,512
Sewer	2,133,084	1,777,859				(355,225)	(355,225)
Stormwater	104,434	55,606				(48,828)	(48,828)
Total Business-Type Activities	3,780,537	4,093,996	0	0	0	313,459	313,459
Total	\$ 16,580,655	\$ 4,822,172	\$ 593,544	\$ 2,957,400	(8,520,998)	313,459	(8,207,539)
GENERAL REVENUES							
Taxes							
Property					10,330,512		10,330,512
Increment					285,348		285,348
Gravel					153,770		153,770
Franchise					442,089		442,089
Local Sales and Use					3,548,920		3,548,920
Grants and Contributions Not Restricted to Specific Programs					33,118	1,403	34,521
Refunds and Reimbursements					136,277	33,274	169,551
Unrestricted Investment Earnings					588,808	318,937	907,745
Other					107,298		107,298
Gain on Sale of Assets					3,845		3,845
Total General Revenues					15,629,985	353,614	15,983,599
Change in Net Position					7,108,987	667,073	7,776,060
NET POSITION, BEGINNING OF YEAR					53,723,236	31,414,630	85,137,866
NET POSITION, END OF YEAR					\$ 60,832,223	\$ 32,081,703	\$ 92,913,926

See Accompanying Notes to the Financial Statements

CITY OF WAITE PARK, MINNESOTA

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2023

	General (101)	Local Sales Tax (221)	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 4,899,889	\$ 2,060,590	\$ 5,190,732	\$ 12,151,211
Receivables				
Accounts	139,781			139,781
Interest	10,617			10,617
Delinquent Taxes	491,861		56,310	548,171
Special Assessments Receivable				
Delinquent	14,057			14,057
Deferred	1,246,053		60,585	1,306,638
Inventory	36,800			36,800
Prepaid Items	254,891			254,891
Due from Other Governments	2,627,944	337,692	254,230	3,219,866
	<u>9,721,893</u>	<u>2,398,282</u>	<u>5,561,857</u>	<u>17,682,032</u>
Total Assets	<u>\$ 9,721,893</u>	<u>\$ 2,398,282</u>	<u>\$ 5,561,857</u>	<u>\$ 17,682,032</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE				
Liabilities				
Accounts Payable	\$ 471,069	\$	\$ 130,341	\$ 601,410
Contracts Payable	177,478		55,107	232,585
Due to Other Governments	102,566			102,566
Salaries and Benefits Payable	82,684			82,684
Unearned Revenue	366,186			366,186
Total Liabilities	<u>1,199,983</u>	<u>0</u>	<u>185,448</u>	<u>1,385,431</u>
Deferred Inflows of Resources				
Unavailable Revenue				
Delinquent Taxes	491,861		56,310	548,171
Special Assessments	1,260,110		60,585	1,320,695
Total Deferred Inflows of Resources	<u>1,751,971</u>	<u>0</u>	<u>116,895</u>	<u>1,868,866</u>
Fund Balance				
Nonspendable				
Inventory	36,800			36,800
Prepays	254,891			254,891
Restricted				
Tax Increment			434,569	434,569
Loan Program			2,208	2,208
Debt Service			1,444,782	1,444,782
Regional Capital Improvement Projects		2,398,282	3,131,845	5,530,127
Assigned				
Capital Outlay	854,599		1,109	855,708
Park Land Development			141,852	141,852
Fund Operations			103,149	103,149
Unassigned	5,623,649			5,623,649
Total Fund Balance	<u>6,769,939</u>	<u>2,398,282</u>	<u>5,259,514</u>	<u>14,427,735</u>
	<u>\$ 9,721,893</u>	<u>\$ 2,398,282</u>	<u>\$ 5,561,857</u>	<u>\$ 17,682,032</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 9,721,893</u>	<u>\$ 2,398,282</u>	<u>\$ 5,561,857</u>	<u>\$ 17,682,032</u>

See Accompanying Notes to the Financial Statements

CITY OF WAITE PARK, MINNESOTA

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

	<u>2023</u>
Total Fund Balances - Governmental Funds	\$ 14,427,735
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital and right to use assets and net pension assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.	
Capital and Right to Use Assets	96,680,791
Less: Accumulated Depreciation and Amortization	(33,184,824)
Net Pension Asset	351,306
Certain 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 Taxes	548,171
Special Assessments	
Delinquent	14,057
Deferred	1,306,638
Deferred outflows and inflows of resources related to pensions and other post employment benefits are applicable to future periods and, therefore, are not reported in the funds.	
Deferred Outflows of Resources Related to Pensions	3,975,261
Deferred Inflows of Resources Related to Pensions	(3,797,192)
Deferred Outflows of Resources Related to OPEB	31,528
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	
Bonds Payable	(13,585,000)
Financed Purchase	(169,446)
Bond Premium	(482,317)
Long-Term Leases	(78,719)
Long-Term Subscriptions	(46,598)
Net Pension Liability	(3,438,882)
Compensated Absences Payable	(1,142,087)
Other Postemployment Benefits Payable	(554,604)
Interest Payable	(23,595)
	<hr/>
Total Net Position - Governmental Activities	<u>\$ 60,832,223</u>

See Accompanying Notes to the Financial Statements

CITY OF WAITE PARK, MINNESOTA

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

	General (101)	Local Sales Tax (221)	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Taxes				
Property	\$ 9,007,530	\$	\$ 1,066,027	\$ 10,073,557
Gravel	153,770			153,770
Franchise	442,089			442,089
Total Taxes	<u>9,603,389</u>		<u>1,066,027</u>	<u>10,669,416</u>
Sales Tax		1,779,845	1,763,822	3,543,667
Tax Increment	7,626		277,722	285,348
Special Assessments	10,951		203,370	214,321
Licenses and Permits	183,796			183,796
Intergovernmental	2,997,258			2,997,258
Charges for Services	464,405			464,405
Fines and Forfeitures	66,678		910	67,588
Miscellaneous				
Investment Income	232,271	99,431	257,106	588,808
Contributions and Donations	33,219		98,740	131,959
Refunds and Reimbursements	661,984		170	662,154
Event Reimbursements	68,084			68,084
Other	17,651			17,651
Total Revenues	<u>14,347,312</u>	<u>1,879,276</u>	<u>3,667,867</u>	<u>19,894,455</u>
EXPENDITURES				
Current				
General Government	1,614,658			1,614,658
Public Safety	4,249,564		2,230	4,251,794
Public Works	1,929,928			1,929,928
Sanitation	467,877			467,877
Culture and Recreation	1,087,799		83,540	1,171,339
Economic Development			326,243	326,243
Debt Service				
Principal	96,419		1,365,000	1,461,419
Interest and Other Charges	6,570		514,461	521,031
Capital Outlay				
General Government	120,135			120,135
Public Safety	627,981		25,971	653,952
Public Works	2,011,987			2,011,987
Culture and Recreation	2,759,770		132,988	2,892,758
Economic Development			1,045,036	1,045,036
Total Expenditures	<u>14,972,688</u>	<u>0</u>	<u>3,495,469</u>	<u>18,468,157</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(625,376)	1,879,276	172,398	1,426,298
OTHER FINANCING SOURCES (USES)				
Proceeds from Long-Term Leases and Subscriptions	168,460			168,460
Proceeds from Sale of Capital Assets	3,845			3,845
Transfers In	1,156,329		493,396	1,649,725
Transfers Out		(1,205,323)	(444,402)	(1,649,725)
Total Other Financing Sources (Uses)	<u>1,328,634</u>	<u>(1,205,323)</u>	<u>48,994</u>	<u>172,305</u>
Net Change in Fund Balances	703,258	673,953	221,392	1,598,603
FUND BALANCE, BEGINNING OF YEAR	<u>6,066,681</u>	<u>1,724,329</u>	<u>5,038,122</u>	<u>12,829,132</u>
FUND BALANCE, END OF YEAR	<u>\$ 6,769,939</u>	<u>\$ 2,398,282</u>	<u>\$ 5,259,514</u>	<u>\$ 14,427,735</u>
See Accompanying Notes to the Financial Statements				

CITY OF WAITE PARK, MINNESOTA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023

	<u>2023</u>
Total Net Change in Fund Balances - Governmental Funds	\$ 1,598,603
Amounts reported for governmental activities in the Statement of Activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.	
Asset Additions	6,808,542
Asset Disposals	(106,451)
Depreciation and Amortization Expense	(2,108,191)
Accumulated Depreciation of Disposed Assets	106,451
Certain 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 Taxes	256,955
Special Assessments	
Delinquent	(5,844)
Deferred	(334,820)
Postemployment benefits payable in the Statement of Activities differs from the amount reported in the governmental funds because this benefit is recognized as an expenditure in the funds when due. In the Statement of Activities, postemployment benefits payable and compensated absences are recognized when accrued.	
Compensated Absences	(107,328)
Other Postemployment Benefits Payable	95,346
In the Statement of Activities, pension expenses are measured by the amounts earned during the year. In governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).	
	(433,617)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore not reported as liabilities in the funds.	
Leases Issued	(103,126)
Subscriptions Issued	(65,334)
Amortization of Bond Premium	42,682
Principal Retirement of Long-Term Debt	1,418,276
Payment of Long-Term Leases	24,407
Payment of Long-Term Subscriptions	18,736
Change in Accrued Interest Payable	<u>3,700</u>
Change in Net Position - Governmental Activities	<u>\$ 7,108,987</u>

See Accompanying Notes to the Financial Statements

CITY OF WAITE PARK, MINNESOTA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 GENERAL FUND
 YEAR ENDED DECEMBER 31, 2023

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
REVENUES				
Taxes				
Property	\$ 9,229,578	\$ 9,229,578	\$ 9,007,530	\$ (222,048)
Gravel	185,000	185,000	153,770	(31,230)
Franchise	450,000	450,000	442,089	(7,911)
Total Taxes	9,864,578	9,864,578	9,603,389	(261,189)
Tax Increment			7,626	7,626
Special Assessments			10,951	10,951
Licenses and Permits	144,350	144,350	183,796	39,446
Intergovernmental	421,655	421,655	2,997,258	2,575,603
Charges for Services	420,600	420,600	464,405	43,805
Fines and Forfeitures	71,300	71,300	66,678	(4,622)
Miscellaneous				
Investment Income	20,000	20,000	232,271	212,271
Contributions and Donations	14,000	14,000	33,219	19,219
Refunds and Reimbursements	105,000	105,000	661,984	556,984
Event Reimbursements	67,500	67,500	68,084	584
Other	3,000	3,000	17,651	14,651
Total Revenues	11,131,983	11,131,983	14,347,312	3,215,329
EXPENDITURES				
Current				
General Government	1,873,722	1,873,722	1,614,658	(259,064)
Public Safety	4,554,965	4,554,965	4,249,564	(305,401)
Public Works	2,450,050	2,450,050	1,929,928	(520,122)
Sanitation	529,150	529,150	467,877	(61,273)
Culture and Recreation	849,740	849,740	1,087,799	238,059
Debt Service				
Principal	53,277	53,277	96,419	43,142
Interest and Other Charges	6,571	6,571	6,570	(1)
Capital Outlay				
General Government	107,500	107,500	120,135	12,635
Public Safety	315,958	315,958	627,981	312,023
Public Works	434,000	434,000	2,011,987	1,577,987
Culture and Recreation	261,050	261,050	2,759,770	2,498,720
Total Expenditures	11,435,983	11,435,983	14,972,688	3,536,705
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(304,000)	(304,000)	(625,376)	(321,376)

See Accompanying Notes to the Financial Statements

CITY OF WAITE PARK, MINNESOTA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 GENERAL FUND
 YEAR ENDED DECEMBER 31, 2023

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
OTHER FINANCING SOURCES (USES)				
Transfers In	\$	\$	\$ 1,156,329	\$ 1,156,329
Proceeds from Long-Term Leases and Subscriptions			168,460	168,460
Proceeds from Sale of Capital Assets	4,000	4,000	3,845	(155)
Total Other Financing Sources (Uses)	<u>4,000</u>	<u>4,000</u>	<u>1,328,634</u>	<u>1,324,634</u>
Net Change in Fund Balances	<u>\$ (300,000)</u>	<u>\$ (300,000)</u>	703,258	<u>\$ 1,003,258</u>
FUND BALANCE, BEGINNING OF YEAR			<u>6,066,681</u>	
FUND BALANCE, END OF YEAR			<u>\$ 6,769,939</u>	

CITY OF WAITE PARK, MINNESOTA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 LOCAL SALES TAX SPECIAL REVENUE FUND
 YEAR ENDED DECEMBER 31, 2023

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
REVENUES				
Sales Tax	\$ 1,400,000	\$ 1,400,000	\$ 1,779,845	\$ 379,845
Miscellaneous				
Investment Income			99,431	99,431
Total Revenues	<u>1,400,000</u>	<u>1,400,000</u>	<u>1,879,276</u>	<u>479,276</u>
EXPENDITURES				
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,400,000	1,400,000	1,879,276	479,276
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>(1,200,000)</u>	<u>(1,200,000)</u>	<u>(1,205,323)</u>	<u>(5,323)</u>
Net Change in Fund Balances	<u>\$ 200,000</u>	<u>\$ 200,000</u>	673,953	<u>\$ 473,953</u>
FUND BALANCE, BEGINNING OF YEAR			<u>1,724,329</u>	
FUND BALANCE, END OF YEAR			<u>\$ 2,398,282</u>	

See Accompanying Notes to the Financial Statements

CITY OF WAITE PARK, MINNESOTA

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 DECEMBER 31, 2023

	Business-Type Activities - Enterprise Funds			
	Water (601)	Sewer (605)	Stormwater (609)	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Assets				
Current Assets				
Cash and Investments	\$ 3,368,941	\$ 4,309,312	\$ 102,097	\$ 7,780,350
Receivables				
Accounts	12,605			12,605
Utilities	436,975	413,916	13,494	864,385
Inventory	2,169	709	883	3,761
Prepaid Items	21,985	12,655	171	34,811
Total Current Assets	<u>3,842,675</u>	<u>4,736,592</u>	<u>116,645</u>	<u>8,695,912</u>
Noncurrent Assets				
Capital Assets				
Assets Not Being Depreciated	645,831	775,201		1,421,032
Other Capital Assets, Net of Depreciation	12,897,520	10,886,943		23,784,463
Total Noncurrent Assets	<u>13,543,351</u>	<u>11,662,144</u>	<u>0</u>	<u>25,205,495</u>
Total Assets	<u>17,386,026</u>	<u>16,398,736</u>	<u>116,645</u>	<u>33,901,407</u>
Deferred Outflows of Resources				
Related to OPEB	7,657	3,920	400	11,977
Related to Pensions	119,817	61,338	6,263	187,418
Total Deferred Outflows of Resources	<u>127,474</u>	<u>65,258</u>	<u>6,663</u>	<u>199,395</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 17,513,500</u>	<u>\$ 16,463,994</u>	<u>\$ 123,308</u>	<u>\$ 34,100,802</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION				
Liabilities				
Current Liabilities				
Accounts Payable	\$ 52,333	\$ 280,186	\$ 1,313	\$ 333,832
Salaries and Benefits Payable	6,179	3,611	281	10,071
Interest Payable	529			529
Bonds Payable Due Within One Year	438,342			438,342
Total Current Liabilities	<u>497,383</u>	<u>283,797</u>	<u>1,594</u>	<u>782,774</u>
Noncurrent Liabilities				
Net Pension Liability	299,188	153,164	15,639	467,991
Compensated Absences	253,912	158,167	1,769	413,848
Other Postemployment Benefits Payable	134,691	68,952	7,041	210,684
Total Noncurrent Liabilities	<u>687,791</u>	<u>380,283</u>	<u>24,449</u>	<u>1,092,523</u>
Total Liabilities	<u>1,185,174</u>	<u>664,080</u>	<u>26,043</u>	<u>1,875,297</u>
Deferred Inflows of Resources				
Related to Pensions	91,933	47,063	4,806	143,802
Net Position				
Net Investment in Capital Assets	13,105,009	11,662,144		24,767,153
Unrestricted	3,131,384	4,090,707	92,459	7,314,550
Total Net Position	<u>16,236,393</u>	<u>15,752,851</u>	<u>92,459</u>	<u>32,081,703</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 17,513,500</u>	<u>\$ 16,463,994</u>	<u>\$ 123,308</u>	<u>\$ 34,100,802</u>

See Accompanying Notes to the Financial Statements

CITY OF WAITE PARK, MINNESOTA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 YEAR ENDED DECEMBER 31, 2023

	Business-Type Activities - Enterprise Funds			Total
	Water (601)	Sewer (605)	Stormwater (609)	
OPERATING REVENUES				
Charges for Services	\$ 2,227,531	\$ 1,744,859	\$ 55,606	\$ 4,027,996
Service Availability Charge	33,000	33,000		66,000
Total Operating Revenues	2,260,531	1,777,859	55,606	4,093,996
OPERATING EXPENSES				
Wages and Salaries	529,557	407,855	48,618	986,030
Supplies	19,580	11,261	232	31,073
Repairs and Maintenance	188,910	107,056	40,287	336,253
Utilities	192,551	6,050		198,601
Contractual Services	9,071	1,084,464	1,140	1,094,675
Depreciation	455,808	478,186		933,994
Professional Services	45,117	4,278	7,639	57,034
Miscellaneous	86,629	33,934	6,518	127,081
Total Operating Expenses	1,527,223	2,133,084	104,434	3,764,741
Operating Income (Loss)	733,308	(355,225)	(48,828)	329,255
NONOPERATING REVENUES (EXPENSES)				
Intergovernmental Revenues			1,403	1,403
Refunds and Reimbursements	30,093	3,181		33,274
Investment Income	134,796	178,156	5,985	318,937
Interest and Fiscal Agent Fees	(15,796)			(15,796)
Total Nonoperating Revenues (Expenses)	149,093	181,337	7,388	337,818
Change in Net Position	882,401	(173,888)	(41,440)	667,073
NET POSITION, BEGINNING OF YEAR	15,353,992	15,926,739	133,899	31,414,630
NET POSITION, END OF YEAR	\$ 16,236,393	\$ 15,752,851	\$ 92,459	\$ 32,081,703

See Accompanying Notes to the Financial Statements

CITY OF WAITE PARK, MINNESOTA

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

	Business-Type Activities - Enterprise Funds			Total
	Water (601)	Sewer (605)	Stormwater (609)	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers and Users	\$ 2,270,484	\$ 1,803,060	\$ 55,145	\$ 4,128,689
Payments to Suppliers	(577,898)	(1,231,693)	(60,844)	(1,870,435)
Payments to Employees	(539,882)	(239,020)	(52,626)	(831,528)
Net Cash Provided (Used) by Operating Activities	1,152,704	332,347	(58,325)	1,426,726
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Other Income	30,093	3,181	1,403	34,677
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of Capital Assets	(5,942)	(36,275)		(42,217)
Principal Paid on Debt	(415,000)			(415,000)
Interest Paid on Debt	(25,845)			(25,845)
Net Cash Provided (Used) by Capital and Related Financing Activities	(446,787)	(36,275)	0	(483,062)
CASH FLOW FROM INVESTING ACTIVITIES				
Interest and Dividends Received	134,796	178,156	5,985	318,937
Net Increase (Decrease) in Cash and Cash Equivalents	870,806	477,409	(50,937)	1,297,278
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>2,498,135</u>	<u>3,831,903</u>	<u>153,034</u>	<u>6,483,072</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 3,368,941</u>	<u>\$ 4,309,312</u>	<u>\$ 102,097</u>	<u>\$ 7,780,350</u>

See Accompanying Notes to the Financial Statements

CITY OF WAITE PARK, MINNESOTA

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

	Business-Type Activities - Enterprise Funds			
	Water (601)	Sewer (605)	Stormwater (609)	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO CASH FLOWS FROM OPERATING ACTIVITIES				
Operating Income (Loss)	\$ 733,308	\$ (355,225)	\$ (48,828)	\$ 329,255
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Depreciation	455,808	478,186		933,994
Pension Related Adjustments	(33,341)	76,629	2,534	45,822
Other Postemployment Benefits Payable	(59,853)	26,837	(505)	(33,521)
(Increase) Decrease in Assets				
Accounts Receivable	(12,552)			(12,552)
Utilities Receivable	22,505	25,201	(461)	47,245
Inventory	(646)	(53)	(680)	(1,379)
Prepaid Items	(4,263)	(2,026)	695	(5,594)
Increase (Decrease) in Liabilities				
Accounts Payable	(31,131)	17,429	(5,043)	(18,745)
Salaries and Benefits Payable	(934)	(279)	(325)	(1,538)
Compensated Absences	83,803	65,648	(5,712)	143,739
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,152,704</u>	<u>\$ 332,347</u>	<u>\$ (58,325)</u>	<u>\$ 1,426,726</u>

See Accompanying Notes to the Financial Statements

CITY OF WAITE PARK, MINNESOTA
STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2023

	Custodial Fund
ASSETS	
Cash and Investments	\$ 53,896
Accounts Receivable	12,211
Total Assets	\$ 66,107
LIABILITIES AND NET POSITION	
Liabilities	
Accounts Payable	\$ 12,009
NET POSITION	
Held for Other Purposes	54,098
Total Liabilities and Net Position	\$ 66,107

CITY OF WAITE PARK, MINNESOTA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
DECEMBER 31, 2023

	Custodial Fund
ADDITIONS	
Earnings from Other Taxes	\$ 222,305
Earnings from Investments	1,728
Total Additions	224,033
DEDUCTIONS	
Professional Services	212,920
Net Change in Net Position	11,113
NET POSITION, BEGINNING OF YEAR	42,985
NET POSITION, END OF YEAR	\$ 54,098

See Accompanying Notes to the Financial Statements

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The City of Waite Park is a statutory city governed by an elected mayor and four council members. The accompanying financial statements present the government entities for which the City is considered to be financially accountable.

The financial statements present the City and its component units. The City includes all funds, organizations, institutions, agencies, departments and offices that are not legally separate from such. Component units are legally separate entities for which the City is financially accountable, or for which the exclusion of the component unit would render the financial statements of the City misleading.

The criteria used to determine if the City is financially accountable for a component unit includes whether or not 1) the City appoints the voting majority of the potential component unit's governing body and is able to impose its will on the potential component unit or is in a relationship of financial benefit or burden with the potential component unit, or 2) the potential component unit is fiscally dependent on and there is a potential for the potential component unit to provide specific financial benefits to, or impose specific financial burdens on, the City.

As a result of applying the component unit definition criteria above, certain organizations have been defined and are presented in this report as follows:

Blended Component Unit - Reported as if they were part of the City.

Blended Component Unit

The Waite Park Economic Development Authority (EDA) is a legal entity separate from the City. Although legally separate, the Waite Park EDA is reported as if it were part of the primary government because its governing body is substantially the same as the governing body of the primary government. Separate financial statements are not prepared for the Waite Park EDA.

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 of the 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 is 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 program revenues.

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Cont'd)

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

The Custodial Fund is presented in the fiduciary fund financial statements. Since, by definition, these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the City, this fund is not incorporated into the government-wide 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 and 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 considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days after 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, special assessments, intergovernmental revenue, charges for services, 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. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

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

The Local Sales Tax Special Revenue Fund is used to account for the accumulation of local sales and use tax revenue.

The City reports the following major enterprise funds:

The Water Fund accounts for the operations of the City's water utility.

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION
(Cont'd)

The Sewer Fund accounts for the operations of the City's sewer utility.

The Stormwater Fund accounts for the operations related to protecting and improving the quality of local water resources and to maintain compliance with requirements of the Federal Clean Water Act.

Additionally, the City reports the following fiduciary fund:

The Custodial Fund is custodial in nature and does not present results of operations or have a measurement focus. This fund accounts for assets the City holds for others in an agent capacity.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's utility 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.

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 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.

It is generally the City's policy to use restricted resources first, then unrestricted resources as they are needed when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. DEPOSITS AND INVESTMENTS

The City's cash and cash equivalents are considered to be cash on hand, deposits and highly liquid debt instruments purchased with original maturities of three months or less from the date of acquisition.

The City may invest in the following types of investments as authorized by Minn. Stat. §§118A.04 and 118A.05:

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

Cash and investments were comprised of deposits, brokered certificates of deposit and money market accounts, and the 4M Fund.

The City invests in an external investment pool, the Minnesota Municipal Money Market Fund (4M Fund), which is created under a joint powers agreement pursuant to Minn. Stat. §471.59. The 4M Fund is not registered with the Securities Exchange Commission (SEC), but does satisfy the requirements of Rule 2a-7 prescribed by the SEC pursuant to the Investment Company Act of 1940 (17 CFR §270.2a-7), as amended. The investment in the pool is measured at the net asset value per share provided by the pool.

The City has an investment policy in place that addresses interest rate risk, credit risk, concentration of credit risk and custodial credit risk as follows:

Custodial Credit Risk - Deposits: For deposits, this is the risk that in the event of bank failure, the City's deposits may not be returned to it. The City minimizes custodial credit risk by obtaining collateral or bonds for all uninsured amounts on deposit and by obtaining necessary documentation to show compliance with state law and a perfected security interest under federal law.

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. DEPOSITS AND INVESTMENTS (Cont'd)

Interest Rate Risk: This is the risk that market values of securities in a portfolio would decrease due to changes in market interest rates. The City minimizes interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations thereby avoiding the need to sell securities on the open market prior to maturity.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations. The City's investment policy states it will comply with Minnesota Statutes Chapter 118A.

Concentration of Credit Risk: This is the risk of loss attributed to the magnitude of an investment in a single issuer. Investments should be diversified to avoid incurring unreasonable risk inherent in over investing in specific instruments, individual financial institutions or maturities. The City's investment policy states the City will attempt to diversify their investments according to type and maturity.

Custodial Credit Risk - Investments: For an investment, this is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy states when investments purchased by the City are held in safekeeping by a broker/dealer, they must provide insurance through the Securities Investor Protection Corporation (SIPC).

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 hierarchy is based on the valuation of inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

E. 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 noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown at a gross amount since both are assessable to the property and are collectible upon the sale of the property.

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

E. RECEIVABLES AND PAYABLES (Cont'd)

The City levies its property tax for the subsequent year during the month of December. December 30th is the last day the City can certify a tax levy to the County Auditor for collection the following year. Such taxes become a lien on January 1 and are recorded as receivables by the City at that date. The property tax is recorded as revenue when it becomes measurable and available. Stearns County is the collecting agency for the levy and remits the collections to the City three times a year. The tax levy notice is mailed in March with the first half payment due on May 15 and the second half payment is due on October 15. Taxes not collected as of December 31 each year are shown as delinquent taxes receivable.

The County Auditor prepares the tax list for all taxable property in the City, applying the applicable tax rate to the tax capacity of individual properties, to arrive at the actual tax for each property. The County Auditor also collects all special assessments, except for certain prepayments paid directly to the City.

The County Auditor submits the list of taxes and special assessments to be collected on each parcel of property to the County Treasurer in January of each year.

F. PREPAID ITEMS

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

G. INVENTORIES

Inventories are valued at cost, using the first in, first out method of accounting.

H. CAPITAL AND RIGHT TO USE ASSETS

Capital assets, both tangible and intangible, which include property, plant, equipment and infrastructure assets (e.g., roads, sidewalks and similar items) and easements, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Tangible and intangible capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years.

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Right to use assets are capitalized at the present value of minimum lease or subscription payments. Donated assets are recorded as capital assets at their estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

H. CAPITAL ASSETS (Cont'd)

Tangible and intangible assets of the City are depreciated using the straight-line, full month convention method over the following estimated useful lives:

Assets	Years
Buildings	5-30
Land Improvements	10-60
Vehicles	5-10
Machinery and Equipment	3-15
Infrastructure	10-50

Capital assets not being depreciated include land, easements and construction in progress, if any.

I. DEFERRED OUTFLOWS OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represents a consumption of net position that applies to a future reporting period. During that future period, it will be recognized as an outflow of resources (expense/expenditure). The City has items that qualify for reporting in this category on the government-wide Statement of Net Position related to pensions and OPEB.

J. COMPENSATED ABSENCES

The liability for compensated absences reported in the financial statements consists of unpaid, accumulated vacation and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. The liability for compensated absences is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Compensated absences are accrued when incurred in the government-wide and proprietary fund financial statements. The government-wide and proprietary funds Statement of Net Position reports both current and noncurrent portions of compensated absences using full accrual accounting. The current portion consists of an amount based on expected or known retirements coming in the next fiscal year. The noncurrent portion consists of the remaining amount of vacation and total vested sick leave.

Employees are granted vacation based on their years of service. Maximum vacation accumulation shall be equal to the number of hours earned in the preceding year plus hours earned to date in the current year.

Employees accrue sick leave according to the following schedule:

Full-time employees are granted 80 hours in their first year of employment. Sick leave is available to be used after completion of four months of service. Then 40 hours of sick leave may be used as necessary until completion of one year. After the first year, full-time employees are granted 120 hours per year accrued at a rate of 4.62 hours per pay period.

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

J. COMPENSATED ABSENCES (Cont'd)

Part-time employees who work a minimum of 1,664 hours per year (an average of 32 hours per week) will accrue sick leave at a rate of 8 hours per month. Sick leave will accrue from hire date but will not be considered earned until employee has completed one full year of employment.

Sick leave may be accumulated to a maximum of 1,200 hours payable upon retirement. Unused sick days accumulated above the 1,200 hours shall be banked at the rate of one-half hour per hour earned and shall be paid to the employee at the regular hourly rate of pay, which will be paid into the employee's Health Care Savings Plan in the first payroll process following the employee's anniversary date. The remaining one-half hour per hour shall be banked for use as a catastrophic sick leave bank to a maximum of 2,000 hours. Upon retirement of service, the maximum payable shall remain at 1,200 hours. Benefit accrual will discontinue during any unpaid leave.

Unpaid sick and vacation pay earned, is estimated to be approximately \$1,142,087 in the governmental funds and \$413,848 in the enterprise funds.

K. PENSIONS

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

The City participates in various pension plans; total pension expense for the year ended December 31, 2023, was \$982,559. The components of pension expense are noted in the plan summaries.

L. OTHER POSTEMPLOYMENT BENEFITS

Employees of the City pay premiums based on amounts negotiated in union contracts. Since the insurance rates are not age based, the City has an implicit rate subsidy factor in postemployment health care expenses. Additionally, 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. The City's personnel policy and union contracts do not provide for any contributions upon employee retirement.

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

M. 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. Lease and subscription liabilities are measured at the present value of payments expected to be made and amortized as a component of interest expense over the lease and subscription term.

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. The present value of lease and subscription payments expected to be made at the inception of a lease and subscription agreement is reported as other financing sources. Subsequent lease and subscription payments are reported as capital outlay expenditures.

N. DEFERRED INFLOWS OF RESOURCES

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represents an acquisition of net position that applies to a future reporting period. During that future period, it will be recognized as an inflow of resources (revenue). The City has items that qualify for reporting in this category on both the government-wide Statement of Net Position and the governmental fund financial statements related to property taxes, special assessments and pensions.

O. FUND BALANCE

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

Nonspendable - consists of amounts that cannot be spent because it is not in spendable form or are legally or contractually required to be maintained intact, such as inventories and prepaid items.

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

Committed - consists of amounts that are constrained for specific purposes that are internally imposed by formal action of the City Council. Those committed amounts cannot be used for any other purpose unless the Council removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. These constraints are established by Resolution of the City Council.

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

O. FUND BALANCE (Cont'd)

Assigned - consists of amounts intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the governing body itself or by an official to which the governing body delegates the authority. Pursuant to City Council Resolution, the Finance Director and City Administrator are authorized to establish assignments of fund balance.

Unassigned - is the residual classification for the General Fund and also reflects negative residual amounts in the remaining governmental funds.

The City requires 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.

P. NET POSITION

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources in the government-wide, proprietary fund, and fiduciary fund financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, and right to use assets, net of accumulated amortization, reduced by the outstanding balance of any long-term liabilities used to build or acquire the capital and right to use assets. Net position is reported as restricted in the government-wide, proprietary fund, and fiduciary fund financial statements when there are limitations on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position consists of all other net position that does not meet the definition of restricted or net investment in capital assets.

Q. USE OF ESTIMATES

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and deferred outflows of resources and liabilities and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

The City Council adopts an annual budget. The amounts shown in the financial statements as "budget" represent the original budgeted amounts and all revisions made during the year. The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Budget requests are submitted by all department heads to the City finance department and City Administrator. The finance department and City Administrator compile the budget requests into an overall preliminary City budget, balancing budget requests with available revenue.
2. In August, the finance department and City Administrator present the proposed budget for the fiscal year commencing the following January 1 to the City Council which in turn holds a public hearing on the proposed budget. The budget resolution adopted by the City Council sets forth the budget at the function level for the General and Special Revenue Funds prior to December 31.
3. Formal budgetary integration is employed as a management control device during the year for the General and Special Revenue Funds. Formal budgetary integration is not employed for Debt Service Funds because effective budgetary control is alternatively achieved through general obligation bond indenture provisions. Budgetary control for Capital Projects Funds is accomplished through the use of project controls.
4. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America. The budget presented is the original budget; there were no amendments during the year. Annual appropriations lapse at year-end.

Encumbrances outstanding at year-end expire and outstanding purchase orders are canceled and not reported in the financial statements.

B. EXPENDITURES EXCEEDING APPROPRIATIONS

The following funds had expenditures that exceeded appropriations:

	<u>Appropriations</u>	<u>Expenditures</u>
General Fund	<u>\$ 11,435,983</u>	<u>\$ 14,972,688</u>

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3. DEPOSITS AND INVESTMENTS

A. DEPOSITS

In accordance with applicable Minnesota Statutes, the City maintains deposits at depository banks authorized by the City Council.

Custodial Credit Risk - Deposits: The City's bank balances were not exposed to custodial credit risk because they were fully insured through the FDIC as well as collateralized with securities held by the pledging financial institution's trust department or agent and in the City's name.

Governmental and Business-Type Activities

Pooled Cash in Checking Account	\$ 393,738
Flex Account	10,119
Petty Cash	<u>400</u>
Total Deposits	<u>\$ 404,257</u>

B. INVESTMENTS

The City had the following investments:

	<u>Concentration Risk</u>	<u>Interest Rate Risk</u>	<u>Credit Risk</u>	
	Over 5 Percent of Portfolio	Weighted Average Maturity Years	Credit Rating	Fair Value or Amortized Cost
Brokered Certificates of Deposit External Investment Pool	9.34%	0.82	N/A	\$ 1,828,614
4M	9.08%	N/A	Not Rated	1,777,296
4M Plus	62.03%	N/A	Not Rated	12,146,029
4M Limited Term Duration	2.67%	N/A	Not Rated	522,250
4M Term Series	10.21%	0.20	N/A	2,000,000
Money Market Accounts	6.67%	N/A	N/A	<u>1,307,011</u>
Total Investments				<u>\$ 19,581,200</u>

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3. DEPOSITS AND INVESTMENTS (Cont'd)

B. INVESTMENTS (Cont'd)

	Fair Value	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments at fair value:				
Brokered Certificates of Deposit	<u>\$ 1,828,614</u>	<u>\$ 1,828,614</u>	<u>\$ 0</u>	<u>\$ 0</u>
Investments at amortized cost:				
External Investment Pool	16,445,575			
Money Market Accounts	<u>1,307,011</u>			
Total Investments at Amortized Cost	<u>17,752,586</u>			
 Total Investments	<u><u>\$ 19,581,200</u></u>			

The following is a summary of total deposits and investments:

Deposits (Note 3.A.)	\$ 404,257
Investments (Note 3.B.)	<u>19,581,200</u>
 Total Deposits and Investments	<u><u>\$ 19,985,457</u></u>

Deposits and investments are presented in the basic financial statements as follows:

Statement of Net Position	
Cash and Investments	\$ 19,931,561
Statement of Fiduciary Net Position	
Cash and Investments	<u>53,896</u>
	<u><u>\$ 19,985,457</u></u>

CITY OF WAITE PARK, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2023

NOTE 4. RECEIVABLES

Receivables are as follows:

	Total Receivables	Amounts not Scheduled for Collection During the Subsequent Year
Governmental Activities		
Accounts	\$ 139,781	\$
Interest	10,617	
Delinquent Taxes	548,171	
Special Assessments	1,320,695	1,243,874
Total Governmental Activities	\$ 2,019,264	\$ 1,243,874
Business-Type Activities		
Accounts	\$ 12,605	\$
Utilities	864,385	
Total Business-Type Activities	\$ 876,990	\$ 0
Fiduciary Activities		
Accounts	\$ 12,211	\$ 0

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5. CAPITAL ASSETS

Capital asset activity is as follows:

Governmental Activities	Beginning Balance	Increase	Decrease	Ending Balance
Capital Assets, Not Being Depreciated				
Land	\$ 1,098,918	\$ 2,720,450	\$	\$ 3,819,368
Easements	900,143			900,143
Construction in Progress	1,915,133	3,401,729	(666,445)	4,650,417
Total Capital Assets, Not Being Depreciated	3,914,194	6,122,179	(666,445)	9,369,928
Capital Assets, Being Depreciated				
Buildings	26,575,789	127,932		26,703,721
Improvements Other than Buildings	51,832,452	115,077		51,947,529
Machinery and Equipment	7,656,265	941,339	(106,451)	8,491,153
Total Capital Assets, Being Depreciated	86,064,506	1,184,348	(106,451)	87,142,403
Right to Use Assets, Being Amortized				
Equipment		103,126		103,126
Software		65,334		65,334
Total Right to Use Assets, Being Amortized	0	168,460	0	168,460
Less Accumulated Depreciation for				
Buildings	4,399,879	489,716		4,889,595
Improvements Other than Buildings	21,730,198	1,089,200		22,819,398
Machinery and Equipment	5,053,007	495,583	(106,451)	5,442,139
Total Accumulated Depreciation	31,183,084	2,074,499	(106,451)	33,151,132
Less Accumulated Amortization for				
Equipment		20,625		20,625
Software		13,067		13,067
Total Accumulated Amortization	0	33,692	0	33,692
Total Capital and Right to Use Assets, Being Depreciated or Amortized, Net	54,881,422	(755,383)	0	54,126,039
Governmental Activities Net Capital Assets	<u>\$ 58,795,616</u>	<u>\$ 5,366,796</u>	<u>\$ (666,445)</u>	<u>\$ 63,495,967</u>

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5. CAPITAL ASSETS (Cont'd)

Depreciation and amortization expense was charged to functions/programs as follows:

Governmental Activities	
General Government	\$ 95,977
Public Safety	225,823
Public Works	1,337,369
Culture and Recreation	449,022
	<u>449,022</u>

Total Depreciation and Amortization Expense - Governmental Activities	<u>\$ 2,108,191</u>
---	---------------------

Business-Type Activities	Beginning Balance	Increase	Decrease	Ending Balance
Capital Assets, Not Being Depreciated				
Land	\$ 22,000	\$	\$	\$ 22,000
Easement	1,399,032			1,399,032
Total Capital Assets, Not Being Depreciated	1,421,032	0	0	1,421,032
Capital Assets, Being Depreciated				
Improvements Other than Buildings	44,134,871			44,134,871
Machinery and Equipment	583,267	42,217		625,484
Total Capital Assets, Being Depreciated	44,718,138	42,217	0	44,760,355
Less Accumulated Depreciation for				
Improvements Other than Buildings	19,517,686	914,994		20,432,680
Machinery and Equipment	524,212	19,000		543,212
Total Accumulated Depreciation	20,041,898	933,994	0	20,975,892
Total Capital Assets, Being Depreciated, Net	24,676,240	(891,777)	0	23,784,463
Business-Type Activities Net Capital Assets	<u>\$ 26,097,272</u>	<u>\$ (891,777)</u>	<u>\$ 0</u>	<u>\$ 25,205,495</u>

Depreciation expense was charged to functions/programs as follows:

Business-Type Activities	
Water	\$ 455,808
Sewer	478,186
	<u>478,186</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 933,994</u>

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 6. INTERFUND ACTIVITY

The composition of interfund transfers is as follows:

	<u>Transfers Out</u>		<u>Total</u>
	<u>Local Sales Tax</u>	<u>Nonmajor Governmental Funds</u>	
Transfers In			
General Fund	\$ 727,705	\$ 428,624	\$ 1,156,329
Nonmajor Governmental Funds	477,618	15,778	493,396
	<u>\$ 1,205,323</u>	<u>\$ 444,402</u>	<u>\$ 1,649,725</u>

The purpose of the transfers was to provide funding for debt service payments and to close out several other funds.

NOTE 7. LONG-TERM LIABILITIES

A. GENERAL OBLIGATION BONDS

The City issues General Obligation (G.O.) Bonds to provide financing for street improvements, facility construction and tax increment projects. Debt service is covered respectively by special assessments, property taxes and tax increments against benefited properties with any shortfalls being paid from general taxes.

G.O. Bonds are direct obligations and pledge the full faith and credit of the City. These bonds generally are issued as 15 year Serial Bonds with equal debt service payments each year.

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 7. LONG-TERM LIABILITIES(Cont'd)

B. COMPONENTS OF LONG-TERM LIABILITIES

	<u>Interest Rates</u>	<u>Final Maturity</u>	<u>Balance Outstanding</u>
<u>Governmental Activities</u>			
Tax Abatement Bonds			
G.O. Tax Abatement Bonds, Series 2016A	2.00%-3.00%	12/15/2031	\$ 1,285,000
G.O. Tax Abatement Bonds, Series 2018A	2.85%-4.15%	12/15/2033	3,705,000
Special Assessment Bonds			
G.O. Improvement Bonds, Series 2013B	2.00%-3.10%	12/01/2026	1,000,000
CIP Bonds			
G.O. Capital Improvement Plan Bonds, Series 2016B	2.00%-3.00%	12/15/2041	7,595,000
Fire Truck Financed Purchase	2.95%	2/1/2026	169,446
Long-Term Leases	8.00%	9/21/2027	78,719
Long-Term Subscriptions	8.00%	1/1/2027	46,598
Compensated Absences			1,142,087
Unamortized Bond Premium			<u>482,317</u>
 Total Governmental Activities			 <u><u>\$ 15,504,167</u></u>
	<u>Interest Rates</u>	<u>Final Maturity</u>	<u>Balance Outstanding</u>
<u>Business-Type Activities</u>			
G.O. Revenue Bonds			
G.O. Refunding Bonds, Series 2013A	2.00%-3.00%	12/01/2024	\$ 430,000
Unamortized Bond Premium			8,342
Compensated Absences			<u>413,848</u>
 Total Business-Type Activities			 <u><u>\$ 852,190</u></u>

On November 15, 2013, the City issued \$4,170,000 G.O. Refunding Bonds, Series 2013A, with an interest rate of 2.00% to 3.00%. The City issued the bonds to refund the G.O. Refunding Bonds of 2005, totaling \$4,205,000. The City completed the refunding to limit the annual increases in the debt service payments over the next 11 years. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$189,360.

On November 15, 2013, the City issued \$4,720,000 G.O. Improvement Bonds, Series 2013B, with an interest rate of 2.00% to 3.10%. The City issued the Bonds to fund street improvements.

On May 1, 2016, the City issued \$2,275,000 G.O. Tax Abatement Bonds, Series 2016A, with an interest rate of 2.00% to 3.00%. The City issued the bonds to fund street improvements.

On October 15, 2016, the City issued \$9,505,000 G.O. Capital Improvement Plan Bonds, Series 2016B, with an interest rate of 2.00% to 3.00%. The City issued the Bonds to construct a new public works facility.

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 7. LONG-TERM LIABILITIES (Cont'd)

B. COMPONENTS OF LONG-TERM LIABILITIES (Cont'd)

On December 6, 2018, the City issued \$5,115,000 G.O. Tax Abatement Bonds, Series 2018A, with an interest rate of 2.85% to 4.15%. The City issued the Bonds to fund the amphitheater project.

Debt service funds are used to liquidate the governmental activities outstanding bonded indebtedness. The General Fund has historically been used to liquidate the outstanding governmental activities compensated absences. The Water, Sewer, and Stormwater Funds are used to liquidate the outstanding business-type activities compensated absences.

C. MINIMUM DEBT PAYMENTS

Annual debt service requirements to maturity for all bonded debt, loan and certificates of indebtedness outstanding are as follows:

Year Ending December 31	Governmental Activities			
	G.O. Tax Abatement Bonds		Special Assessment Bonds	
	Principal	Interest	Principal	Interest
2024	\$ 460,000	\$ 183,425	\$ 400,000	\$ 30,200
2025	475,000	168,230	400,000	18,200
2026	490,000	152,192	200,000	6,200
2027	510,000	135,315		
2028	520,000	117,390		
2029-2033	2,535,000	287,505		
	<u>\$ 4,990,000</u>	<u>\$ 1,044,057</u>	<u>\$ 1,000,000</u>	<u>\$ 54,600</u>

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 7. LONG-TERM LIABILITIES (Cont'd)

C. MINIMUM DEBT PAYMENTS (Cont'd)

Year Ending December 31	Governmental Activities			
	C.I.P. Bonds		Financed Purchase	
	Principal	Interest	Principal	Interest
2024	\$ 315,000	\$ 251,150	\$ 54,848	\$ 4,999
2025	320,000	241,700	56,466	3,381
2026	330,000	232,100	58,132	1,715
2027	340,000	222,200		
2028	350,000	212,000		
2029-2033	1,980,000	838,000		
2034-2038	2,365,000	455,700		
2039-2041	1,595,000	96,750		
	<u>\$ 7,595,000</u>	<u>\$ 2,549,600</u>	<u>\$ 169,446</u>	<u>\$ 10,095</u>
	Business-Type Activities			
	G.O. Revenue Bonds			
Year Ending December 31	Principal	Interest		
2024	<u>\$ 430,000</u>	<u>\$ 12,900</u>		

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 7. LONG-TERM LIABILITIES (Cont'd)

D. CHANGES IN LONG-TERM LIABILITIES

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental Activities</u>					
G.O. Tax Abatement					
Bonds	\$ 5,435,000	\$	\$ (445,000)	\$ 4,990,000	\$ 460,000
Special					
Assessment Bonds	1,620,000		(620,000)	1,000,000	400,000
C.I.P. Bonds	7,895,000		(300,000)	7,595,000	315,000
Total Bonds Payable	14,950,000	0	(1,365,000)	13,585,000	1,175,000
Financed Purchase	222,722		(53,276)	169,446	54,848
Long-Term Leases		103,126	(24,407)	78,719	19,007
Long-Term					
Subscriptions		65,334	(18,736)	46,598	10,341
Compensated					
Absences*	1,034,759	107,328		1,142,087	
Unamortized Bond					
Premium	524,999		(42,682)	482,317	37,914
Total Governmental Activities	<u>\$ 16,732,480</u>	<u>\$ 275,788</u>	<u>\$ (1,504,101)</u>	<u>\$ 15,504,167</u>	<u>\$ 1,297,110</u>
<u>Business-Type Activities</u>					
Bonds Payable					
G.O. Water Revenue					
Bonds, Net of					
Premium	\$ 862,876	\$	\$ (424,534)	\$ 438,342	\$ 438,342
Compensated					
Absences*	270,108	143,740		413,848	
Total Business-Type Activities	<u>\$ 1,132,984</u>	<u>\$ 143,740</u>	<u>\$ (424,534)</u>	<u>\$ 852,190</u>	<u>\$ 438,342</u>

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

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 7. LONG-TERM LIABILITIES (Cont'd)

E. CONDUIT DEBT OBLIGATIONS

Conduit debt obligations are certain limited-obligation revenue bonds or similar debt instruments issued for the express purpose of providing capital financing for a specific third party. The City has issued various revenue bonds to provide funding to private-sector entities for projects deemed to be in the public interest. Although these bonds bear the name of the City, the City has no obligation for such debt. Accordingly, the bonds are not reported as liabilities in the financial statements of the City.

The City's conduit debt consisted of the following:

Name	Date of Issue	Original Amount of Issue	Balance as of December 31, 2023
WACOSA			
Commercial Development Revenue Note, Series 2012 - Refinanced in 2022	08/31/22	\$ 450,000	\$ 346,096
Park Villa Apartments			
Multifamily Housing Revenue Bonds, Series 2007	10/17/07	5,550,000	4,811,316

NOTE 8. LONG-TERM LEASES

Lease agreements are summarized as follows:

	Origination Date	Payment Terms	Payment Amount	Interest Rate
Shift Technologies Computers	10/21/2021	72 months	\$ 1,102	8.00%
Axon Mobile Body Cameras	1/1/2023	5 years	Variable	8.00%
	Original Lease Liability	Current Year Additional Outflows	Balance Outstanding	
Shift Technologies Computers	\$ 58,145	\$	\$ 46,638	
Axon Mobile Body Cameras	44,981	_____	32,081	
Total Long-Term Lease Liability		\$ 0	\$ 78,719	

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 8. LONG-TERM LEASES (Cont'd)

The City leased computers from Shift Technologies beginning October 21, 2021 for a term of 72 months at a fixed interest rate of 8.00%. The lease is not renewable and the City will not acquire the equipment at the end of the lease term.

The City leased body camera from Axon Mobile beginning January 1, 2023 for a term of 5 years at a fixed interest rate of 8.00%. The lease is not renewable and the City will not acquire the equipment at the end of the lease term.

Annual requirements to amortize lease obligations and related interest are as follows:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 19,008	\$ 3,907
2025	19,968	2,945
2026	20,988	1,924
2027	18,755	850
	<u>\$ 78,719</u>	<u>\$ 9,626</u>

NOTE 9. LONG-TERM SUBSCRIPTIONS

At December 31, 2023, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*. This implementation allows the City to report its right to use subscription assets and related long-term subscription arrangements.

Subscription arrangements are summarized as follows:

	<u>Origination Date</u>	<u>Payment Terms</u>	<u>Payment Amount</u>	<u>Interest Rate</u>
Axon Mobile Body Cameras Software	1/1/2023	5 years	Variable	8.00%
	<u>Original Subscription</u>	<u>Current Year Additional Outflows</u>	<u>Impairments</u>	<u>Balance Outstanding</u>
Axon Mobile Body Cameras Software	<u>\$ 65,334</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 46,598</u>

On January 1, 2023, the City entered into an agreement with Axon Mobile for use of software and storage for body-worn cameras. The lease term is 5 years at a fixed interest rate of 8.00%. The agreement is not renewable and the City will not acquire the software at the end of the agreement term.

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 9. LONG-TERM SUBSCRIPTIONS (Cont'd)

Annual requirements to amortize long-term subscriptions and related interest are as follows:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 10,341	\$ 3,728
2025	11,168	2,901
2026	12,062	2,007
2027	<u>13,027</u>	<u>1,042</u>
	<u>\$ 46,598</u>	<u>\$ 9,678</u>

NOTE 10. RISK MANAGEMENT

The City purchases commercial insurance coverage through the League of Minnesota Cities Insurance Trust (LMCIT), which is a public entity risk pool currently operating as a common risk management and insurance program, with other cities in the state. The City pays an annual premium to the LMCIT for its insurance coverage. The LMCIT is self-sustaining through commercial companies for excess claims. The City is covered through the pool for any claims incurred but unreported, but retains risk for the deductible portion of its insurance policies. The amount of these deductibles is considered immaterial to the financial statements.

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

The City's workers' compensation insurance policy is retrospectively rated. With this type of policy, final premiums are determined after loss experience is known. The amount of premium adjustment is estimated to be immaterial based on workers' compensation rates and salaries for the year.

There are no other claims liabilities reported in the funds based on the requirements of accounting standards, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 11. CITY OF WAITE PARK FIRE RELIEF ASSOCIATION - SUPPLEMENTAL PENSION PLAN

A. PLAN DESCRIPTION

The Fire Department of the City participates in the Statewide Volunteer Firefighting Retirement Plan (accounted for in the Volunteer Firefighter Fund), an agent multiple-employer lump-sum defined benefit pension plan administered by the Public Employees Retirement Association of Minnesota (PERA). The Volunteer Firefighter Plan covers volunteer firefighters of municipal fire departments or independent nonprofit firefighting corporations that have elected to join the plan. As of December 31, 2023, the plan covered 23 active firefighters and 7 vested terminated fire fighters whose pension benefits are deferred. The plan is established and administered in accordance with Minnesota Statutes, Chapter 353G.

B. BENEFITS PROVIDED

The Volunteer Firefighter Plan provides retirement, death, and supplemental benefits to covered firefighters and survivors. Benefits are paid based on the number of years of service multiplied by a benefit level approved by the City. Members are eligible for a lump-sum retirement benefit at 50 years of age with five years of service. Plan provisions include a pro-rated vesting schedule that increases from 5 years at 40 percent through 20 years at 100 percent.

C. CONTRIBUTIONS

The Volunteer Firefighter Plan is funded by fire state aid, investment earnings and, if necessary, employer contributions as specified in Minnesota Statutes, and voluntary City contributions. The State of Minnesota contributed \$53,364 in fire state aid to the fund for the year ended December 31, 2023. Required employer contributions are calculated annually based on statutory provisions. The City's statutorily-required contributions to the Volunteer Firefighter Fund for the year ended December 31, 2023, were \$12,985.

D. PENSION COSTS

At December 31, 2023, the City reported a net pension liability (asset) of (\$351,306) for the Volunteer Firefighter Fund. The net pension liability (asset) was measured as of December 31, 2023. The total pension liability used to calculate the net pension liability (asset) in accordance with GASB 68 was determined by PERA applying an actuarial formula to specific census data certified by the fire department. The following table presents the changes in net pension liability (asset) during the year.

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 11. CITY OF WAITE PARK FIRE RELIEF ASSOCIATION - SUPPLEMENTAL PENSION PLAN (Cont'd)

D. PENSION COSTS (Cont'd)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Beginning Balance 12/31/2022	\$ 654,763	\$ 1,003,554	\$ (348,791)
Changes for the Year:			
Service Cost	32,088		32,088
Interest	41,211		41,211
Changes in Benefit Terms	28,250		28,250
Differences Between Expected and Actual Experience	(188,384)		(188,384)
Contributions - Employer		12,985	(12,985)
Contributions - State		53,364	(53,364)
Net Investment Income		(149,707)	149,707
Administrative Expense		(962)	962
Net Change	<u>(86,835)</u>	<u>(84,320)</u>	<u>(2,515)</u>
Balance End of Year 12/31/2023	<u>\$ 567,928</u>	<u>\$ 919,234</u>	<u>\$ (351,306)</u>

The benefit provision increased from \$4,200 to \$4,400 during the measurement period.

For the year ended December 31, 2023, the City recognized pension expense of (\$99,192).

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Actuarial Assumptions	\$	\$ 194,350
Differences Between Projected and Actual Investment Earnings	111,541	
Contributions Paid to Plan Subsequent to Measurement Date	71,287	
State Revenue Received for the Plan Subsequent to Measurement Date		58,042
Totals	<u>\$ 182,828</u>	<u>\$ 252,392</u>

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 11. CITY OF WAITE PARK FIRE RELIEF ASSOCIATION - SUPPLEMENTAL PENSION PLAN (Cont'd)

D. PENSION COSTS (Cont'd)

\$71,287 reported as deferred outflows of resources related to pensions resulting from City contributions (both statutorily-required and voluntary, as applicable) subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2024. \$58,042 reported as deferred inflows of resources related to pensions resulting from State contributions subsequent to the measurement date will be recognized as an increase of the net pension liability (asset) in the year ended December 31, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended December 31,</u>	<u>Pension Expense Amount</u>
2024	\$ (52,345)
2025	(29,409)
2026	(5,363)
2027	4,308

E. ACTUARIAL ASSUMPTIONS

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

- Retirement eligibility at the later of age 50 or 20 years of service
- Investment rate of return of 6.00 percent
- Inflation rate of 3.00 percent

No actuarial assumptions changes were made during the measurement period.

F. DISCOUNT RATE

The discount rate used to measure the total pension liability was 6 percent. The projection of cash flows used to determine the discount rate assumed that contributions to the Volunteer Firefighter Fund will be made as specified in statute. Based on that assumption and considering the funding ratio of the plan, the fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 11. CITY OF WAITE PARK FIRE RELIEF ASSOCIATION - SUPPLEMENTAL PENSION PLAN (Cont'd)

G. PENSION LIABILITY (ASSET) SENSITIVITY

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

	1% Decrease in Discount Rate (5.00%)	Discount Rate (6.00%)	1% Increase in Discount Rate (7.00%)
City's Net Pension Liability (Asset)	\$ (326,717)	\$ (351,306)	\$ (374,542)

H. PLAN INVESTMENTS/INVESTMENT POLICY:

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

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

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

I. ASSET ALLOCATION

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Stocks	35.00%	5.10%
International Stocks	15.00%	5.30%
Bonds	45.00%	0.75%
Cash	5.00%	0.00%
	<u>100.00%</u>	

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 11. CITY OF WAITE PARK FIRE RELIEF ASSOCIATION - SUPPLEMENTAL PENSION PLAN (Cont'd)

I. ASSET ALLOCATION (Cont'd)

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

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

J. PENSION PLAN FIDUCIARY NET POSITION

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

NOTE 12. DEFINED BENEFIT PENSION PLAN - STATEWIDE

A. PLAN DESCRIPTION

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

General Employees Retirement Plan (GERP; General Employees Plan; accounted for in the General Employees Fund):

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

Public Employees Police and Fire Plan (PEFP; Police and Fire Plan; accounted for in the Police and Fire Fund):

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

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 12. DEFINED BENEFIT PENSION PLAN - STATEWIDE (Cont'd)

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.

GERP Benefits:

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

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

PEPFP Benefits:

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

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

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 12. DEFINED BENEFIT PENSION PLAN - STATEWIDE (Cont'd)

C. CONTRIBUTIONS

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

GERP Contributions:

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2023 and the City was required to contribute 7.50 percent for Coordinated Plan members. The City's contributions to the General Employees Fund for the year ended December 31, 2023, were \$182,245. The City's contributions were equal to the required contributions as set by state statute.

PEPFP Contributions:

Police and Fire Plan member's were required to contribute 11.80 percent of their annual covered salary in fiscal year 2023 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, 2023, were \$252,826. The City's contributions were equal to the required contributions as set by state statute.

D. PENSION COSTS

GERP Pension Costs:

At December 31, 2023, the City reported a liability of \$1,699,933 for its proportionate share of the General Employees Fund's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing 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 \$46,954. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's 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, 2022, through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. The City's proportion share was 0.0304 percent at the end of the measurement period and .0259 percent for the beginning of the period.

City's Proportionate Share of the Net Pension Liability	\$ 1,699,933
State of Minnesota's Proportionate Share of the Net Pension Liability Associated With the City	<u>46,954</u>
Total	<u><u>\$ 1,746,887</u></u>

There were no provision changes during the measurement period.

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 12. DEFINED BENEFIT PENSION PLAN - STATEWIDE (Cont'd)

D. PENSION COSTS (Cont'd)

GERP Pension Costs: (Cont'd)

For the year ended December 31, 2023, the City recognized pension expense of \$44,773 for its proportionate share of GERP's pension expense. In addition, the City recognized an additional \$211 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Economic Experience	\$ 53,842	\$ 9,361
Changes in Actuarial Assumptions	220,553	465,937
Net Collective Difference Between Projected and Actual Investment Earnings		47,048
Changes in Proportion	311,957	
Contributions Paid to GERP Subsequent to Measurement Date	<u>94,424</u>	
Totals	<u>\$ 680,776</u>	<u>\$ 522,346</u>

The \$94,424 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended December 31,</u>	<u>Pension Expense Amount</u>
2024	\$ 125,421
2025	(121,098)
2026	96,560
2027	(36,877)

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 12. DEFINED BENEFIT PENSION PLAN - STATEWIDE (Cont'd)

D. PENSION COSTS (Cont'd)

PEPFP Pension Costs:

At December 31, 2023, the City reported a liability of \$2,206,940 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City'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, 2022, through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.1278 percent at the end of the measurement period and 0.1254 percent for the beginning of the period.

The State of Minnesota also contributed \$18 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2023. The contribution consisted of \$9 million in direct state aid that meets the definition of a special funding situation and \$9.0 million in supplemental state aid that does not meet the definition of a special funding situation. The \$9 million direct state was paid on October 1, 2022. Thereafter, by October 1 of each year, the state will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90 percent funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$88,865.

City's Proportionate Share of the Net Pension Liability	\$ 2,206,940
State of Minnesota's Proportionate Share of the Net Pension Liability Associated With the City	<u>88,865</u>
Total	<u><u>\$ 2,295,805</u></u>

The State of Minnesota is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$9 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the State of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended December 31, 2023, the City recognized pension expense of \$57,853 for its proportionate share of the Police and Fire Plan's pension expense. The City recognized \$5,352 as grant revenue and pension expense for its proportionate share of the State of Minnesota's 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 \$9 million in supplemental state aid. The City recognized \$11,502 for the year ended December 31, 2023 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund.

There were no provision changes during the measurement period.

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 12. DEFINED BENEFIT PENSION PLAN - STATEWIDE (Cont'd)

D. PENSION COSTS (Cont'd)

PEPFP Pension Costs: (Cont'd)

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Economic Experience	\$ 592,594	\$
Changes in Actuarial Assumptions	2,406,694	3,101,821
Net Collective Difference Between Projected and Actual Investment Earnings	11,176	
Changes in Proportion	176,192	64,435
Contributions Paid to PERA Subsequent to Measurement Date	<u>112,419</u>	
Totals	<u>\$ 3,299,075</u>	<u>\$ 3,166,256</u>

The \$112,419 reported as deferred outflows of resources related to pensions resulting from the City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended December 31,</u>	<u>Pension Expense Amount</u>
2024	\$ 121,307
2025	47,493
2026	500,399
2027	(118,651)
2028	(530,148)

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 12. DEFINED BENEFIT PENSION PLAN - STATEWIDE (Cont'd)

E. LONG-TERM EXPECTED RETURN ON INVESTMENT

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	33.50%	5.10%
International Equity	16.50%	5.30%
Fixed Income	25.00%	0.75%
Private Markets	25.00%	5.90%
	100.00%	

F. ACTUARIAL METHODS AND ASSUMPTIONS

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

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

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

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 are based on the Pub-2010 Public Safety Employee Mortality tables. The tables are adjusted slightly to fit PERA's experience.

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

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 12. DEFINED BENEFIT PENSION PLAN - STATEWIDE (Cont'd)

F. ACTUARIAL METHODS AND ASSUMPTIONS (Cont'd)

The following changes in actuarial assumptions occurred in 2023:

GERP

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.

PEFPF

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.

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 12. DEFINED BENEFIT PENSION PLAN - STATEWIDE (Cont'd)

G. DISCOUNT RATE

The discount rate used to measure the total pension liability in 2023 was 7.0 percent. 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 and Police and Fire Plans were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

H. PENSION LIABILITY SENSITIVITY

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

	<u>GERP</u>		<u>PEFP</u>	
1% Lower	6.00%	\$ 3,007,320	6.00%	\$ 4,378,832
Current Discount Rate	7.00%	1,699,933	7.00%	2,206,940
1% Higher	8.00%	624,559	8.00%	421,354

I. PENSION PLAN FIDUCIARY NET POSITION

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

NOTE 13. OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN

A. PLAN DESCRIPTION

The City operates a single-employer retiree benefit plan (the Plan) that provides health, dental, and life insurance to eligible employees and their spouses through the District's commercial insurance plans. There are 45 active participants and 4 retired participants. Benefit and eligibility provisions are established through negotiations between the City and employee groups including a union. The union contract is renegotiated each two-year bargaining period. The Plan does not issue a publicly available financial report. No assets are accumulated in a trust that meets all of the criteria in GASB Statement No. 75, paragraph 4.

B. TOTAL OPEB LIABILITY

The City's total OPEB liability of \$765,288 was measured as of December 31, 2022, and was determined by an actuarial valuation as of that date. Update procedures were used to roll forward the total OPEB liability to December 31, 2023.

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 13. OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (Cont'd)

C. CHANGES IN TOTAL OPEB LIABILITY

Changes in the total OPEB liability were as follows:

	<u>Total OPEB Liability</u>
Beginning of Year	\$ 896,251
Changes for the Year:	
Service Cost	53,359
Interest	16,929
Differences between expected and actual experience	(9,088)
Changes of Assumptions or Other Inputs	(133,098)
Benefit Payments	<u>(59,065)</u>
Net Changes	<u>(130,963)</u>
End of Year	<u>\$ 765,288</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 1.84% in 2022 to 4.05% in 2023.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.05%) or 1-percentage-point higher (5.05%) than the current discount rate:

	<u>1.0% Decrease in Discount Rate (3.05%)</u>	<u>Discount Rate (4.05%)</u>	<u>1.0% Increase in Discount Rate (5.05%)</u>
Total OPEB Liability	<u>\$ 821,939</u>	<u>\$ 765,288</u>	<u>\$ 713,943</u>

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 13. OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (Cont'd)

C. CHANGES IN TOTAL OPEB LIABILITY (Cont'd)

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.80% decreasing to 2.90%) or 1-percentage-point higher (7.80% decreasing to 4.90%) than the current healthcare cost trend rates:

	1.0% Decrease (5.80% decreasing to 2.90%)	Healthcare Cost Trend Rates (6.80% decreasing to 3.90%)	1.0% Increase (7.80% decreasing to 4.90%)
Total OPEB Liability	\$ 701,666	\$ 765,288	\$ 838,098

D. OPEB EXPENSE, DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB

For the year ended December 31, 2023, the City recognized OPEB expense of (\$128,867). At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources
Contributions Paid Subsequent to Measurement Date	\$ 43,505

\$43,505 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended December 31, 2024.

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 13. OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (Cont'd)

E. ACTUARIAL METHODS AND ASSUMPTIONS

The total OPEB liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	Based on the most recently disclosed assumptions for the pension plan in which the employee participates.
Healthcare Cost Trend Rates	6.80% for 2023, gradually decreasing over several decades to an ultimate rate of 3.90% for 2075 and later years.
Retiree's Share of Benefit-Related Costs	Assumed to increase with healthcare trend rates.

A discount rate of 4.05% was applied in the measurement of the total OPEB liability. The discount rate is based on the index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

From the July 1, 2022 PERA of Minnesota Public Employees' Police & Fire Plan actuarial valuation, Pub-2010 Public Safety mortality tables with projected mortality improvements based on scale MP- 2021, and other adjustments.

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2022– December 31, 2022.

NOTE 14. PUBLIC EMPLOYEES DEFINED CONTRIBUTION PLAN

5 council members of the City are covered by the Defined Contribution Plan, a multiple-employer deferred compensation plan administered by PERA. The Defined Contribution Plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. Minnesota Statutes, Chapter 353D.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes five percent of salary which is matched by the elected official's employer. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives two percent of employer contributions and twenty-five hundredths of one percent (0.25 percent) of the assets in each member's account annually.

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 14. PUBLIC EMPLOYEES DEFINED CONTRIBUTION PLAN (Cont'd)

Total contributions made by the City during the year were:

	Contribution Amount		Percentage of Covered Payroll		Required Rate
	Employee	Employer	Employee	Employer	
Elected Officials	\$ 1,440	\$ 1,440	5.00%	5.00%	5.00%

NOTE 15. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

The following is a summary of the major components of deferred outflows and inflows as presented in the Statement of Net Position:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Related to Pensions	\$ 4,162,679	\$ 3,940,994
Related to OPEB	43,505	
Total	<u>\$ 4,206,184</u>	<u>\$ 3,940,994</u>

NOTE 16. COMMITMENTS

The City has the following projects in progress:

Project	Contract Amount	Remaining Commitment
2022 Street Improvements - Waite Ave	\$ 473,815	\$ 60,718
2022 Street Improvements - 2nd Ave S and Sunwood	727,470	21,127
2022 Street Improvements - 1st Ave S Alley	510,858	40,553
2023 Street Improvements - Ultimate Neighborhood	460,052	77,595
2023 Street Improvements - 7th St S	134,022	35,992
2023 Street Improvements - Discovery Neighborhood	466,714	88,153
2023 Street Improvements - Meadows Lane	104,179	29,585
2023 Street Improvements - Park Meadows	474,603	125,036
2023 Street Improvements - 3rd St S	835,471	135,947
2023 Street Improvements - Alley N	108,573	39,214
2023 Street Improvements - Alley Q	155,496	26,815
2023 Street Improvements - Alley AD	30,598	8,832
2023 Street Improvements - Trails	39,666	10,154
2023 5th Street SW Extension Project	359,327	46,002

This page intentionally left blank

REQUIRED SUPPLEMENTARY INFORMATION

This page intentionally left blank

CITY OF WAITE PARK, MINNESOTA

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
DECEMBER 31, 2023

Fiscal Year Ending	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	State's Proportionate Share of the Net Pension Liability (Asset) Associated with the Employer (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) and the State's Proportionate Share of the Net Pension Liability (Asset) Associated with the Employer (a+b)	Employer's Covered Payroll (c)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
<u>Pensions</u>							
<u>GERP</u>							
June 30, 2023	0.0304%	\$ 1,699,933	\$ 46,954	\$ 1,746,887	\$ 2,277,044	76.72%	83.10%
June 30, 2022	0.0259%	2,051,289	60,004	2,111,293	1,949,091	108.32%	76.67%
June 30, 2021	0.0243%	1,037,719	31,763	1,069,482	1,717,068	62.29%	87.00%
June 30, 2020	0.0236%	1,414,928	43,582	1,458,510	1,709,331	85.33%	79.06%
June 30, 2019	0.0231%	1,277,147	39,665	1,316,812	1,630,444	80.76%	80.23%
June 30, 2018	0.0231%	1,281,493	42,110	1,323,603	1,442,589	91.75%	79.53%
June 30, 2017	0.0223%	1,423,617	17,890	1,441,507	1,435,757	100.40%	75.90%
June 30, 2016	0.0214%	1,737,574	22,610	1,760,184	1,325,400	132.80%	68.91%
June 30, 2015	0.0223%	1,155,702		1,155,702	1,303,378	88.67%	78.19%
<u>PEPFP</u>							
June 30, 2023	0.1278%	2,206,940	88,865	2,295,805	1,618,663	141.83%	86.47%
June 30, 2022	0.1254%	5,456,913	238,428	5,695,341	1,531,381	371.91%	70.53%
June 30, 2021	0.1098%	847,540	38,124	885,664	1,300,580	68.10%	93.66%
June 30, 2020	0.1157%	1,525,050	35,950	1,561,000	1,305,922	119.53%	87.19%
June 30, 2019	0.1229%	1,308,395		1,308,395	1,297,126	100.87%	89.26%
June 30, 2018	0.1179%	1,256,693		1,256,693	1,154,287	108.87%	88.84%
June 30, 2017	0.1090%	1,471,630		1,471,630	1,121,553	131.21%	85.43%
June 30, 2016	0.1170%	4,695,414		4,695,414	1,124,159	417.68%	63.88%
June 30, 2015	0.1110%	1,261,220		1,261,220	1,012,580	124.56%	86.61%

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

See Accompanying Notes to the Required Supplementary Information

CITY OF WAITE PARK, MINNESOTA

SCHEDULE OF EMPLOYER CONTRIBUTIONS
DECEMBER 31, 2023

Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (d)	Contributions as a Percentage of Covered Payroll (b/d)
<u>Pensions</u>					
<u>GERP</u>					
12/31/2023	\$ 182,245	\$ 182,245	\$	\$ 2,429,933	7.50%
12/31/2022	157,140	157,140		2,095,196	7.50%
12/31/2021	137,169	137,169		1,828,919	7.50%
12/31/2020	132,117	132,117		1,762,032	7.50%
12/31/2019	124,326	124,326		1,657,959	7.50%
12/31/2018	120,208	120,208		1,602,780	7.50%
12/31/2017	108,187	108,187		1,442,503	7.50%
12/31/2016	101,440	101,440		1,352,532	7.50%
12/31/2015	99,153	99,153		1,322,038	7.50%
<u>PEFP</u>					
12/31/2023	252,826	252,826		1,428,395	17.70%
12/31/2022	284,205	284,205		1,605,680	17.70%
12/31/2021	248,505	248,505		1,403,983	17.70%
12/31/2020	239,408	239,408		1,352,588	17.70%
12/31/2019	216,840	216,840		1,279,292	16.95%
12/31/2018	212,342	212,342		1,310,753	16.20%
12/31/2017	179,876	179,876		1,110,344	16.20%
12/31/2016	182,244	182,244		1,124,964	16.20%
12/31/2015	174,007	174,007		1,074,120	16.20%

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

See Accompanying Notes to the Required Supplementary Information

CITY OF WAITE PARK, MINNESOTA

SCHEDULE OF CHANGES IN THE CITY FIRE RELIEF ASSOCIATION'S
NET PENSION LIABILITY AND RELATED RATIOS
DECEMBER 31, 2023

	Measurement Date								
	December 31,								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Service Cost	\$ 32,088	\$ 36,185	\$ 32,582	\$ 26,782	\$ 28,447	\$ 22,341	\$ 21,771	\$ 22,624	\$ 18,618
Interest	41,211	31,289	34,841	37,573	34,879	36,241	34,552	33,909	38,625
Change in Benefit Terms	28,250	117,056	90,625	42,082	149,515				
Differences Between Expected and Actual Experience	(188,384)	(15,063)	(78,696)	(15,628)	(166,268)	(26,019)	70,464	45,272	(38,070)
Benefit Payments			(284,300)			(122,784)	(75,600)	(104,900)	(98,344)
Net Change in Total Pension Liability	(86,835)	169,467	(204,948)	90,809	46,573	(90,221)	51,187	(3,095)	(79,171)
Total Pension Liability - Beginning of Year	654,763	485,296	690,244	599,435	552,862	643,083	591,896	594,991	674,162
Total Pension Liability - End of Year	<u>\$ 567,928</u>	<u>\$ 654,763</u>	<u>\$ 485,296</u>	<u>\$ 690,244</u>	<u>\$ 599,435</u>	<u>\$ 552,862</u>	<u>\$ 643,083</u>	<u>\$ 591,896</u>	<u>\$ 594,991</u>
Contributions - Employer & State	\$ 66,349	\$ 61,853	\$ 56,789	\$ 54,221	\$ 51,272	\$ 45,642	\$ 45,862	\$ 52,470	\$ 40,066
Net Investment Income	(149,707)	84,765	100,676	146,223	(30,944)	88,023	48,575	4,014	51,482
Benefit Payments			(284,300)			(122,784)	(75,600)	(104,900)	(98,344)
Administrative Expense	(962)	(1,039)	(893)	(981)	(974)	(912)	(985)	(863)	(2,380)
Other							1,932		
Net Change in Plan Fiduciary Net Position	(84,320)	145,579	(127,728)	199,463	19,354	9,969	19,784	(49,279)	(9,176)
Total Plan Fiduciary Net Position - Beginning of Year	1,003,554	857,975	985,703	786,240	766,886	756,917	737,133	786,412	795,588
Total Plan Fiduciary Net Position - End of Year	<u>\$ 919,234</u>	<u>\$ 1,003,554</u>	<u>\$ 857,975</u>	<u>\$ 985,703</u>	<u>\$ 786,240</u>	<u>\$ 766,886</u>	<u>\$ 756,917</u>	<u>\$ 737,133</u>	<u>\$ 786,412</u>
Fire Relief Association's Net Pension Liability (Asset)	<u>\$ (351,306)</u>	<u>\$ (348,791)</u>	<u>\$ (372,679)</u>	<u>\$ (295,459)</u>	<u>\$ (186,805)</u>	<u>\$ (214,024)</u>	<u>\$ (113,834)</u>	<u>\$ (145,237)</u>	<u>\$ (191,421)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	161.86%	153.27%	176.79%	142.81%	131.16%	138.71%	117.70%	124.54%	132.17%

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

See Accompanying Notes to the Required Supplementary Information

CITY OF WAITE PARK, MINNESOTA

SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY
DECEMBER 31, 2023

	Measurement Date					
	December 31,					
	2022	2021	2020	2019	2018	2017
Service Cost	\$ 53,359	\$ 50,827	\$ 43,662	\$ 41,623	\$ 42,085	\$ 36,892
Interest	16,929	24,524	32,006	24,024	21,895	23,215
Differences Between Expected and Actual Experience	(9,088)	(295,763)	1,403	453,591		
Changes in Assumptions	(133,098)	(13,324)	65,145	69,377	(17,916)	21,456
Benefit Payments	(59,065)	(90,810)	(83,208)	(65,497)	(53,570)	(15,601)
Net Change in Total OPEB Liability	(130,963)	(324,546)	59,008	523,118	(7,506)	65,962
Total OPEB Liability - Beginning of Year	896,251	1,220,797	1,161,789	638,671	646,177	580,215
Total OPEB Liability - End of Year	<u>\$ 765,288</u>	<u>\$ 896,251</u>	<u>\$ 1,220,797</u>	<u>\$ 1,161,789</u>	<u>\$ 638,671</u>	<u>\$ 646,177</u>
Covered Employee Payroll	<u>\$ 3,644,475</u>	<u>\$ 2,730,309</u>	<u>\$ 3,043,556</u>	<u>\$ 2,820,216</u>	<u>\$ 2,954,909</u>	<u>\$ 2,680,922</u>
Total OPEB Liability as a % of Covered Employee Payroll	<u>21.00%</u>	<u>32.83%</u>	<u>40.11%</u>	<u>41.20%</u>	<u>21.61%</u>	<u>24.10%</u>

The City implemented GASB Statement No. 75 for the year ended December 31, 2017. Information for prior years is not available.

See Accompanying Notes to the Required Supplementary Information

CITY OF WAITE PARK, MINNESOTA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2023

NOTE 1. CHANGES IN PLAN PROVISIONS

A. GENERAL EMPLOYEE RETIREMENT PLAN (GERP)

2023 Changes:

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:

There have been no changes since the prior valuation.

2021 Changes:

There have been no changes since the prior valuation.

2020 Changes:

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:

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:

The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.

Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.

Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.

CITY OF WAITE PARK, MINNESOTA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2023

NOTE 1. CHANGES IN PLAN PROVISIONS (Cont'd)

A. GENERAL EMPLOYEE RETIREMENT PLAN (GERP) (Cont'd)

2018 Changes: (Cont'd)

Contribution stabilizer provisions were repealed.

Postretirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90.00 percent funding ratio to 50.00 percent of the Social Security Cost of Living Adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019.

For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.

Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 Changes:

The State's contribution for the Minneapolis Employees Retirement Fund equals \$16,000,000 in 2017 and 2018, and \$6,000,000 thereafter.

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

2016 Changes:

There have been no changes since the prior valuation.

2015 Changes:

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

B. PUBLIC EMPLOYEES POLICE AND FIRE PLAN (PEPFP)

2023 Changes:

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% after 10 years.

CITY OF WAITE PARK, MINNESOTA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2023

NOTE 1. CHANGES IN PLAN PROVISIONS (Cont'd)

B. PUBLIC EMPLOYEES POLICE AND FIRE PLAN (PEPFP) (Cont'd)

2023 Changes: (Cont'd)

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:

There have been no changes since the prior valuation.

2021 Changes:

There have been no changes since the prior valuation.

2020 Changes:

There have been no changes since the prior valuation.

2019 Changes:

There have been no changes since the prior valuation.

2018 Changes:

Postretirement benefit increases were changed to 1.00 percent for all years, with no trigger.

An end date of July 1, 2048 was added to the existing \$9.0 million state contribution.

New annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9.0 million thereafter until the plan reaches 100 percent funding, or July 1, 2048, if earlier.

Member contributions were changed from 10.80 percent to 11.30 percent of pay, effective January 1, 2019 and 11.80 percent of pay, effective January 1, 2020.

Employer contributions were changed from 16.20 percent to 16.95 percent of pay, effective January 1, 2019 and 17.70 percent of pay, effective January 1, 2020.

Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.

CITY OF WAITE PARK, MINNESOTA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2023

NOTE 1. CHANGES IN PLAN PROVISIONS (Cont'd)

B. PUBLIC EMPLOYEES POLICE AND FIRE PLAN (PEPFP) (Cont'd)

2018 Changes: (Cont'd)

Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.

Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 Changes:

There have been no changes since the prior valuation.

2016 Changes:

There have been no changes since the prior valuation.

2015 Changes:

The post-retirement benefit increase to paid after attainment of the 90 percent funding threshold was changed, from inflation up to 2.5 percent, to a fixed rate of 2.5 percent.

C. CITY OF WAITE PARK'S FIREMAN'S RELIEF ASSOCIATION

2023 Changes:

Benefit levels increased from \$4,200 to \$4,400 during the measurement period.

2022 Changes:

Benefit levels increased from \$3,300 to \$4,200 during the measurement period.

2021 Changes:

Benefit levels increased from \$2,900 to \$3,300 during the measurement period.

2020 Changes:

There have been no changes since the prior valuation.

2019 Changes:

There have been no changes since the prior valuation.

2018 Changes:

There have been no changes since the prior valuation.

CITY OF WAITE PARK, MINNESOTA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2023

NOTE 1. CHANGES IN PLAN PROVISIONS (Cont'd)

C. CITY OF WAITE PARK'S FIREMAN'S RELIEF ASSOCIATION (Cont'd)

2017 Changes:

There have been no changes since the prior valuation.

2016 Changes:

There have been no changes since the prior valuation.

2015 Changes:

There have been no changes since the prior valuation.

D. OTHER POST EMPLOYMENT BENEFITS PLAN NOT ADMINISTERED IN A TRUST

2023 Changes:

There have been no changes since the prior valuation.

2022 Changes:

Retiree premiums were updated to current levels.

2021 Changes:

There have been no changes since the prior valuation.

2020 Changes:

Retiree premiums were updated to current levels.

2019 Changes:

There have been no changes since the prior valuation.

2018 Changes:

Retiree premiums were updated to current levels.

CITY OF WAITE PARK, MINNESOTA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2023

NOTE 2. CHANGES IN ACTUARIAL ASSUMPTIONS

A. GENERAL EMPLOYEE RETIREMENT PLAN (GERP)

2023 Changes:

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

2022 Changes:

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

2021 Changes:

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.

2020 Changes:

The price inflation assumption was decreased from 2.50% to 2.25%.

The payroll growth assumption was decreased from 3.25% to 3.00%.

Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.

Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.

Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.

Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.

The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.

The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.

The assumed spouse age difference was changed from two years older for females to one year older.

CITY OF WAITE PARK, MINNESOTA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2023

NOTE 2. CHANGES IN ACTUARIAL ASSUMPTIONS (Cont'd)

A. GENERAL EMPLOYEE RETIREMENT PLAN (GERP) (Cont'd)

2020 Changes: (Cont'd)

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.

2019 Changes:

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

2018 Changes:

The mortality projection 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:

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.

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:

The assumed post-retirement benefit increase rate was changed for 1.0 percent per year through 2035 and 2.5 percent per year thereafter to 1.0 percent per year for all years.

The assumed investment return was changed from 7.9 percent to 7.5 percent. The single discount rate was changed from 7.9 percent to 7.5 percent.

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 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

2015 Changes:

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

CITY OF WAITE PARK, MINNESOTA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2023

NOTE 2. CHANGES IN ACTUARIAL ASSUMPTIONS (Cont'd)

B. PUBLIC EMPLOYEES POLICE AND FIRE PLAN (PEFPF)

2023 Changes:

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.

2022 Changes:

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

The single discount rate changed from 6.5% to 5.4%.

2021 Changes:

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 MP-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.

CITY OF WAITE PARK, MINNESOTA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2023

NOTE 2. CHANGES IN ACTUARIAL ASSUMPTIONS (Cont'd)

B. PUBLIC EMPLOYEES POLICE AND FIRE PLAN (PEPFP) (Cont'd)

2020 Changes:

The mortality projection was changed from MP-2018 to MP-2019.

2019 Changes:

The mortality projection was changed from MP-2017 to MP-2018.

2018 Changes:

The mortality projection was changed from MP-2016 to MP-2017.

2017 Changes:

Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates.

Assumed rates of retirement were changed, resulting in fewer retirements.

The combined service annuity (CSA) load was 30 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 members.

The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.

Assumed termination rates were decreased to 3.0 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.

Assumed percentage of married female members was decreased from 65 percent to 60 percent.

Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.

The assumed percentage of female members electing joint and survivor annuities was increased.

The assumed 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.

The single discount rate was changed from 5.60 percent per annum to 7.50 percent per annum.

CITY OF WAITE PARK, MINNESOTA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2023

NOTE 2. CHANGES IN ACTUARIAL ASSUMPTIONS (Cont'd)

B. PUBLIC EMPLOYEES POLICE AND FIRE PLAN (PEPFP) (Cont'd)

2016 Changes:

The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2037 and 2.5 percent thereafter to 1.0 percent per year for all future years.

The assumed investment return was changed from 7.9 percent to 7.5 percent.

The single discount rate changed from 7.90 percent to 5.60 percent.

The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

2015 Changes:

The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2030 and 2.5 percent per year thereafter to 1.0 percent per year through 2037 and 2.5 percent per year thereafter.

C. CITY OF WAITE PARK'S FIREMAN'S RELIEF ASSOCIATION

2023 Changes:

There have been no changes since the prior valuation.

2022 Changes:

There have been no changes since the prior valuation.

2021 Changes:

There have been no changes since the prior valuation.

2020 Changes:

There have been no changes since the prior valuation.

2019 Changes:

There have been no changes since the prior valuation.

2018 Changes:

There have been no changes since the prior valuation.

CITY OF WAITE PARK, MINNESOTA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2023

NOTE 2. CHANGES IN ACTUARIAL ASSUMPTIONS (Cont'd)

C. CITY OF WAITE PARK'S FIREMAN'S RELIEF ASSOCIATION (Cont'd)

2017 Changes:

There have been no changes since the prior valuation.

2016 Changes:

There have been no changes since the prior valuation.

2015 Changes:

There have been no changes since the prior valuation.

D. OTHER POST EMPLOYMENT BENEFITS PLAN NOT ADMINISTERED IN A TRUST

2023 Changes:

The discount rate was changed from 1.84% to 4.05% based on updated 20-year municipal bond rates.

2022 Changes:

The discount rate was changed from 2.00% to 1.84% based on updated 20-year municipal bond rates.

Healthcare trend rates were reset to reflect updated cost increase expectations.

Medical per capita claims costs were updated to reflect recent experience.

Withdrawal, mortality, and salary increase rates were updated from the rates used in the 7/1/2020 PERA General Employees Plan and 7/1/2020 PERA Police & Fire Plan valuations to the rates used in the 7/1/2022 valuations.

The retirement age assumption for Non-Police employees was changed from 60 to 61 to reflect recent experience.

The inflation assumption was changed from 2.25% to 2.50% based on an updated historical analysis of inflation rates and forward-looking market expectations.

2021 Changes:

The discount rate was changed from 2.75% as of 12/31/2019 to 2.00% as of 12/31/2020 based on updated 20-year municipal bond rates as of each measurement date.

CITY OF WAITE PARK, MINNESOTA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2023

NOTE 2. CHANGES IN ACTUARIAL ASSUMPTIONS (Cont'd)

D. OTHER POST EMPLOYMENT BENEFITS PLAN NOT ADMINISTERED IN A TRUST (Cont'd)

2020 Changes:

The discount rate was changed from 3.71% as of 12/31/2018 to 2.75% as of 12/31/2019 based on updated 20-year municipal bond rates as of each measurement date.

Healthcare trend rates were reset to reflect updated cost increase expectations, including the repeal of the Affordable Care Act's Excise Tax on high-cost health insurance plans.

Medical per capita claims costs were updated to reflect recent experience.

Withdrawal, mortality, and salary increase rates were updated from the rates used in the 7/1/2018 PERA General Employees Plan and 7/1/2018 PERA Police & Fire Plan valuations to the rates used in the 7/1/2020 valuations.

The inflation assumption was changed from 2.50% to 2.25% based on an updated historical analysis of inflation rates and forward-looking market expectations.

2019 Changes:

The discount rate was changed from 3.31% as of 12/31/2017 to 3.71% as of 12/31/2018 based on updated 20-year municipal bond rates as of each measurement date.

2018 Changes:

The discount rate was changed from 3.81% as of 12/31/2016 to 3.31% as of 12/31/2017 based on updated 20-year municipal bond rates as of each measurement date.

SUPPLEMENTARY INFORMATION

This page intentionally left blank

CITY OF WAITE PARK, MINNESOTA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2023

	Special Revenue	Debt Service	Capital Projects	Total
ASSETS				
Cash and Investments	\$ 2,410,395	\$ 1,436,026	\$ 1,344,311	\$ 5,190,732
Receivables				
Delinquent Taxes		56,310		56,310
Special Assessments				
Deferred		60,585		60,585
Due from Other Governments	243,606	10,624		254,230
	<u>243,606</u>	<u>10,624</u>		<u>254,230</u>
Total Assets	<u>\$ 2,654,001</u>	<u>\$ 1,563,545</u>	<u>\$ 1,344,311</u>	<u>\$ 5,561,857</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE				
Liabilities				
Accounts Payable	\$ 125,130	\$ 1,868	\$ 3,343	\$ 130,341
Contracts Payable	55,107			55,107
Total Liabilities	<u>180,237</u>	<u>1,868</u>	<u>3,343</u>	<u>185,448</u>
Deferred Inflows of Resources				
Unavailable Revenue				
Delinquent Taxes		56,310		56,310
Special Assessments		60,585		60,585
Total Deferred Inflows of Resources	0	116,895	0	116,895
Fund Balance				
Restricted				
Tax Increment	434,569			434,569
Loan Program	2,208			2,208
Debt Service		1,444,782		1,444,782
Regional Capital Improvement Projects	1,790,877		1,340,968	3,131,845
Assigned				
Capital Outlay	1,109			1,109
Park Land Development	141,852			141,852
Fund Operations	103,149			103,149
Total Fund Balance	<u>2,473,764</u>	<u>1,444,782</u>	<u>1,340,968</u>	<u>5,259,514</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 2,654,001</u>	<u>\$ 1,563,545</u>	<u>\$ 1,344,311</u>	<u>\$ 5,561,857</u>

CITY OF WAITE PARK, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2023

	Special Revenue	Debt Service	Capital Projects	Total
REVENUES				
Property Taxes	\$	\$ 1,066,014	\$ 13	\$ 1,066,027
Sales Tax	1,763,822			1,763,822
Tax Increments	277,722			277,722
Special Assessments		203,370		203,370
Fines and Forfeitures	910			910
Miscellaneous				
Investment Income	112,679	87,050	57,377	257,106
Contributions and Donations	98,740			98,740
Refunds and Reimbursements	170			170
Total Revenues	<u>2,254,043</u>	<u>1,356,434</u>	<u>57,390</u>	<u>3,667,867</u>
EXPENDITURES				
Current				
Public Safety	2,230			2,230
Culture and Recreation	83,540			83,540
Economic Development	326,243			326,243
Debt Service				
Principal		1,365,000		1,365,000
Interest and Other Charges		514,461		514,461
Capital Outlay				
Public Safety	9,997		15,974	25,971
Culture and Recreation	132,988			132,988
Economic Development	1,045,036			1,045,036
Total Expenditures	<u>1,600,034</u>	<u>1,879,461</u>	<u>15,974</u>	<u>3,495,469</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	654,009	(523,027)	41,416	172,398
OTHER FINANCING SOURCES (USES)				
Transfers In		477,618	15,778	493,396
Transfers Out	(15,778)	(261,359)	(167,265)	(444,402)
Total Other Financing Sources (Uses)	<u>(15,778)</u>	<u>216,259</u>	<u>(151,487)</u>	<u>48,994</u>
Net Change in Fund Balances	638,231	(306,768)	(110,071)	221,392
FUND BALANCE, BEGINNING OF YEAR	<u>1,835,533</u>	<u>1,751,550</u>	<u>1,451,039</u>	<u>5,038,122</u>
FUND BALANCE, END OF YEAR	<u>\$ 2,473,764</u>	<u>\$ 1,444,782</u>	<u>\$ 1,340,968</u>	<u>\$ 5,259,514</u>

CITY OF WAITE PARK, MINNESOTA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
 DECEMBER 31, 2023

	2002 DTED Rehabilitation Grant (203)	Park Land Development (205)	Charitable Gambling (207)	DWI Forfeiture (213)	Forfeitures (211, 214)
ASSETS					
Cash and Investments	\$ 2,208	\$ 141,852	\$ 103,149	\$ 772	\$ 430
Due from Other Governments					
Total Assets	<u>\$ 2,208</u>	<u>\$ 141,852</u>	<u>\$ 103,149</u>	<u>\$ 772</u>	<u>\$ 430</u>
LIABILITIES AND FUND BALANCE					
Liabilities					
Accounts Payable	\$	\$	\$	\$ 93	\$
Contracts Payable					
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>93</u>	<u>0</u>
Fund Balance					
Restricted					
Tax Increment					
Loan Program	2,208				
Regional Capital Improvement Projects					
Assigned					
Capital Outlay				679	430
Park Land Development		141,852			
Fund Operations			103,149		
Total Fund Balance	<u>2,208</u>	<u>141,852</u>	<u>103,149</u>	<u>679</u>	<u>430</u>
Total Liabilities And Fund Balance	<u>\$ 2,208</u>	<u>\$ 141,852</u>	<u>\$ 103,149</u>	<u>\$ 772</u>	<u>\$ 430</u>

CITY OF WAITE PARK, MINNESOTA

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
 DECEMBER 31, 2023

	Public Safety Facility Sales and Use Tax (223)	Tax Increment District No. 2 (271)	Tax Increment District No. 2-1 (272)	Tax Increment District No. 3-1 (273)	Total
ASSETS					
Cash and Investments	\$ 1,547,271	\$ 288,410	\$ 311,454	\$ 14,849	\$ 2,410,395
Due from Other Governments	243,606				243,606
Total Assets	\$ 1,790,877	\$ 288,410	\$ 311,454	\$ 14,849	\$ 2,654,001
LIABILITIES AND FUND BALANCE					
Liabilities					
Accounts Payable	\$	\$ 7,566	\$ 107,146	\$ 10,325	\$ 125,130
Contracts Payable		55,107			55,107
Total Liabilities	0	62,673	107,146	10,325	180,237
Fund Balance					
Restricted					
Tax Increment		225,737	204,308	4,524	434,569
Loan Program					2,208
Regional Capital Improvement Projects	1,790,877				1,790,877
Assigned					
Capital Outlay					1,109
Park Land Development					141,852
Fund Operations					103,149
Total Fund Balance	1,790,877	225,737	204,308	4,524	2,473,764
Total Liabilities And Fund Balance	\$ 1,790,877	\$ 288,410	\$ 311,454	\$ 14,849	\$ 2,654,001

CITY OF WAITE PARK, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
 YEAR ENDED DECEMBER 31, 2023

	2002 DTED Rehabilitation Grant (203)	Park Land Development (205)	Charitable Gambling (207)	Drug Forfeiture (212)	DWI Forfeiture (213)	Forfeitures (211, 214)
REVENUES						
Sales Tax	\$	\$	\$	\$	\$	\$
Tax Increments						
Fines and Forfeitures					500	410
Miscellaneous						
Investment Income	95	8,754	4,350	10	47	9
Contributions and Donations		13,161	85,579			
Refunds and Reimbursements					170	
Total Revenues	95	21,915	89,929	10	717	419
EXPENDITURES						
Current						
Public Safety			2,028	109	93	
Culture and Recreation			83,540			
Economic Development						
Capital Outlay						
Public Safety				3,872	4,735	1,390
Culture and Recreation		132,988				
Economic Development						
Total Expenditures	0	132,988	85,568	3,981	4,828	1,390
Excess (Deficiency) of Revenues Over (Under) Expenditures	95	(111,073)	4,361	(3,971)	(4,111)	(971)
OTHER FINANCING SOURCES (USES)						
Transfers Out						
Net Change in Fund Balances	95	(111,073)	4,361	(3,971)	(4,111)	(971)
FUND BALANCE, BEGINNING OF YEAR	2,113	252,925	98,788	3,971	4,790	1,401
FUND BALANCE, END OF YEAR	\$ 2,208	\$ 141,852	\$ 103,149	\$ 0	\$ 679	\$ 430

CITY OF WAITE PARK, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
 YEAR ENDED DECEMBER 31, 2023

	Public Safety Facility Sales and Use Tax (223)	Tax Increment District No. 2 (271)	Tax Increment District No. 2-1 (272)	Tax Increment District No. 3-1 (273)	Total
REVENUES					
Sales Tax	\$ 1,763,822	\$	\$	\$	\$ 1,763,822
Tax Increments			254,800	22,922	277,722
Fines and Forfeitures					910
Miscellaneous					
Investment Income	42,833	47,486	8,840	255	112,679
Contributions and Donations					98,740
Refunds and Reimbursements					170
Total Revenues	<u>1,806,655</u>	<u>47,486</u>	<u>263,640</u>	<u>23,177</u>	<u>2,254,043</u>
EXPENDITURES					
Current					
Public Safety					2,230
Culture and Recreation					83,540
Economic Development		89,423	215,547	21,273	326,243
Capital Outlay					
Public Safety					9,997
Culture and Recreation					132,988
Economic Development		1,045,036			1,045,036
Total Expenditures	<u>0</u>	<u>1,134,459</u>	<u>215,547</u>	<u>21,273</u>	<u>1,600,034</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,806,655	(1,086,973)	48,093	1,904	654,009
OTHER FINANCING SOURCES (USES)					
Transfers Out	(15,778)				(15,778)
Net Change in Fund Balances	<u>1,790,877</u>	<u>(1,086,973)</u>	<u>48,093</u>	<u>1,904</u>	<u>638,231</u>
FUND BALANCE, BEGINNING OF YEAR		<u>1,312,710</u>	<u>156,215</u>	<u>2,620</u>	<u>1,835,533</u>
FUND BALANCE, END OF YEAR	<u>\$ 1,790,877</u>	<u>\$ 225,737</u>	<u>\$ 204,308</u>	<u>\$ 4,524</u>	<u>\$ 2,473,764</u>

CITY OF WAITE PARK, MINNESOTA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE
DECEMBER 31, 2023

	\$4,720,000 G.O. Improvement Bonds of 2013B (324)	\$2,275,000 G.O. Tax Abatement Bonds of 2016A (326)	\$9,505,000 G.O. Improvement Bonds of 2016B (327)	\$5,115,000 G.O. Tax Abatement Bonds of 2018A (328)	Total
ASSETS					
Cash and Investments	\$ 247,271	\$ 379,664	\$ 786,892	\$ 22,199	\$ 1,436,026
Receivables					
Delinquent Taxes	14,980	20,830	20,500		56,310
Special Assessments					
Deferred	60,585				60,585
Due from Other Governments	2,756	1,963	5,905		10,624
	<u>325,592</u>	<u>402,457</u>	<u>813,297</u>	<u>22,199</u>	<u>1,563,545</u>
Total Assets	<u>\$ 325,592</u>	<u>\$ 402,457</u>	<u>\$ 813,297</u>	<u>\$ 22,199</u>	<u>\$ 1,563,545</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE					
Liabilities					
Accounts Payable	\$ 467	\$ 467	\$ 467	\$ 467	\$ 1,868
Deferred Inflows of Resources					
Unavailable Revenue					
Delinquent Taxes	14,980	20,830	20,500		56,310
Special Assessments	60,585				60,585
Total Deferred Inflows of Resources	<u>75,565</u>	<u>20,830</u>	<u>20,500</u>	<u>0</u>	<u>116,895</u>
Fund Balance					
Restricted					
Debt Service	<u>249,560</u>	<u>381,160</u>	<u>792,330</u>	<u>21,732</u>	<u>1,444,782</u>
	<u>325,592</u>	<u>402,457</u>	<u>813,297</u>	<u>22,199</u>	<u>1,563,545</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 325,592</u>	<u>\$ 402,457</u>	<u>\$ 813,297</u>	<u>\$ 22,199</u>	<u>\$ 1,563,545</u>

CITY OF WAITE PARK, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE
 YEAR ENDED DECEMBER 31, 2023

	\$6,885,000 G.O. Improvement Crossover Refunding Bonds of 2010A (320)	\$4,720,000 G.O. Improvement Bonds of 2013B (324)	\$2,275,000 G.O. Tax Abatement Bonds of 2016A (326)	\$9,505,000 G.O. Improvement Bonds of 2016B (327)	\$5,115,000 G.O. Tax Abatement Bonds of 2018A (328)	Total
REVENUES						
Property Taxes	\$ 25,219	\$ 269,362	\$ 192,444	\$ 578,989	\$	\$ 1,066,014
Special Assessments	138,864	64,506				203,370
Miscellaneous						
Investment Income	15,403	17,643	17,674	36,330		87,050
Total Revenues	179,486	351,511	210,118	615,319	0	1,356,434
EXPENDITURES						
Debt Service						
Principal	220,000	400,000	145,000	300,000	300,000	1,365,000
Interest and Other Charges	8,165	43,161	43,137	264,112	155,886	514,461
Total Expenditures	228,165	443,161	188,137	564,112	455,886	1,879,461
Excess (Deficiency) of Revenues Over (Under) Expenditures	(48,679)	(91,650)	21,981	51,207	(455,886)	(523,027)
OTHER FINANCING SOURCES (USES)						
Transfers In					477,618	477,618
Transfers Out	(261,359)					(261,359)
Total Other Financing Sources (Uses)	(261,359)	0	0	0	477,618	216,259
Net Change in Fund Balances	(310,038)	(91,650)	21,981	51,207	21,732	(306,768)
FUND BALANCE, BEGINNING OF YEAR	310,038	341,210	359,179	741,123		1,751,550
FUND BALANCE, END OF YEAR	\$ 0	\$ 249,560	\$ 381,160	\$ 792,330	\$ 21,732	\$ 1,444,782

CITY OF WAITE PARK, MINNESOTA

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS
 DECEMBER 31, 2023

	Public Safety Facility (445)
ASSETS	
Cash and Investments	\$ 1,344,311
LIABILITIES AND FUND BALANCE	
Liabilities	
Accounts Payable	\$ 3,343
Fund Balance	
Restricted	
Regional Capital Improvement Projects	1,340,968
Total Liabilities and Fund Balance	\$ 1,344,311

CITY OF WAITE PARK, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS
 YEAR ENDED DECEMBER 31, 2023

	Amphitheater (444)	Public Safety Facility (445)	Total
REVENUES			
Taxes			
Property	\$	\$ 13	\$ 13
Miscellaneous			
Investment Income		57,377	57,377
Total Revenues	<u>0</u>	<u>57,390</u>	<u>57,390</u>
EXPENDITURES			
Capital Outlay			
Public Safety		15,974	15,974
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>0</u>	<u>41,416</u>	<u>41,416</u>
OTHER FINANCING SOURCES (USES)			
Transfers In		15,778	15,778
Transfers Out	(167,265)		(167,265)
Total Other Financing Sources (Uses)	<u>(167,265)</u>	<u>15,778</u>	<u>(151,487)</u>
Net Change in Fund Balances	(167,265)	57,194	(110,071)
FUND BALANCE, BEGINNING OF YEAR	<u>167,265</u>	<u>1,283,774</u>	<u>1,451,039</u>
FUND BALANCE, END OF YEAR	<u>\$ 0</u>	<u>\$ 1,340,968</u>	<u>\$ 1,340,968</u>

CITY OF WAITE PARK, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 GENERAL FUND
 YEAR ENDED DECEMBER 31, 2023

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
REVENUES				
Taxes				
Property	\$ 9,229,578	\$ 9,229,578	\$ 9,007,530	\$ (222,048)
Gravel	185,000	185,000	153,770	(31,230)
Franchise	450,000	450,000	442,089	(7,911)
Total Taxes	9,864,578	9,864,578	9,603,389	(261,189)
Tax Increment			7,626	7,626
Special Assessments			10,951	10,951
Licenses and Permits	144,350	144,350	183,796	39,446
Intergovernmental				
Police and Fire Aid	368,000	368,000	334,793	(33,207)
Highway Maintenance Aid	32,000	32,000	36,064	4,064
Other Grants and Aids	21,655	21,655	2,626,401	2,604,746
Total Intergovernmental	421,655	421,655	2,997,258	2,575,603
Charges for Services				
General Government	19,500	19,500	28,461	8,961
Public Safety	166,100	166,100	188,876	22,776
Culture and Recreation	235,000	235,000	247,068	12,068
Total Charges for Services	420,600	420,600	464,405	43,805
Fines and Forfeitures	71,300	71,300	66,678	(4,622)
Miscellaneous				
Investment Income	20,000	20,000	232,271	212,271
Contributions and Donations	14,000	14,000	33,219	19,219
Refunds and Reimbursements	105,000	105,000	661,984	556,984
Event Reimbursements	67,500	67,500	68,084	584
Other	3,000	3,000	17,651	14,651
Total Miscellaneous	209,500	209,500	1,013,209	803,709
Total Revenues	11,131,983	11,131,983	14,347,312	3,215,329
EXPENDITURES				
Current				
General Government				
Mayor and Council	46,710	46,710	58,064	11,354
Administrative and Finance	1,407,032	1,407,032	1,494,574	87,542
Elections	7,500	7,500	7,720	220
Other	412,480	412,480	54,300	(358,180)
Total General Government	1,873,722	1,873,722	1,614,658	(259,064)

CITY OF WAITE PARK, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 GENERAL FUND
 YEAR ENDED DECEMBER 31, 2023

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
EXPENDITURES (Cont'd)				
Current (Cont'd)				
Public Safety				
Police	\$ 3,903,960	\$ 3,903,960	\$ 3,517,695	\$ (386,265)
Fire	338,335	338,335	429,957	91,622
Other	312,670	312,670	301,912	(10,758)
Total Public Safety	<u>4,554,965</u>	<u>4,554,965</u>	<u>4,249,564</u>	<u>(305,401)</u>
Public Works				
Streets and Highways	2,450,050	2,450,050	1,929,928	(520,122)
Sanitation				
Garbage and Other Refuse	492,500	492,500	423,820	(68,680)
Weed Control	36,650	36,650	44,057	7,407
Total Sanitation	<u>529,150</u>	<u>529,150</u>	<u>467,877</u>	<u>(61,273)</u>
Culture and Recreation	849,740	849,740	1,087,799	238,059
Total Current	<u>10,257,627</u>	<u>10,257,627</u>	<u>9,349,826</u>	<u>(907,801)</u>
Debt Service				
Principal	53,277	53,277	96,419	43,142
Interest and Other Charges	6,571	6,571	6,570	(1)
Total Debt Service	<u>59,848</u>	<u>59,848</u>	<u>102,989</u>	<u>43,141</u>
Capital Outlay				
General Government	107,500	107,500	120,135	12,635
Public Safety	315,958	315,958	627,981	312,023
Public Works	434,000	434,000	2,011,987	1,577,987
Culture and Recreation	261,050	261,050	2,759,770	2,498,720
Total Capital Outlay	<u>1,118,508</u>	<u>1,118,508</u>	<u>5,519,873</u>	<u>4,401,365</u>
Total Expenditures	<u>11,435,983</u>	<u>11,435,983</u>	<u>14,972,688</u>	<u>3,536,705</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(304,000)	(304,000)	(625,376)	(321,376)
OTHER FINANCING SOURCES (USES)				
Transfers In			1,156,329	1,156,329
Proceeds from Long-Term Leases and Subscriptions			168,460	168,460
Proceeds from Sale of Capital Assets	4,000	4,000	3,845	(155)
Total Other Financing Sources (Uses)	<u>4,000</u>	<u>4,000</u>	<u>1,328,634</u>	<u>1,324,634</u>
Net Change in Fund Balances	<u>\$ (300,000)</u>	<u>\$ (300,000)</u>	<u>703,258</u>	<u>\$ 1,003,258</u>
FUND BALANCE, BEGINNING OF YEAR			<u>6,066,681</u>	
FUND BALANCE, END OF YEAR			<u>\$ 6,769,939</u>	

COMPLIANCE SECTION

This page intentionally left blank



INDEPENDENT AUDITOR'S REPORT ON MINNESOTA LEGAL COMPLIANCE

Honorable Mayor and Members of the City Council
City of Waite Park
Waite Park, Minnesota

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Waite Park, Minnesota, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated July 15, 2024.

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 contracting-bid laws, depositories of public funds and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing sections of the *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

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

Conway, Deuth & Schmiesing, PLLP

CONWAY, DEUTH & SCHMIESING, PLLP
CPAS & ADVISORS
LITCHFIELD, MINNESOTA

July 15, 2024

This page intentionally left blank



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

Honorable Mayor and Members of the City Council
City of Waite Park
Waite Park, Minnesota

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Waite Park, Minnesota, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated July 15, 2024.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified a deficiency in internal control, described in the accompanying Schedule of Findings as item 2023-001 that we consider to be a material weakness.

Willmar Office 331 Third St SW, Ste 2 PO Box 570 Willmar, MN 56201 (320) 235-3311 (888) 388-1040	Benson Office 1209 Pacific Ave, Ste 3 Benson, MN 56215 (320) 843-2302	Morris Office 401 Atlantic Ave Morris, MN 56267 (320) 589-2602	Litchfield Office 820 Sibley Ave N Litchfield, MN 55355 (320) 693-7975	Sartell Office Ste 110 2351 Connecticut Ave Sartell, MN 56377 (320) 252-7565 (800) 862-1337
--	---	--	--	---

Report on Compliance and Other Matters

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

City's Response to Findings

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

Purpose of this Report

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

Conway, Deuth & Schmiesing, PLLP

CONWAY, DEUTH & SCHMIESING, PLLP
CPAS & ADVISORS
LITCHFIELD, MINNESOTA

July 15, 2024

CITY OF WAITE PARK, MINNESOTA

SCHEDULE OF FINDINGS
DECEMBER 31, 2023

I. FINDINGS RELATED TO FINANCIAL STATEMENTS AUDITED IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS

FINDING: 2023-001 AUDITOR PREPARED FINANCIAL STATEMENTS

Condition: The City does not have an internal control system designed to provide for the preparation of the financial statements and the related notes being audited. However, based on the degree of complexity and level of detail needed to prepare the financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP), the City has requested the auditors to prepare them.

Criteria: The preparation of the financial statements and the related notes are the responsibility of management.

Cause: There are a limited number of office employees and resources available to allow for the adequate preparation of the financial statements and related notes by the City.

Effect: This could result in a material misstatement to the financial statements and related notes 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 the 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 this; however, due to significant cost and a limited number of employees, it is in the City's best financial interest to contract for the preparation of the financial statements.

Official Responsible for Ensuring CAP:
Karla Virnig, Finance Director

Planned Completion Date for CAP:
December 31, 2024

Plan to Monitor Completion of CAP:
City Council

CITY OF WAITE PARK, MINNESOTA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2023

<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:

2022-001	Auditor Prepared Financial Statements	Not Corrected	2021	See current year finding 2023-001
----------	---------------------------------------	---------------	------	-----------------------------------

Minnesota Legal Compliance Findings:

None