

CITY OF MADELIA
MADELIA, MINNESOTA

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2024

CITY OF MADEIRA, MINNESOTA
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SECTION I

INTRODUCTORY SECTION

CITY OF MADELIA
MADELIA, MINNESOTA
GENERAL INFORMATION

ELECTED AND APPOINTED OFFICIALS

MAYOR	Cody Eager
COUNCIL MEMBER	Mark Slater
COUNCIL MEMBER	Phyllis Schickling
COUNCIL MEMBER	Glen Christensen
COUNCIL MEMBER	Andy Gaapa
CITY ADMINISTRATOR	Chris Fischer
DEPUTY CITY ADMINISTRATOR	Heather Utz

SECTION II
FINANCIAL SECTION

Dennis E. Oberloh, CPA
Sara J. Oberloh, CPA



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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of the Council
City of Madelia
Madelia, Minnesota

Opinions

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

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

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Municipal Light and Power, which represent 35.2 percent, 32.3 percent, and 63.1 percent, respectively, of the assets, net position, and revenues of the business-type activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Municipal Light and Power, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Basis for Opinions

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

Members: American Institute of Certified Public Accountants
Minnesota Society of Certified Public Accountants

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension reporting schedules on pages 6 through 15 and 56 through 72 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Madelia, Minnesota's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and summary financial report are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and summary financial report are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 14, 2025 on our consideration of City of Madelia, Minnesota's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Madelia, Minnesota's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Madelia, Minnesota's internal control over financial reporting and compliance.

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

April 14, 2025

CITY OF MADELIA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024

FINANCIAL HIGHLIGHTS

As Management of the City of Madelia (hereinafter referred to as “the City”) we offer readers of the City’s financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2024.

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$29,381,255 (net position). Of this amount, \$11,841,345 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$1,680,039 compared to an increase of \$726,747 in the previous year. The governmental activities net position increased by \$825,236 and the business-type activities net position increased \$854,803.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$4,096,594, an increase of \$317,038 in comparison with the prior year. Approximately 53.2 percent of this total amount, \$2,177,812, is available for spending at the City's discretion, although \$510,462 has been assigned and \$463,569 has been committed for specific purposes.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,471,725, or 60.6 percent of total General Fund expenditures.
- The City's total debt increased by \$185,000 or 2.0 percent during the current fiscal year.

USING THIS ANNUAL REPORT

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

Government-wide Financial Statements

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

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

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

CITY OF MADELIA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024

USING THIS ANNUAL REPORT (Cont.)

Government-wide Financial Statements (Cont.)

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

Fund Financial Statements

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

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

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

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

The City adopts annual appropriated budgets for its General Fund. Budgetary comparison schedules have been provided for this fund to demonstrate compliance with the budgets.

Proprietary Funds: The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water operations, wastewater treatment plant operations, off-sale liquor operations, and municipal light and power fund.

CITY OF MADEIRA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024

USING THIS ANNUAL REPORT (Cont.)

Fund Financial Statements (Cont.)

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statement provides separate information for the Water Department Fund, Wastewater Treatment Plant, Liquor Fund, and Municipal Light and Power; all of which are considered to be major funds of the City. The basic proprietary fund financial statements can be found on pages 22 through 24 of this report.

Notes to the Financial Statements

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements. The notes to the financial statements can be found beginning on page 26 through 55 of this report.

Required Supplementary Information

This Management's Discussion and Analysis and the Budgetary Comparison Schedules and Pension Schedules (on pages 56 - 72) represent financial information required by GASB to be presented. Such information provides users of this report with additional data that supplements the government-wide statements, fund financial statements, and notes, referred to as the basic financial statements.

Other Supplementary Information

This part of the annual report (starting on page 73) includes optional financial information such as combining nonmajor governmental fund (which are added together and shown in the fund financial statements in a single column), and summary financial report. This other supplemental financial information is provided to address certain specific needs of various users of the City's annual report.

CITY OF MADEIRA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024

THE CITY AS A WHOLE

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

Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Current Assets	\$ 4,236,089	\$ 3,923,326	\$ 10,985,504	\$ 11,953,762	\$ 15,221,593	\$ 15,877,088
Capital Assets	<u>9,071,867</u>	<u>8,719,070</u>	<u>20,514,641</u>	<u>18,701,432</u>	<u>29,586,508</u>	<u>27,420,502</u>
Total Assets	<u>13,307,956</u>	<u>12,642,396</u>	<u>31,500,145</u>	<u>30,655,194</u>	<u>44,808,101</u>	<u>43,297,590</u>
Deferred Outflows of						
Resources	<u>590,330</u>	<u>702,088</u>	<u>93,481</u>	<u>184,867</u>	<u>683,811</u>	<u>886,955</u>
Current Liabilities	<u>142,935</u>	<u>278,314</u>	<u>529,977</u>	<u>1,362,504</u>	<u>672,912</u>	<u>1,640,818</u>
Long-term Liabilities	<u>3,452,817</u>	<u>3,605,154</u>	<u>10,956,628</u>	<u>10,306,056</u>	<u>14,409,445</u>	<u>13,911,210</u>
Total Liabilities	<u>3,595,752</u>	<u>3,883,468</u>	<u>11,486,605</u>	<u>11,668,560</u>	<u>15,082,357</u>	<u>15,552,028</u>
Deferred Inflows of						
Resources	<u>698,313</u>	<u>682,031</u>	<u>329,987</u>	<u>249,270</u>	<u>1,028,300</u>	<u>931,301</u>
Net Position						
Net Investment in						
Capital Assets	6,145,867	5,652,070	9,484,671	8,932,971	15,630,538	14,585,041
Restricted	1,701,912	2,000,905	207,460	207,460	1,909,372	2,208,365
Unrestricted	<u>1,756,442</u>	<u>1,126,010</u>	<u>10,084,903</u>	<u>9,781,800</u>	<u>11,841,345</u>	<u>10,907,810</u>
Total Net Position	<u>\$ 9,604,221</u>	<u>\$ 8,778,985</u>	<u>\$ 19,777,034</u>	<u>\$ 18,922,231</u>	<u>\$ 29,381,255</u>	<u>\$ 27,701,216</u>

A large portion of the City's net position (53.2 percent) reflects its net investment in capital assets (e.g., land, buildings and improvements, systems and infrastructure, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (6.5 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (40.3 percent) may be used to meet the City's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the City is able to report positive balances in all categories of net position for both governmental and business-type activities.

CITY OF MADEIRA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024

THE CITY AS A WHOLE (Cont.)

Changes in Net Position

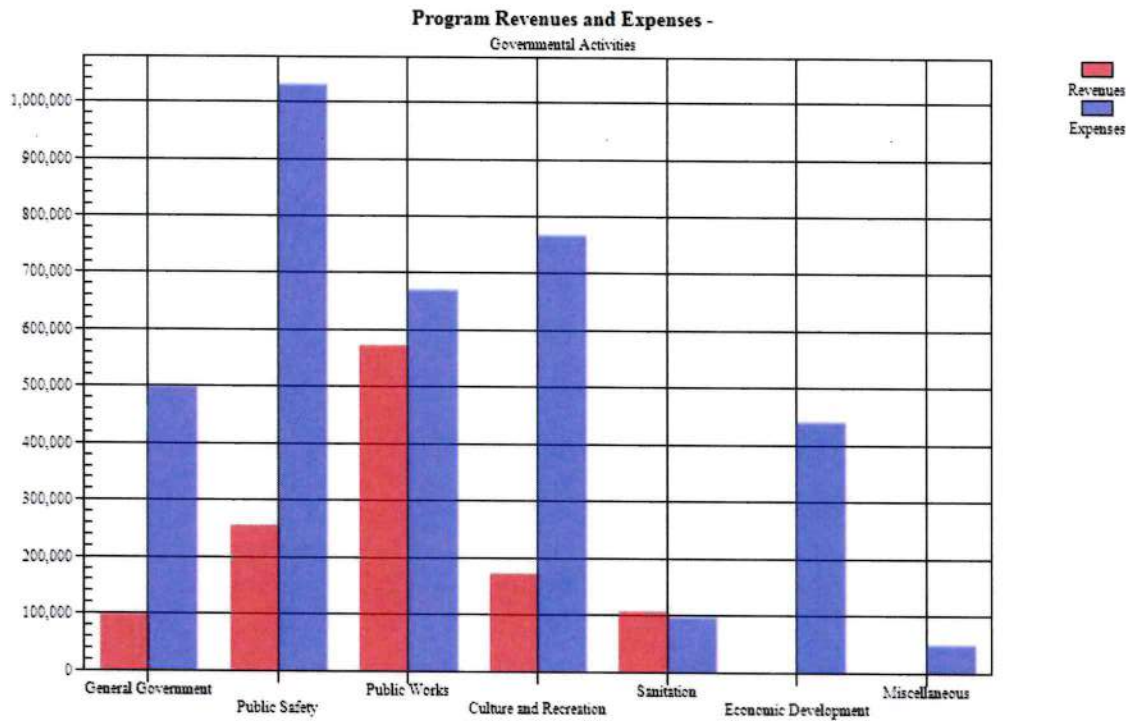
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
<u>Revenues</u>						
Program Revenues:						
Fees, Fines, and						
Charges for Services	\$ 463,031	\$ 711,399	\$ 2,358,999	\$ 2,492,035	\$ 2,822,030	\$ 3,203,434
Operating Grants and						
Contributions	79,713	167,517	20,899	12,890	100,612	180,407
Capital Grants and						
Contributions	660,348	-	-	-	660,348	-
Sales	-	-	6,175,425	6,459,600	6,175,425	6,459,600
General Revenues:						
Taxes and						
Assessments	964,075	916,823	47,773	-	1,011,848	916,823
Intergovernmental						
Revenue	1,172,115	1,036,231	-	-	1,172,115	1,036,231
Interest Income	217,375	9,217	257,347	544,540	474,722	553,757
Insurance Proceeds	-	-	-	28,659	-	28,659
Gain (Loss) on Sale of						
Capital Assets	-	-	-	60,000	-	60,000
Miscellaneous Income	758,180	82,293	-	-	758,180	82,293
Refunds and						
Reimbursements	-	-	59	-	59	-
Total Revenues	<u>4,314,837</u>	<u>2,923,480</u>	<u>8,860,502</u>	<u>9,597,724</u>	<u>13,175,339</u>	<u>12,521,204</u>
<u>Expenses</u>						
General Government	497,602	536,195	-	-	497,602	536,195
Public Safety	1,028,599	1,032,728	-	-	1,028,599	1,032,728
Public Works	668,376	696,331	-	-	668,376	696,331
Culture and Recreation	766,243	607,843	-	-	766,243	607,843
Sanitation	96,042	105,970	-	-	96,042	105,970
Economic Development	439,994	102,059	-	-	439,994	102,059
Miscellaneous	47,891	51,803	-	-	47,891	51,803
Water	-	-	594,983	548,870	594,983	548,870
Wastewater	-	-	1,378,913	1,419,600	1,378,913	1,419,600
Liquor	-	-	735,343	772,478	735,343	772,478
Municipal Light Plant	-	-	5,241,314	5,721,089	5,241,314	5,721,089
Total Expenses	<u>3,544,747</u>	<u>3,132,929</u>	<u>7,950,553</u>	<u>8,462,037</u>	<u>11,495,300</u>	<u>11,594,966</u>
Changes in Net Position						
Before Transfers	770,090	(209,449)	909,949	1,135,687	1,680,039	926,238
Transfers	55,146	215,000	(55,146)	(215,000)	-	-
Change in Net Position	825,236	5,551	854,803	920,687	1,680,039	926,238
Net Position Beginning	<u>8,778,985</u>	<u>8,773,434</u>	<u>18,922,231</u>	<u>18,001,544</u>	<u>27,701,216</u>	<u>26,774,978</u>
Net Position Ending	<u>\$ 9,604,221</u>	<u>\$ 8,778,985</u>	<u>\$ 19,777,034</u>	<u>\$ 18,922,231</u>	<u>\$ 29,381,255</u>	<u>\$ 27,701,216</u>

CITY OF MADELIA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024

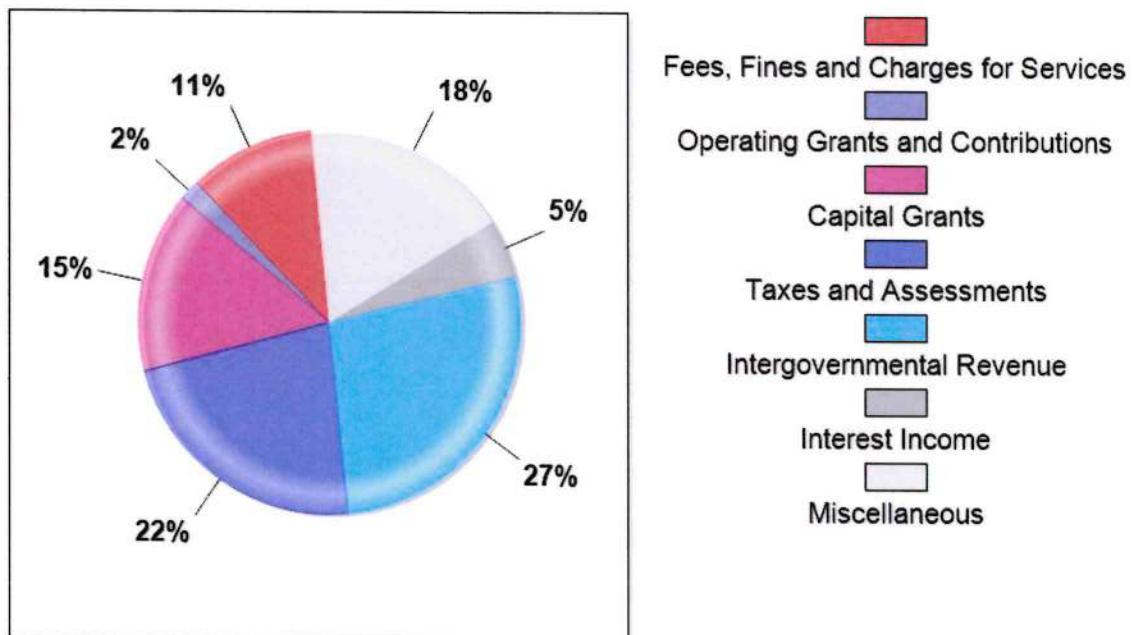
THE CITY AS A WHOLE (Cont.)

Governmental Activities

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



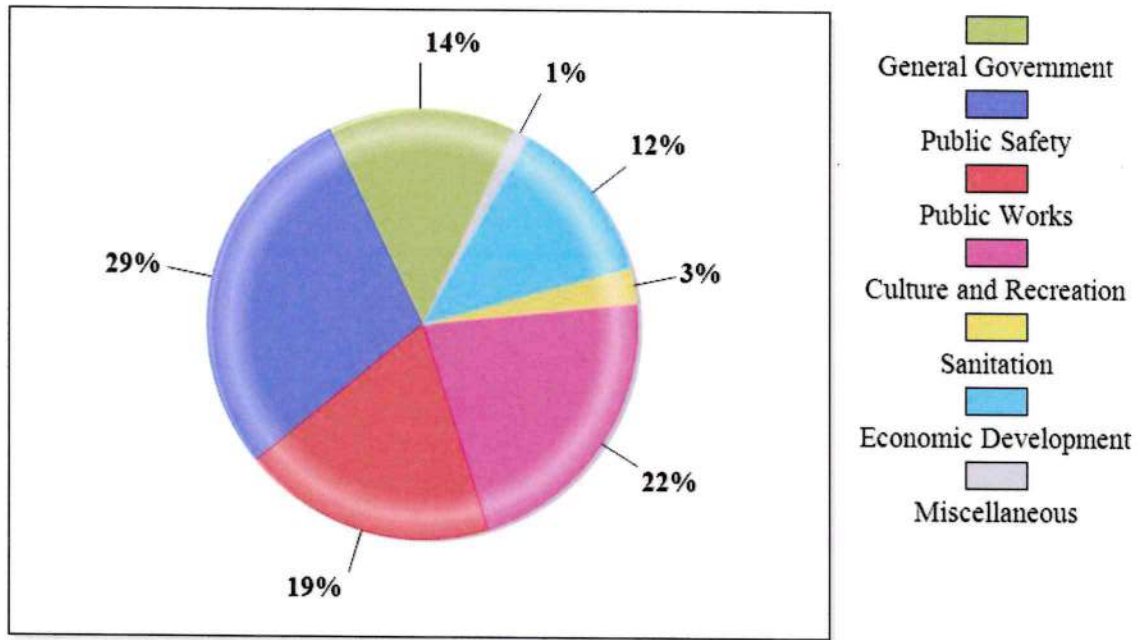
Sources of Funds in Governmental Activities



CITY OF MADELIA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024

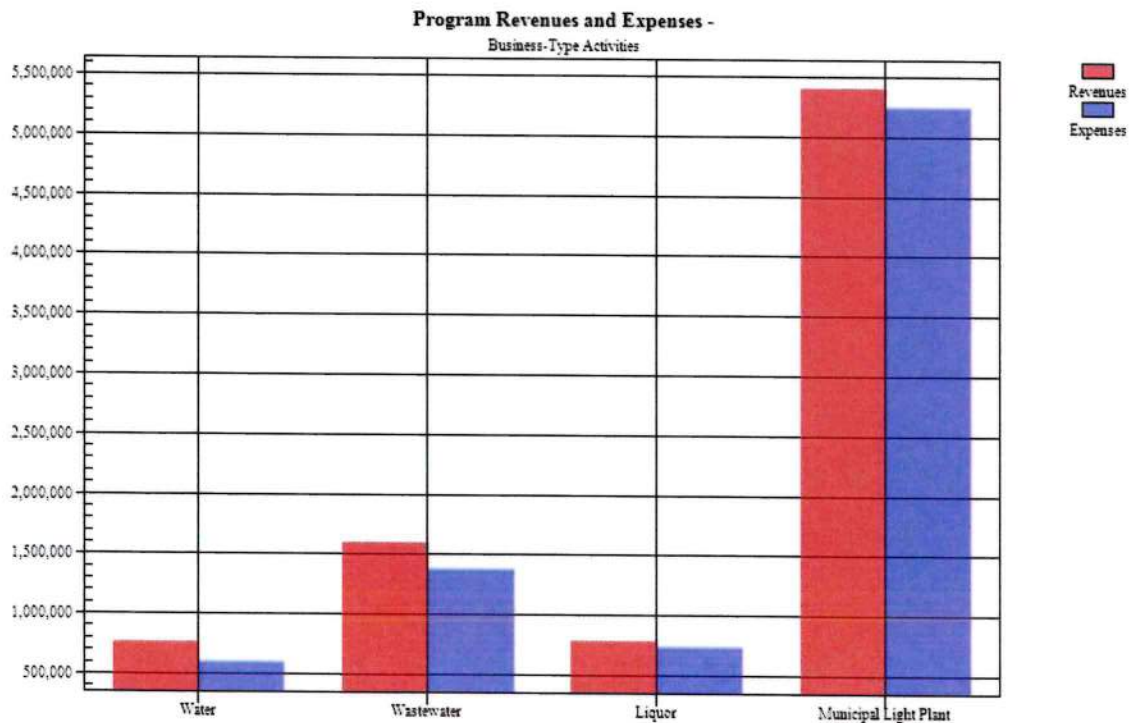
THE CITY AS A WHOLE (Cont.)
Governmental Activities (Cont.)

Uses of Funds in Governmental Activities



Business-Type Activities

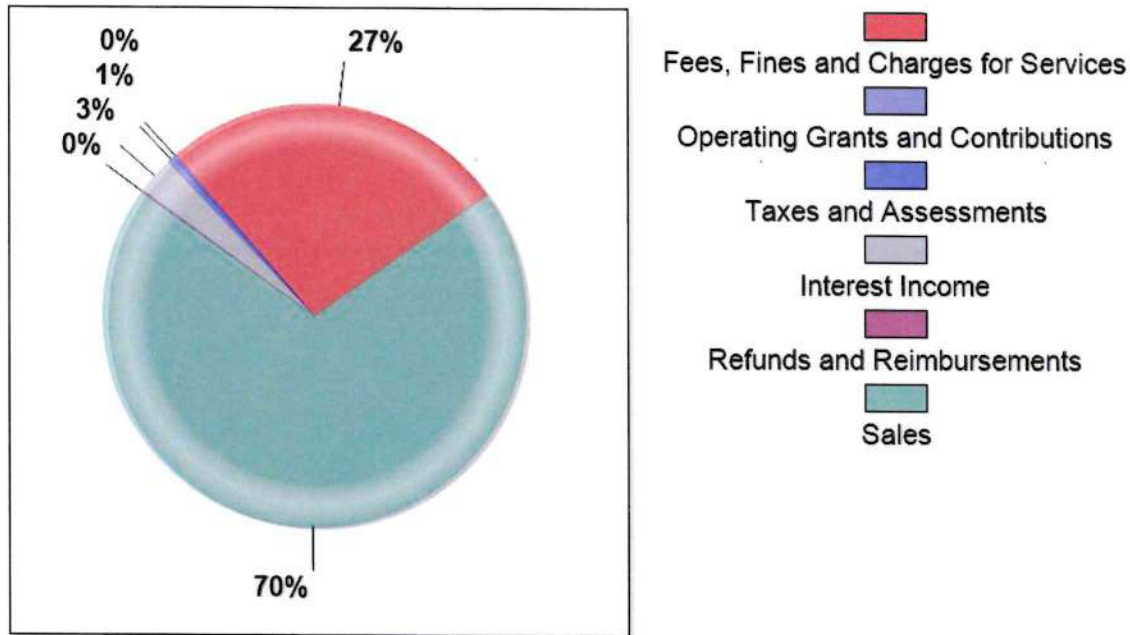
The following graphs depict various business-type activities and show the revenue and expenses directly related to those activities.



CITY OF MADEIRA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024

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

Sources of Funds in Business-Type Activities



A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental Funds

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balance of \$4,096,594 an increase of \$317,038 in comparison to the prior year. Approximately 53.2% of this total amount, \$2,177,812 is available for spending at the City's discretion, although \$510,462 has been assigned and \$463,569 has been committed for specific purposes. The remainder of the fund balance restricted to indicate that it is not available for new spending because it has already been committed for economic development in the amount of \$1,565,663 and debt service in the amount of \$136,249 or nonspendable to offset prepaid expenses and interfund receivables in the amount of \$216,870.

The General Fund is the chief operating fund of the City. At the end of the current year, the fund balance of the General Fund was \$1,688,595. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 60.6 percent of fund expenditures. The fund balance of the City's General Fund increased by \$212,577 during the current fiscal year.

CITY OF MADEIRA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024

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

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the enterprise funds at the end of the year amounted to \$10,084,903.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City's General Fund budget was not amended during the year. The budget called for expenditures and transfers out in excess of revenues and transfers in, in the amount of \$3,832. During 2024 revenues were over expectations by \$290,102 and expenditures came in under budget by \$407,653 during 2024. In addition, the General Fund had budgeted transfers in of \$498,212 that were not transferred and transfers out under budget in the amount of \$16,866.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2024, amounts to \$29,586,510 (net of accumulated depreciation). This investment in capital assets includes land, structures, improvements, machinery and equipment, park facilities, roads, highways and bridges. The total increase in the City's investment in capital assets for the current fiscal year was 7.9 percent (a 4.1 percent increase for governmental activities and a 9.7 percent increase for business-type activities). The increase was due to capital outlay exceeding depreciation.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Land	\$ 530,333	\$ 530,333	\$ 254,079	\$ 254,079	\$ 784,412	\$ 784,412
Construction in Progress	657,445	310,809	7,545,442	5,665,631	8,202,887	5,976,440
Buildings and Improvements	6,625,631	6,388,537	5,689,271	5,722,868	12,314,902	12,111,405
Infrastructure and Improvements	4,630,442	4,613,442	-	-	4,630,442	4,613,442
Generation and Distribution Plant	-	-	21,257,535	24,729,154	21,257,535	24,729,154
Equipment	<u>2,462,938</u>	<u>2,291,151</u>	<u>1,929,597</u>	<u>2,288,386</u>	<u>4,392,535</u>	<u>4,579,537</u>
Subtotal	14,906,789	14,134,272	36,675,924	38,660,118	51,582,713	52,794,390
Less: Accumulated Depreciation	<u>5,834,921</u>	<u>5,415,202</u>	<u>16,161,282</u>	<u>19,958,686</u>	<u>21,996,203</u>	<u>25,373,888</u>
Total	<u>\$ 9,071,868</u>	<u>\$ 8,719,070</u>	<u>\$ 20,514,642</u>	<u>\$ 18,701,432</u>	<u>\$ 29,586,510</u>	<u>\$ 27,420,502</u>

Debt

At the end of the current fiscal year, the City had total long-term debt outstanding of \$13,373,000.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
G.O. Improvement Bonds	\$ 2,926,000	\$ 3,067,000	\$ -	\$ -	\$ 2,926,000	\$ 3,067,000
G.O. Revenue Bonds	-	-	9,890,000	9,390,000	9,890,000	9,390,000
G.O. Revenue Notes	-	-	<u>557,000</u>	<u>831,000</u>	<u>557,000</u>	<u>831,000</u>
Total	<u>\$ 2,926,000</u>	<u>\$ 3,067,000</u>	<u>\$10,447,000</u>	<u>\$10,221,000</u>	<u>\$13,373,000</u>	<u>\$13,288,000</u>

CITY OF MADELIA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City continues to have stagnant revenue from Local Government Aid. Although future losses are not expected, revenues are anticipated to remain at current levels in the near future. The City will continue to monitor the budget and expenditures to ensure future financial sustainability. The City continues to make necessary infrastructure improvements and capital outlay purchases as needed.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens and other interested individuals with a general overview of the City's finances and to show the accountability for the monies it receives through property taxes, user fees, and local government aid. If you have any questions about this report or need additional financial information, contact the City Clerk's Office at City of Madelia, 18 Drew Ave NE, Madelia, MN 56062, phone 507 642 3245.

CITY OF MADELIA, MINNESOTA
STATEMENT OF NET POSITION
DECEMBER 31, 2024

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments	\$ 3,076,008	\$ 9,506,640	\$ 12,582,648
Restricted Cash and Cash Equivalents	36,695	-	36,695
Receivables:			
Accounts Receivable	84,268	635,579	719,847
Property Taxes Receivable	23,574	-	23,574
Special Assessments Receivable	60	10,508	10,568
Interest Receivable	4,907	21,156	26,063
Notes Receivable	1,066,266	-	1,066,266
Due from Other Governments	14,278	-	14,278
Prepaid Expense	3,476	2,506	5,982
Internal Balances	(114,786)	114,786	-
Inventory	-	628,275	628,275
Capital Assets:			
Nondepreciable:			
Land	530,333	254,079	784,412
Construction in Progress	657,445	7,545,442	8,202,887
Depreciable:			
Buildings and Improvements	5,246,562	2,099,077	7,345,639
Infrastructure and Improvements	1,988,974	-	1,988,974
Generation and Distribution Plant	-	10,165,414	10,165,414
Equipment	648,554	450,630	1,099,184
Bond Discount	41,342	66,053	107,395
TOTAL ASSETS	<u>13,307,956</u>	<u>31,500,145</u>	<u>44,808,101</u>
DEFERRED OUTFLOWS OF RESOURCES			
Related to Pensions	<u>590,330</u>	<u>93,481</u>	<u>683,811</u>
LIABILITIES			
Accounts Payable	73,827	316,432	390,259
Taxes Payable	751	112,129	112,880
Accrued Interest	24,700	49,986	74,686
Accrued Compensated Absences	43,657	32,101	75,758
Customer Deposits	-	5,577	5,577
Other Payables	-	13,752	13,752
Noncurrent liabilities:			
Due within one year	143,000	642,000	785,000
Net Pension Liability	526,817	418,994	945,811
Due in more than one year	2,783,000	9,822,329	12,605,329
Unamortized Bond Premium	-	73,305	73,305
TOTAL LIABILITIES	<u>3,595,752</u>	<u>11,486,605</u>	<u>15,082,357</u>
DEFERRED INFLOWS OF RESOURCES			
Related to Pensions	<u>698,313</u>	<u>329,987</u>	<u>1,028,300</u>
NET POSITION			
Net Investment in Capital Assets	6,145,867	9,484,671	15,630,538
Restricted	1,701,912	207,460	1,909,372
Unrestricted	1,756,442	10,084,903	11,841,345
TOTAL NET POSITION	<u>\$ 9,604,221</u>	<u>\$ 19,777,034</u>	<u>\$ 29,381,255</u>

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

CITY OF MADEIRA, MINNESOTA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024

Functions/Programs Primary Government	Program Revenues				Net Sources (Uses) and Changes in Net Position		
	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants	Sales	Primary Government	
						Governmental Activities	Business-Type Activities
General Government							
Public Safety	\$ 497,602	\$ 96,822	\$ -	\$ -	\$ -	\$ (400,780)	\$ -
Public Works	1,028,599	88,045	79,713	88,724	-	(772,117)	-
Culture and Recreation	668,376	-	-	571,624	-	(96,752)	-
Sanitation	766,243	171,898	-	-	-	(594,345)	-
Economic Development	96,042	106,266	-	-	-	10,224	-
Miscellaneous	439,994	-	-	-	-	(439,994)	-
	47,891	-	-	-	-	(47,891)	-
Total Governmental Activities	<u>3,544,747</u>	<u>463,031</u>	<u>79,713</u>	<u>660,348</u>	<u>-</u>	<u>(2,341,655)</u>	<u>-</u>
Business-Type Activities:							
Water	594,983	761,569	319	-	-	-	166,905
Wastewater	1,378,913	1,597,430	7,556	-	-	-	226,073
Liquor	735,343	-	(18)	-	783,869	-	48,508
Municipal Light Plant	5,241,314	-	13,042	-	5,391,556	-	163,284
Total Business-Type Activities	<u>7,950,553</u>	<u>2,358,999</u>	<u>20,899</u>	<u>-</u>	<u>6,175,425</u>	<u>604,770</u>	<u>604,770</u>
Total Primary Government	<u>\$ 11,495,300</u>	<u>\$ 2,822,030</u>	<u>\$ 100,612</u>	<u>\$ 660,348</u>	<u>\$ 6,175,425</u>	<u>(2,341,655)</u>	<u>(1,736,885)</u>
General Revenues:							
Taxes and Assessments						964,075	47,773
Intergovernmental Revenue						1,172,115	-
Interest Income						217,375	257,347
Refunds and Reimbursements						-	59
Miscellaneous						758,180	-
Transfers						55,146	(55,146)
Total General Revenues						<u>3,166,891</u>	<u>250,033</u>
Changes in Net Position						<u>825,236</u>	<u>854,803</u>
Net Position- January 1						<u>8,778,985</u>	<u>18,922,231</u>
Net Position- December 31						<u>\$ 9,604,221</u>	<u>\$ 19,777,034</u>
						<u>\$ 29,381,255</u>	<u>\$ 29,381,255</u>

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

CITY OF MADELIA, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2024

	General Fund	Nonmajor Governmental Funds	Total
ASSETS:			
Cash and Investments	\$ 1,380,756	\$ 1,695,252	\$ 3,076,008
Accounts Receivable	72,174	12,094	84,268
Restricted Cash and Cash Equivalents	36,695	-	36,695
Property Taxes Receivable	23,574	-	23,574
Special Assessments Receivable	60	-	60
Interest Receivable	-	4,907	4,907
Notes Receivable	101,603	964,663	1,066,266
Due from Other Governments	12,905	1,373	14,278
Prepaid Expense	3,476	-	3,476
Due from Other Funds	213,394	-	213,394
Total Assets	<u>\$ 1,844,637</u>	<u>\$ 2,678,289</u>	<u>\$ 4,522,926</u>
LIABILITIES:			
Accounts Payable	\$ 16,931	\$ 56,896	\$ 73,827
Taxes Payable	751	-	751
Due to Other Funds	114,786	213,394	328,180
Total Liabilities	<u>132,468</u>	<u>270,290</u>	<u>402,758</u>
DEFERRED INFLOWS OF RESOURCES:			
Unavailable Revenue	23,574	-	23,574
Total Deferred Inflows of Resources	<u>23,574</u>	<u>-</u>	<u>23,574</u>
FUND BALANCES:			
Nonspendable	216,870	-	216,870
Restricted	-	1,701,912	1,701,912
Committed	-	463,569	463,569
Assigned	-	510,462	510,462
Unassigned (Deficit)	1,471,725	(267,944)	1,203,781
Total Fund Balances	<u>1,688,595</u>	<u>2,407,999</u>	<u>4,096,594</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 1,844,637</u>	<u>\$ 2,678,289</u>	<u>\$ 4,522,926</u>

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

CITY OF MADELIA, MINNESOTA
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2024

Total Governmental Fund Balances	\$ 4,096,594
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>	
Capital Assets used in governmental activities are not financial resources and therefore are not reported in the funds.	9,071,868
Part of taxes and special assessments receivable are not available to pay for current period expenditures and therefore are deferred in the funds.	23,574
Long-term liabilities, including bonds payable, accrued interest, bond premium, and compensated absences, are not due and payable in the current period and therefore are not reported in the funds.	(2,994,357)
Long-term assets, including bond discounts are not financial resources and therefore are not reported in the funds.	41,342
Net Pension Liability, Deferred Inflows of Resources Related to Pensions and Deferred Outflows of Resources Related to Pensions in governmental activities are not current financial resources and therefore not reported in the governmental funds.	<u>(634,800)</u>
Net Position of Governmental Activities	<u>\$ 9,604,221</u>

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

	General Fund	Nonmajor Governmental Funds	Total
REVENUES			
Taxes	\$ 806,993	\$ 159,320	\$ 966,313
Licenses and Permits	27,714	-	27,714
Intergovernmental Revenue	1,187,512	725,972	1,913,484
Charges for Services	395,739	28,983	424,722
Fines and Forfeits	10,595	-	10,595
Interest Income	200,779	16,595	217,374
Miscellaneous	98,740	665,940	764,680
Total Revenues	<u>2,728,072</u>	<u>1,596,810</u>	<u>4,324,882</u>
EXPENDITURES			
Current Operations:			
General Government	451,906	-	451,906
Public Safety	799,507	1,525	801,032
Public Works	514,809	16,000	530,809
Culture and Recreation	416,625	287,185	703,810
Sanitation	96,042	-	96,042
Economic Development	100,067	339,927	439,994
Miscellaneous	47,891	-	47,891
Debt Service:			
Principal Payments	-	141,000	141,000
Interest Payments	1,764	60,730	62,494
Miscellaneous	-	495	495
Capital Outlay	-	787,517	787,517
Total Expenditures	<u>2,428,611</u>	<u>1,634,379</u>	<u>4,062,990</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	299,461	(37,569)	261,892
OTHER FINANCING SOURCES (USES)			
Transfer In	-	239,345	239,345
Transfer Out	<u>(86,884)</u>	<u>(97,315)</u>	<u>(184,199)</u>
EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	212,577	104,461	317,038
FUND BALANCES - January 1	<u>1,476,018</u>	<u>2,303,538</u>	<u>3,779,556</u>
FUND BALANCES - December 31	<u>\$ 1,688,595</u>	<u>\$ 2,407,999</u>	<u>\$ 4,096,594</u>

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

CITY OF MADEIRA, MINNESOTA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
DECEMBER 31, 2024

Net Change in Fund Balances - Total Governmental Funds	\$ 317,038
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital Outlay	787,517
Depreciation Expense	(428,220)
Loss on Sale of Capital Asset	(6,500)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	
Property Taxes	(2,238)
Interest on long-term liabilities is expensed as paid in the funds, but accrued in the period due in the Statement of Activities.	
	991
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are delayed and amortized in the Statement of Activities.	
Principal Repayments	141,000
Debt Premium/Discount	(3,758)
Compensated Absences do not require the use of current financial resources and, therefore, are not accrued in the fund statements.	
	(4,891)
Pension expense related to Net Pension Liability reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
	<u>24,297</u>
Change in Net Position of Governmental Activities	<u>\$ 825,236</u>

CITY OF MADEIRA, MINNESOTA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2024

ASSETS	Water Department Fund	Wastewater Treatment Plant	Liquor Fund	Municipal Light and Power	Total
CURRENT ASSETS					
Cash and Investments	\$ 3,683,687	\$ 2,673,953	\$ 240,708	\$ 2,908,292	\$ 9,506,640
Accounts Receivable	54,581	137,226	-	443,772	635,579
Special Assessments Receivable	-	10,508	-	-	10,508
Interest Receivable	5,030	11,648	1,154	3,324	21,156
Due from Other Funds	294,786	-	-	-	294,786
Prepaid Expense	-	-	-	2,506	2,506
Inventory	15,832	-	101,041	511,402	628,275
Total Current Assets	<u>4,053,916</u>	<u>2,833,335</u>	<u>342,903</u>	<u>3,869,296</u>	<u>11,099,450</u>
NONCURRENT ASSETS					
Capital Assets:					
Land	71,338	51,898	-	130,843	254,079
Buildings and Improvements	3,799,786	-	544,468	1,345,017	5,689,271
Generation and Distribution Plant	1,895,558	13,467,528	-	5,894,449	21,257,535
Equipment	658,910	577,195	23,216	670,276	1,929,597
Construction in Progress	2,883,338	126,941	-	4,535,163	7,545,442
Total Capital Assets	9,308,930	14,223,562	567,684	12,575,748	36,675,924
Less: Accumulated Depreciation	4,479,397	6,281,521	120,612	5,279,752	16,161,282
Net Capital Assets	4,829,533	7,942,041	447,072	7,295,996	20,514,642
Bond Discount	58,346	7,707	-	-	66,053
Total Noncurrent Assets	<u>4,887,879</u>	<u>7,949,748</u>	<u>447,072</u>	<u>7,295,996</u>	<u>20,580,695</u>
TOTAL ASSETS	<u>8,941,795</u>	<u>10,783,083</u>	<u>789,975</u>	<u>11,165,292</u>	<u>31,680,145</u>
DEFERRED OUTFLOWS OF RESOURCES					
Related to Pensions	7,623	13,399	8,702	63,757	93,481
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 8,949,418</u>	<u>\$ 10,796,482</u>	<u>\$ 798,677</u>	<u>\$ 11,229,049</u>	<u>\$ 31,773,626</u>
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Accounts Payable	\$ 7,619	\$ 28,441	\$ 7,827	\$ 272,545	\$ 316,432
Taxes Payable	-	-	-	112,129	112,129
Due to Other Funds	-	-	180,000	-	180,000
Accrued Interest	22,839	27,147	-	-	49,986
Accrued Compensated Absences	-	-	-	32,101	32,101
Customer Deposits	5,577	-	-	-	5,577
Other Payables	-	-	-	13,752	13,752
Current Amount of Long-Term Debt	85,000	452,000	-	105,000	642,000
Total Current Liabilities	<u>121,035</u>	<u>507,588</u>	<u>187,827</u>	<u>535,527</u>	<u>1,351,977</u>
LONG-TERM LIABILITIES					
Net Pension Liability	42,634	54,429	38,474	283,457	418,994
Bonds and Notes Payable	3,055,000	2,990,000	-	3,777,329	9,822,329
Unamortized Bond Premium	60,877	12,428	-	-	73,305
Total Long-Term Liabilities	<u>3,158,511</u>	<u>3,056,857</u>	<u>38,474</u>	<u>4,060,786</u>	<u>10,314,628</u>
TOTAL LIABILITIES	<u>3,279,546</u>	<u>3,564,445</u>	<u>226,301</u>	<u>4,596,313</u>	<u>11,666,605</u>
DEFERRED INFLOWS OF RESOURCES					
Related to Pensions	45,308	16,628	26,997	241,054	329,987
NET POSITION					
Net Investment in Capital Assets	1,573,283	4,245,419	252,302	3,413,667	9,484,671
Restricted for Capital Project	-	-	-	207,460	207,460
Unrestricted	4,051,281	2,969,990	293,077	2,770,555	10,084,903
Total Net Position	<u>5,624,564</u>	<u>7,215,409</u>	<u>545,379</u>	<u>6,391,682</u>	<u>19,777,034</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 8,949,418</u>	<u>\$ 10,796,482</u>	<u>\$ 798,677</u>	<u>\$ 11,229,049</u>	<u>\$ 31,773,626</u>

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

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

	Water Department Fund	Wastewater Treatment Plant	Liquor Fund	Municipal Light and Power	Total
OPERATING REVENUES					
Sales	\$ -	\$ -	\$ 783,869	\$ 5,391,556	\$ 6,175,425
Charges for Services	761,569	1,597,430	-	-	2,358,999
Other Revenues	<u>346</u>	<u>7,583</u>	<u>-</u>	<u>-</u>	<u>7,929</u>
Total Operating Revenues	761,915	1,605,013	783,869	5,391,556	8,542,353
COST OF SALES	<u>-</u>	<u>-</u>	<u>580,137</u>	<u>-</u>	<u>580,137</u>
GROSS PROFIT	<u>761,915</u>	<u>1,605,013</u>	<u>203,732</u>	<u>5,391,556</u>	<u>7,962,216</u>
OPERATING EXPENSES					
Salaries	176,837	190,501	110,595	-	477,933
Advertising	5,239	-	902	-	6,141
Depreciation	109,689	304,159	15,230	331,608	760,686
Insurance	17,823	51,102	9,023	-	77,948
Permits, Testing and Fees	2,569	99,223	-	-	101,792
Professional Services	7,375	30,587	1,600	-	39,562
Repairs and Maintenance	59,622	49,203	1,799	-	110,624
Supplies	50,260	249,349	794	-	300,403
Utilities	82,294	329,720	8,585	-	420,599
Miscellaneous	7,626	6,337	6,678	-	20,641
Accounting and Collection	-	-	-	236,535	236,535
Distribution System	-	-	-	552,852	552,852
Production Plant and Purchased Power	-	-	-	3,579,530	3,579,530
General and Administrative	-	-	-	353,953	353,953
Payment in Lieu of Taxes	-	-	-	55,000	55,000
Total Operating Expenses	<u>519,334</u>	<u>1,310,181</u>	<u>155,206</u>	<u>5,109,478</u>	<u>7,094,199</u>
NET OPERATING INCOME	<u>242,581</u>	<u>294,832</u>	<u>48,526</u>	<u>282,078</u>	<u>868,017</u>
NON OPERATING INCOME AND EXPENSE					
Interest Income	36,504	74,723	6,761	139,359	257,347
Special Assessments	47,773	-	-	-	47,773
Refunds and Reimbursements	59	-	-	-	59
Grant Income	(27)	(27)	(18)	13,042	12,970
Interest Expense	(50,139)	(68,732)	-	(101,276)	(220,147)
Debt Issuance Costs	(25,510)	-	-	-	(25,510)
Contribution to City	-	-	-	(30,560)	(30,560)
Net Non Operating Income and Expense	<u>8,660</u>	<u>5,964</u>	<u>6,743</u>	<u>20,565</u>	<u>41,932</u>
INCOME BEFORE TRANSFERS	251,241	300,796	55,269	302,643	909,949
Transfer Out	<u>(20,000)</u>	<u>(35,146)</u>	<u>-</u>	<u>-</u>	<u>(55,146)</u>
CHANGE IN NET POSITION	231,241	265,650	55,269	302,643	854,803
NET POSITION - January 1	<u>5,393,323</u>	<u>6,949,759</u>	<u>490,110</u>	<u>6,089,039</u>	<u>18,922,231</u>
NET POSITION - December 31	<u>\$ 5,624,564</u>	<u>\$ 7,215,409</u>	<u>\$ 545,379</u>	<u>\$ 6,391,682</u>	<u>\$ 19,777,034</u>

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

CITY OF MADEIRA, MINNESOTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Water Department Fund	Wastewater Treatment Plant	Liquor Fund	Municipal Light and Power	Total
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from Customers	\$ 759,506	\$ 1,633,373	\$ 783,869	\$ 5,441,132	\$ 8,617,880
Payments to Vendors	(236,133)	(858,498)	(611,549)	(4,341,959)	(6,048,139)
Payments to Employees	(188,970)	(200,665)	(115,685)	(716,759)	(1,222,079)
Other Receipts and Payments	<u>(27)</u>	<u>(27)</u>	<u>(18)</u>	<u>(55,000)</u>	<u>(55,072)</u>
Net Cash Provided By Operating Activities	<u>334,376</u>	<u>574,183</u>	<u>56,617</u>	<u>327,414</u>	<u>1,292,590</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfer to Other Funds	(20,000)	(35,146)	-	(30,560)	(85,706)
Due to (from) Other Funds	<u>50,003</u>	<u>-</u>	<u>(30,000)</u>	<u>-</u>	<u>20,003</u>
Net Cash Provided (Used) By Noncapital Financing Activities	<u>30,003</u>	<u>(35,146)</u>	<u>(30,000)</u>	<u>(30,560)</u>	<u>(65,703)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Purchase of Capital Assets	(1,000,939)	(109,780)	-	(1,463,176)	(2,573,895)
Taxes and Assessments Collected	47,773	-	-	-	47,773
Principal Paid on Capital Debt	793,363	(449,394)	-	(100,000)	243,969
Payment of Loan Acquisition Costs	(25,510)	-	-	-	(25,510)
Interest Paid on Capital Debt	<u>(46,723)</u>	<u>(70,874)</u>	<u>-</u>	<u>(104,310)</u>	<u>(221,907)</u>
Net Cash Used By Capital and Related Financing Activities	<u>(232,036)</u>	<u>(630,048)</u>	<u>-</u>	<u>(1,667,486)</u>	<u>(2,529,570)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment Earnings	37,946	75,032	6,924	161,701	281,603
Other Income	<u>59</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>59</u>
Net Cash Provided By Investing Activities	<u>38,005</u>	<u>75,032</u>	<u>6,924</u>	<u>161,701</u>	<u>281,662</u>
NET INCREASE (DECREASE) IN CASH	170,348	(15,979)	33,541	(1,208,931)	(1,021,021)
CASH AND CASH EQUIVALENTS - January 1	<u>3,513,339</u>	<u>2,689,932</u>	<u>207,167</u>	<u>4,111,019</u>	<u>10,521,457</u>
CASH AND CASH EQUIVALENTS - December 31	<u>\$ 3,683,687</u>	<u>\$ 2,673,953</u>	<u>\$ 240,708</u>	<u>\$ 2,902,088</u>	<u>\$ 9,500,436</u>

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

CITY OF MADEIRA, MINNESOTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

					Total
Reconciliation of Operating Income to Net Cash Provided By Operating Activities					
Operating Income	\$ 242,581	\$ 294,832	\$ 48,526	\$ 282,078	\$ 868,017
Adjustments to Reconcile Operating Income to Net Cash Provided By Operating Activities					
Depreciation	109,689	304,159	15,230	331,608	760,686
Noncash Pension Expense	(12,133)	(5,048)	(5,090)	-	(22,271)
Changes in Assets and Liabilities					
Receivables	3,314	28,360	-	49,576	81,250
Inventory	670	-	7,534	(173,546)	(165,342)
Prepaid Expenses	-	-	-	4,813	4,813
Accounts Payable	(3,995)	(42,977)	(9,565)	(130,660)	(187,197)
Accrued Expenses	-	(5,116)	-	(38,896)	(44,012)
Customer Deposits	(5,723)	-	-	-	(5,723)
Other Receipts and Payments	(27)	(27)	(18)	2,441	2,369
Net Cash Provided By Operating Activities	<u>\$ 334,376</u>	<u>\$ 574,183</u>	<u>\$ 56,617</u>	<u>\$ 327,414</u>	<u>\$ 1,292,590</u>

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

CITY OF MADELIA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Madelia (the City) is a municipal corporation governed by a elected Mayor and four-member Council elected by eligible voters of the City. The Council exercises legislative authority and determines all matters of policy. The Council appoints personnel responsible for the proper administration of all affairs relating to the City. The City provides the following services: general government, public safety, public works, public health and welfare, culture, recreation, electric, waterworks, wastewater, and municipal liquor.

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

A. Reporting Entity

The City has considered all potential units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the primary government to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the primary government. Blended component units, although legally separate entities are, in substance, part of the City's operations and so data from these units are combined with data of the primary government. Based on this criteria, the City has included Madelia Municipal Light and Power (MMLP) as a blended component unit. Separate financial statements are issued for MMLP and the complete audited financial statements may be obtained by contacting their office at: Municipal Light and Power of Madelia, Madelia, Minnesota 56062.

B. Government-Wide and Fund Financial Statements

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

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

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

CITY OF MADEIRA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

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

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

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

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

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

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

CITY OF MADEIRA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

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

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

The City reports the following major governmental fund:

- General Fund - The General Fund is the City's primary operating fund. It is used to account for all financial resources not required to be accounted for in another fund.

The City reports the following major proprietary funds:

- Water Fund - The Water Fund accounts for the activities of the government's water distribution operations.
- Wastewater Fund - The Wastewater Fund accounts for the activities of the government's sanitary sewer service within the City.
- Liquor Fund - The Liquor Fund accounts for the activities of the sale of alcohol and other beverages to the public.
- Municipal Light and Power - The Municipal Light and Power Fund accounts for the activities of the the government's power service within the City.

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

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

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

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

CITY OF MADEIRA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

D. Use of Estimates

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

E. Restricted Assets

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

F. Encumbrances

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

G. Deposits and Investments

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

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

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

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

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

CITY OF MADEIRA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

G. Deposits and Investments (Cont.)

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

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

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

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

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

H. Property Taxes

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

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

I. Accounts Receivable

Accounts receivable include amounts billed for services provided before year end. Unbilled utility enterprise fund receivables are also included for services provided in 2024. Since the City is generally able to certify delinquent amounts to the County for collection as special assessments, no allowance for uncollectible accounts has been provided on current receivables.

CITY OF MADEIRA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

J. Special Assessments

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

K. Inventories

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

L. Interfund Receivables and Payables

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

M. Prepaid Items

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

N. Capital Assets

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

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

For financial statement purposes only, capital assets are defined by the government as assets with an initial, individual cost of more than \$100 for land and improvements, \$500 for equipment and furniture, and \$5,000 for infrastructure, buildings and improvements and an estimated useful life in excess of one year.

CITY OF MADEIRA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

N. Capital Assets (Cont.)

Property, plant and equipment are depreciated using the straight line method over the following estimated useful lives: Buildings 10-50 years, Street Improvements 20-30 years, Water Mains and Wells 50-100 years, Wastewater Treatment Plant 10-50 years, Electric System Production and Distribution 20-30 years, Machinery and Equipment 5-25 years, vehicles 3-25 years and land not depreciated.

O. Compensated Absences

Sick leave payout is accrued at 30% of the earned sick leave for employees who have been with the City for 15 continuous years of service. Vacation time is not accrued since the personnel policy requires employees to use any vacation carryover within five months after each year end and are only allowed to carry over five days into the next year. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee years of service, resignations, and retirements.

Severance benefits are paid to employees over the age of 55, who were hired prior to January 1, 1996, and who leave in good standing with fifteen years of consecutive calendar years of service. Benefits are earned at \$200 per year for the primary government and \$300 per year for the component unit from the date of employment.

P. Long-term Obligations

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

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

Q. Pensions

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

CITY OF MADEIRA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

R. Other Postemployment Benefits Payable

For purposes of measuring the OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Utility and additions to/deductions from the Utility's fiduciary net position have been determined on the same basis as they are reported by the Utility. For this purpose, the Utility recognizes benefit payments when due and payable in accordance with the benefit terms.

S. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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

T. Fund Balance

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

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

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

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

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

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

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

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

CITY OF MADEIRA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

U. Net Position

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

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

An annual budget is adopted on a basis consistent with accounting generally accepted in the United States of America for the General Fund. All annual appropriations lapse at fiscal year end. The City does not use encumbrance accounting.

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

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

B. Expenditures Over Appropriations

The following sub-functions of the budgeted funds had expenditures in excess of appropriations for the year ended December 31, 2024.

<u>Function Area</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund:			
Debt Service	\$ -	\$ 1,764	\$ (1,764)

C. Deficit Fund Equity

The following funds had fund equity deficits at December 31, 2024:

Center Street Project	(48,492)
Flood Improvement	(188,201)
Watona Park Splash Pad Project	(31,251)

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

CITY OF MADEIRA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

3. DEPOSITS AND INVESTMENTS

A. Cash and Cash Investments

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

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

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

At year end, the City's carrying amount of deposits was \$5,326,955 and the bank balance was \$5,380,636 including certificates of deposits of \$3,140,289. Of the bank balance, \$2,485,916 was covered by federal depository insurance. Of the remaining balance, \$2,894,720 was collateralized with securities held by the pledging financial institution's trust department in the City's name.

In addition the Utility had deposits of \$2,908,292 at December 31, 2024 all of which was covered by FDIC insurance and collateral.

B. Investments

As of December 31, 2024, the City had the following pooled and non-pooled investments that are insured or registered, or securities held by the City or its agent in the City's name.

<u>Type of Investment</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<u>Pooled Investments</u>				
Minnesota Municipal Money				
Market (4M) Fund	\$ 2,757,176	\$ -	\$ 2,757,176	\$ -
Negotiable Certificates of Deposits	<u>1,624,800</u>	<u>-</u>	<u>1,624,800</u>	<u>-</u>
Total	<u>\$ 4,381,976</u>	<u>\$ -</u>	<u>\$ 4,381,976</u>	<u>\$ -</u>

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

C. Cash on Hand

Cash in the possession of the City, consisting of petty cash and change funds, totals \$2,121.

CITY OF MADEIRA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

3. DEPOSITS AND INVESTMENTS (Cont.)

D. Cash and Investments Summary

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

Total Deposits	\$ 8,235,247
Total Investments	4,381,976
Total Cash on Hand	<u>2,121</u>
	<u>\$12,619,344</u>
Statement of Net Position:	
Cash and Cash Investments - Primary Government	\$12,582,649
Restricted Assets	<u>36,695</u>
	<u>\$12,619,344</u>

E. Designated and Restricted Funds

The City has established the Business Assistance Program to provide business subsidies, financial assistance and business facilitation to improve the economic condition of the City by focusing on commercial and industrial development, establishing tax base, and to create additional job opportunities within the City. The Business Assistance Program is to provide resources and tools, including loans and grants, to support and attract business within the City. The General Fund has \$36,695 on deposit to partially fund the program. Banks provide low interest rate loans to qualifying businesses. The City has no responsibility for uncollectible loans and the deposits will be returned as loans are collected.

4. NOTES RECEIVABLE

The City has \$1,755,146 of notes receivable as of year-end, which represents notes receivable with various interest rates ranging from 2.0-7.0% based on income levels of the borrower and are due in monthly payments over a term of ten years. A portion of these notes are forgivable after ten years and all of these notes are secured by equipment or real estate.

	Notes Receivable	Forgivable
General	\$ 60,732	\$ 135,471
Housing Revolving Fund	166,144	452,779
USDA Revolving Loan Fund	1,362,126	-
Economic Development Fund	<u>166,144</u>	<u>-</u>
Total	<u>\$ 1,755,146</u>	<u>\$ 588,250</u>

5. DUE TO AND FROM OTHER FUNDS

Due to and from other funds at December 31, 2024, follows:

	Due from Other Funds	Due to Other Funds
General Fund	\$ 213,394	\$ 114,786
Nonmajor Governmental Funds	-	213,394
Water Fund	294,786	-
Liquor Fund	<u>-</u>	<u>180,000</u>
	<u>\$ 508,180</u>	<u>\$ 508,180</u>

CITY OF MADEIRA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

5. DUE TO AND FROM OTHER FUNDS (Cont.)

The Liquor Fund owes the Water Fund \$180,000 for an advance made for the purchase of the liquor store building. The loan is interest free and has annual payments of \$30,000 to be made over 15 years. The General Fund owes the Water Fund \$114,786 for the purchase of equipment and will be repaid with available cash. All other advances are for cash flow purposes.

6. UNAVAILABLE/UNEARNED REVENUE

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

	<u>Unavailable</u>	<u>Unearned</u>
General Fund		
Delinquent taxes receivable	\$ <u>23,574</u>	\$ <u>-</u>
Total	\$ <u><u>23,574</u></u>	\$ <u><u>-</u></u>

7. TRANSFERS

Transfers to and from other funds at December 31, 2024, follows:

	<u>Transfers from Other Funds</u>	<u>Transfers to Other Funds</u>
General Fund	\$ -	\$ 86,884
Nonmajor Governmental Funds	239,345	97,315
Water Fund	-	20,000
Sewer Fund	-	35,146
	\$ <u><u>239,345</u></u>	\$ <u><u>239,345</u></u>

- The General Fund transferred \$86,884 to the Nonmajor Governmental Funds for future capital purchases.
- The Nonmajor Governmental Funds transferred \$97,315 to other Nonmajor Governmental Funds.
- The Water Fund transferred \$20,000 and the Sewer Fund transferred \$35,146 to the Nonmajor Governmental Funds for operations.

CITY OF MADEIRA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

8. CHANGES IN CAPITAL ASSETS

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

	<u>Balance</u> <u>January 1</u>	<u>Additions</u>	<u>Transfers/</u> <u>Retirements</u>	<u>Balance</u> <u>December 31</u>
Not Being Depreciated:				
Land	\$ 530,333	\$ -	\$ -	\$ 530,333
Construction in Progress	<u>310,809</u>	<u>583,729</u>	<u>(237,094)</u>	<u>657,444</u>
Subtotal	<u>841,142</u>	<u>583,729</u>	<u>(237,094)</u>	<u>1,187,777</u>
Other Capital Assets:				
Buildings	6,388,538	-	237,094	6,625,632
Infrastructure and Improvements	4,613,442	17,000	-	4,630,442
Equipment	<u>2,291,151</u>	<u>186,787</u>	<u>(15,000)</u>	<u>2,462,938</u>
Subtotal	<u>13,293,131</u>	<u>203,787</u>	<u>222,094</u>	<u>13,719,012</u>
Less: Accumulated Depreciation				
Buildings	1,226,558	152,512	-	1,379,070
Infrastructure and Improvements	2,589,023	52,445	-	2,641,468
Machinery and Equipment	<u>1,599,621</u>	<u>223,264</u>	<u>(8,500)</u>	<u>1,814,385</u>
Subtotal	<u>5,415,202</u>	<u>428,221</u>	<u>(8,500)</u>	<u>5,834,923</u>
Net Other Capital Assets	<u>7,877,929</u>	<u>(224,434)</u>	<u>230,594</u>	<u>7,884,089</u>
Net Capital Assets	<u>\$ 8,719,071</u>	<u>\$ 359,295</u>	<u>\$ (6,500)</u>	<u>\$ 9,071,866</u>

CITY OF MADEIRA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

8. CHANGES IN CAPITAL ASSETS (Cont.)

Business Type Activities - The following is a summary of business-type activities capital assets at December 31, 2024.

	<u>Balance</u> <u>January 1</u>	<u>Additions</u>	<u>Transfers/</u> <u>Retirements</u>	<u>Balance</u> <u>December 31</u>
Not Being Depreciated:				
Land	\$ 254,079	\$ -	\$ -	\$ 254,079
Construction in Progress	<u>5,665,631</u>	<u>1,879,811</u>	<u>-</u>	<u>7,545,442</u>
Subtotal	<u>5,919,710</u>	<u>1,879,811</u>	<u>-</u>	<u>7,799,521</u>
Other Capital Assets:				
Buildings	5,722,868	-	(33,597)	5,689,271
Generation and Distribution				
Plant	24,729,154	587,535	(4,059,154)	21,257,535
Equipment	2,101,231	100,549	(392,170)	1,809,610
Other Fixed Assets	<u>187,155</u>	<u>6,000</u>	<u>(73,168)</u>	<u>119,987</u>
Subtotal	<u>32,740,408</u>	<u>694,084</u>	<u>(4,558,089)</u>	<u>28,876,403</u>
Less: Accumulated Depreciation				
Buildings	3,519,219	104,572	(33,597)	3,590,194
Generation and Distribution				
Plant	14,617,495	533,780	(4,059,154)	11,092,121
Equipment	1,658,643	108,514	(392,170)	1,374,987
Other Fixed Assets	<u>163,328</u>	<u>13,820</u>	<u>(73,168)</u>	<u>103,980</u>
Subtotal	<u>19,958,685</u>	<u>760,686</u>	<u>(4,558,089)</u>	<u>16,161,282</u>
Net Other Capital Assets	<u>12,781,723</u>	<u>(66,602)</u>	<u>-</u>	<u>12,715,121</u>
Net Capital Assets	<u>\$ 18,701,433</u>	<u>\$ 1,813,209</u>	<u>\$ -</u>	<u>\$ 20,514,642</u>

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

Governmental Activities:	
General Government	\$ 39,412
Public Safety	193,038
Public Works	132,962
Culture and Recreation	62,808
Economic Development	<u>1</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 428,221</u>
Business-Type Activities:	
Liquor Store	\$ 109,689
Sewer Service	304,159
Liquor Fund	15,230
Madelia Municipal Light and Power	<u>331,608</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 760,686</u>

CITY OF MADEIRA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

9. FUND BALANCE

A. Classifications

	<u>General Fund</u>	Nonmajor Governmental <u>Funds</u>	<u>Total</u>
Nonspendable:			
Interfund Loans	\$ 213,394	\$ -	\$ 213,394
Prepaid Expenses	<u>3,476</u>	<u>-</u>	<u>3,476</u>
Total Nonspendable	<u>216,870</u>	<u>-</u>	<u>216,870</u>
Restricted for:			
Economic Development	-	1,565,663	1,565,663
Debt Service	<u>-</u>	<u>136,249</u>	<u>136,249</u>
Total Restricted	<u>-</u>	<u>1,701,912</u>	<u>1,701,912</u>
Committed to:			
Capital Projects	<u>-</u>	<u>463,569</u>	<u>463,569</u>
Total Committed	<u>-</u>	<u>463,569</u>	<u>463,569</u>
Assigned to:			
Capital Outlay and Improvements	-	492,425	492,425
Economic Development	<u>-</u>	<u>18,037</u>	<u>18,037</u>
Total Assigned	<u>-</u>	<u>510,462</u>	<u>510,462</u>
Unassigned	<u>1,471,725</u>	<u>(267,944)</u>	<u>1,203,781</u>
Total	<u>\$ 1,688,595</u>	<u>\$ 2,407,999</u>	<u>\$ 4,096,594</u>

B. Minimum Unassigned Fund Balance Policy

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

The policy establishes a year-end targeted unassigned fund balance amount for cash-flow timing needs in the range of 35-50% of the subsequent year's budgeted expenditures. At December 31, 2024, the unassigned fund balance of the General Fund was 51.6% of the subsequent year's budgeted expenditures

10. CHANGES IN LONG-TERM DEBT

The following is a summary of long-term debt transactions of the City for the year ended December 31, 2024.

	Balance <u>January 1</u>	<u>Debt Issued</u>	Debt <u>Retired</u>	Balance <u>December 31</u>	Current <u>Amount</u>
G.O. Improvement Bonds	\$ 3,067,000	\$ -	\$ 141,000	\$ 2,926,000	\$ 143,000
G.O. Revenue Bonds	5,425,000	860,000	260,000	6,025,000	260,000
G.O. Revolving Loan	831,000	-	274,000	557,000	277,000
Utility Revenue Bond	<u>3,965,000</u>	<u>-</u>	<u>100,000</u>	<u>3,865,000</u>	<u>105,000</u>
Totals	<u>\$13,288,000</u>	<u>\$ 860,000</u>	<u>\$ 775,000</u>	<u>\$13,373,000</u>	<u>\$ 785,000</u>

CITY OF MADEIRA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

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

General Obligation Improvement Bonds issued for governmental activities will be liquidated through the related debt service fund. General Obligation Revenue Bonds for business-type activities are expected to be liquidated through the related wastewater enterprise fund. Utility Revenue Bonds issued for component units are expected to be liquidated through the related electric fund.

Bonds outstanding at December 31, 2024 are comprised of the following issues:

Governmental Activities

\$289,000 GO Improvement Bonds of 2019B, due in annual installments of \$25,000 to \$32,000 through February 2030, plus interest at 2.5% due in semi-annual installments. \$ 182,000

\$447,000 GO Improvement Bonds of 2020A, due in annual installments of \$38,000 to \$49,000 through February 2031, plus interest at 1.95% due in semi-annual installments. 324,000

\$2,545,000 GO Improvement Bond of 2021B, due in annual installments of \$55,000 to \$120,000 through February 2051, plus interest from 0.6 - 2.5% due in semi-annual installments. 2,420,000

Total Governmental Activities 2,926,000

Business-Type Activities

\$4,732,813 GO Sewer Revenue Note of 2006A. Due in annual installments of \$96,813 to \$280,000 plus interest at 1.0% through August 20, 2026. 557,000

\$1,120,000 GO Sanitary Sewer System Revenue Bond of 2019A. Due in annual installments of \$65,000 to \$90,000 plus interest at 2.0-3.0% due in semi-annual installments through February 1, 2034. 785,000

\$2,020,000 GO Sewer Revenue Bonds of 2020B. Due in annual installments of \$85,000 to \$120,000 plus interest at 0.4-2.0% due in semi-annual installments through February 1, 2041. 1,755,000

\$2,975,000 GO Water and Sewer Revenue Bonds of 2021A. Due in annual installments of \$90,000 to \$125,000 plus interest at 1.15-2.25% due in semi-annual installments. 2,625,000

\$4,050,000 Electric Utility Revenue Bond of 2021C. Due in annual installments of \$85,000 to \$200,000 plus interest through at 2.0-3.0% through February 1, 2051. 3,865,000

\$860,000 Water Utility Revenue Bond of 2024A. Due in annual installments of \$50,000 to \$90,000 plus interest at 4.0-5.0% due in semi annual installments. 860,000
Total Business-Type Activities 10,447,000

Total Long-Term Debt \$13,373,000

CITY OF MADELIA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

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

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

	G.O. Improvement Bonds Governmental Activities			G.O. Revenue Bonds Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 143,000	\$ 58,848	\$ 201,848	\$ 260,000	\$ 130,361	\$ 390,361
2026	145,000	56,927	201,927	315,000	136,391	451,391
2027	145,000	54,827	199,827	335,000	128,679	463,679
2028	152,000	52,522	204,522	340,000	119,829	459,829
2029	154,000	50,152	204,152	345,000	110,821	455,821
2030-2034	517,000	215,118	732,118	1,865,000	397,365	2,262,365
2035-2039	430,000	171,604	601,604	1,445,000	194,140	1,639,140
2040-2044	475,000	122,553	597,553	870,000	65,658	935,658
2045-2049	530,000	62,866	592,866	250,000	5,624	255,624
2050-2054	235,000	5,938	240,938	-	-	-
Total	<u>\$2,926,000</u>	<u>\$ 851,355</u>	<u>\$3,777,355</u>	<u>\$6,025,000</u>	<u>\$1,288,868</u>	<u>\$7,313,868</u>

	G.O. Revolving Loan Business-Type Activities			Utility Revenue Bond Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 277,000	\$ 5,570	\$ 282,570	\$ 100,000	\$ 103,210	\$ 203,210
2026	280,000	2,800	282,800	105,000	101,160	206,160
2027	-	-	-	105,000	99,060	204,060
2028	-	-	-	110,000	96,910	206,910
2029	-	-	-	575,000	450,700	1,025,700
2030-2034	-	-	-	635,000	385,449	1,020,449
2035-2039	-	-	-	725,000	297,004	1,022,004
2040-2044	-	-	-	840,000	179,850	1,019,850
2045-2049	-	-	-	770,000	46,950	816,950
2050-2054	-	-	-	-	-	-
Total	<u>\$ 557,000</u>	<u>\$ 8,370</u>	<u>\$ 565,370</u>	<u>\$3,965,000</u>	<u>\$ 1,760,293</u>	<u>\$ 5,725,293</u>

11. DEFINED BENEFIT PENSION PLANS – STATEWIDE

A. Plan Description

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

1. General Employees Retirement Plan (General Plan)

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

CITY OF MADEIRA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

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

A. Plan Description (Cont.)

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

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

B. Benefits Provided

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state Legislature. Vested, terminated employees who are entitled to benefits, but are not receiving them yet, are bound by the provisions in effect at the time they last terminated their public service. When a member is "vested," they have earned enough service credit to receive a lifetime monthly benefit after leaving public service and reaching an eligible retirement age. Members who retire at or over their Social Security full retirement age with at least one year of service qualify for a retirement benefit.

1. General Employees Plan Benefits

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

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

CITY OF MADELIA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

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

B. Benefits Provided (Cont.)

2. Police and Fire Plan Benefits

Benefits for Police and Fire Plan members first hired after June 30, 2010, are vested after three years of service. Members hired on or after July 1, 2010, are fifty percent vested after 5 years of service and 100 percent vested after ten years. After five years, vesting increase by 10 percent each full year of service until members are 100 percent vested after ten years. Police and Fire Plan members receive 3 percent of highest average salary for all years of service. Police and Fire Plan members receive a full retirement benefit when they are age 55 and vested, or when their age plus their years of service equal 90 or greater if they were first hired before July 1, 1989. Early retirement starts at age 50, and early retirement benefits are reduced by 0.417 percent each month members are younger than age 55.

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

C. Contributions

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

1. General Employees Fund Contributions

General Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2024 and the City of Madelia, Minnesota was required to contribute 7.50% for Coordinated Plan members. The City of Madelia, Minnesota contributions to the General Employees Fund for the year ended December 31, 2024, were \$109,358. The City of Madelia, Minnesota contributions were equal to the required contributions as set by state statute.

2. Police and Fire Fund Contributions

Police and Fire Plan members were required to contribute 11.80% of their annual covered salary in fiscal year 2024 and the City of Madelia, Minnesota was required to contribute 17.70% for Police and Fire Plan members. The City of Madelia, Minnesota contributions to the Police and Fire Fund for the year ended December 31, 2024, were \$63,694. The City of Madelia, Minnesota contributions were equal to the required contributions as set by state statute.

D. Pension Costs

1. General Employees Fund Pension Costs

At December 31, 2024, the City of Madelia, Minnesota reported a liability of \$617,842 for its proportionate share of the General Employees Fund's net pension liability. The City of Madelia, Minnesota's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City of Madelia, Minnesota totaled \$15,976.

CITY OF MADELIA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

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

D. Pension Costs (Cont.)

The net pension liability was measured as of June 30, 2024 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City of Madelia, Minnesota's proportion share of the net pension liability was based on the City of Madelia, Minnesota's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2023 through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. The City of Madelia, Minnesota proportionate share was 0.0167% at the end of the measurement period and 0.0170% for the beginning of the period.

City of Madelia proportionate share of the net pension liability	\$ 617,842
State of Minnesota's proportionate share of the net pension liability associated with the City of Madelia	<u>15,976</u>
Total	<u>\$ 633,818</u>

For the year ended December 31, 2024, the City of Madelia, Minnesota recognized pension expense of \$36,744 for its proportionate share of the General Employees Plan's pension expense. In addition, the City of Madelia, Minnesota recognized an additional \$257 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

During the plan year ended June 30, 2024, the State of Minnesota contributed \$170.1 million to the General Employees Fund. The State of Minnesota is not included as a non-employer contributing entity in the General Employee Plan pension allocation schedules for the \$170.1 million in direct state aid because this contribution was not considered to meet the definition of a special funding situation. The City of Madelia, Minnesota recognized \$15,976 for the year ended December 31, 2024 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the General Employees Fund.

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

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual economic experience	\$ 57,746	\$ -
Changes in actuarial assumptions	2,990	230,318
Net collective difference between projected and actual investment earnings	-	174,739
Changes in proportion	21,514	37,732
Contributions paid to PERA subsequent to the measurement date	<u>55,762</u>	<u>-</u>
Total	<u>\$ 138,012</u>	<u>\$ 442,789</u>

CITY OF MADELIA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

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

D. Pension Costs (Cont.)

The \$55,762 reported as deferred outflows of resources related to pensions resulting from City of Madelia, Minnesota contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31:</u>	<u>Pension Expense Amount</u>
2025	\$ (191,093)
2026	\$ (41,701)
2027	\$ (80,397)
2028	\$ (47,348)
2029	\$ -
Thereafter	\$ -

2. Police and Fire Fund Pension Costs

At December 31, 2024, the City of Madelia, Minnesota reported a liability of \$327,972 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City of Madelia, Minnesota proportion of the net pension liability was based on the City of Madelia, Minnesota contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2023 through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. The City of Madelia, Minnesota proportionate share was 0.0249% at the end of the measurement period and 0.0228% for the beginning of the period.

The State of Minnesota also contributed \$37.4 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2024. The contribution consisted of \$9 million in direct state aid that does meet the definition of a special funding situation, additional one-time direct state aid contributions of \$19.4 million, and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. Additionally, \$9 million supplemental state aid was paid on October 1, 2024. Thereafter, by October 1 of each year, the state will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90 percent funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later. The State of Minnesota's proportionate share of the net pension liability associated with the City of Madelia, Minnesota totaled \$12,502.

City of Madelia proportionate share of the net pension liability	\$ 327,972
State of Minnesota's proportionate share of the net pension liability associated with the City of Madelia	<u>12,502</u>
Total	<u>\$ 340,474</u>

CITY OF MADELIA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

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

D. Pension Costs (Cont.)

For the year ended December 31, 2024 the City of Madelia, Minnesota recognized pension expense of \$46,722 for its proportionate share of the Police and Fire Fund's pension expense. The City of Madelia, Minnesota recognized \$1,214 as grant revenue and pension expense for its proportionate share of the State of Minnesota's pension expense for the contribution of \$9 million to the Police and Fire Fund.

The State of Minnesota is not included as a non-employer contribution entity in the Police and Fire Pension Plan pension allocation schedules for the \$28.4 million in supplemental state aid because this contribution was not considered to meet the definition of a special funding situation. The City of Madelia, Minnesota recognized \$12,502 for the year ended December 31, 2024 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund.

At December 31, 2024, the City of Madelia, Minnesota reported 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	\$ 119,302	\$ -
Changes in actuarial assumptions	321,084	441,691
Net collective difference between projected and actual investment earnings	-	115,470
Changes in proportion	65,191	6,708
Contributions paid to PERA subsequent to the measurement date	<u>32,378</u>	<u>-</u>
Total	<u>\$ 537,955</u>	<u>\$ 563,869</u>

The \$32,378 reported as deferred outflows of resources related to pensions resulting from City of Madelia, Minnesota contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31:</u>	<u>Pension Expense Amount</u>
2025	\$ (11,437)
2026	\$ 82,509
2027	\$ (38,854)
2028	\$ (104,197)
2029	\$ 13,687
Thereafter	\$ -

CITY OF MADEIRA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

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

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:

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

F. Actuarial Assumptions

The total pension liability for each of the cost-sharing defined benefit plans was determined by the actuarial valuation as of June 30, 2024, using the entry age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 7.0%. The 7.0% 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 considered reasonable by the actuary. An investment return of 7.0% was deemed to be within that range.

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

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

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

CITY OF MADEIRA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

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

E. Actuarial Assumptions (Cont.)

Actuarial assumptions for the General Employees Plan are reviewed every four years. The General Employees plan was last reviewed in 2022. The assumption changes were adopted by the Board and became effective with the July 1, 2023 actuarial valuation. The Police and Fire Plan and Correctional Plan were reviewed in 2024. PERA anticipates the experience study will be approved by the Legislative commission on Pensions and Retirement and become effective with the July 1, 2025 actuarial valuation.

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

General Employees Fund

Changes in Actuarial Assumptions:

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

Changed in Plan Provisions:

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

CITY OF MADELIA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

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

E. Actuarial Assumptions (Cont.)

Police and Fire Fund

Changes in Actuarial Assumptions:

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

G. Discount Rate

The discount rate used to measure the total pension liability in 2024 was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at the rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund, Police and Fire, and Correctional Plans were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

H. Pension Liability Sensitivity

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

	1% Decrease in Discount Rate (6.0%)	Discount Rate (7.0%)	1% Increase in Discount Rate (8.0%)
General Employees Fund:	\$ 1,349,459	\$ 617,839	\$ 16,014
	1% Decrease in Discount Rate (5.5%)	Discount Rate (6.5%)	1% Increase in Discount Rate (7.5%)
Police and Fire Fund	\$ 775,063	\$ 327,972	\$ (39,182)

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.

CITY OF MADEIRA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

12. POST EMPLOYMENT HEALTH CARE PLAN

A. Plan Description

The Utility operates a single-employer postemployment defined benefit plan (the Plan) that provides severance pay to eligible employees. This plan covers active and retired employees who have reached age 55 with at least five years of service for access to group insurance and fifteen years of service for subsidized benefits. Benefit provisions are established through negotiations between the Utility and the union representing the Utility employees are renegotiated at the end of each contract period. There are 7 active participants and no spouses of retired participants. For employees meeting certain length of service experience requirements, the amount to be paid is \$400 per year for the total number of years the individual has worked for the employer. The Plan does not issue a publicly available financial report.

B. Benefits Paid

The Utility has no assets accumulated in a trust that meets the criteria in GASB No. 75. Contribution requirements are negotiated between the Utility and union representatives. The eligibility for, amount of, duration of, and Utility's contribution to the cost of the benefits provided varies by contract and date of retirement. The Utility is funding this liability on a pay-as-you-go basis. For 2024, the Utility made contributions of \$9,474 to the plan.

C. Actuarial Methods and Assumptions

The Utility's OPEB liability was measured as of January 1, 2024 and the total OPEB liability was determined by an actuarial valuation as of January 1, 2024.

The total OPEB liability was determined by an actuarial valuation as of January 1, 2024, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Key Methods and Assumptions Used in Valuation of Total OPEB Liability

Discount Rate	2.5%
Expected Return	N/A
Inflation	3.0%
Healthcare cost trend increases	6.25% decreasing to 5.0% over 5 years
Mortality Assumption	Pub-2010 Public Retirement Plans General Headcount-Weighted Mortality tables

Economic assumptions are based on input from a variety of published sources of historical and projected future financial data. Each assumption was reviewed for reasonableness with the source information as well as for consistency with the other economic assumptions.

The discount rate used to measure the total OPEB liability was 4.0%. The discount rate is based on the estimated yield of 20-Year AA-rated municipals bonds.

The following benefit changes have been made since the most recent valuation:

- There were no changes in benefit changes since the previous valuation

The following assumption or plan changes have been made since the most recent valuation:

- The discount rate was changed from 4.0% to 3.7%.

CITY OF MADEIRA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

12. POST EMPLOYMENT HEALTH CARE PLAN (Cont.)

D. Changes in Net OPEB Liability

The Utility's total OPEB liability of \$32,101 was measured as of December 31, 2024, and was determined by an actuarial valuation as of January 1, 2024.

Changes in the total OPEB liability are as follows:

	Total OPEB Liability
Balance at December 31, 2023	\$ <u>36,108</u>
Changes for the year:	
Service Cost	3,591
Interest	1,400
Changes in Assumptions	476
Benefit Payments	<u>(9,474)</u>
Net Changes	<u>(4,007)</u>
Balance at December 31, 2024	\$ <u><u>32,101</u></u>

E. OPEB Liability Sensitivity

The following presents the Utility's total OPEB liability calculated using the discount rate of 4.0% as well as the liability measured using 1% lower and 1% higher than the current discount rate.

	1% Decrease in Discount Rate (2.7%)	Discount Rate (3.7%)	1% Increase in Discount Rate (4.7%)
Total OPEB Liability	\$ 34,182	\$ 32,101	\$ 30,069

The following presents the total OPEB liability of the Utility, as well as what the Utility's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower and 1% higher than the current healthcare cost trend rates.

	1% Decrease in Healthcare Cost Trend Rate (5.25% decreasing to 4.0%)	Healthcare Cost Trend Rate (6.25% decreasing to 5.0%)	1% Increase in Healthcare Cost Trend Rate (7.25% decreasing to 6.0%)
Total OPEB Liability	\$ 29,995	\$ 32,101	\$ 34,526

CITY OF MADEIRA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

12. POST EMPLOYMENT HEALTH CARE PLAN (Cont.)

F. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At December 31, 2024, the Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 823	\$ 4,979
Liability Gains	-	16,665
Contributions made subsequent to the measurement date	7,027	-
Total	<u>\$ 7,850</u>	<u>\$ 21,644</u>

\$674 reported as a deferred outflow of resources related to OPEB resulting from the Board contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2025. The remaining balances of the employer's deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended December 31:</u>	<u>Pension Expense Amount</u>
2025	\$ (3,564)
2026	\$ (3,964)
2027	\$ (3,964)
2028	\$ (3,955)
2029	\$ (1,813)
Thereafter	\$ (3,561)

13. RELATED PARTY TRANSACTIONS

There were no material related party transactions during the year 2024.

14. COMMITMENTS AND CONTINGENCIES

A. Risk Management

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

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

CITY OF MADEIRA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

14. COMMITMENTS AND CONTINGENCIES (Cont.)

B. Claims and Judgments

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

C. Purchase Commitment

The City's blended component unit purchases power from Heartland Consumers Power District. Under terms of the contract the blended component unit is obligated to buy all electrical power and energy needed to operate the electric utilities through the term of the contract which expires January 2041.

D. Construction Contract

The City entered construction contracts for the construction of the following projects:

- Well House Parking Lot and Alley Improvements - The total contract price including change orders is \$320,756. As of December 31, 2024 the City had \$114,957 remaining on the construction contract.
- Water System SCADA - The total contract price include change orders is \$524,470. As of December 31, 2024 the City had \$224,040 remaining on the construction contract.
- Well No 4 and 6 - The total contract price include change orders is \$621,563. As of December 31, 2024 the City had \$293,933 remaining on the construction contract.

15. TAX ABATEMENTS

As of December 31, 2024, the City has one agreements entered into by the City listed below that abate City property taxes. Below is information specific to each agreement:

The City entered into a tax abatement agreement in 2016 with various downtown businesses destroyed by the February 3, 2016 fire. The business incurred costs to rebuild their properties. In return, the City will reimburse the business for some costs as the City collects future increment for the increased property value and tax capacity related to the economic development. The agreement has a cap of \$616,243 over the life of the agreement. The agreement was negotiated under state law (Minnesota Statutes Sections 469.1812 through 469.1815) and has a maximum duration dated to 2037.

The following is a calculation of taxes abated during the year:

	Amount of Taxes Abated During the Year
<u>Tax Abatement Agreements</u>	
Downtown Abatement	\$ 12,513
	<u>\$ 12,513</u>

CITY OF MADELIA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

16. SUBSEQUENT EVENTS

Management evaluated all activity of City of Madelia through April 14, 2025 (the issue date of the financial statements) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

REQUIRED SUPPLEMENTAL INFORMATION

CITY OF MADELIA, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2024
With Comparative Amounts for the year ended December 31, 2023

	<u>2024</u>			<u>2023</u>	
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>Actual</u>
REVENUES:					
TAXES:					
General Property Taxes	\$ 800,000	\$ 800,000	\$ 789,087	\$ (10,913)	\$ 728,042
Lodging Sales Tax	-	-	1,565	1,565	2,864
Franchise Taxes	16,000	16,000	16,341	341	17,342
Total Taxes	<u>816,000</u>	<u>816,000</u>	<u>806,993</u>	<u>(9,007)</u>	<u>748,248</u>
LICENSES AND PERMITS:					
Business	6,341	6,341	6,534	193	5,246
Nonbusiness	2,500	2,500	21,180	18,680	7,543
Total Licenses and Permits	<u>8,841</u>	<u>8,841</u>	<u>27,714</u>	<u>18,873</u>	<u>12,789</u>
INTERGOVERNMENTAL REVENUE:					
Other Federal Grants	-	-	-	-	13,640
Local Government Aid	1,093,749	1,093,749	1,093,749	-	995,929
Market Value Credit	-	-	49	49	281
State Police Aid	30,000	30,000	44,141	14,141	32,668
State Fire Aid	24,100	24,100	35,572	11,472	30,349
Other State Grants	1,000	1,000	9,820	8,820	113,473
County Grants	-	-	4,181	4,181	3,301
Total Intergovernmental Revenue	<u>1,148,849</u>	<u>1,148,849</u>	<u>1,187,512</u>	<u>38,663</u>	<u>1,189,641</u>
CHARGES FOR SERVICES:					
General Government	58,780	58,780	69,108	10,328	67,564
Public Safety	20,000	20,000	48,467	28,467	44,341
Culture and Recreation					-
Parks	94,500	94,500	27,206	(67,294)	108,351
Golf	161,400	161,400	111,848	(49,552)	198,372
Swimming Pool	33,000	33,000	32,844	(156)	38,806
Garbage Collection	88,100	88,100	106,266	18,166	105,340
Total Charges for Services	<u>455,780</u>	<u>455,780</u>	<u>395,739</u>	<u>(60,041)</u>	<u>562,774</u>
FINES AND FORFEITS	<u>5,700</u>	<u>5,700</u>	<u>10,595</u>	<u>4,895</u>	<u>11,586</u>
INTEREST INCOME	<u>300</u>	<u>300</u>	<u>200,779</u>	<u>200,479</u>	<u>1,381</u>
MISCELLANEOUS:					
Rental Income	-	-	70	70	-
Refunds and Reimbursements	2,000	2,000	20,441	18,441	26,233
Insurance Proceeds	-	-	58,387	58,387	-
Miscellaneous Income	500	500	19,842	19,342	21,860
Total Miscellaneous	<u>2,500</u>	<u>2,500</u>	<u>98,740</u>	<u>96,240</u>	<u>48,093</u>
TOTAL REVENUES	<u>2,437,970</u>	<u>2,437,970</u>	<u>2,728,072</u>	<u>290,102</u>	<u>2,574,512</u>
OTHER FINANCING SOURCES					
Transfer In	<u>498,212</u>	<u>498,212</u>	<u>-</u>	<u>(498,212)</u>	<u>215,000</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>2,936,182</u>	<u>2,936,182</u>	<u>2,728,072</u>	<u>(208,110)</u>	<u>2,789,512</u>

CITY OF MADELIA, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BLANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2024
With Comparative Amounts for the year ended December 31, 2023

	<u>2024</u>				<u>2023</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>Actual</u>
EXPENDITURES:					
GENERAL GOVERNMENT:					
Mayor and Council:					
Personnel Services	\$ 29,200	\$ 29,200	\$ 28,527	\$ 673	\$ 29,007
Other Current Expenditures	<u>300</u>	<u>300</u>	<u>-</u>	<u>300</u>	<u>1,430</u>
Total Mayor and Council	<u>29,500</u>	<u>29,500</u>	<u>28,527</u>	<u>973</u>	<u>30,437</u>
Election:					
Personnel Services	<u>2,480</u>	<u>2,480</u>	<u>1,760</u>	<u>720</u>	<u>-</u>
Total Election	<u>2,480</u>	<u>2,480</u>	<u>1,760</u>	<u>720</u>	<u>-</u>
Administrative and Finance:					
Personnel Services	<u>263,201</u>	<u>263,201</u>	<u>250,202</u>	<u>12,999</u>	<u>237,560</u>
Total Administrative and Finance	<u>263,201</u>	<u>263,201</u>	<u>250,202</u>	<u>12,999</u>	<u>237,560</u>
City Hall Expense:					
Personnel Services	37,148	37,148	35,978	1,170	43,008
Other Current Expenditures	<u>75,300</u>	<u>75,300</u>	<u>53,159</u>	<u>22,141</u>	<u>63,387</u>
Total City Hall Expense	<u>112,448</u>	<u>112,448</u>	<u>89,137</u>	<u>23,311</u>	<u>106,395</u>
Assessor Fees:					
Current Expenditures	<u>16,000</u>	<u>16,000</u>	<u>15,966</u>	<u>34</u>	<u>15,210</u>
Legal:					
Current Expenditures	<u>56,000</u>	<u>56,000</u>	<u>57,269</u>	<u>(1,269)</u>	<u>65,423</u>
Other General Government:					
Personnel Services	150	150	130	20	115
Other Current Expenditures	<u>1,700</u>	<u>1,700</u>	<u>8,915</u>	<u>(7,215)</u>	<u>4,651</u>
Total City Hall	<u>1,850</u>	<u>1,850</u>	<u>9,045</u>	<u>(7,195)</u>	<u>4,766</u>
Total General Government	<u>481,479</u>	<u>481,479</u>	<u>451,906</u>	<u>29,573</u>	<u>459,791</u>
PUBLIC SAFETY:					
Police Protection:					
Personnel Services	609,181	609,181	511,570	97,611	461,650
Other Current Expenditures	<u>121,693</u>	<u>121,693</u>	<u>125,998</u>	<u>(4,305)</u>	<u>125,468</u>
Total Police Protection	<u>730,874</u>	<u>730,874</u>	<u>637,568</u>	<u>93,306</u>	<u>587,118</u>
Ambulance:					
Other Current Expenditures	<u>5,960</u>	<u>5,960</u>	<u>28,918</u>	<u>(22,958)</u>	<u>8,545</u>
Total Ambulance	<u>5,960</u>	<u>5,960</u>	<u>28,918</u>	<u>(22,958)</u>	<u>8,545</u>
Fire Protection:					
Personnel Services	88,131	88,131	87,040	1,091	84,424
Other Current Expenditures	55,800	55,800	45,981	9,819	72,465
Capital Outlay	-	-	-	-	7,160
Total Fire Protection	<u>143,931</u>	<u>143,931</u>	<u>133,021</u>	<u>10,910</u>	<u>164,049</u>
Total Public Safety	<u>880,765</u>	<u>880,765</u>	<u>799,507</u>	<u>81,258</u>	<u>759,712</u>
PUBLIC WORKS:					
Streets and Alleys:					
Personnel Services	332,365	332,365	281,455	50,910	288,040
Other Current Expenditures	<u>234,067</u>	<u>234,067</u>	<u>233,354</u>	<u>713</u>	<u>240,417</u>
Total Streets and Alleys	<u>566,432</u>	<u>566,432</u>	<u>514,809</u>	<u>51,623</u>	<u>528,457</u>

CITY OF MADELIA, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BLANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2024
With Comparative Amounts for the year ended December 31, 2023

	<u>2024</u>				<u>2023</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>Actual</u>
EXPENDITURES (Cont.):					
PUBLIC WORKS (Cont.):					
Total Public Works	\$ <u>566,432</u>	\$ <u>566,432</u>	\$ <u>514,809</u>	\$ <u>51,623</u>	\$ <u>528,457</u>
CULTURE AND RECREATION:					
Parks:					
Personnel Services	124,695	124,695	93,340	31,355	66,166
Other Current Expenditures	<u>92,200</u>	<u>92,200</u>	<u>61,342</u>	<u>30,858</u>	<u>118,220</u>
Total Parks	<u>216,895</u>	<u>216,895</u>	<u>154,682</u>	<u>62,213</u>	<u>184,386</u>
Golf:					
Personnel Services	228,285	228,285	95,184	133,101	130,302
Other Current Expenditures	<u>102,064</u>	<u>102,064</u>	<u>86,915</u>	<u>15,149</u>	<u>128,346</u>
Total Golf	<u>330,349</u>	<u>330,349</u>	<u>182,099</u>	<u>148,250</u>	<u>258,648</u>
Library:					
Personnel Services	5,000	5,000	3,046	1,954	3,010
Other Current Expenditures	17,400	17,400	16,946	454	17,213
Capital Outlay	<u>2,000</u>	<u>2,000</u>	<u>-</u>	<u>2,000</u>	<u>-</u>
Total Library	<u>24,400</u>	<u>24,400</u>	<u>19,992</u>	<u>4,408</u>	<u>20,223</u>
Swimming Pool:					
Personnel Services	34,000	34,000	29,243	4,757	47,596
Other Current Expenditures	<u>27,050</u>	<u>27,050</u>	<u>30,609</u>	<u>(3,559)</u>	<u>30,350</u>
Total Swimming Pool	<u>61,050</u>	<u>61,050</u>	<u>59,852</u>	<u>1,198</u>	<u>77,946</u>
Total Culture and Recreation	<u>632,694</u>	<u>632,694</u>	<u>416,625</u>	<u>216,069</u>	<u>541,203</u>
SANITATION:					
Sanitation and Waste Removal:					
Personnel Services	5,000	5,000	-	5,000	-
Other Current Expenditures	<u>101,377</u>	<u>101,377</u>	<u>96,042</u>	<u>5,335</u>	<u>105,970</u>
Total Sanitation and Waste Removal	<u>106,377</u>	<u>106,377</u>	<u>96,042</u>	<u>10,335</u>	<u>105,970</u>
ECONOMIC DEVELOPMENT:					
Current Expenditures	<u>103,867</u>	<u>103,867</u>	<u>100,067</u>	<u>3,800</u>	<u>64,039</u>
MISCELLANEOUS:					
Insurance	34,000	34,000	24,434	9,566	24,825
Other Current Expenditures	<u>30,650</u>	<u>30,650</u>	<u>23,457</u>	<u>7,193</u>	<u>26,978</u>
Total Miscellaneous	<u>64,650</u>	<u>64,650</u>	<u>47,891</u>	<u>16,759</u>	<u>51,803</u>
DEBT SERVICE					
Interest Payments	<u>-</u>	<u>-</u>	<u>1,764</u>	<u>(1,764)</u>	<u>1,962</u>
Total Debt Service	<u>-</u>	<u>-</u>	<u>1,764</u>	<u>(1,764)</u>	<u>1,962</u>
TOTAL EXPENDITURES	<u>2,836,264</u>	<u>2,836,264</u>	<u>2,428,611</u>	<u>407,653</u>	<u>2,512,937</u>

CITY OF MADEIRA, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2024
With Comparative Amounts for the year ended December 31, 2023

	<u>2024</u>				<u>2023</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>Actual</u>
EXCESS REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	\$ <u>99,918</u>	\$ <u>99,918</u>	\$ <u>299,461</u>	\$ <u>199,543</u>	\$ <u>276,575</u>
OTHER FINANCING USES:					
Transfer Out	<u>(103,750)</u>	<u>(103,750)</u>	<u>(86,884)</u>	<u>16,866</u>	<u>(259,651)</u>
EXCESS REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(3,832)	(3,832)	212,577	216,409	16,924
FUND BALANCES - January 1	<u>1,476,018</u>	<u>1,476,018</u>	<u>1,476,018</u>	<u>-</u>	<u>1,459,094</u>
FUND BALANCES - December 31	\$ <u><u>1,472,186</u></u>	\$ <u><u>1,472,186</u></u>	\$ <u><u>1,688,595</u></u>	\$ <u><u>216,409</u></u>	\$ <u><u>1,476,018</u></u>

CITY OF MADEIRA, MINNESOTA
SCHEDULE OF PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY
PERA GENERAL EMPLOYEES RETIREMENT FUND
DECEMBER 31, 2024

Fiscal Year Ending	Proportion (Percentage) of the Net Pension Liability (Asset)	Proportionate Share (Amount) of the Net Pension Liability (Asset)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with City	Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with the City	Covered- Employee Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered- Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2024	0.0167 %	617,839	15,976	633,815	1,440,423	44.00 %	89.10 %
June 30, 2023	0.0170 %	950,621	26,252	976,873	1,323,292	73.82 %	83.10 %
June 30, 2022	0.0172 %	1,362,246	39,927	1,402,173	1,324,840	105.84 %	76.67 %
June 30, 2021	0.0168 %	708,894	21,639	730,533	1,193,837	61.19 %	87.00 %
June 30, 2020	0.0162 %	971,264	30,131	1,001,395	1,146,367	87.35 %	79.10 %
June 30, 2019	0.0162 %	895,662	27,660	923,322	1,142,347	80.83 %	80.20 %
June 30, 2018	0.0163 %	904,257	29,777	934,034	1,100,081	84.91 %	79.50 %
June 30, 2017	0.0166 %	1,067,286	13,296	1,080,582	1,067,130	101.26 %	75.90 %
June 30, 2016	0.0168 %	1,364,076	-	1,364,076	995,264	137.06 %	68.90 %
June 30, 2015	0.0159 %	824,021	-	824,021	938,901	87.76 %	78.19 %

CITY OF MADEIRA, MINNESOTA
SCHEDULE OF CONTRIBUTIONS
PERA GENERAL EMPLOYEES RETIREMENT FUND
DECEMBER 31, 2024

Fiscal Year Ended	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contributions Deficiency (Excess)	Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
December 31, 2024	\$ 109,328	\$ 109,328	-	\$ 1,457,706	7.50 %
December 31, 2023	\$ 98,514	\$ 98,514	-	\$ 1,313,520	7.50 %
December 31, 2022	\$ 95,919	\$ 95,919	-	\$ 1,278,925	7.50 %
December 31, 2021	\$ 94,532	\$ 94,532	-	\$ 1,260,427	7.50 %
December 31, 2020	\$ 86,237	\$ 86,237	-	\$ 1,149,827	7.50 %
December 31, 2019	\$ 89,209	\$ 89,209	-	\$ 1,189,453	7.50 %
December 31, 2018	\$ 82,039	\$ 82,039	-	\$ 1,093,853	7.50 %
December 31, 2017	\$ 81,381	\$ 81,381	-	\$ 1,084,880	7.50 %
December 31, 2016	\$ 77,324	\$ 77,324	-	\$ 1,030,986	7.50 %
December 31, 2015	\$ 71,388	\$ 71,388	-	\$ 936,695	7.50 %

CITY OF MADEIRA, MINNESOTA
SCHEDULE OF PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY
PUBLIC EMPLOYEES POLICE AND FIRE RETIREMENT FUND
DECEMBER 31, 2024

Fiscal Year Ending	Proportion (Percentage) of the Net Pension Liability (Asset)	Proportionate Share (Amount) of the Net Pension Liability (Asset)	Covered- Employee Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered- Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2024	0.0249 %	327,972	359,855	91.14 %	90.20 %
June 30, 2023	0.0228 %	393,726	298,966	131.70 %	86.50 %
June 30, 2022	0.0217 %	944,298	284,191	332.28 %	70.53 %
June 30, 2021	0.0233 %	179,851	276,565	65.03 %	93.70 %
June 30, 2020	0.0227 %	299,210	261,569	114.39 %	87.20 %
June 30, 2019	0.0230 %	244,858	243,114	100.72 %	89.30 %
June 30, 2018	0.0221 %	235,563	233,253	100.99 %	88.80 %
June 30, 2017	0.0210 %	283,525	215,522	131.55 %	85.40 %
June 30, 2016	0.0210 %	842,767	208,562	404.08 %	63.90 %
June 30, 2015	0.0220 %	249,971	202,757	123.29 %	86.60 %

CITY OF MADEIRA, MINNESOTA
SCHEDULE OF CONTRIBUTIONS
PUBLIC EMPLOYEES POLICE AND FIRE RETIREMENT FUND
DECEMBER 31, 2024

Fiscal Year Ended	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contributions Deficiency (Excess)	Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
December 31, 2024	\$ 63,694	\$ 63,694	-	\$ 359,853	17.70 %
December 31, 2023	\$ 56,481	\$ 56,481	-	\$ 319,102	17.70 %
December 31, 2022	\$ 50,302	\$ 50,302	-	\$ 284,191	17.70 %
December 31, 2021	\$ 44,842	\$ 44,842	-	\$ 253,345	17.70 %
December 31, 2020	\$ 46,659	\$ 46,659	-	\$ 263,610	17.70 %
December 31, 2019	\$ 44,672	\$ 44,672	-	\$ 263,552	16.95 %
December 31, 2018	\$ 38,430	\$ 38,430	-	\$ 237,222	16.20 %
December 31, 2017	\$ 41,836	\$ 41,836	-	\$ 258,247	16.20 %
December 31, 2016	\$ 36,976	\$ 36,976	-	\$ 228,247	16.20 %
December 31, 2015	\$ 37,254	\$ 37,254	-	\$ 229,963	16.20 %

CITY OF MADEIRA, MINNESOTA
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
AND RELATED RATIOS
DECEMBER 31, 2024

Fiscal Year	2024	2023	2022	2021	2020	2019
Total OPEB Liability						
Service Costs	\$ 3,591	\$ 3,356	\$ 3,356	\$ 3,887	\$ 3,774	\$ 2,601
Interest	1,400	1,055	1,055	1,133	2,083	3,032
Difference Between Expected and Actual Experience	-	(13,177)	(13,177)	-	(12,838)	-
Changes in Assumptions	476	(3,604)	(3,604)	-	(4,361)	-
Changes of Benefit Terms	-	-	-	-	4,263	-
Benefit Payments	(9,474)	(1,804)	(1,804)	(14,933)	(1,568)	-
Net change in total pension liability	(4,007)	(14,174)	(14,174)	(9,913)	(8,647)	5,633
Total OPEB Liability - Beginning	36,108	50,282	50,282	60,195	68,842	77,191
Total OPEB Liability - Ending	\$ <u>32,101</u>	\$ <u>36,108</u>	\$ <u>36,108</u>	\$ <u>50,282</u>	\$ <u>60,195</u>	\$ <u>82,824</u>
Covered Payroll	\$ 591,923	\$ 574,683	\$ 574,683	\$ 543,827	\$ 527,987	\$ 535,794
Total OPEB Liability as a percentage of covered-employee payroll	5.42 %	6.28 %	6.28 %	9.25 %	11.40 %	15.46 %

The City implemented GASB Statement No. 75 for fiscal year ended December 31, 2019.
Information for prior years is not available.

CITY OF MADELIA, MINNESOTA
SCHEDULE OF EMPLOYER CONTRIBUTIONS - OPEB
DECEMBER 31, 2024

Fiscal Year Ended	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contributions	Contributions Deficiency (Excess)	Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
December 31, 2024	\$ 9,474	\$ 9,474	-	591,923	1.60 %
December 31, 2023	\$ 1,804	\$ 1,804	-	574,683	0.31 %
December 31, 2022	\$ 14,933	\$ 14,933	-	543,827	2.75 %
December 31, 2021	\$ 1,568	\$ 1,568	-	527,987	0.30 %
December 31, 2020	\$ 22,343	\$ 22,343	-	551,868	4.05 %
December 31, 2019	\$ -	\$ -	-	535,794	- %

The City implemented GASB Statement No. 75 for fiscal year ended December 31, 2019.
Information for prior years is not available.

CITY OF MADEIRA, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

General Employees Fund

2024 Changes

Changes in Actuarial Assumptions

The following changes in assumptions are effective with the July 1, 2024 valuation, as recommended in the most recent experience study (dated June 29, 2023):

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

Change in Plan Provisions

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

2023 Changes

Changes in Actuarial Assumptions

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

Change in Plan Provisions

- An additional one-time direct state aid contribution of \$170.1 million will be contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, non-compounding benefit increase of 2.50% minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

2022 Changes

Change in Actuarial Assumptions

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

Change in Plan Provisions

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

2021 Changes

Change in Actuarial Assumptions

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

Changes in Plan Provisions

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

CITY OF MADEIRA, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

2020 Changes

Change in Actuarial Assumptions

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Change in Plan Provisions

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

2019 Changes

Change in Actuarial Assumptions

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

Changes in Plan Provisions

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

CITY OF MADEIRA, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

2018 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Postretirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90.00 percent funding ratio to 50.00 percent of the Social Security Cost of Living Adjustment, not less than 1.00 percent and no more than 1.50 percent, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

CITY OF MADELIA, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

2016 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

Police and Fire Fund

2024 Changes

Changes in Plan Provisions

The State contribution of \$9.0 million per year will continue until the earlier of 1) both the Police & Fire Plan and the State Patrol Retirement Fund attain 90% funded status for three consecutive years (on an actuarial value of asset basis) or 2) July 1, 2048. The contribution was previously due to expire after attaining a 90% funded status for one year.

The additional \$9.0 million contribution will continue until the Police & Fire Plan is fully funded for a minimum of three consecutive years on an actuarial value of assets basis, or July 1, 2048, whichever is earlier. This contribution was previously due to expire upon attainment of fully funded status on an actuarial value of assets basis for one year (or July 1, 2048 if earlier).

2023 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- Additional one-time direct state aid contribution of \$19.4 million will be contributed to the Plan on October 1, 2023.
- Vesting requirement for new hires after June 30, 2014, was changed from a graded 20-year vesting schedule to graded 10-year vesting schedule, with 50% vesting after five years, increasing incrementally to 100% after 10 years.

CITY OF MADEIRA, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

- A one-time, non-compounding benefit increase of 3.0% will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- Psychological treatment is required effective July 1, 2023, prior to approval for a duty disability benefit for a psychological condition relating to the member's occupation.
- The total and permanent duty disability benefit was increased, effective July 1, 2023.

2022 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2021 Changes

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.50% to 6.50%, for financial reporting purposes.
- The inflation assumption was changed from 2.50% to 2.25%.
- The payroll growth assumption was changed from 3.25% to 3.00%.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MN-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 14, 2020 experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 14, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed from selected and ultimate rates to service-based rates. The changes result in more assumed terminations.
- Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities.
- Assumed percent married for active female members was changed from 60 percent to 70 percent. Minor changes to form of payment assumptions were applied.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2020 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

CITY OF MADEIRA, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

2019 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2018 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- Postretirement benefit increases were changed to 1.00 percent for all years, with no trigger.
- An end date of July 1, 2048 was added to the existing \$9.0 million state contribution.
- New annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9.0 million thereafter until the plan reaches 100 percent funding, or July 1, 2048, if earlier.
- Member contributions were changed from 10.80 percent to 11.30 percent of pay, effective January 1, 2019 and 11.80 percent of pay, effective January 1, 2020.
- Employer contributions were changed from 16.20 percent to 16.95 percent of pay, effective January 1, 2019 and 17.70 percent of pay, effective January 1, 2020.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 Changes

Changes in Actuarial Assumptions

- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The combined service annuity (CSA) load was 30.00 percent for vested and non-vested deferred members. The CSA has been changed to 33.00 percent for vested members and 2.00 percent for non-vested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3.00 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65.00 percent to 60.00 percent.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing joint and survivor annuities was increased.

CITY OF MADEIRA, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

- The assumed postretirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter.
- The single discount rate was changed from 5.60 percent per annum to 7.50 percent per annum.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2016 Changes

Changes in Actuarial Assumptions

- The assumed postretirement benefit increase rate was changed from 1.00 percent per year through 2037 and 2.50 percent per year thereafter to 1.00 percent per year for all future years.
- The assumed investment return was changed from 7.90 percent to 7.50 percent.
- The single discount rate changed from 7.90 percent to 5.60 percent.
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015 Changes

Changes in Actuarial Assumptions

- The assumed postretirement benefit increase rate was changed from 1.00 percent per year through 2030 and 2.50 percent per year thereafter to 1.00 percent per year through 2037 and 2.50 percent per year thereafter.

Changes in Plan Provisions

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

SECTION III

SUPPLEMENTAL SECTION

CITY OF MADEIRA, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2024

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Project Funds	Total
ASSETS:				
Cash and Investments	\$ 619,037	\$ 122,782	\$ 953,433	\$ 1,695,252
Accounts Receivable	-	12,094	-	12,094
Interest Receivable	-	-	4,907	4,907
Notes Receivable	964,663	-	-	964,663
Due from Other Governments	-	1,373	-	1,373
TOTAL ASSETS	<u>\$ 1,583,700</u>	<u>\$ 136,249</u>	<u>\$ 958,340</u>	<u>\$ 2,678,289</u>
LIABILITIES:				
Accounts Payable	\$ -	\$ -	\$ 56,896	\$ 56,896
Due to Other Funds	-	-	213,394	213,394
Total Liabilities	<u>-</u>	<u>-</u>	<u>270,290</u>	<u>270,290</u>
FUND BALANCES:				
Restricted	1,565,663	136,249	-	1,701,912
Committed	-	-	463,569	463,569
Assigned	18,037	-	492,425	510,462
Unassigned (Deficit)	-	-	(267,944)	(267,944)
Total Fund Balances	<u>1,583,700</u>	<u>136,249</u>	<u>688,050</u>	<u>2,407,999</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,583,700</u>	<u>\$ 136,249</u>	<u>\$ 958,340</u>	<u>\$ 2,678,289</u>

CITY OF MADEIRA, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Project Funds	Total
REVENUES				
Taxes	\$ -	\$ 159,320	\$ -	\$ 159,320
Intergovernmental Revenue	-	-	725,972	725,972
Charges for Services	-	-	28,983	28,983
Interest Income	11,688	-	4,907	16,595
Miscellaneous	13,518	-	652,422	665,940
Total Revenues	<u>25,206</u>	<u>159,320</u>	<u>1,412,284</u>	<u>1,596,810</u>
EXPENDITURES				
Public Safety	-	-	1,525	1,525
Public Works	-	-	16,000	16,000
Culture and Recreation	-	-	287,185	287,185
Economic Development	327,414	12,513	-	339,927
Principal Payments	-	141,000	-	141,000
Interest Payments	-	60,730	-	60,730
Miscellaneous	-	495	-	495
Capital Outlay	-	-	787,517	787,517
Total Expenditures	<u>327,414</u>	<u>214,738</u>	<u>1,092,227</u>	<u>1,634,379</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(302,208)	(55,418)	320,057	(37,569)
OTHER FINANCING SOURCES (USES)				
Transfer In	97,315	55,146	86,884	239,345
Transfer Out	<u>(97,315)</u>	<u>-</u>	<u>-</u>	<u>(97,315)</u>
EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(302,208)	(272)	406,941	104,461
FUND BALANCES - January 1	<u>1,885,908</u>	<u>136,521</u>	<u>281,109</u>	<u>2,303,538</u>
FUND BALANCES - December 31	<u>\$ 1,583,700</u>	<u>\$ 136,249</u>	<u>\$ 688,050</u>	<u>\$ 2,407,999</u>

CITY OF MADEIRA, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2024

	Housing Revolving Fund	USDA Revolving Loan Fund	Revolving Loan Fund	Economic Development Authority	Childcare Grant Fund	Kids Place Fund	Total
ASSETS							
Cash and Investments	\$ 327,368	\$ 54,950	\$ 53,767	\$ 164,915	\$ 8,037	\$ 10,000	\$ 619,037
Notes Receivable	447,016	60,732	290,771	166,144	-	-	964,663
TOTAL ASSETS	<u>\$ 774,384</u>	<u>\$ 115,682</u>	<u>\$ 344,538</u>	<u>\$ 331,059</u>	<u>\$ 8,037</u>	<u>\$ 10,000</u>	<u>\$ 1,583,700</u>
LIABILITIES							
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FUND BALANCES							
Restricted	774,384	115,682	344,538	331,059	-	-	1,565,663
Assigned	-	-	-	-	8,037	10,000	18,037
Total Fund Balances	<u>774,384</u>	<u>115,682</u>	<u>344,538</u>	<u>331,059</u>	<u>8,037</u>	<u>10,000</u>	<u>1,583,700</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 774,384</u>	<u>\$ 115,682</u>	<u>\$ 344,538</u>	<u>\$ 331,059</u>	<u>\$ 8,037</u>	<u>\$ 10,000</u>	<u>\$ 1,583,700</u>

CITY OF MADEIRA, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Housing Revolving Fund	USDA Revolving Loan Fund	Economic Development Authority	Childcare Grant Fund	Kids Place Fund	Total
REVENUES						
Interest Income	\$ 1,889	\$ 648	\$ 4,159	\$ -	\$ -	\$ 11,688
Miscellaneous	<u>5</u>	<u>-</u>	<u>13,513</u>	<u>-</u>	<u>-</u>	<u>13,518</u>
Total Revenues	<u>1,894</u>	<u>648</u>	<u>17,672</u>	<u>-</u>	<u>-</u>	<u>25,206</u>
EXPENDITURES						
Economic Development	<u>102,072</u>	<u>-</u>	<u>221,855</u>	<u>3,487</u>	<u>-</u>	<u>327,414</u>
Total Expenditures	<u>102,072</u>	<u>-</u>	<u>221,855</u>	<u>3,487</u>	<u>-</u>	<u>327,414</u>
EXCESS REVENUES OVER (UNDER)	<u>(100,178)</u>	<u>648</u>	<u>(204,183)</u>	<u>(3,487)</u>	<u>-</u>	<u>(302,208)</u>
EXPENDITURES						
FUND BALANCES - January 1	<u>893,603</u>	<u>115,034</u>	<u>565,742</u>	<u>11,524</u>	<u>10,000</u>	<u>1,885,908</u>
FUND BALANCES - December 31	<u>\$ 774,384</u>	<u>\$ 115,682</u>	<u>\$ 331,059</u>	<u>\$ 8,037</u>	<u>\$ 10,000</u>	<u>\$ 1,583,700</u>

CITY OF MADEIRA, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
DECEMBER 31, 2024

	<u>GO Capital Imp Bond 2021B</u>	<u>2019B Debt Service</u>	<u>Fire Recovery Debt Service</u>	<u>2020A Debt Service</u>	<u>Total</u>
ASSETS					
Cash and Investments	\$ -	\$ 33,225	\$ 1,620	\$ 87,937	\$ 122,782
Accounts Receivable	12,094	-	-	-	12,094
Due from Other Governments	<u>165</u>	<u>645</u>	<u>-</u>	<u>563</u>	<u>1,373</u>
TOTAL ASSETS	<u>\$ 12,259</u>	<u>\$ 33,870</u>	<u>\$ 1,620</u>	<u>\$ 88,500</u>	<u>\$ 136,249</u>
LIABILITIES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
FUND BALANCES					
Restricted	<u>12,259</u>	<u>33,870</u>	<u>1,620</u>	<u>88,500</u>	<u>136,249</u>
Total Fund Balances	<u>12,259</u>	<u>33,870</u>	<u>1,620</u>	<u>88,500</u>	<u>136,249</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 12,259</u>	<u>\$ 33,870</u>	<u>\$ 1,620</u>	<u>\$ 88,500</u>	<u>\$ 136,249</u>

CITY OF MADEIRA, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	GO Capital Imp Bond 2021B	2019B Debt Service	Fire Recovery Debt Service	2020A Debt Service	Total
REVENUES					
Taxes	\$ 57,939	\$ 37,339	\$ 5,520	\$ 58,522	\$ 159,320
Interest Income	<u>1</u>	<u>1</u>	<u>-</u>	<u>(2)</u>	<u>-</u>
Total Revenues	<u>57,940</u>	<u>37,340</u>	<u>5,520</u>	<u>58,520</u>	<u>159,320</u>
EXPENDITURES					
Economic Development	-	-	12,513	-	12,513
Principal Payments	70,000	28,000	-	43,000	141,000
Interest Payments	49,779	4,214	-	6,737	60,730
Miscellaneous	<u>495</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>495</u>
Total Expenditures	<u>120,274</u>	<u>32,214</u>	<u>12,513</u>	<u>49,737</u>	<u>214,738</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(62,334)	5,126	(6,993)	8,783	(55,418)
FUND BALANCES - January 1	<u>19,447</u>	<u>28,744</u>	<u>8,613</u>	<u>79,717</u>	<u>136,521</u>
FUND BALANCES - December 31	<u>\$ 12,259</u>	<u>\$ 33,870</u>	<u>\$ 1,620</u>	<u>\$ 88,500</u>	<u>\$ 136,249</u>

CITY OF MADEIRA, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
DECEMBER 31, 2024

	Capital Equipment Fund	Center Street Project	Flood Improvement Fund	Clubhouse Capital Project	Watona Park Splash Pad Project	Total
ASSETS:						
Cash and Investments	\$ 494,771	\$ -	\$ -	\$ 458,662	\$ -	\$ 953,433
Interest Receivable	-	-	-	4,907	-	4,907
TOTAL ASSETS	<u>\$ 494,771</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 463,569</u>	<u>\$ -</u>	<u>\$ 958,340</u>
LIABILITIES:						
Accounts Payable	\$ 2,346	\$ 48,492	\$ 6,058	\$ -	\$ -	\$ 56,896
Due to Other Funds	-	-	182,143	-	31,251	213,394
Total Liabilities	<u>2,346</u>	<u>48,492</u>	<u>188,201</u>	<u>-</u>	<u>31,251</u>	<u>270,290</u>
FUND BALANCES:						
Committed	-	-	-	463,569	-	463,569
Assigned	492,425	-	-	-	-	492,425
Unassigned (Deficit)	-	(48,492)	(188,201)	-	(31,251)	(267,944)
Total Fund Balances (Deficit)	<u>492,425</u>	<u>(48,492)</u>	<u>(188,201)</u>	<u>463,569</u>	<u>(31,251)</u>	<u>688,050</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 494,771</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 463,569</u>	<u>\$ -</u>	<u>\$ 958,340</u>

CITY OF MADEIRA, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECT FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Capital Equipment Fund	Center Street Project	Flood Improvement Fund	Clubhouse Capital Project	Watona Park Splash Pad Project	Total
REVENUES						
Intergovernmental						
Revenue	\$ 88,724	\$ 571,624	\$ 65,624	\$ -	\$ -	\$ 725,972
Charges for Services	28,983	-	-	-	-	28,983
Interest Income	2	(1)	(1)	4,907	-	4,907
Miscellaneous	154,320	-	33,361	464,741	-	652,422
Total Revenues	<u>272,029</u>	<u>571,623</u>	<u>98,984</u>	<u>469,648</u>	<u>-</u>	<u>1,412,284</u>
EXPENDITURES						
Public Safety	1,525	-	-	-	-	1,525
Public Works	16,000	-	-	-	-	16,000
Culture and Recreation	-	-	287,185	-	-	287,185
Capital Outlay	230,544	519,643	-	6,079	31,251	787,517
Total Expenditures	<u>248,069</u>	<u>519,643</u>	<u>287,185</u>	<u>6,079</u>	<u>31,251</u>	<u>1,092,227</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	23,960	51,980	(188,201)	463,569	(31,251)	320,057
OTHER FINANCING SOURCES (USES):						
Transfer In	<u>86,884</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>86,884</u>
EXCESS EXPENDITURES OVER REVENUES AND OTHER SOURCES	110,844	51,980	(188,201)	463,569	(31,251)	406,941
FUND BALANCES - January 1	<u>381,581</u>	<u>(100,472)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>281,109</u>
FUND BALANCES (DEFICIT) - December 31	<u>\$ 492,425</u>	<u>\$ (48,492)</u>	<u>\$ (188,201)</u>	<u>\$ 463,569</u>	<u>\$ (31,251)</u>	<u>\$ 688,050</u>

CITY OF MADELIA, MINNESOTA
SUMMARY FINANCIAL REPORT

REVENUES AND EXPENDITURES FOR GENERAL OPERATIONS
GOVERNMENTAL FUNDS
DECEMBER 31, 2024

The purpose of this report is to provide a summary of financial information concerning the City of Madelia to interested citizens. The complete financial statements may be examined at the City Hall, 18 Drew Ave NE, Madelia, MN Questions about this report should be directed to Chris Fischer, City Administrator, at 507 642 3245

	Total <u>2024</u>	Total <u>2023</u>	Percent Increase (Decrease)
REVENUES:			
Taxes and Assessments	\$ 966,313	\$ 919,687	5.07 %
Licenses and Permits	27,714	12,789	116.70 %
Intergovernmental	1,913,484	1,204,641	58.84 %
Charges for Services	424,722	687,024	(38.18)%
Fines	10,595	11,586	(8.55)%
Investment Earnings	217,374	9,219	2,257.89 %
Miscellaneous	764,680	87,904	769.90 %
Transfer In	<u>239,345</u>	<u>547,143</u>	<u>(56.26)%</u>
Total Revenues	\$ <u>4,564,227</u>	\$ <u>3,479,993</u>	<u>31.16 %</u>
Per Capita	\$ <u>1,922</u>	\$ <u>1,465</u>	
EXPENDITURES:			
Current			
General Government	\$ 451,906	\$ 472,793	(4.42)%
Public Safety	801,032	763,890	4.86 %
Public Works	530,809	528,457	0.45 %
Culture and Recreation	703,810	541,203	30.05 %
Sanitation	96,042	105,970	(9.37)%
Economic Development	439,994	101,534	333.35 %
Miscellaneous	47,891	51,803	(7.55)%
Debt Service:			
Principal Payments	141,000	124,000	13.71 %
Interest Payments	62,494	64,872	(3.67)%
Miscellaneous	495	495	- %
Capital Outlay	787,517	235,130	234.93 %
Transfer Out	<u>184,199</u>	<u>332,143</u>	<u>(44.54)%</u>
Total Expenditures	\$ <u>4,247,189</u>	\$ <u>3,322,290</u>	<u>27.84 %</u>
Per Capita	\$ <u>1,788</u>	\$ <u>1,399</u>	
Governmental Long-term Indebtedness	\$ <u>2,926,000</u>	\$ <u>3,067,000</u>	<u>(4.60)%</u>
Per Capita	\$ <u>1,232</u>	\$ <u>1,291</u>	
General Fund Unassigned Fund Balance - December 31	\$ <u>1,688,595</u>	\$ <u>1,476,018</u>	<u>14.40 %</u>
Per Capita	\$ <u>711</u>	\$ <u>621</u>	

SECTION IV

OTHER REQUIRED REPORTS

Dennis E. Oberloh, CPA
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INDEPENDENT AUDITORS' REPORT ON INTERNAL
CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Mayor and Members of the Council
City of Madelia
Madelia, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of City of Madelia, Minnesota, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise City of Madelia, Minnesota's basic financial statements, and have issued our report thereon dated April 14, 2025.

Report on Internal Control over Financial Reporting

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

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

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2024-001 and 2024-002 that we consider to be significant deficiencies.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2024-001 and 2024-002 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

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

City of Madelia, Minnesota's Response to Findings

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

Purpose of this Report

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

Oberloh & Oberloh, Ltd.

Oberloh & Oberloh, Ltd.
Redwood Falls, Minnesota

April 14, 2025

CITY OF MADELIA
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2024

INTERNAL CONTROL FINDINGS

Audit Finding 2024-001

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

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

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

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

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

Managements Response: Management agrees with the recommendation that it is not cost effective for the City to prepare the financial statements and maintain a working knowledge of the required disclosures.

Audit Finding 2024-002

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

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

Cause: There are a limited number of office employees.

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

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

Managements Response: Management agrees with the recommendation that it is not cost effective for the City to maintain proper segregation of duties.

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MINNESOTA LEGAL COMPLIANCE
INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the Council
City of Madelia
Madelia, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of governmental activities, business-type activities, discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Madelia, Minnesota, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 14, 2025.

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

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

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

April 14, 2025