



Financial Statements  
December 31, 2024

**City of Eagle Lake**

City of Eagle Lake  
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December 31, 2024

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**City of Eagle Lake**  
Officials (Unaudited)  
December 31, 2024

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| Name                  | Position           | Term Expires |
|-----------------------|--------------------|--------------|
| <b>City Council</b>   |                    |              |
| John Whitington       | Mayor              | 2026         |
| Garrett Steinberg     | Councilor          | 2026         |
| Nick Lewis            | Councilor          | 2028         |
| Beth Rohrich          | Councilor          | 2028         |
| Anthony White         | Councilor          | 2028         |
| <b>Administration</b> |                    |              |
| Jennifer Bromeland    | City Administrator |              |
| Kerry Rausch          | Deputy Clerk       |              |



## Independent Auditor's Report

Honorable Mayor and City Council  
City of Eagle Lake  
Eagle Lake, Minnesota

### Report on the Audit of the Financial Statements

#### *Opinions*

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

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

#### *Basis for Opinions*

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

#### *Correction of Error*

As discussed in Note 7 to the financial statements, certain errors resulting in an overstatement of revenues and cash in the governmental activities and nonmajor governmental funds as of December 31, 2023, were discovered by management of the City during the current year. Accordingly, this has resulted in an adjustment of the net position of Governmental Activities and fund balance of the nonmajor governmental funds as of January 1, 2024. Our opinions are not modified with respect to this matter.

### ***Adoption of New Accounting Standard***

As discussed in Note 1 to the financial statements, the City has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences, for the year ended December 31, 2024. As a result of implementing the standard, there was no effect on the Governmental Activities or Business-Type Activities beginning net position as of January 1, 2024. Our opinions are not modified with respect to this matter.

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

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

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

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

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

In performing an audit in accordance with GAAS, we:

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

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

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the schedule of employer's share of net pension liability and schedule of employer's contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinions on the basic financial statements are not affected by the missing information.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining balance sheet - nonmajor governmental funds and combining schedule of revenues, expenditures and changes in fund balances - nonmajor governmental funds 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 GAAS. In our opinion, the combining balance sheet - nonmajor governmental funds and combining schedule of revenues, expenditures and changes in fund balances - nonmajor governmental funds 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.

## **Report on Other Legal and Regulatory Requirements**

In accordance with the *Legal Compliance Audit Guide* prepared by the Office of the State Auditor pursuant to Minn. Stat. §6.65, we have also issued a report dated June 30, 2025, on our consideration of the City's compliance with aspects of the provisions of the *Minnesota Legal Compliance Audit Guide for Cities*. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing, and not directed primarily toward obtaining knowledge of noncompliance. That report is an integral part of procedures performed in accordance with the Office of the State Auditor's *Minnesota Legal Compliance Audit Guide for Cities* in considering the City's compliance with certain regulatory requirements pursuant to Minn. Stat. §6.65.



Mankato, Minnesota

June 30, 2025

City of Eagle Lake  
Statement of Net Position  
December 31, 2024

|   | Primary Government      |            |                          | Totals               |
|---|-------------------------|------------|--------------------------|----------------------|
|   | Governmental Activities |            | Business-Type Activities |                      |
|   | Activities              | Activities | Activities               |                      |
| <b>Assets</b>   |                         |            |                          |                      |
| Cash and cash equivalents   | \$ 4,938,504            |            | \$ 1,773,912             | \$ 6,712,416         |
| Restricted cash   | 3,628                   |            | 790,585                  | 794,213              |
| Receivables   |                         |            |                          |                      |
| Taxes   | 25,250                  |            | -                        | 25,250               |
| Special assessments   | 338,251                 |            | -                        | 338,251              |
| Accounts  | 30,973                  |            | 85,346                   | 116,319              |
| Notes   | 19,277                  |            | -                        | 19,277               |
| Prepaid items   | 21,507                  |            | 21,508                   | 43,015               |
| Capital assets not being depreciated  |                         |            |                          |                      |
| Land  | 282,749                 |            | 12,000                   | 294,749              |
| Construction in progress  | -                       |            | 446,415                  | 446,415              |
| Capital assets, net of accumulated depreciation                                   |                         |            |                          |                      |
| Distribution plant  | -                       |            | 2,236,721                | 2,236,721            |
| Equipment   | 752,242                 |            | 140,511                  | 892,753              |
| Building  | 1,246,336               |            | -                        | 1,246,336            |
| Road network  | 4,178,779               |            | -                        | 4,178,779            |
| Land improvements   | 444,650                 |            | -                        | 444,650              |
| Vehicles  | 570,716                 |            | -                        | 570,716              |
| <b>Total assets</b>   | <b>12,852,862</b>       |            | <b>5,506,998</b>         | <b>18,359,860</b>    |
| <b>Deferred Outflows of Resources</b>   |                         |            |                          |                      |
| Pension plans   | 355,916                 |            | 29,303                   | 385,219              |
| <b>Liabilities</b>  |                         |            |                          |                      |
| Accounts payable  | 125,052                 |            | 228,164                  | 353,216              |
| Accrued payroll liabilities   | 10,001                  |            | 11,852                   | 21,853               |
| Interest payable  | 13,544                  |            | 15,942                   | 29,486               |
| Due to borrower   | 3,628                   |            | -                        | 3,628                |
| <b>Noncurrent Liabilities:</b>  |                         |            |                          |                      |
| Due within one year - bonds payable, financed purchases, and compensated absences | 348,522                 |            | 55,724                   | 404,246              |
| Due after one year - bonds payable, and financed purchases                        | 2,080,000               |            | 1,642,000                | 3,722,000            |
| Net pension liability   | 126,546                 |            | 102,282                  | 228,828              |
| <b>Total liabilities</b>  | <b>2,707,293</b>        |            | <b>2,055,964</b>         | <b>4,763,257</b>     |
| <b>Deferred Inflows of Resources</b>  |                         |            |                          |                      |
| Pension plans   | 638,588                 |            | 66,931                   | 705,519              |
| <b>Net Position</b>   |                         |            |                          |                      |
| Net investment in capital assets  | 5,061,472               |            | 1,153,647                | 6,215,119            |
| Restricted for:   |                         |            |                          |                      |
| Debt service  | 544,860                 |            | -                        | 544,860              |
| Other purposes  | 510,942                 |            | -                        | 510,942              |
| Unrestricted  | 3,745,623               |            | 2,259,759                | 6,005,382            |
| <b>Total net position</b>   | <b>\$ 9,862,897</b>     |            | <b>\$ 3,413,406</b>      | <b>\$ 13,276,303</b> |

City of Eagle Lake  
Statement of Activities  
Year Ended December 31, 2024

| Functions/Programs                               | Program Revenues |                      |                                    |                                  | Net (Expense) Revenue and Changes in Net Position |                          |                          |               |
|--|------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|--------------------------|---------------|
|  | Expenses         | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government                                |                          | Business-type Activities | Totals        |
|  |                  |                      |                                    |                                  | Governmental Activities                           | Business-type Activities |                          |               |
| Governmental Activities                          |                  |                      |                                    |                                  |   |                          |                          |               |
| General government                               | \$ 1,030,461     | \$ 30,674            | \$ 4,390                           | \$ -                             | \$ (995,397)                                      | \$ -                     | \$ -                     | \$ (995,397)  |
| Public safety                                    | 925,574          | 66,791               | 140,640                            | -                                | (718,143)   | -                        | -                        | (718,143)     |
| Streets and highways                             | 534,614          | -                    | -                                  | -                                | (534,614)   | -                        | -                        | (534,614)     |
| Sanitation                                       | 280,569          | 362,164              | -                                  | -                                | 81,595  | -                        | 81,595                   | 81,595        |
| Culture and recreation                           | 87,621           | -                    | -                                  | -                                | (87,621)  | -                        | -                        | (87,621)      |
| Economic development                             | 134,612          | -                    | 23,643                             | -                                | (110,969)   | -                        | -                        | (110,969)     |
| Interest and other charges on long-term debt     | 34,151           | -                    | -                                  | -                                | (34,151)  | -                        | -                        | (34,151)      |
| Total governmental activities                    | 3,027,602        | 459,629              | 168,673                            | -                                | (2,399,300)                                       | -                        | -                        | (2,399,300)   |
| Business-Type Activities                         |                  |                      |                                    |                                  |   |                          |                          |               |
| Water  | 389,028          | 485,426              | -                                  | -                                | -   | 96,398                   | 96,398                   | 96,398        |
| Sanitary Sewer                                   | 581,555          | 547,010              | -                                  | -                                | -   | (34,545)                 | (34,545)                 | (34,545)      |
| Total business-type activities                   | 970,583          | 1,032,436            | -                                  | -                                | -   | 61,853                   | 61,853                   | 61,853        |
| Total primary government                         | \$ 3,998,185     | \$ 1,492,065         | \$ 168,673                         | \$ -                             | (2,399,300)                                       | 61,853                   | (2,337,447)              |               |
| General Revenues                                 |                  |                      |                                    |                                  |   |                          |                          |               |
| Property and franchise taxes                     |                  |                      |                                    |                                  | 1,270,803   | -                        | 1,270,803                | 1,270,803     |
| Intergovernmental revenue                        |                  |                      |                                    |                                  | 796,547   | -                        | 796,547                  | 796,547       |
| Special assessments                              |                  |                      |                                    |                                  | 9,375   | -                        | 9,375                    | 9,375         |
| Interest earnings                                |                  |                      |                                    |                                  | 236,330   | -                        | 236,330                  | 236,330       |
| Loss on disposal of assets                       |                  |                      |                                    |                                  | 3,248   | -                        | 3,248                    | 3,248         |
| Fines and forfeits                               |                  |                      |                                    |                                  | 1,866   | -                        | 1,866                    | 1,866         |
| Licenses and permits                             |                  |                      |                                    |                                  | 87,617  | -                        | 87,617                   | 87,617        |
| Refunds and reimbursements                       |                  |                      |                                    |                                  | 45,706  | -                        | 45,706                   | 45,706        |
| Miscellaneous                                    |                  |                      |                                    |                                  | 20,496  | -                        | 20,496                   | 20,496        |
| Total general revenues and transfers             |                  |                      |                                    |                                  | 2,471,988   | -                        | 2,471,988                | 2,471,988     |
| Changes in net position                          |                  |                      |                                    |                                  | 72,688  | 61,853                   | 134,541                  | 134,541       |
| Net Position - Beginning, as previously reported |                  |                      |                                    |                                  | 9,803,837   | 3,351,553                | 13,155,390               | 13,155,390    |
| Adjustments (Note 7)                             |                  |                      |                                    |                                  | (13,628)  | -                        | -                        | (13,628)      |
| Net Position - Beginning, as restated            |                  |                      |                                    |                                  | 9,790,209   | 3,351,553                | 13,141,762               | 13,141,762    |
| Net Position - Ending                            |                  |                      |                                    |                                  | \$ 9,862,897                                      | \$ 3,413,406             | \$ 13,276,303            | \$ 13,276,303 |

**City of Eagle Lake**  
**Balance Sheet – Governmental Funds**  
**December 31, 2024**

|  | General<br>Fund            | CSAH 27<br>Street<br>Project | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|----------------------------|------------------------------|--------------------------------|--------------------------------|
| <b>Assets</b>  |                            |                              |                                |                                |
| Cash and cash equivalents  | \$ 3,883,707               | \$ 322,203                   | \$ 732,594                     | \$ 4,938,504                   |
| Restricted cash  | -                          | -                            | 3,628                          | 3,628                          |
| Receivables  |                            |                              |                                |                                |
| Taxes  | 24,179                     | -                            | 1,071                          | 25,250                         |
| Special assessments  | 1,224                      | 269,163                      | 67,864                         | 338,251                        |
| Accounts   | 30,973                     | -                            | -                              | 30,973                         |
| Notes  | -                          | -                            | 19,277                         | 19,277                         |
| Due from other funds   | 119,322                    | -                            | -                              | 119,322                        |
| Prepaid items  | 21,507                     | -                            | -                              | 21,507                         |
| <b>Total Assets</b>  | <b><u>\$ 4,080,912</u></b> | <b><u>\$ 591,366</u></b>     | <b><u>\$ 824,434</u></b>       | <b><u>\$ 5,496,712</u></b>     |
| <b>Liabilities</b>   |                            |                              |                                |                                |
| Accounts payable   | \$ 124,986                 | \$ -                         | \$ 66                          | \$ 125,052                     |
| Accrued payroll liabilities  | 10,001                     | -                            | -                              | 10,001                         |
| Due to other funds   | -                          | -                            | 119,322                        | 119,322                        |
| Due to borrower  | -                          | -                            | 3,628                          | 3,628                          |
| <b>Total liabilities</b>   | <b><u>134,987</u></b>      | <b><u>-</u></b>              | <b><u>123,016</u></b>          | <b><u>258,003</u></b>          |
| <b>Deferred inflows of resources</b>   |                            |                              |                                |                                |
| Unavailable revenue  | <u>14,984</u>              | <u>269,163</u>               | <u>67,864</u>                  | <u>352,011</u>                 |
| <b>Fund Balances</b>   |                            |                              |                                |                                |
| Nonspendable   | 21,507                     | -                            | 19,277                         | 40,784                         |
| Restricted   | -                          | 322,203                      | 733,599                        | 1,055,802                      |
| Committed  | 2,068,654                  | -                            | -                              | 2,068,654                      |
| Unassigned   | 1,840,780                  | -                            | (119,322)                      | 1,721,458                      |
| <b>Total fund balances</b>   | <b><u>3,930,941</u></b>    | <b><u>322,203</u></b>        | <b><u>633,554</u></b>          | <b><u>4,886,698</u></b>        |
| <b>Total Liabilities, Deferred Inflows<br/>of Resources, and Fund Balances</b> | <b><u>\$ 4,080,912</u></b> | <b><u>\$ 591,366</u></b>     | <b><u>\$ 824,434</u></b>       | <b><u>\$ 5,496,712</u></b>     |

City of Eagle Lake

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position

December 31, 2024

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Total Fund Balances for Governmental Funds: \$ 4,886,698

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

Capital assets used in governmental activities are not  
financial resources and therefore are not reported as assets  
in governmental funds. 7,475,472

Some of the City's receivables will be collected after year-end,  
but are not available soon enough to pay for the current period's  
expenditures, and therefore, are reported as unavailable revenue in  
the funds. 352,011

Deferred outflows and inflows of resources related to pensions are  
applicable to future periods and, therefore, are not reported in the  
governmental funds. (282,672)

Interest on long-term debt is not accrued in governmental  
funds, but rather, is recognized as an expenditure when due. (13,544)

Long-term liabilities that pertain to governmental funds are not  
due and payable in the current period, and therefore, are not  
reported as fund liabilities. All liabilities (both current and  
long-term) are reported in the statement of net position.  
Balances at year-end are:

|                       |                    |
|-----------------------|--------------------|
| Net pension liability | \$ (126,546)       |
| Bonds payable         | <u>(2,414,000)</u> |
|                       | (2,540,546)        |

Compensated absences earned by employees are not accrued in  
governmental funds, but are recognized as an expenditure when due. (14,522)

Total Net Position for Governmental Activities \$ 9,862,897

**City of Eagle Lake**  
**Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds**  
**Year Ended December 31, 2024**

|  | General<br>Fund     | CSAH 27<br>Street<br>Project | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|---------------------|------------------------------|--------------------------------|--------------------------------|
| <b>Revenues</b>  |                     |                              |                                |                                |
| Property taxes   | \$ 949,687          | \$ -                         | \$ 310,377                     | \$ 1,260,064                   |
| Franchise taxes  | 32,200              | -                            | -                              | 32,200                         |
| Special assessments  | -                   | -                            | 92,257                         | 92,257                         |
| Fines and forfeits   | 1,866               | -                            | -                              | 1,866                          |
| Licenses and permits   | 87,617              | -                            | -                              | 87,617                         |
| Intergovernmental - state  | 886,187             | -                            | -                              | 886,187                        |
| Charges for services   | 459,629             | -                            | -                              | 459,629                        |
| Interest earnings  | 223,595             | -                            | 12,643                         | 236,238                        |
| Miscellaneous  | 140,150             | -                            | 11,699                         | 151,849                        |
| <b>Total revenues</b>  | <b>2,780,931</b>    | <b>-</b>                     | <b>426,976</b>                 | <b>3,207,907</b>               |
| <b>Expenditures</b>  |                     |                              |                                |                                |
| Current  |                     |                              |                                |                                |
| General government   | 884,010             | -                            | -                              | 884,010                        |
| Public safety  | 756,173             | -                            | -                              | 756,173                        |
| Streets and highways   | 321,129             | -                            | -                              | 321,129                        |
| Sanitation   | 280,569             | -                            | -                              | 280,569                        |
| Culture and recreation   | 142,452             | -                            | -                              | 142,452                        |
| Economic development   | -                   | -                            | 137,380                        | 137,380                        |
| Capital Outlay   | 329,207             | -                            | -                              | 329,207                        |
| Debt Services  |                     |                              |                                |                                |
| Principal  | -                   | -                            | 330,000                        | 330,000                        |
| Interest and other charges   | -                   | -                            | 36,241                         | 36,241                         |
| <b>Total expenditures</b>  | <b>2,713,540</b>    | <b>-</b>                     | <b>503,621</b>                 | <b>3,217,161</b>               |
| <b>Excess (Deficiency) of Revenues<br/>Over (Under) Expenditures</b> | <b>67,391</b>       | <b>-</b>                     | <b>(76,645)</b>                | <b>(9,254)</b>                 |
| <b>Other Financing Sources (Uses)</b>                                |                     |                              |                                |                                |
| Transfers in   | 44,560              | -                            | -                              | 44,560                         |
| Transfers out  | -                   | -                            | (44,560)                       | (44,560)                       |
| <b>Total other financing<br/>sources (uses)</b>                      | <b>44,560</b>       | <b>-</b>                     | <b>(44,560)</b>                | <b>-</b>                       |
| <b>Net Change in Fund Balances</b>                                   | <b>111,951</b>      | <b>-</b>                     | <b>(121,205)</b>               | <b>(9,254)</b>                 |
| <b>Fund Balance - Beginning -<br/>as previously reported</b>         | <b>3,818,990</b>    | <b>322,203</b>               | <b>768,387</b>                 | <b>4,909,580</b>               |
| <b>Adjustments (Note 7)</b>  | <b>-</b>            | <b>-</b>                     | <b>(13,628)</b>                | <b>(13,628)</b>                |
| <b>Fund Balance - Beginning -<br/>as restated</b>                    | <b>3,818,990</b>    | <b>322,203</b>               | <b>754,759</b>                 | <b>4,895,952</b>               |
| <b>Fund Balance - Ending</b>   | <b>\$ 3,930,941</b> | <b>\$ 322,203</b>            | <b>\$ 633,554</b>              | <b>\$ 4,886,698</b>            |

## City of Eagle Lake

### Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended December 31, 2024

---

|  |    |         |
|--|----|---------|
| Total Net Change in Fund Balances - Governmental Funds | \$ | (9,254) |
|--|----|---------|

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

|                      |           |
|----------------------|-----------|
| Capital outlay       | 329,207   |
| Depreciation expense | (528,633) |

Because some revenues will not be collected for several months after the City's fiscal year end, they are considered "unavailable" revenues and are deferred in the governmental funds.

|  |           |
|--|-----------|
|  | (104,345) |
|--|-----------|

The net effect of miscellaneous transactions involving capital assets such as sales and trade-ins is not reported in the governmental funds. The net change is reflected in the statement of activities.

|  |         |
|--|---------|
|  | (3,274) |
|--|---------|

In the statement of activities the cost of pension benefits earned net of employee contributions is reported as pension expense. In the governmental funds, however, the contributions are reported as expense.

|  |        |
|--|--------|
|  | 63,869 |
|--|--------|

The governmental funds report repayment of principal of long-term debt as an expenditure. In the statement of net position, however, repayment of principal reduces the liability.

|  |         |
|--|---------|
|  | 330,000 |
|--|---------|

The governmental funds report compensated absence costs as expenditures when paid, on the other hand, the statement of activities reports compensated absence costs as the employees earn the compensated absences. In the statement of net position, the payment of compensated absences results in a reduction of the liability. This amount is the net effect of these differences.

|  |         |
|--|---------|
|  | (6,473) |
|--|---------|

Interest is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, however, interest expense is recognized as it accrues, regardless of when it is due.

|  |       |
|--|-------|
|  | 1,591 |
|--|-------|

|   |    |               |
|---|----|---------------|
| Change in Net Position of Governmental Activities | \$ | <u>72,688</u> |
|---|----|---------------|

**City of Eagle Lake**  
**Budgetary Comparison Schedule – General Fund**  
**Year Ended December 31, 2024**

|   | Original<br>Budget  | Final<br>Budget     | Actual<br>Amounts   | Variance with<br>Final Budget |
|---|---------------------|---------------------|---------------------|-------------------------------|
| <b>Revenues</b>                             |                     |                     |                     |                               |
| <b>Taxes</b>                                |                     |                     |                     |                               |
| Property                                    | \$ 980,949          | \$ 980,949          | \$ 949,687          | \$ (31,262)                   |
| Franchise                                   | 36,300              | 36,300              | 32,200              | (4,100)                       |
| Special assessments                         | 1,926               | 1,926               | -                   | (1,926)                       |
| Licenses and permits                        | 81,650              | 81,650              | 87,617              | 5,967                         |
| Intergovernmental revenue                   |                     |                     |                     |                               |
| Local government aid                        | 801,305             | 801,305             | 878,149             | 76,844                        |
| Other state aids and grants                 | 25,000              | 25,000              | 8,038               | (16,962)                      |
| Charges for services                        |                     |                     |                     |                               |
| General government                          | 26,260              | 26,260              | 30,674              | 4,414                         |
| Police and fire contracts                   | 64,662              | 64,662              | 66,791              | 2,129                         |
| Garbage and recycling                       | 308,803             | 308,803             | 362,164             | 53,361                        |
| Fines and forfeits                          | 3,500               | 3,500               | 1,866               | (1,634)                       |
| Interest earnings                           | 50,000              | 50,000              | 223,595             | 173,595                       |
| Refunds and reimbursements                  | 38,050              | 38,050              | 45,706              | 7,656                         |
| Miscellaneous                               | 32,600              | 32,600              | 94,444              | 61,844                        |
| <b>Total revenues</b>                       | <b>2,451,005</b>    | <b>2,451,005</b>    | <b>2,780,931</b>    | <b>329,926</b>                |
| <b>Expenditures</b>                         |                     |                     |                     |                               |
| <b>General government</b>                   |                     |                     |                     |                               |
| Mayor and council                           | 30,276              | 30,276              | 26,443              | 3,833                         |
| Administration and finance                  | 201,101             | 201,101             | 183,869             | 17,232                        |
| Other general government                    | 440,636             | 440,636             | 673,698             | (233,062)                     |
| Capital outlay                              | 15,000              | 15,000              | -                   | 15,000                        |
| <b>Public safety</b>                        |                     |                     |                     |                               |
| Police                                      |                     |                     |                     |                               |
| Current expenditures                        | 502,150             | 502,150             | 532,269             | (30,119)                      |
| Capital outlay                              | 323,616             | 323,616             | 155,602             | 168,014                       |
| Fire  |                     |                     |                     |                               |
| Current expenditures                        | 195,610             | 195,610             | 223,270             | (27,660)                      |
| Capital outlay                              | 198,870             | 198,870             | 53,973              | 144,897                       |
| Other protection                            |                     |                     |                     |                               |
| Current expenditures                        | 1,700               | 1,700               | 634                 | 1,066                         |
| Capital outlay                              | 1,000               | 1,000               | -                   | 1,000                         |
| <b>Streets and highways</b>                 |                     |                     |                     |                               |
| Street maintenance                          | 267,344             | 267,344             | 281,206             | (13,862)                      |
| Street lighting                             | 45,000              | 45,000              | 39,923              | 5,077                         |
| Street construction - capital outlay        | 21,000              | 21,000              | -                   | 21,000                        |
| <b>Sanitation</b>                           |                     |                     |                     |                               |
| Garbage and other refuse collection         | 227,813             | 227,813             | 280,569             | (52,756)                      |
| <b>Culture and recreation</b>               |                     |                     |                     |                               |
| Parks and recreation - current expenditures | 136,816             | 136,816             | 142,452             | (5,636)                       |
| Parks and recreation - capital outlay       | 73,260              | 73,260              | 119,632             | (46,372)                      |
| <b>Total expenditures</b>                   | <b>2,681,192</b>    | <b>2,681,192</b>    | <b>2,713,540</b>    | <b>(32,348)</b>               |
| <b>Excess (Deficiency) of Revenues</b>      |                     |                     |                     |                               |
| <b>Over (Under) Expenditures</b>            | <b>(230,187)</b>    | <b>(230,187)</b>    | <b>67,391</b>       | <b>297,578</b>                |
| <b>Other Financing Sources (Uses)</b>       |                     |                     |                     |                               |
| Transfers in                                | 44,560              | 44,560              | 44,560              | -                             |
| Transfers out                               | (8,892)             | (8,892)             | -                   | 8,892                         |
| <b>Total Other Financing Sources</b>        | <b>35,668</b>       | <b>35,668</b>       | <b>44,560</b>       | <b>8,892</b>                  |
| <b>Net Change in Fund Balance</b>           | <b>\$ (194,519)</b> | <b>\$ (194,519)</b> | <b>111,951</b>      | <b>\$ 306,470</b>             |
| <b>Fund Balance - Beginning</b>             |                     |                     | 3,818,990           |                               |
| <b>Fund Balance - Ending</b>                |                     |                     | <b>\$ 3,930,941</b> |                               |

**City of Eagle Lake**  
**Statement of Net Position – Proprietary Funds**  
**December 31, 2024**

|   | <u>Water</u>        | <u>Sanitary<br/>Sewer</u> | <u>Total</u>        |
|---|---------------------|---------------------------|---------------------|
| <b>Assets</b>                                   |                     |                           |                     |
| <b>Current assets</b>                           |                     |                           |                     |
| Cash and cash equivalents                       | \$ 918,875          | \$ 855,037                | \$ 1,773,912        |
| Restricted cash                                 | 790,585             | -                         | 790,585             |
| Accounts receivable                             | 38,408              | 46,938                    | 85,346              |
| Prepaid items                                   | 10,754              | 10,754                    | 21,508              |
| <b>Total current assets</b>                     | <u>1,758,622</u>    | <u>912,729</u>            | <u>2,671,351</u>    |
| <b>Noncurrent assets</b>                        |                     |                           |                     |
| Capital assets not being depreciated            |                     |                           |                     |
| Land  | 6,000               | 6,000                     | 12,000              |
| Construction in progress                        | 446,415             | -                         | 446,415             |
| Capital assets, net of accumulated depreciation |                     |                           |                     |
| Distribution plant                              | 1,411,154           | 825,567                   | 2,236,721           |
| Buildings and equipment                         | 93,610              | 46,901                    | 140,511             |
| <b>Total noncurrent assets</b>                  | <u>1,957,179</u>    | <u>878,468</u>            | <u>2,835,647</u>    |
| <b>Total assets</b>                             | <u>3,715,801</u>    | <u>1,791,197</u>          | <u>5,506,998</u>    |
| <b>Deferred Outflows of Resources</b>           |                     |                           |                     |
| Pension plans                                   | 14,654              | 14,649                    | 29,303              |
| <b>Liabilities</b>                              |                     |                           |                     |
| <b>Current liabilities</b>                      |                     |                           |                     |
| Current portion of bonds payable                | 40,000              | -                         | 40,000              |
| Accounts payable                                | 135,265             | 92,899                    | 228,164             |
| Accrued payroll                                 | 5,926               | 5,926                     | 11,852              |
| Interest payable                                | 15,942              | -                         | 15,942              |
| Compensated absences                            | 7,862               | 7,862                     | 15,724              |
| <b>Total current liabilities</b>                | <u>204,995</u>      | <u>106,687</u>            | <u>311,682</u>      |
| <b>Non-current liabilities</b>                  |                     |                           |                     |
| Net pension liability                           | 51,150              | 51,132                    | 102,282             |
| Bonds payable, less current portion             | 1,642,000           | -                         | 1,642,000           |
| <b>Total noncurrent liabilities</b>             | <u>1,693,150</u>    | <u>51,132</u>             | <u>1,744,282</u>    |
| <b>Total liabilities</b>                        | <u>1,898,145</u>    | <u>157,819</u>            | <u>2,055,964</u>    |
| <b>Deferred Inflows of Resources</b>            |                     |                           |                     |
| Pension plans                                   | 33,472              | 33,459                    | 66,931              |
| <b>Net Position</b>                             |                     |                           |                     |
| Net investment in capital assets                | 275,179             | 878,468                   | 1,153,647           |
| Unrestricted                                    | 1,523,659           | 736,100                   | 2,259,759           |
| <b>Total net position</b>                       | <u>\$ 1,798,838</u> | <u>\$ 1,614,568</u>       | <u>\$ 3,413,406</u> |

**City of Eagle Lake**  
**Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds**  
**Year Ended December 31, 2024**

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|   | <u>Water</u>     | <u>Sanitary<br/>Sewer</u> | <u>Total</u>     |
|---|------------------|---------------------------|------------------|
| <b>Operating Revenues</b>                   |                  |                           |                  |
| Utility sales                               | \$ 475,474       | \$ 540,610                | \$ 1,016,084     |
| Connection charges                          | 9,039            | 6,400                     | 15,439           |
| Miscellaneous revenue                       | 913              | -                         | 913              |
| <br>Total operating revenues                | <br>485,426      | <br>547,010               | <br>1,032,436    |
| <b>Operating Expenses</b>                   |                  |                           |                  |
| Distribution system                         | 258,931          | 531,787                   | 790,718          |
| General and administrative                  | 4,589            | 3,043                     | 7,632            |
| Depreciation                                | 78,128           | 46,725                    | 124,853          |
| <br>Total operating expenses                | <br>341,648      | <br>581,555               | <br>923,203      |
| <br>Operating income (loss)                 | <br>143,778      | <br>(34,545)              | <br>109,233      |
| <br><b>Nonoperating Revenues (Expenses)</b> |                  |                           |                  |
| Interest expense                            | (25,380)         | -                         | (25,380)         |
| Debt issuance costs                         | (22,000)         | -                         | (22,000)         |
| <br>Total nonoperating expenses             | <br>(47,380)     | <br>-                     | <br>(47,380)     |
| <br>Change in Net Position                  | <br>96,398       | <br>(34,545)              | <br>61,853       |
| <br>Net Position - Beginning                | <br>1,702,440    | <br>1,649,113             | <br>3,351,553    |
| <br>Net Position - Ending                   | <br>\$ 1,798,838 | <br>\$ 1,614,568          | <br>\$ 3,413,406 |

**City of Eagle Lake**  
**Statement of Cash Flows - Proprietary Funds**  
**Year Ended December 31, 2024**

|   | <u>Water</u>               | <u>Sanitary<br/>Sewer</u> | <u>Total</u>               |
|---|----------------------------|---------------------------|----------------------------|
| <b>Cash Flows Provided by Operating Activities</b>  |                            |                           |                            |
| Receipts from customers   | \$ 482,480                 | \$ 543,636                | \$ 1,026,116               |
| Payments to employees   | (82,930)                   | (79,319)                  | (162,249)                  |
| Payments to suppliers   | <u>(225,139)</u>           | <u>(369,239)</u>          | <u>(594,378)</u>           |
| Net cash provided by operating activities   | <u>174,411</u>             | <u>95,078</u>             | <u>269,489</u>             |
| <b>Cash Flows Provided by (Used for) Capital and Related Financing Activities</b>             |                            |                           |                            |
| Proceeds from the issuance of bonds   | 1,259,000                  | -                         | 1,259,000                  |
| Cost of bond issuance   | (22,000)                   | -                         | (22,000)                   |
| Principal paid on bonds   | (39,000)                   | -                         | (39,000)                   |
| Interest paid on bonds  | (16,595)                   | -                         | (16,595)                   |
| Acquisition of property, plant and equipment  | <u>(468,877)</u>           | <u>(31,429)</u>           | <u>(500,306)</u>           |
| Net cash provided by (used for) capital and related financing activities                      | <u>712,528</u>             | <u>(31,429)</u>           | <u>681,099</u>             |
| <b>Net Change in Cash and Cash Equivalents</b>  | <b>886,939</b>             | <b>63,649</b>             | <b>950,588</b>             |
| <b>Cash, Cash Equivalents, and Restricted Cash - January 1</b>                                | <b>822,521</b>             | <b>791,388</b>            | <b>1,613,909</b>           |
| <b>Cash, Cash Equivalents, and Restricted Cash - December 31</b>                              | <b><u>\$ 1,709,460</u></b> | <b><u>\$ 855,037</u></b>  | <b><u>\$ 2,564,497</u></b> |
| <b>Reconciliation of Operating income (loss) to Net Cash Provided by Operating Activities</b> |                            |                           |                            |
| Operating income (loss)   | \$ 143,778                 | \$ (34,545)               | \$ 109,233                 |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities |                            |                           |                            |
| Depreciation  | 78,128                     | 46,725                    | 124,853                    |
| Deferred outflows   | 5,199                      | 3,998                     | 9,197                      |
| Net pension liability   | (10,305)                   | (6,604)                   | (16,909)                   |
| Deferred inflows  | 14,978                     | 16,084                    | 31,062                     |
| Decrease (increase) in assets   |                            |                           |                            |
| Accounts receivable   | (2,946)                    | (3,374)                   | (6,320)                    |
| Prepaid items   | (9,111)                    | (9,111)                   | (18,222)                   |
| Increase (decrease) in liabilities  |                            |                           |                            |
| Accounts payable  | (50,041)                   | 77,174                    | 27,133                     |
| Accrued payroll   | 1,067                      | 1,067                     | 2,134                      |
| Compensated absences  | <u>3,664</u>               | <u>3,664</u>              | <u>7,328</u>               |
| <b>Net Cash Provided by Operating Activities</b>  | <b><u>\$ 174,411</u></b>   | <b><u>\$ 95,078</u></b>   | <b><u>\$ 269,489</u></b>   |
| <b>Noncash Capital and Related Financing Activities:</b>                                      |                            |                           |                            |
| Acquisition of capital assets through accounts payable  | <u>\$ 1</u>                | <u>\$ -</u>               | <u>\$ 1</u>                |

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

The City of Eagle Lake (the City) is a municipal corporation governed by a mayor and a four-member council elected by eligible voters of the City. The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City applies all relevant GASB pronouncements. The significant City accounting policies are described below.

### **A. Financial Reporting Entity**

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The City is the basic level of government which has oversight responsibility and control over all activities related to the government in the City's area. The City receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities. However, the City is not included in any other governmental "reporting entity" as defined by the GASB's pronouncements, since mayor and council members are elected by the public and have decision making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters.

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationships with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The City does not have any component units.

### **B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund activity has been removed from these 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 City at present does not have any component units.

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 (a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

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

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

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is 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 government.

The government reports the following major governmental funds:

- *General fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- *CSAH 27 Street Project capital project fund* accounts for the sources of revenue for and the payments for the CSAH 27 Street project.

The government reports the following major proprietary funds:

- *Water fund* accounts for the activities of the government's water distribution operations.
- *Sanitary Sewer fund* accounts for the activities of the government's sewage pumping stations and collection systems.

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

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 water and sanitary sewer enterprise funds are charges to customers for sales and services. The enterprise funds also recognize as operating revenue refunds and reimbursements and penalties. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

#### **D. Assets, Liabilities, Deferred Inflows/Outflows of Resources, and Net Position or Fund Balance**

##### **1. Cash and Cash Equivalents**

Cash balances of the City's funds are combined (pooled) and invested to the extent available in various deposits and investments authorized by Minnesota State Statutes. Each fund shares in the earnings according to its average cash and investments balance. Cash and cash equivalents include amounts in demand deposits, certificates of deposit as well as amounts in the Minnesota 4M Plus Fund, an external investment pool in which funds are available on demand. For the purposes of the statement of cash flows, cash includes all of the above. There were no investing, capital, or financing activities that affect recognized assets or liabilities but do not result in cash receipts or payments for the year ended December 31, 2024. The Minnesota 4M Plus Fund is stated at cost which approximates fair value.

##### **2. Restricted Cash**

Restricted cash in the governmental funds is related to a housing development project for which the cash is being held in case the real estate developer pulls out of the project before its completion. Upon completion of the development project, the cash will be released to pay the remaining construction costs.

Restricted cash in the proprietary funds is related to bond proceeds received for the 2024A GO Water Treatment Facility Bond issuance that will be used for costs of this project.

### **3. Receivables and Payables**

Under the modified accrual basis of accounting, some revenues are susceptible to accrual while others are not. Major revenues treated as susceptible to accrual are property taxes, special assessments, and state and federal aids. All receivables are reported at their gross value and, if appropriate, reduced by the estimated portion that is expected to be uncollectible. The City has reviewed receivables and determined that no allowance for uncollectible accounts is necessary.

Interest on investments and certain receivables are recorded as revenue in the year that the interest is earned and is available to pay liabilities of the current period.

On or before September 30th of each year, the City Council certifies to the county auditor the dates that it has selected for its public hearing and for the continuation of its hearing, if necessary. If not certified by this date, the county auditor will assign the hearing date. All cities must hold public hearings on their proposed property tax levies.

Beginning on November 29th and through December 20th of each year, the City is required by State Law to hold its public hearing on its proposed budgets and proposed property tax levies for the taxes payable in the following year. On or before five business days after December 20th, the City Council certifies its final adopted property taxes payable the following year to the county auditor. If the City has not certified its final property tax by this time, its property tax shall be the amount levied by it in the preceding year.

In Minnesota, counties act as collection agents for all property taxes. The County spreads all levies over taxable property. Such taxes become a lien on January 1 and are recorded as receivables by the City at that date. Revenues are accrued and recognized in the year collectible, net of delinquencies. Real property taxes may be paid by taxpayers in two equal installments on May 15 and October 15. Agricultural land taxes may be paid on November 15. Personal property taxes may be paid on February 28 and June 30. The County provides tax settlements to cities and other taxing districts three times a year, in January, June, and November.

### **4. 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.

### **5. Capital Assets**

Capital assets are capitalized at historical cost, or estimated historical cost for assets where actual historic cost is not available. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would have been paid to acquire an asset with equivalent service potential on the date of the donation. The City maintains a threshold level of \$1,000 or more for capitalizing capital assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are recorded in the government-wide financial statements, but are not reported in the fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purposes by the City, no salvage value is taken into consideration for depreciation purposes.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

|                                      | <u>Years</u>     |
|--------------------------------------|------------------|
| Lift station                         | 50               |
| Sanitary sewer mains                 | 40               |
| Water mains                          | 40               |
| Storm sewer mains                    | 40               |
| Street and roadways                  | 40               |
| Sump pump lines                      | 40               |
| Buildings                            | 40               |
| Concrete curb and gutter             | 40               |
| Sidewalks                            | 40               |
| Wells and pump houses                | 25               |
| Water, electric, meters              | 20               |
| Office equipment                     | 10               |
| Machinery, equipment, radios, phones | 10               |
| Computer equipment and software      | 5                |
| Vehicles                             | 5                |
| Land                                 | Not Depreciated  |
| Construction in progress             | Note Depreciated |

## **6. Compensated Absences**

Vacation leave may be accumulated to a total of not more than 200 hours with a carryover amount of 80 hours. Vacation leave is paid 100 percent at the time of separation from employment with the City, given the employee has served at least twelve consecutive months prior to separation.

## **7. 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. In the fund financial statements, governmental fund types report the face amount of debt issued is reported as other financing sources.

Bond premiums and discounts are deferred and amortized over the life of the bonds and issuance costs are expensed in the period incurred. In the fund financial statements, governmental fund types recognize premiums received on debt issuances 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.

## **8. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position or governmental balance sheet 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 or fund balance that applies to a future period and so will *not* be recognized as an outflow (expense/expenditure) until then. The City has two items that qualify for reporting in this category. They are the contributions made to pension plans after the measurement date and prior to the fiscal year-end, and changes in the net pension liability not included in pension expense reported in the government-wide statement of net position.

In addition to liabilities, the statement of financial position or the governmental balance sheet 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 or fund balance that applies to a future period and so will *not* be recognized as an inflow of resources (revenue) until that time. The city has two items that qualifies for reporting in this category, *unavailable revenue*, which arises only under the modified accrual basis of accounting. Accordingly, *unavailable revenue* is only reported on the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amount becomes available. The other item is changes in the net pension liability not included in pension expense reported in the government-wide statement of net position.

## **9. 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.

## **10. Fund Balance and Net Position**

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources in the government-wide financial statements and proprietary fund statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted in the government-wide financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. When both restricted and unrestricted resources are available, it is the City's policy to use restricted resources first. The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance—amounts that are not in spendable form (such as prepaid items) or are required to be maintained intact.
- Restricted fund balance—amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance—amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (i.e., City Council resolution). To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest-level action to remove or change the constraint.
- Assigned fund balance—amounts the City intends to use for a specific purpose. Intent can be expressed by the City Council or by an official or body to which the City Council delegates the authority. The City Council has delegated this authority to the City Administrator.
- Unassigned fund balance—amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The City approved to maintain 50 percent of the annual budget as a minimum unassigned general fund balance. If resources from more than one fund balance classification could be spent, the City will strive to spend resources from fund balance classifications in the following order (first to last): restricted, committed, assigned, and unassigned.

## **11. Inter-fund Transactions**

Quasi-external transactions are accounted for as revenues or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund as reductions of expenditures/expenses in the fund that is reimbursed.

All other inter-fund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Transfers between funds within the same activity have been eliminated from the government-wide financial statements.

## **12. Adoption of New Accounting Standards**

As of January 1, 2024, the City adopted GASB Statement No. 100, *Accounting Changes and Error Corrections*. The implementation of this standard requires additional presentation and disclosure requirements for accounting changes and error corrections. The financial statements have been updated to conform to the presentation requirements related to the accounting change in the financial statements for the year ended December 31, 2024. The additional disclosures required by this standard are included in Note 7.

As of January 1, 2024, the City adopted GASB Statement No. 101, *Compensated Absences*. The provisions of this standard modernize the types of leave that are considered a compensated absence and provides guidance for a consistent recognition and measurement of the compensated absence liability. There was not a significant effect on the City's financial statements as a result of the implementation of this standard.

## **Note 2 - Stewardship, Compliance and Accountability**

### **A. Budgetary Information**

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. All annual appropriations lapse at year end. The actual revenues, expenditures, and transfers for the year ended December 31, 2024, have been compared to the City's budget for the year where applicable. Variances which are in parentheses are unfavorable and indicate revenues are less than budget or expenditures are greater than budget. The budget is adopted through passage of a resolution. Administration can authorize transfer of budgeted amounts within any fund per state statutes. Any revisions that alter total expenditures of any fund must be approved by the City Council.

On or before the last Tuesday in August of each year, all agencies of the government submit requests for appropriation to the government's manager so that a budget may be prepared. The budget is prepared by fund, function, and activity and includes information on the past year, current year estimates, and requested appropriations for the next fiscal year.

The government's council reviews the budget at their regular meeting in September and makes changes as they see fit. All changes are approved by an affirmative vote of a majority of the council.

Budgetary control is maintained at the object of expenditure category level within each activity, and in compliance with State requirements. Also inherent in this controlling function is the management philosophy that the existence of a particular item or appropriation in the approved budget does not automatically mean that it will be spent. The budget process has flexibility in that, where need has been properly demonstrated, an adjustment can be made within the department budget by the City Council. Therefore, there is a constant review process and expenditures are not approved until it has been determined that (a) adequate funds were appropriated; (b) the expenditure is still necessary; and (c) funds are available. Budgeted amounts are as originally adopted or as amended by the City Council. Budgeted expenditure appropriations lapse at year end.

**B. Excess of Expenditures over Appropriations**

For the year ended December 31, 2024, expenditures exceeded appropriations in the general fund by \$32,348. These over expenditures were funded by greater than anticipated revenues.

**C. Deficit Fund Balance**

At December 31, 2024, the 2017 Debt Service fund had a deficit fund balance of \$119,322. The deficit will be eliminated in future years through a combination of tax levies, special assessments, and transfers from other funds.

**Note 3 - Detailed Notes on All Funds**

**A. Cash and Cash Equivalents**

The following table presents the City's deposit and cash equivalent balances at December 31, 2024:

|                                    |                            |
|------------------------------------|----------------------------|
| Demand deposits (interest bearing) | \$ 7,256,471               |
| Money market                       | 158                        |
| Certificates of deposit            | <u>250,000</u>             |
|                                    | <u><u>\$ 7,506,629</u></u> |

Cash is included in the basic financial statements as follows:

|  |                            |
|--|----------------------------|
| Cash and cash equivalents - Governmental funds | \$ 4,938,504               |
| Restricted Cash - Governmental funds           | 3,628                      |
| Cash and cash equivalents - Proprietary funds  | 1,773,912                  |
| Restricted Cash - Proprietary funds            | <u>790,585</u>             |
|  | <u><u>\$ 7,506,629</u></u> |

Custodial Credit Risk – Deposits - Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to the City. State statutes require that insurance, surety bonds or collateral protect all city deposits. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or bonds (140% in the case of mortgage notes pledged). As of December 31, 2024, the City's bank balances were covered by insurance or collateral pledged and held in the City's name. As of December 31, 2024, the City's deposit accounts were fully collateralized.

Custodial Credit Risk – Investments - The Minnesota 4M Plus Fund is an external investment pool not registered with the Securities and Exchange Commission (SEC) that follows the same regulatory rules of the SEC under rule 2a7. The fair value of the position in the pool is the same as the value of the pool's shares.

Interest Rate Risk - The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - State statutes authorize investments in U.S. treasuries, U.S. agencies, state and municipal bonds, bankers' acceptances, certain repurchase agreements and commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record. The Certificates of Deposit are invested time deposits that are fully insured by the Federal Deposit Insurance Corporation.

Concentration of Credit Risk - The City places no limit on the amount the City may invest in any one issuer. More than 5% of the City's demand deposits are with Cornerstone State Bank (10.2%) and Pioneer Bank (83.5%).

#### **B. Receivables**

Receivables as of the year end for the City are reported on the Statements of Net Position and Balance Sheet. The City has determined no allowance for uncollectible receivables is necessary.

The City issued a promissory note through the Economic Development Authority Revolving Loan Fund program to a local organization. The note is receivable in monthly installments of \$193 with an interest rate of 6.00%. The note is secured by one or a combination of the following: a mortgage, a second mortgage, equipment, and fixtures. The current outstanding balance on this loan is \$7,927 as of December 31, 2024.

The City has also issued a forgivable promissory note through the Economic Development Authority Revolving Loan Fund program to a local business. The note will be forgiven over a period of five years and require that the business remain open and make semiannual interest payments. Borrowers are required to submit proof of eligible expenses and the city issues loan funds equal to those expenses, up to an established maximum. The note bears an interest rate of 7.00%. The current outstanding balance on these loans is \$11,350. As of December 31, 2024, \$3,628 remains to be advanced to the borrower, and is reported as a due to borrower liability.

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

|  | <u>Unavailable</u>    |
|--|-----------------------|
| Special assessments not yet due (general fund)       | \$ 1,224              |
| Special assessments not yet due (debt service funds) | 337,027               |
| Delinquent property taxes (general fund)             | <u>13,760</u>         |
| <br>Total  | <br><u>\$ 352,011</u> |

**C. Capital Assets**

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

|  | Beginning<br>Balance       | Increases                  | Decreases               | Ending<br>Balance          |
|--|----------------------------|----------------------------|-------------------------|----------------------------|
| <b>Governmental Activities</b>               |                            |                            |                         |                            |
| Capital assets, not being depreciated        |                            |                            |                         |                            |
| Land   | \$ 282,749                 | \$ -                       | \$ -                    | \$ 282,749                 |
| Construction in progress                     | <u>80,000</u>              | <u>-</u>                   | <u>80,000</u>           | <u>-</u>                   |
| Total capital assets, not being depreciated  | <u>362,749</u>             | <u>-</u>                   | <u>80,000</u>           | <u>282,749</u>             |
| Capital assets, being depreciated            |                            |                            |                         |                            |
| Buildings                                    | 2,690,593                  | -                          | -                       | 2,690,593                  |
| Road network                                 | 7,157,850                  | -                          | -                       | 7,157,850                  |
| Equipment                                    | 1,451,469                  | 222,848                    | 8,359                   | 1,665,958                  |
| Land improvements                            | 568,983                    | 186,359                    | -                       | 755,342                    |
| Vehicles                                     | <u>1,599,152</u>           | <u>-</u>                   | <u>-</u>                | <u>1,599,152</u>           |
| Total capital assets, being depreciated      | <u>13,468,047</u>          | <u>409,207</u>             | <u>8,359</u>            | <u>13,868,895</u>          |
| Less accumulated depreciation for            |                            |                            |                         |                            |
| Buildings                                    | 1,354,026                  | 90,231                     | -                       | 1,444,257                  |
| Road network                                 | 2,791,956                  | 187,115                    | -                       | 2,979,071                  |
| Equipment                                    | 819,261                    | 99,540                     | 5,085                   | 913,716                    |
| Land improvements                            | 293,455                    | 17,237                     | -                       | 310,692                    |
| Vehicles                                     | <u>893,926</u>             | <u>134,510</u>             | <u>-</u>                | <u>1,028,436</u>           |
| Total accumulated depreciation               | <u>6,152,624</u>           | <u>528,633</u>             | <u>5,085</u>            | <u>6,676,172</u>           |
| Total capital assets, being depreciated, net | <u>7,315,423</u>           | <u>(119,426)</u>           | <u>3,274</u>            | <u>7,192,723</u>           |
| Governmental activities capital assets, net  | <u><u>\$ 7,678,172</u></u> | <u><u>\$ (119,426)</u></u> | <u><u>\$ 83,274</u></u> | <u><u>\$ 7,475,472</u></u> |

Depreciation expense was charged to activities of the governmental activities as follows:

|                        |                          |
|------------------------|--------------------------|
| General government     | \$ 71,785                |
| Public safety          | 170,487                  |
| Streets and highways   | 261,192                  |
| Culture and recreation | 25,169                   |
|                        | <u><u>\$ 528,633</u></u> |

**City of Eagle Lake**  
 Notes to Financial Statements  
 December 31, 2024

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

|  | <u>Beginning<br/>Balance</u> | <u>Increases</u>  | <u>Decreases</u> | <u>Ending<br/>Balance</u> |
|--|------------------------------|-------------------|------------------|---------------------------|
| <b>Business-type activities</b>              |                              |                   |                  |                           |
| Capital assets, not being depreciated        |                              |                   |                  |                           |
| Land   | \$ 12,000                    | \$ -              | \$ -             | \$ 12,000                 |
| Construction in progress                     | -                            | <u>446,416</u>    | -                | <u>446,416</u>            |
| Total capital assets, not being depreciated  | <u>12,000</u>                | <u>446,416</u>    | -                | <u>458,416</u>            |
| Capital assets, being depreciated            |                              |                   |                  |                           |
| Distribution plant                           | 3,924,817                    | 31,429            | -                | 3,956,246                 |
| Equipment                                    | <u>682,779</u>               | <u>22,462</u>     | -                | <u>705,241</u>            |
| Total capital assets, being depreciated      | <u>4,607,596</u>             | <u>53,891</u>     | -                | <u>4,661,487</u>          |
| Less accumulated depreciation for            |                              |                   |                  |                           |
| Distribution plant                           | 1,618,956                    | 100,569           | -                | 1,719,525                 |
| Equipment                                    | <u>540,446</u>               | <u>24,284</u>     | -                | <u>564,730</u>            |
| Total accumulated depreciation               | <u>2,159,402</u>             | <u>124,853</u>    | -                | <u>2,284,255</u>          |
| Total capital assets, being depreciated, net | <u>2,448,194</u>             | <u>(70,962)</u>   | -                | <u>2,377,232</u>          |
| Business-type activities capital assets, net | <u>\$ 2,460,194</u>          | <u>\$ 375,454</u> | <u>\$ -</u>      | <u>\$ 2,835,648</u>       |

Depreciation expense was charged to business-type activities as follows:

|       |                          |
|-------|--------------------------|
| Water | \$ 78,128                |
| Sewer | <u>46,725</u>            |
|       | <u><u>\$ 124,853</u></u> |

Construction in progress in the City's business-type activities relate to the water treatment facility project. As of year-end, the City has expended \$446,416 on this project and is expecting the remainder of the project to cost approximately \$13,554,000. The expected completion date of this project is undeterminable at this time as the project is still in its beginning stages.

**D. Long-Term Debt**

General Obligation Bonds: The City issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds are paid out of the 2013, 2017, CSAH 27 Street Project Debt Service, and Water funds. General obligation bonds currently outstanding are as follows:

Governmental Activities

| <u>Bond Issue and Purpose</u>   | <u>Interest Rates</u> | <u>Amount</u>              |
|---|-----------------------|----------------------------|
| G.O. Crossover Refunding bonds of 2017A of \$525,000. Due in annual installments of \$55,000 to \$65,000 through February 1, 2028.                            | 1.60% to 3.00%        | \$ 245,000                 |
| Minnesota Public Facilities Authority G.O. Improvement Note of 2010 of \$576,256. Due in annual installments of \$26,000 to \$31,000 through August 20, 2030. | 1.643%                | 180,000                    |
| G.O. Improvement Bonds of 2021A of \$1,295,000. Due in annual installments of \$80,000 to \$95,000 through February 1, 2037.                                  | 0.40% to 1.60%        | 1,135,000                  |
| G.O. Refunding Bonds of 2021B of \$1,398,000. Due in annual installments of \$162,000 to \$194,000 through February 1, 2029.                                  | 1.10%                 | <u>854,000</u>             |
|   |                       | <u><u>\$ 2,414,000</u></u> |

Business-Type Activities

| <u>Bond Issue and Purpose</u>   | <u>Interest Rates</u> | <u>Amount</u>              |
|---|-----------------------|----------------------------|
| G.O. Water Tower Rehab Bonds of 2023A of \$462,000. Due in annual installments of \$39,000 to \$54,000 through February 1, 2033 | 3.75%                 | \$ 423,000                 |
| G.O. Water Treatment Facility Bonds of 2024A of \$1,259,000. Due in one installment of \$1,259,000 on November 1, 2027          | 4.50%                 | <u>1,259,000</u>           |
|   |                       | <u><u>\$ 1,682,000</u></u> |

**City of Eagle Lake**  
 Notes to Financial Statements  
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Annual debt service requirements to maturity for general obligation bonds are as follows:

| <b>Year Ending<br/>December 31</b> | <b>Governmental Activities</b> |                   | <b>Business-Type Activities</b> |                   |
|------------------------------------|--------------------------------|-------------------|---------------------------------|-------------------|
|                                    | <b>Principal</b>               | <b>Interest</b>   | <b>Principal</b>                | <b>Interest</b>   |
| 2025                               | \$ 334,000                     | \$ 31,079         | \$ 40,000                       | \$ 71,768         |
| 2026                               | 343,000                        | 26,784            | 42,000                          | 70,230            |
| 2027                               | 347,000                        | 22,080            | 1,302,000                       | 68,636            |
| 2028                               | 355,000                        | 16,996            | 45,000                          | 10,331            |
| 2029                               | 289,000                        | 12,551            | 47,000                          | 8,606             |
| 2030-2034                          | 466,000                        | 37,089            | 206,000                         | 15,750            |
| 2035-2037                          | 280,000                        | 6,733             | -                               | -                 |
| <b>Total</b>                       | <b>\$ 2,414,000</b>            | <b>\$ 153,312</b> | <b>\$ 1,682,000</b>             | <b>\$ 245,321</b> |

**Changes in Long-Term Liabilities.** During the year ended December 31, 2024, the following changes occurred in long-term debt:

|                                 | <b>Balance<br/>January 1</b> | <b>Additions</b>    | <b>Reductions</b> | <b>Balance<br/>December 31</b> | <b>Due Within<br/>One Year</b> |
|---------------------------------|------------------------------|---------------------|-------------------|--------------------------------|--------------------------------|
| <b>Governmental Activities</b>  |                              |                     |                   |                                |                                |
| General obligation bonds        | \$ 2,744,000                 | \$ -                | \$ 330,000        | \$ 2,414,000                   | \$ 334,000                     |
| Compensated absences*           | 8,049                        | 6,473               | -                 | 14,522                         | 14,522                         |
| Governmental activity           |                              |                     |                   |                                |                                |
| Long-term liabilities           | <b>\$ 2,752,049</b>          | <b>\$ 6,473</b>     | <b>\$ 330,000</b> | <b>\$ 2,428,522</b>            | <b>\$ 348,522</b>              |
| <b>Business-Type Activities</b> |                              |                     |                   |                                |                                |
| General obligation bonds        | \$ 462,000                   | \$ 1,259,000        | \$ 39,000         | \$ 1,682,000                   | \$ 40,000                      |
| Compensated absences*           | 8,396                        | 7,328               | -                 | 15,724                         | 15,724                         |
| Business-type activity          |                              |                     |                   |                                |                                |
| Long-term liabilities           | <b>\$ 470,396</b>            | <b>\$ 1,266,328</b> | <b>\$ 39,000</b>  | <b>\$ 1,697,724</b>            | <b>\$ 55,724</b>               |

\*The roll-forward schedule only reports the net change in the compensated absences liability.

**Legal Debt Margin.** The legal debt limitation based on market value of taxable property in the municipality is equal to \$9,714,834. As of December 31, 2024, none of the above debt was subject to the legal debt margin.

#### **E. Inter-fund Transfers**

Inter-fund transfers for the year ended December 31, 2024, consisted of \$44,560 transferred out of the nonmajor governmental funds to the general fund with the purpose of covering debt service payments.

**F. Inter-fund Receivables and Payables**

The following inter-fund receivables and payables existed at December 31, 2024, as a result of a deficit cash balance:

| Due To:      | Due From: |                       |
|--------------|-----------|-----------------------|
|              | Other     | Governmental<br>Funds |
| General Fund |           | <u>\$ 119,322</u>     |

**G. Fund Balances**

Balances in Nonspendable Fund Balances as of December 31, 2024:

|                                   |                         |
|-----------------------------------|-------------------------|
| Nonspendable for Prepaid Expenses | \$ 21,507               |
| Nonspendable for Notes Receivable | <u>19,277</u>           |
| <b>Total</b>                      | <b><u>\$ 40,784</u></b> |

Balances in Restricted Fund Balances as of December 31, 2024:

|                                  |                            |
|----------------------------------|----------------------------|
| Restricted for 2017 Debt Service | \$ 322,203                 |
| Restricted for Debt Service      | 222,657                    |
| Restricted for Special Revenue   | <u>510,942</u>             |
| <b>Total</b>                     | <b><u>\$ 1,055,802</u></b> |

Balances in Committed Fund Balances as of December 31, 2024:

|                              |                     |
|------------------------------|---------------------|
| Committed for Capital Outlay | <u>\$ 2,068,654</u> |
|------------------------------|---------------------|

#### **Note 4 - Defined Benefit Pension Plans**

Qualified employees are covered under cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). For the year ended December 31, 2024, the City reported its proportionate share of net pension assets, net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense (income) for each of the plans as follows:

|                               | Deferred<br>Outflows of<br>Resources | Net Pension<br>Liability | Deferred<br>Inflows of<br>Resources | Pension Expense<br>(Income) |
|-------------------------------|--------------------------------------|--------------------------|-------------------------------------|-----------------------------|
| PERA - General Employees Fund | \$ 54,034                            | \$ 188,608               | \$ 123,421                          | \$ 11,065                   |
| PERA - Police and Fire Fund   | <u>331,185</u>                       | <u>40,220</u>            | <u>582,098</u>                      | <u>(36,302)</u>             |
| <b>Total all plans</b>        | <b><u>\$ 385,219</u></b>             | <b><u>\$ 228,828</u></b> | <b><u>\$ 705,519</u></b>            | <b><u>\$ (25,237)</u></b>   |

#### **A. Plan Description**

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

##### **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.

##### **2. Public Employees Police and Fire Plan (Police and Fire Plan)**

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

## **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 10 years of service and 1.7 percent for each additional year. Under the Level formula, General Plan members receive 1.7 percent of highest average salary for all years of service. For members hired prior to July 1, 1989, a full retirement benefit is available when age plus years of service equal 90 and normal retirement age is 65. Members can receive a reduced requirement benefit as early as age 55 if they have three or more years of service. Early retirement benefits are reduced by .25 percent for each month under age 65. Members with 30 or more years of service can retire at any age with a reduction of .25 percent for each month the member is younger than age 62. The Level formula allows General Plan members to receive a full retirement benefit at age 65 if they were first hired before July 1, 1989, or at age 66 if they were hired on or after July 1, 1989. Early retirement begins at age 55 with an actuarial reduction applied to the benefit.

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

### **2. Police and Fire Plan**

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

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

#### **C. Contributions**

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

##### **1. General Employees Fund Contributions**

General Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2024 and the City was required to contribute 7.50 percent for General Plan members. The City's contributions to the General Employees Fund for the year ended December 31, 2024, were \$33,083. The City's 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 percent of their annual covered salary in fiscal year 2024 and the City was required to contribute 17.70 percent for Police and Fire Plan members. Effective January 1, 2024, the City contracted with Blue Earth County to provide permanent law enforcement services and the City's did not make any contributions to the Police and Fire Fund for the year ended December 31, 2024.

#### **D. Pension Costs**

##### **1. General Employees Fund Pension Costs**

At December 31, 2024, the City reported a liability of \$188,608 for its proportionate share of the General Employees Fund's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$4,877.

|  |                          |
|--|--------------------------|
| City's proportionate share of the net pension liability  | \$ 188,608               |
| State of Minnesota's proportionate share of the net pension liability associated with the City | <u>4,877</u>             |
| <b>Total</b>   | <b><u>\$ 193,485</u></b> |

City of Eagle Lake  
Notes to Financial Statements  
December 31, 2024

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The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2023 through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0051% at the end of the measurement period and 0.0050% for the beginning of the period.

For the year ended December 31, 2024, the City recognized pension expense of \$11,065 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized an additional \$131 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

During the plan year ended June 30, 2024, the State of Minnesota contributed \$170.1 million to the General Employees Fund. The State of Minnesota is not included as a non-employer contributing entity in the General Employees Plan pension allocation schedules for the \$170.1 million in direct state aid because this contribution was not considered to meet the definition of a special funding situation. The City recognized \$8,678 for the year ended December 31, 2024, as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the General Employees Fund.

At December 31, 2024, the City reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | <u>Deferred<br/>Outflows<br/>of Resources</u> | <u>Deferred<br/>Inflows<br/>of Resources</u> |
|--|---|--|
| Differences between expected and actual economic experience                | \$ 17,551                                     | \$ -   |
| Changes in actuarial assumptions   | 848   | 70,345                                       |
| Net collective difference between projected and actual investment earnings | -   | 53,076                                       |
| Changes in proportion  | 19,350  | -  |
| Contributions paid to PERA subsequent to the measurement date              | <u>16,285</u>                                 | <u>-</u>                                     |
| <b>Total</b>   | <b><u>\$ 54,034</u></b>                       | <b><u>\$ 123,421</u></b>                     |

The \$16,285 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Years Ended December 31, | Pension<br>Expense<br>Amount |
|--------------------------|------------------------------|
| 2025                     | \$ (44,475)                  |
| 2026                     | (5,178)                      |
| 2027                     | (21,563)                     |
| 2028                     | (14,456)                     |

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

At December 31, 2024, the City reported a liability of \$40,220 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2023 through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0031% at the end of the measurement period and 0.0174% for the beginning of the period.

The State of Minnesota contributed \$37.4 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2024. The contribution consisted of \$9 million in direct state aid that does meet the definition of a special funding situation, additional one-time direct state aid contribution of \$19.4 million, and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. Additionally, \$9 million supplemental state aid was paid on October 1, 2024. Thereafter, by October 1 of each year, the state will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90 percent funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$1,533.

|  |                         |
|--|-------------------------|
| City's proportionate share of the net pension liability  | \$ 40,220               |
| State of Minnesota's proportionate share of the net pension liability associated with the City | <u>1,533</u>            |
| <b>Total</b>   | <b><u>\$ 41,753</u></b> |

**City of Eagle Lake**  
**Notes to Financial Statements**  
**December 31, 2024**

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For the year ended December 31, 2024, the City recognized a reduction in pension expense of \$36,302 for its proportionate share of the Police and Fire Plan's pension expense. The City recognized \$149 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 special funding situation.

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$28.4 million in supplemental state aid because this contribution was not considered to meet the definition of a special funding situation. The City recognized \$275 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 reported its proportionate share of the Police and Fire Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | <u>Deferred<br/>Outflows<br/>of Resources</u> | <u>Deferred<br/>Inflows<br/>of Resources</u> |
|--|---|--|
| Differences between expected and actual economic experience                | \$ 68,385                                     | \$ -   |
| Changes in actuarial assumptions   | 260,485                                       | 337,150                                      |
| Net collective difference between projected and actual investment earnings | -   | 5,811  |
| Changes in proportion  | <u>2,315</u>                                  | <u>239,137</u>                               |
| <b>Total</b>   | <b><u>\$ 331,185</u></b>                      | <b><u>\$ 582,098</u></b>                     |

The amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Years Ended December 31,</u> | <u>Pension<br/>Expense<br/>Amount</u> |
|---------------------------------|---------------------------------------|
| 2025                            | \$ (47,152)                           |
| 2026                            | 26,769                                |
| 2027                            | (66,016)                              |
| 2028                            | (124,161)                             |
| 2029                            | (40,353)                              |

#### **E. Long-Term Expected Return on Investment**

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

| Asset Class          | Target Allocations  | Long-Term Expected Real Rate of Return |
|----------------------|---------------------|--|
| Domestic Equity      | 33.5%               | 5.10%                                  |
| International Equity | 16.5%               | 5.30%                                  |
| Fixed Income         | 25.0%               | 0.75%                                  |
| Private Markets      | 25.0%               | 5.90%                                  |
|                      | <hr/> <u>100.0%</u> |  |

#### **F. Actuarial Methods and Assumptions**

The total pension liability for each of the cost-sharing defined benefit plans was determined by an actuarial valuation as of June 30, 2024, using the entry age normal actuarial cost method. The long-term rate of return on pension plan investments used to determine the total liability is 7%. The 7% assumption is based on a review of inflation and investment return assumptions from a number of national investment consulting firms. The review provided a range of investment return rates considered reasonable by the actuary. An investment return of 7% is within that range.

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

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25 percent after one year of service to 3.0 percent after 27 years of service. In the Police and Fire Plan, salary growth assumptions range in annual increments from 11.75 percent after one year of service to 3.0 percent after 24 years of service.

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

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

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

#### **General Employees Fund**

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

#### **Police and Fire Fund**

Changes in Plan Provisions:

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

#### **G. Discount Rate**

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

#### **H. Pension Liability Sensitivity**

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

| <b>Sensitivity Analysis</b>                                      |                        |    |         |                      |    |         |
|--|------------------------|----|---------|----------------------|----|---------|
| <i>Net Pension Liability (Asset) at Different Discount Rates</i> |                        |    |         |                      |    |         |
|  | General Employees Fund |    |         | Police and Fire Fund |    |         |
| 1% Lower   | 6.00%                  | \$ | 411,950 | 6.00%                | \$ | 95,047  |
| Current Discount Rate  | 7.00%                  | \$ | 188,608 | 7.00%                | \$ | 40,220  |
| 1% Higher  | 8.00%                  | \$ | 4,889   | 8.00%                | \$ | (4,805) |

#### **I. Pension Plan Fiduciary Net Position**

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

#### **Note 5 - Public Employees Defined Contribution Plan (Defined Contribution Plan)**

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

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

Total contributions made by the City during fiscal year 2024 were:

| Contribution Amount |          | Percentage of Covered Payroll |          | Required Rate |
|---------------------|----------|-------------------------------|----------|---------------|
| Employee            | Employer | Employee                      | Employer |               |
| \$ 188              | \$ 188   | 5%                            | 5%       | 5%            |

## **Note 6 - Other Information**

### **A. Contingencies**

The City participates in a number of federal and state programs that are either partially or fully funded by grants or aids received from these agencies or other governmental units. Such programs are subject to audit by the grantor agencies which could result in requests for reimbursement to the granting agency for expenditures that are disallowed under the terms of the grant.

### **B. Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City accounts for and reports risk management activities in the general fund within the constraints of the modified accrual basis of accounting.

The City continues to carry commercial insurance for all other risks of loss, including employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past four fiscal years.

### **C. Conduit Debt Obligation**

During 2019, the City issued a \$10,000,000 Revenue Note to provide financial assistance to a nonprofit organization for the acquisition, construction, and equipping of its facility. The note is secured by the property financed and are payable solely by the organization. Upon repayment of the note, ownership of the acquired facilities and equipment transfers to the nonprofit organization. The City has no financial obligation for repayment of the note. Accordingly, the note is not reported as a liability in the accompanying financial statements. As of December 31, 2024, the note had a remaining principal balance of \$9,153,891.

**Note 7 - Correction of an Error in Previously Issued Financial Statements**

During the year ending December 31, 2024, the City determined that there were certain errors in amounts previously reported in the 2023 financial statements resulting in a restatement of the beginning net position and fund balances. The City identified that revenues were recorded in error in the prior year. Accordingly, cash and miscellaneous revenues as of December 31, 2023, were overstated by \$13,628. The effect of the correction is shown in the table below.

Beginning net position and fund balance was restated as follows:

|                                      | January 1, 2024           |                     |                                |
|--------------------------------------|---------------------------|---------------------|--------------------------------|
|                                      | As Previously<br>Reported | Error<br>Correction | January 1, 2024<br>As Restated |
| <b>Government-Wide</b>               |                           |                     |                                |
| Governmental activities net position | \$ 9,803,837              | \$ (13,628)         | \$ 9,790,209                   |
| <b>Governmental Funds</b>            |                           |                     |                                |
| Nonmajor funds fund balance          | 768,387                   | (13,628)            | 754,759                        |

If these amounts had been properly recorded in the prior year, the change in net position and change in fund balance would have been adjusted as follows for the year ended December 31, 2024:

|                                      | December 31, 2023         |                     |                                  |
|--------------------------------------|---------------------------|---------------------|----------------------------------|
|                                      | As Previously<br>Reported | Error<br>Correction | December 31, 2023<br>As Restated |
| <b>Government-Wide</b>               |                           |                     |                                  |
| Governmental activities              |                           |                     |                                  |
| cash and cash equivalents            |                           |                     |                                  |
| Governmental activities net position | \$ 338,118                | \$ (13,628)         | \$ 324,490                       |
| <b>Governmental Funds</b>            |                           |                     |                                  |
| Governmental activities              |                           |                     |                                  |
| cash and cash equivalents            |                           |                     |                                  |
| Nonmajor funds fund balance          | (22,768)                  | (13,628)            | (36,396)                         |



Required Supplementary Information  
December 31, 2024

**City of Eagle Lake**

**City of Eagle Lake**  
**Schedule of Employer's Share of Net Pension Liability and Schedule of Employer's Contributions**  
**Year Ended December 31, 2024**

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**Schedule of Employer's Share of Net Pension Liability**

**Last 10 Fiscal Years**

| Pension Plan      | Measurement Date | City's Proportionate Share (Percentage) of the Net Pension Liability (Asset) | City's Proportionate Share (Amount) of the Net Pension Liability (Asset) | State's Proportionate Share (Amount) of the Net Pension Liability Associated With City | Total (d) (a+b) | City's Covered Payroll (e) | City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a/e) | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
|-------------------|------------------|--|--|--|-----------------|----------------------------|--|--|
| General Employees | 06/30/24         | 0.0051%  | \$ 188,608   | \$ 4,877   | \$ 193,485      | \$ 408,940                 | 46.1%  | 89.1%  |
|                   | 06/30/23         | 0.0050%  | 279,594  | 7,801  | 287,395         | 374,697                    | 74.6%  | 83.1%  |
|                   | 06/30/22         | 0.0047%  | 372,242  | 10,828   | 383,070         | 330,981                    | 112.5%   | 76.7%  |
|                   | 06/30/21         | 0.0044%  | 187,900  | 5,821  | 193,721         | 297,500                    | 63.2%  | 87.0%  |
|                   | 06/30/20         | 0.0043%  | 257,805  | 7,891  | 265,696         | 288,046                    | 89.5%  | 79.1%  |
|                   | 06/30/19         | 0.0045%  | 248,795  | 7,666  | 256,461         | 293,569                    | 84.7%  | 80.2%  |
|                   | 06/30/18         | 0.0038%  | 210,808  | 6,871  | 217,679         | 258,787                    | 81.5%  | 79.5%  |
|                   | 06/30/17         | 0.0035%  | 223,438  | 2,784  | 226,222         | 353,107                    | 63.3%  | 75.9%  |
|                   | 06/30/16         | 0.0037%  | 300,422  | 3,873  | 304,295         | 234,274                    | 128.2%   | 68.9%  |
|                   | 06/30/15         | 0.0036%  | 186,571  | N/A  | 186,571         | 218,796                    | 85.3%  | 78.2%  |
| Police and Fire   | 06/30/24         | 0.0031%  | \$ 40,220  | \$ 1,533   | \$ 41,753       | \$ 40,192                  | 100.1%   | 90.2%  |
|                   | 06/30/23         | 0.0174%  | 300,475  | 12,103   | 312,578         | 213,032                    | 141.0%   | 86.5%  |
|                   | 06/30/22         | 0.0182%  | 791,992  | 34,608   | 826,600         | 205,171                    | 386.0%   | 70.5%  |
|                   | 06/30/21         | 0.0176%  | 135,853  | 6,110  | 141,963         | 192,930                    | 70.4%  | 93.7%  |
|                   | 06/30/20         | 0.0190%  | 250,440  | 5,885  | 256,325         | 203,201                    | 123.2%   | 87.2%  |
|                   | 06/30/19         | 0.0209%  | 222,502  | N/A  | 222,502         | 211,387                    | 105.3%   | 89.3%  |
|                   | 06/30/18         | 0.0182%  | 193,993  | N/A  | 193,993         | 191,798                    | 101.1%   | 88.8%  |
|                   | 06/30/17         | 0.0150%  | 202,518  | N/A  | 202,518         | 157,661                    | 128.5%   | 85.4%  |
|                   | 06/30/16         | 0.0150%  | 601,976  | N/A  | 601,976         | 146,710                    | 410.3%   | 63.9%  |
|                   | 06/30/15         | 0.0160%  | 181,797  | N/A  | 181,797         | 147,827                    | 123.0%   | 86.6%  |

**Schedule of Employer's Contributions**

**Last 10 Fiscal Years**

| Pension Plan      | Fiscal Year Ending | Statutorily Required Contribution (a) | Contributions in Relation to the Statutorily Required Contribution (b) | Contribution Deficiency (Excess) (a-b) | Covered Payroll (d) | Contributions as a Percentage of Covered Payroll (b/d) |
|-------------------|--------------------|---------------------------------------|--|--|---------------------|--|
| General Employees | 12/31/24           | \$ 33,083                             | \$ 33,083  | \$ -                                   | \$ 441,107          | 7.5%   |
|                   | 12/31/23           | \$ 31,357                             | \$ 31,357  | \$ -                                   | \$ 418,093          | 7.5%   |
|                   | 12/31/22           | \$ 26,286                             | \$ 26,286  | \$ -                                   | \$ 350,480          | 7.5%   |
|                   | 12/31/21           | \$ 21,786                             | \$ 21,786  | \$ -                                   | \$ 290,480          | 7.5%   |
|                   | 12/31/20           | \$ 22,676                             | \$ 22,676  | \$ -                                   | \$ 302,347          | 7.5%   |
|                   | 12/31/19           | \$ 23,549                             | \$ 23,549  | \$ -                                   | \$ 313,987          | 7.5%   |
|                   | 12/31/18           | \$ 22,836                             | \$ 22,836  | \$ -                                   | \$ 304,480          | 7.5%   |
|                   | 12/31/17           | \$ 17,490                             | \$ 17,490  | \$ -                                   | \$ 233,200          | 7.5%   |
|                   | 12/31/16           | \$ 16,698                             | \$ 16,698  | \$ -                                   | \$ 223,364          | 7.5%   |
|                   | 12/31/15           | \$ 16,617                             | \$ 16,617  | \$ -                                   | \$ 221,560          | 7.5%   |
| Police and Fire   | 12/31/24           | \$ -                                  | \$ -   | \$ -                                   | \$ -                | 0.0%   |
|                   | 12/31/23           | \$ 26,492                             | \$ 26,492  | \$ -                                   | \$ 149,672          | 17.7%  |
|                   | 12/31/22           | \$ 39,117                             | \$ 39,117  | \$ -                                   | \$ 221,000          | 17.7%  |
|                   | 12/31/21           | \$ 37,904                             | \$ 37,904  | \$ -                                   | \$ 214,147          | 17.7%  |
|                   | 12/31/20           | \$ 36,471                             | \$ 36,471  | \$ -                                   | \$ 206,501          | 17.7%  |
|                   | 12/31/19           | \$ 38,119                             | \$ 38,119  | \$ -                                   | \$ 224,891          | 16.9%  |
|                   | 12/31/18           | \$ 34,255                             | \$ 34,255  | \$ -                                   | \$ 211,452          | 16.2%  |
|                   | 12/31/17           | \$ 28,597                             | \$ 28,597  | \$ -                                   | \$ 178,017          | 16.1%  |
|                   | 12/31/16           | \$ 23,045                             | \$ 23,045  | \$ -                                   | \$ 142,253          | 16.2%  |
|                   | 12/31/15           | \$ 23,453                             | \$ 23,453  | \$ -                                   | \$ 144,770          | 16.2%  |

City of Eagle Lake  
Schedule of Employer's Share of Net Pension Liability and Schedule of Employer's Contributions  
December 31, 2024

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**Notes to the Schedule of Employer's Share of Net Pension Liability and Schedule of Employer's Contributions**

**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.

Changes in Plan Provisions

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

**2023 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

**2022 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

City of Eagle Lake  
Schedule of Employer's Share of Net Pension Liability and Schedule of Employer's Contributions  
December 31, 2024

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## **2021 Changes**

- Changes in Actuarial Assumptions
- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.
- Changes in Plan Provisions
- There were no changes to plan provisions since the previous valuation.

## **2020 Changes**

### Changes in Actuarial Assumptions

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for year 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 Provision

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

## **2019 Changes**

### Changes in Actuarial Assumptions

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

### Changes in Plan Provisions

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

City of Eagle Lake  
Schedule of Employer's Share of Net Pension Liability and Schedule of Employer's Contributions  
December 31, 2024

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## **2018 Changes**

### Changes in Actuarial Assumptions

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

### 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 not more than 1.50 percent, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

## **2017 Changes**

### Changes in Actuarial Assumptions

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

### Changes in Plan Provisions

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

City of Eagle Lake  
Schedule of Employer's Share of Net Pension Liability and Schedule of Employer's Contributions  
December 31, 2024

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## **2016 Changes**

### Changes in Actuarial Assumptions

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

### Changes in Plan Provisions

- There have been no changes since the prior valuation.

## **2015 Changes**

### Changes in Actuarial Assumptions

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

### Changes in Plan Provisions

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

## **Police and Fire Fund**

## **2024 Changes**

### Changes in Plan Provisions

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

City of Eagle Lake  
Schedule of Employer's Share of Net Pension Liability and Schedule of Employer's Contributions  
December 31, 2024

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## **2023 Changes**

### Changes in Actuarial Assumptions

- The investment return assumption was changed from 6.5 percent to 7.0 percent.
- 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 a graded 10-year vesting schedule, with 50 percent vesting after five years, increasing incrementally to 100% after 10 years.
- A one-time, non-compounding benefit increase of 3.0 percent will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- Psychological treatment is required effective July 1, 2023, prior to approval for a duty disability benefit for a psychological condition relating to the member's occupation.
- The total and permanent duty disability benefit was increased, effective July 1, 2023.

## **2022 Changes**

### Changes in Actuarial Assumptions

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.
- The single discount rate changed from 6.5% 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 percent to 6.50 percent, for financial reporting purposes.
- The inflation assumption was changed from 2.50 percent to 2.25 percent.
- The payroll growth assumption was changed from 3.25 percent to 3.00 percent.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MN-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 14, 2020 experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 14, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.

City of Eagle Lake  
Schedule of Employer's Share of Net Pension Liability and Schedule of Employer's Contributions  
December 31, 2024

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- Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations.
- Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities.
- Assumed percent married for active female members was changed from 60 percent to 70 percent. Minor changes to form of payment assumptions were applied.

Changes in Plan Provisions

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

**2020 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**2019 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**2018 Changes**

Changes in Actuarial Assumptions

- The morality projection scale was changed from MP-2016 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.

City of Eagle Lake  
Schedule of Employer's Share of Net Pension Liability and Schedule of Employer's Contributions  
December 31, 2024

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## **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.
- 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.

City of Eagle Lake  
Schedule of Employer's Share of Net Pension Liability and Schedule of Employer's Contributions  
December 31, 2024

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## **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.



Supplementary Schedules and Related Information  
December 31, 2024

**City of Eagle Lake**

City of Eagle Lake  
Combining Balance Sheet – Nonmajor Governmental Funds  
December 31, 2024

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|  | Special Revenue Funds |  |                  |  |                            |  | Debt Service Funds         |  |                  |  |                             |  |                   |  |                   |  |                                     |   | Total Nonmajor Governmental Funds |           |                   |                   |
|--|-----------------------|--|------------------|--|----------------------------|--|----------------------------|--|------------------|--|-----------------------------|--|-------------------|--|-------------------|--|-------------------------------------|---|-----------------------------------|-----------|-------------------|-------------------|
|  | EDA                   |  | EDA Revolving    |  | Tax Increment District 2-1 |  | Tax Increment District 3-1 |  | Small Cities     |  | Total Special Revenue Funds |  | 2013 Debt Service |  | 2010 Debt Service |  | CSAH 27 Street Project Debt Service |   | Joan Lane                         |           |                   |                   |
|  | Assets                |  |                  |  |                            |  |                            |  |                  |  |                             |  |                   |  |                   |  |                                     |   |                                   |           |                   |                   |
| Cash and investments   | \$ 367,497            |  | \$ 37,088        |  | \$ 67,139                  |  | \$ 20,807                  |  | \$ 18,477        |  | \$ 511,008                  |  | \$ 25,656         |  | \$ 14,655         |  | \$ 120,140                          |   | \$ 61,135                         |           | \$ 221,586        | \$ 732,594        |
| Restricted cash  | -                     |  | 3,628            |  | -                          |  | -                          |  | -                |  | 3,628                       |  | -                 |  | -                 |  | -                                   | - | -                                 | -         | -                 | 3,628             |
| Receivables  |                       |  |                  |  |                            |  |                            |  |                  |  |                             |  |                   |  |                   |  |                                     |   |                                   |           |                   |                   |
| Notes  | -                     |  | 19,277           |  | -                          |  | -                          |  | -                |  | 19,277                      |  | -                 |  | -                 |  | -                                   | - | -                                 | -         | -                 | 19,277            |
| Taxes  | -                     |  | -                |  | -                          |  | -                          |  | -                |  | -                           |  | 1,071             |  | -                 |  | -                                   | - | -                                 | -         | -                 | 1,071             |
| Special assessments  | -                     |  | -                |  | -                          |  | -                          |  | -                |  | -                           |  | 67,864            |  | -                 |  | -                                   | - | -                                 | -         | 67,864            | 67,864            |
| <b>Total Assets</b>  | <b>\$ 367,497</b>     |  | <b>\$ 59,993</b> |  | <b>\$ 67,139</b>           |  | <b>\$ 20,807</b>           |  | <b>\$ 18,477</b> |  | <b>\$ 533,913</b>           |  | <b>\$ 26,727</b>  |  | <b>\$ 82,519</b>  |  | <b>\$ 120,140</b>                   |   | <b>\$ 61,135</b>                  |           | <b>\$ 290,521</b> | <b>\$ 824,434</b> |
| Deferred Inflows from Resources and Fund Balances                          |                       |  |                  |  |                            |  |                            |  |                  |  |                             |  |                   |  |                   |  |                                     |   |                                   |           |                   |                   |
| Liabilities  |                       |  |                  |  |                            |  |                            |  |                  |  |                             |  |                   |  |                   |  |                                     |   |                                   |           |                   |                   |
| Accounts payable   | \$ 66                 |  | \$ -             |  | \$ -                       |  | \$ -                       |  | \$ -             |  | \$ 66                       |  | \$ -              |  | \$ -              |  | \$ -                                |   | \$ -                              |           | \$ -              | \$ 66             |
| Due to borrower  | -                     |  | 3,628            |  | -                          |  | -                          |  | -                |  | 3,628                       |  | -                 |  | -                 |  | -                                   | - | -                                 | -         | -                 | 3,628             |
| Due to other funds   | -                     |  | -                |  | -                          |  | -                          |  | -                |  | -                           |  | -                 |  | -                 |  | -                                   | - | -                                 | 119,322   | 119,322           | 119,322           |
| Total liabilities  | 66                    |  | 3,628            |  | -                          |  | -                          |  | -                |  | 3,694                       |  | -                 |  | -                 |  | -                                   | - | -                                 | 119,322   | 119,322           | 123,016           |
| Deferred Inflows of Resources  |                       |  |                  |  |                            |  |                            |  |                  |  |                             |  |                   |  |                   |  |                                     |   |                                   |           |                   |                   |
| Unavailable revenue  | -                     |  | -                |  | -                          |  | -                          |  | -                |  | -                           |  | -                 |  | 67,864            |  | -                                   | - | -                                 | -         | 67,864            | 67,864            |
| Fund Balances  |                       |  |                  |  |                            |  |                            |  |                  |  |                             |  |                   |  |                   |  |                                     |   |                                   |           |                   |                   |
| Nonspendable   | -                     |  | 19,277           |  | -                          |  | -                          |  | -                |  | 19,277                      |  | -                 |  | -                 |  | -                                   | - | -                                 | -         | -                 | 19,277            |
| Restricted   | 367,431               |  | 37,088           |  | 67,139                     |  | 20,807                     |  | 18,477           |  | 510,942                     |  | 26,727            |  | 14,655            |  | 120,140                             |   | 61,135                            |           | 222,657           | 733,599           |
| Unassigned   | -                     |  | -                |  | -                          |  | -                          |  | -                |  | -                           |  | -                 |  | -                 |  | -                                   | - | (119,322)                         | (119,322) | (119,322)         |                   |
| Total fund balances  | 367,431               |  | 56,365           |  | 67,139                     |  | 20,807                     |  | 18,477           |  | 530,219                     |  | 26,727            |  | 14,655            |  | 120,140                             |   | 61,135                            |           | 103,335           | 633,554           |
| <b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b> | <b>\$ 367,497</b>     |  | <b>\$ 59,993</b> |  | <b>\$ 67,139</b>           |  | <b>\$ 20,807</b>           |  | <b>\$ 18,477</b> |  | <b>\$ 533,913</b>           |  | <b>\$ 26,727</b>  |  | <b>\$ 82,519</b>  |  | <b>\$ 120,140</b>                   |   | <b>\$ 61,135</b>                  |           | <b>\$ 290,521</b> | <b>\$ 824,434</b> |

City of Eagle Lake  
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds  
Year Ended December 31, 2024

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|   | Special Revenue Funds |               |                            |           |                            |      | Debt Service Funds |                             |                   |            |                   |              | Total Nonmajor Government Funds     |            |                   |                          |  |
|---|-----------------------|---------------|----------------------------|-----------|----------------------------|------|--------------------|-----------------------------|-------------------|------------|-------------------|--------------|-------------------------------------|------------|-------------------|--------------------------|--|
|   | EDA                   | EDA Revolving | Tax Increment District 2-1 |           | Tax Increment District 3-1 |      | Small Cities       | Total Special Revenue Funds | 2013 Debt Service |            | 2010 Debt Service |              | CSAH 27 Street Project Debt Service | Joan Lane  | 2017 Debt Service | Total Debt Service Funds |  |
|   |                       |               |                            |           |                            |      |                    |                             |                   |            |                   |              |                                     |            |                   |                          |  |
| Revenues  |                       |               |                            |           |                            |      |                    |                             |                   |            |                   |              |                                     |            |                   |                          |  |
| Property taxes  | \$ 54,831             | \$ -          | \$ 112,533                 | \$ 12,730 | \$ -                       | \$ - | \$ 180,094         | \$ 62,531                   | \$ -              | \$ 10,503  | \$ -              | \$ 57,249    | \$ 130,283                          | \$ 310,377 |                   |                          |  |
| Special assessments   | -                     | -             | -                          | -         | -                          | -    | -                  | 2,023                       | 15,974            | 74,260     | -                 | -            | 92,257                              |            | 92,257            |                          |  |
| Interest earnings   | 11,636                | 1,007         | -                          | -         | -                          | -    | 12,643             | -                           | -                 | -          | -                 | -            | -                                   | 12,643     |                   |                          |  |
| Miscellaneous   | 200                   | 11,406        | -                          | -         | -                          | 93   | 11,699             | -                           | -                 | -          | -                 | -            | -                                   | 11,699     |                   |                          |  |
| Total revenues  | 66,667                | 12,413        | 112,533                    | 12,730    | 93                         |      | 204,436            | 64,554                      | 15,974            | 84,763     | -                 | 57,249       | 222,540                             | 426,976    |                   |                          |  |
| Expenditures  |                       |               |                            |           |                            |      |                    |                             |                   |            |                   |              |                                     |            |                   |                          |  |
| Economic Development  | 8,686                 | 17,281        | 107,776                    | 3,637     | -                          | -    | 137,380            | -                           | -                 | -          | -                 | -            | -                                   | 137,380    |                   |                          |  |
| Debt Service  |                       |               |                            |           |                            |      |                    |                             |                   |            |                   |              |                                     |            |                   |                          |  |
| Principal   | -                     | -             | -                          | -         | -                          | -    | -                  | 162,000                     | 28,000            | 80,000     | -                 | 60,000       | 330,000                             | 330,000    |                   |                          |  |
| Interest and other charges                                  | -                     | -             | -                          | -         | -                          | -    | -                  | 10,284                      | 3,418             | 14,259     | -                 | 8,280        | 36,241                              | 36,241     |                   |                          |  |
| Total expenditures  | 8,686                 | 17,281        | 107,776                    | 3,637     | -                          | -    | 137,380            | 172,284                     | 31,418            | 94,259     | -                 | 68,280       | 366,241                             | 503,621    |                   |                          |  |
| Excess (Deficiency) of Revenues Over (Under) Expenditures   | 57,981                | (4,868)       | 4,757                      | 9,093     | 93                         |      | 67,056             | (107,730)                   | (15,444)          | (9,496)    | -                 | (11,031)     | (143,701)                           | (76,645)   |                   |                          |  |
| Other Financing (Uses)                                      |                       |               |                            |           |                            |      |                    |                             |                   |            |                   |              |                                     |            |                   |                          |  |
| Transfers out   | -                     | -             | -                          | (44,560)  | -                          | -    | (44,560)           | -                           | -                 | -          | -                 | -            | -                                   | (44,560)   |                   |                          |  |
| Net Change in Fund Balances                                 | 57,981                | (4,868)       | 4,757                      | (35,467)  | 93                         |      | 22,496             | (107,730)                   | (15,444)          | (9,496)    | -                 | (11,031)     | (143,701)                           | (121,205)  |                   |                          |  |
| Fund Balance (Deficit) - Beginning - as previously reported | 309,450               | 74,861        | 62,382                     | 56,274    | 18,384                     |      | 521,351            | 134,457                     | 30,099            | 129,636    | 61,135            | (108,291)    | 247,036                             | 768,387    |                   |                          |  |
| Adjustments (Note 7)  | -                     | (13,628)      | -                          | -         | -                          | -    | (13,628)           | -                           | -                 | -          | -                 | -            | -                                   | (13,628)   |                   |                          |  |
| Fund Balance (Deficit) - Beginning - as restated            | 309,450               | 61,233        | 62,382                     | 56,274    | 18,384                     |      | 507,723            | 134,457                     | 30,099            | 129,636    | 61,135            | (108,291)    | 247,036                             | 754,759    |                   |                          |  |
| Fund Balance (Deficit) - Ending                             | \$ 367,431            | \$ 56,365     | \$ 67,139                  | \$ 20,807 | \$ 18,477                  |      | \$ 530,219         | \$ 26,727                   | \$ 14,655         | \$ 120,140 | \$ 61,135         | \$ (119,322) | \$ 103,335                          | \$ 633,554 |                   |                          |  |



CPAs & BUSINESS ADVISORS

### **Independent Auditor's Report on *Minnesota Legal Compliance***

Honorable Mayor and City Council  
City of Eagle Lake  
Eagle Lake, Minnesota

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

In connection with our audit, nothing came to our attention that caused us to believe that the City failed to comply with the provisions of the contracting – bid laws, depositories of public funds and public investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing sections of the *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

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

  
Mankato, Minnesota  
June 30, 2025

City of Eagle Lake  
Summary of Audit Findings  
December 31, 2024

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**Minnesota Legal Compliance Findings**

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None Reported