

LA CRESCENT CITY COUNCIL
SPECIAL MEETING
MONDAY, DECEMBER 22, 2025
5:00 P.M.
LA CRESCENT COMMUNITY BUILDING
336 SOUTH FIRST STREET

1. Call to Order
2. Pledge of Allegiance
3. Roll Call
4. Review and approval of 2024 audit. Representatives from Smith Schaefer will be in attendance at the meeting to review the audit, a copy of which is included.
5. The City Council will not consider a recommendation from the Personnel Committee regarding a tentative agreement with the AFSCME Union. No action is required.
6. The City Council will consider 2026 service agreements with Larry Kirch/Prologue Planning Group LLC, and Jason Ludwigson/ECO Thrive, LLC. Copies of the service agreements are included.
7. Adjournment

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CITY OF LA CRESCENT, MINNESOTA

FINANCIAL STATEMENTS

DECEMBER 31, 2024

CITY OF LA CRESCENT, MINNESOTA

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CITY OF LA CRESCENT, MINNESOTA

INTRODUCTORY SECTION

DECEMBER 31, 2024

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CITY OF LA CRESCENT, MINNESOTA

CITY OFFICIALS

DECEMBER 31, 2024

Mike Poellinger	Mayor
Teresa O'Donnell-Ebner	Council Member
Cherryl Jostad	Council Member
Dale Williams	Council Member
Ryan Hutchinson	Council Member
Bill Waller	City Administrator
Kara Tarrence	Finance Director

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CITY OF LA CRESCENT, MINNESOTA

FINANCIAL SECTION

DECEMBER 31, 2024

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the City Council
City of La Crescent, 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 La Crescent, Minnesota, as of and for the year ended December 31, 2024, and the related notes to financial statements, which collectively comprise the City of La Crescent, Minnesota's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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 La Crescent, Minnesota, as of December 31, 2024, and the respective changes in financial position, and cash flows thereof, and the respective budgetary comparisons 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 of La Crescent, Minnesota and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 of La Crescent, Minnesota's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 of La Crescent, Minnesota's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of La Crescent, Minnesota's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires 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.

**Honorable Mayor and Members
of the City Council**
Page Three

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of La Crescent, Minnesota's basic financial statements. The combining and individual nonmajor fund statements and supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund statements and supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund statements and the supplementary information 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 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 Summarized Comparative Information

The financial statements include partial prior year comparative information. Such information does not include all of the information required to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the City's financial statements for the year ended December 31, 2023, from which such partial information was derived.

The financial statements for the City as of and for the year ended December 31, 2023 were audited by other auditors whose report was dated October 10, 2024, expressed an unmodified opinion on those financial statements.

Smith, Schepf and Associates, Ltd.

Rochester, Minnesota
December 16, 2025

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CITY OF LA CRESCENT, MINNESOTA MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of La Crescent, Minnesota, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2024.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City of La Crescent, Minnesota, exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$22,389,432 (*net position*). Of this amount, \$865,330 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors in accordance with the City's fund designations and fiscal policies.
- The City's total net position decreased by \$690,163.
- As of the close of the current fiscal year, the City of La Crescent, Minnesota's governmental funds reported combined ending fund balances of \$5,505,341.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$1,441,287.
- The City of La Crescent, Minnesota decreased total outstanding debt obligations by \$1,582,028 during the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of La Crescent, Minnesota's basic financial statements. The City of La Crescent, Minnesota's basic financial statements comprise three components:

1. Government-wide financial statements, providing information for the City as a whole.
2. Fund financial statements, providing detailed information for the City's significant funds.
3. Notes to the financial statements, providing additional information that is essential to understanding the government-wide and fund statements.

This report also contains other supplementary information in addition to the basic financial statements themselves. Additional explanation of these sections of the financial statements follows.

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

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

CITY OF LA CRESCENT, MINNESOTA MANAGEMENT'S DISCUSSION AND ANALYSIS

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of the related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned, but not used, compensated absences).

Both of the government-wide financial statements distinguish functions of the City of La Crescent, Minnesota that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of La Crescent, Minnesota include general government, public safety, public works, culture and recreation, and economic development. The business-type activities of the City of La Crescent, Minnesota include the water, sewer, solid waste, license bureau, golf course, and arena funds. The government-wide financial statements can be found on pages 14-16 of this report.

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

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

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

The City of La Crescent, Minnesota maintains twenty-seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, 2018A GO Improvement Bond Fund, and 2020A HTM GO Improvement Bond Fund which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City of La Crescent, Minnesota adopts an annual appropriated budget for its general fund. The budgetary comparison statement has been provided for the general fund (pages 21-26) to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 17-18 of this report.

**CITY OF LA CRESCENT, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Proprietary funds. The City of La Crescent, Minnesota maintains one type of proprietary funds – enterprise funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of La Crescent, Minnesota uses enterprise funds to account for its water, sewer, solid waste, license bureau, golf course, and arena.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, sewer, solid waste, license bureau, golf course, and arena funds, all of which are considered to be major funds of the City of La Crescent, Minnesota.

The basic proprietary fund financial statements can be found on pages 27-34 of this report.

Notes to financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 35-65 of this report.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds can be found on pages 68-75 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of La Crescent, assets and deferred outflows of resources and exceeded liabilities and deferred inflows of resources by \$22,389,432 at the close of the most recent fiscal year.

City of La Crescent's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 6,917,787	\$ 7,271,518	\$ 443,964	\$ 1,183,537	\$ 7,361,751	\$ 8,455,055
Capital assets	20,948,673	22,780,819	10,097,620	10,579,448	31,046,293	33,360,267
Total assets	<u>27,866,460</u>	<u>30,052,337</u>	<u>10,541,584</u>	<u>11,762,985</u>	<u>38,408,044</u>	<u>41,815,322</u>
Deferred outflows of resources	1,174,970	1,506,879	85,629	125,834	1,260,599	1,632,713
Long-term liabilities outstanding	11,425,298	13,368,320	2,913,190	3,054,846	14,338,488	16,423,166
Other liabilities	1,006,274	609,605	406,673	1,658,896	1,412,947	2,268,501
Total liabilities	<u>12,431,572</u>	<u>13,977,925</u>	<u>3,319,863</u>	<u>4,713,742</u>	<u>15,751,435</u>	<u>18,691,667</u>
Deferred inflows of resources	1,313,781	1,536,182	213,995	140,591	1,527,776	1,676,773
Net position:						
Net investment in capital assets	10,491,973	11,295,195	7,511,655	7,375,787	18,003,628	18,670,982
Restricted	3,420,474	3,617,108	100,000	100,000	3,520,474	3,717,108
Unrestricted	1,383,630	1,132,806	(518,300)	(441,301)	865,330	691,505
Total net position	<u>\$ 15,296,077</u>	<u>\$ 16,045,109</u>	<u>\$ 7,093,355</u>	<u>\$ 7,034,486</u>	<u>\$ 22,389,432</u>	<u>\$ 23,079,595</u>

A portion of the City of La Crescent, Minnesota's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* of \$865,330 may be used to meet the government's ongoing obligations to citizens and creditors.

**CITY OF LA CRESCENT, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Governmental activities. Governmental activities decreased the City of La Crescent, Minnesota's net position by \$749,032.

Business-type activities. Business-type activities increased the City of La Crescent, Minnesota's net position by \$58,869.

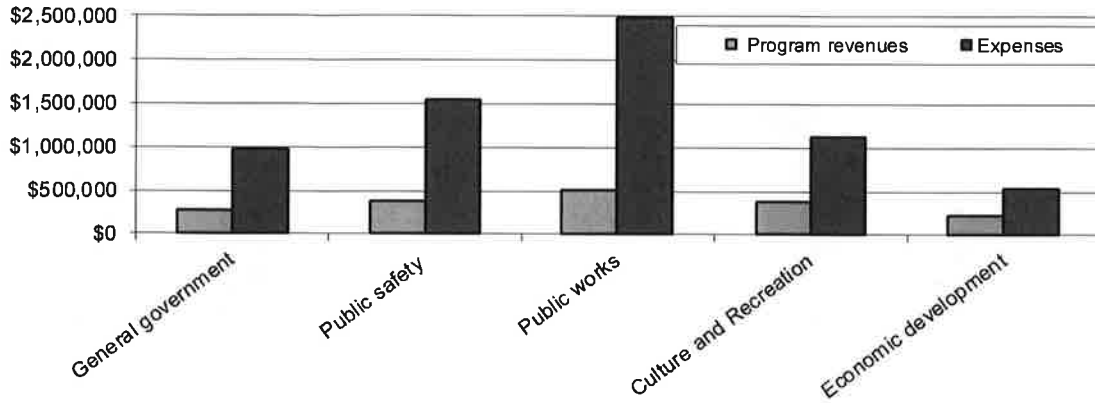
A condensed version of the Statement of Activities follows:

	City of La Crescent's Change in Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenue:						
Program revenues:						
Charges for services	\$ 581,631	\$ 435,970	\$ 2,668,758	\$ 2,796,183	\$ 3,250,389	\$ 3,232,153
Operating grants and contributions	1,174,912	864,176			1,174,912	864,176
Capital grants and contributions	25,000	1,101,659	75,131	71,166	100,131	1,172,825
General revenues:						
Property taxes	3,726,670	3,586,939			3,726,670	3,586,939
Tax increments	116,127	99,978			116,127	99,978
Grants and contributions not restricted to specific programs	796,400	707,618			796,400	707,618
Other	180,098	227,802	296,985	105,217	477,083	333,019
Total revenues	<u>6,600,838</u>	<u>7,024,142</u>	<u>3,040,874</u>	<u>2,972,566</u>	<u>9,641,712</u>	<u>9,996,708</u>
Expenses:						
General government	980,673	844,050			980,673	844,050
Public safety	1,552,895	1,841,224			1,552,895	1,841,224
Public works	2,480,804	2,099,291			2,480,804	2,099,291
Culture and recreation	1,133,726	1,075,291			1,133,726	1,075,291
Economic development	543,185				543,185	
Unallocated		157,230				157,230
Interest on long-term debt	259,841	352,895			259,841	352,895
Water			998,631	881,247	998,631	881,247
Sewer			1,179,518	1,068,319	1,179,518	1,068,319
Solid waste			277,509	273,936	277,509	273,936
License Bureau			164,937	164,915	164,937	164,915
Golf course			568,300	547,824	568,300	547,824
Arena			191,856	167,744	191,856	167,744
Total expenses	<u>6,951,124</u>	<u>6,369,981</u>	<u>3,380,751</u>	<u>3,103,985</u>	<u>10,331,875</u>	<u>9,473,966</u>
Transfers in (out)	<u>(398,746)</u>	<u>(224,890)</u>	<u>398,746</u>	<u>224,890</u>		
Change in net position	(749,032)	429,271	58,869	93,471	(690,163)	522,742
Net position - beginning	<u>16,045,109</u>	<u>15,615,838</u>	<u>7,034,486</u>	<u>6,941,015</u>	<u>23,079,595</u>	<u>22,556,853</u>
Net position - ending	<u>\$ 15,296,077</u>	<u>\$ 16,045,109</u>	<u>\$ 7,093,355</u>	<u>\$ 7,034,486</u>	<u>\$ 22,389,432</u>	<u>\$ 23,079,595</u>

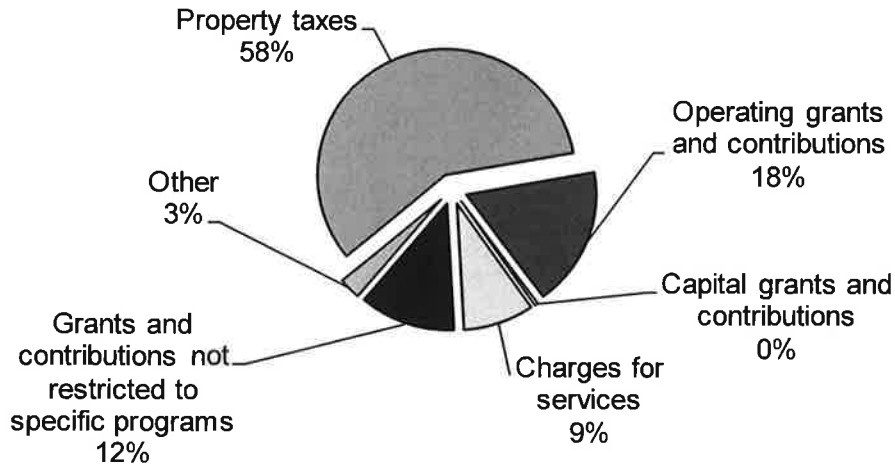
**CITY OF LA CRESCENT, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

Expenses and Program Revenues - Governmental Activities



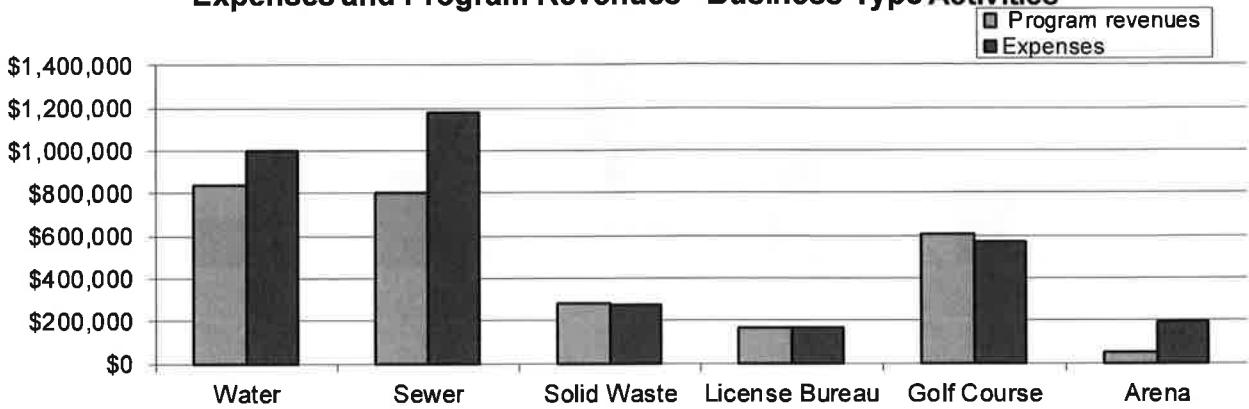
Revenues by Source - Governmental Activities



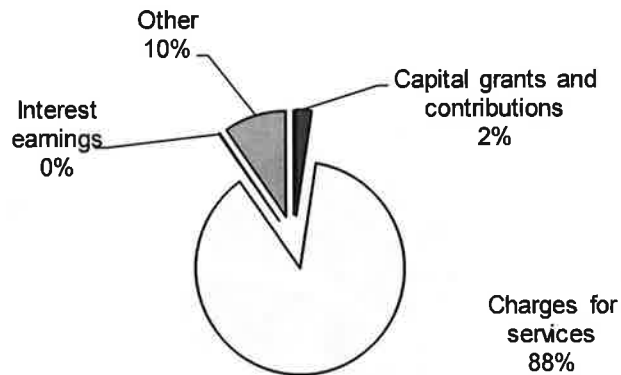
**CITY OF LA CRESCENT, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The following graphs relate the various business-type activities' program revenues with their expenses. Since all five of these activities require significant physical assets to operate, any excess revenues are held for planned capital expenses to keep pace with growing demand for services.

Expenses and Program Revenues - Business-Type Activities



Revenues by Source - Business-Type Activities



**CITY OF LA CRESCENT, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Financial Analysis of the Government's Funds

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

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

Fund Balance Reporting and Governmental Fund Type Definitions, requires fund balances to be classified as follows:

Non-spendable – representing that portion of fund balance that is not in a spendable form. Included in this category are advances to other funds, prepaid items, and inventory.

Restricted – reports resources that have external constraints placed upon their use.

Committed – reports those resources for a specific purpose by formal Council action (Resolution). The constraints cannot be changed or removed without Council action (Resolution).

Assigned – represents the portion of fund balance that reflects the amounts the City intends to use for a specific purpose. The Council has authorized the City Administrator to assign fund balance.

Unassigned – comparable to the old unreserved, undesignated classification of fund balance, this represents the amount available for any purpose. However, only the General Fund may report a positive fund balance. Fund balance in other governmental funds will fall into one or more of the categories listed above unless a fund has a negative fund balance.

Detailed information regarding the fund balance classifications are found in Note 7 in the Notes to Financial Statements.

At the end of the current fiscal year, the City of La Crescent, Minnesota's governmental funds reported combined ending fund balances of \$5,505,341, a decrease of \$205,439. The decrease is mainly due to intergovernmental revenues and engineering expenditures for the 2025 Street Reconstruction Project to be reimbursed by the 2026 bond. Approximately 48 percent of this total amount or \$2,668,028 constitutes unassigned and assigned fund balance, which is available for spending at the government's discretion. The remainder of this fund balance is nonspendable or restricted to indicate that it is not available for new spending because it has already been committed to repay debt, restricted by regulations of financial agreements, or restricted by contributors for a specific purpose.

The general fund is the chief operating fund of the City of La Crescent, Minnesota. At the end of the current fiscal year, unassigned fund balance of the general fund was \$1,441,287.

The general fund's total fund balance increased by \$46,211.

**CITY OF LA CRESCENT, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Proprietary funds. The City of La Crescent, Minnesota's proprietary funds statements found on pages 27-34 provide the same type of information found in the government-wide financial statements, but in more detail.

The unrestricted net position in the respective proprietary funds are Water – (\$15,713), Sewer – (\$444,954), Solid Waste - \$81,387, License Bureau - \$140,283, Golf Course (\$71,610), and Arena (\$207,693).

The water fund's increase of \$5,464 is due to prepayment of special assessments related to the Horse Track Meadows development.

The sewer fund's increase of \$101,744 was due to prepayment of special assessments to the Horse Track Meadows development as well as the sale of the Horse Track Meadows North property.

The solid waste fund's increase of \$6,684 was due to increased sales in garbage bags sold for collection.

The license bureau fund's increase of \$6,205 was due to increased vehicle registration and drivers' license fees.

The golf course fund's increase of \$42,041 was due to an increase in rates and a longer season due to mild fall weather.

The arena fund's decrease of \$103,269 was due to expenditures for painting the outside of the arena and less donation revenue received over the prior year.

General Fund Budgetary Highlights

The City approved the 2024 general fund budget anticipating an increase of \$391,542 before transfers in general fund reserves.

At the close of the year, general fund total expenditures were \$697,016 more than final budget. The increase in expenditures were a result of engineering for 2025 street projects, dog park improvements, canoe/kayak launch improvements and Wagon Wheel flood damage. Revenues exceeded the final budget by \$581,524 due to federal aid, state aid, increased lodging taxes, donations and increased park use fees. The fund showed an increase in fund balance totaling \$46,211 for the year ended December 31, 2024.

**CITY OF LA CRESCENT, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Capital Asset and Debt Administration

Capital assets. The City of La Crescent, Minnesota's investment in capital assets for its governmental and business-type activities as of December 31, 2024, amounts to \$31,046,293 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, roads and highways. The total decrease in the City of La Crescent, Minnesota's reported investment in capital assets for the current fiscal year was \$2,313,977.

**City of La Crescent's Capital Assets
(net of depreciation)**

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 2,407,917	\$ 2,484,028	\$ 322,200	\$ 484,823	\$ 2,730,117	\$ 2,968,851
Construction in progress		4,151,280				4,151,280
Buildings	1,276,896	1,354,705	994,074	1,089,328	2,270,970	2,444,033
Improvements other than buildings	3,569,135	3,751,435	714,313	723,114	4,283,448	4,474,549
Infrastructure	11,885,906	9,137,598	7,910,393	8,095,601	19,796,299	17,233,199
Machinery and equipment	1,808,819	1,901,776	156,640	186,582	1,965,459	2,088,358
Total	\$ 20,948,673	\$ 22,780,822	\$ 10,097,620	\$ 10,579,448	\$ 31,046,293	\$ 33,360,270

Additional information on the City of La Crescent, Minnesota's capital assets can be found in Note 4 on pages 46-47 of this report.

Long-term debt. At the end of the current fiscal year, the City of La Crescent, Minnesota had \$12,665,000 in bonds payable outstanding. The City also had \$38,825 in a capital lease payable outstanding.

City of La Crescent's Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
General obligation improvement bonds	\$ 9,840,000	\$ 10,705,000	\$	\$	\$ 9,840,000	\$ 10,705,000
General obligation revenue bonds			2,500,000	3,090,000	2,500,000	3,090,000
General obligation equipment certificates	325,000	428,000			325,000	428,000
Notes payable		13,533				13,533
Capital lease payable	38,825	49,320			38,825	49,320
Total	\$ 10,203,825	\$ 11,195,853	\$ 2,500,000	\$ 3,090,000	\$ 12,703,825	\$ 14,285,853

The City of La Crescent, Minnesota's total bonds and notes payable decreased by \$1,582,028. A more detailed breakdown of these obligations can be found in Note 5, beginning on page 48.

CITY OF LA CRESCENT, MINNESOTA MANAGEMENT'S DISCUSSION AND ANALYSIS

Economic Factors and Next Year's Budgets and Rates

- The City anticipates redevelopment in the commercial districts. The residential market has slowed down but continues to show needs for growth.
- The City incorporated additional funds in the general fund budget for the preparation of the redevelopment of Walnut Street. The general fund budget also includes funds for engineering related to the street improvement projects on Maple Street and Redwood East. The construction is scheduled to occur in 2026.
- The City expects to increase the water and sewer rates with the intention of reducing the fund deficits. The City will continue to replace water meters citywide in conjunction with service line replacements.
- The City continues to seek out and apply for grants, state aid, and federal aid as sources for additional funding in order to combat inflation, meet additional debt service obligations, and dedicate funds to improvement projects while keeping the levy increase consistent at five percent over the past couple of years.

All of these factors were considered in preparing the City of La Crescent, Minnesota's budget for the 2025 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the City of La Crescent, Minnesota's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Finance Director and City Administrator, City Hall, La Crescent, MN 55947.

CITY OF LA CRESCENT, MINNESOTA

BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2024

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CITY OF LA CRESCENT, MINNESOTA
STATEMENT OF NET POSITION
December 31, 2024
With Comparative Totals for December 31, 2023

	Governmental Activities	Business-Type Activities	Totals	
			2024	2023
ASSETS				
Cash and investments	\$ 4,955,603	\$ 417,571	\$ 5,373,174	\$ 6,201,751
Receivables	787,878	486,792	1,274,670	1,373,747
Due from other governmental units	589,787	39,662	629,449	785,101
Internal balances	531,629	(531,629)		
Inventory		9,994	9,994	5,791
Prepaid items	52,890	21,574	74,464	88,665
Capital assets:				
Nondepreciable	2,407,917	322,200	2,730,117	6,969,021
Depreciable, net	18,540,756	9,775,420	28,316,176	26,391,246
Total Assets	27,866,460	10,541,584	38,408,044	41,815,322
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows from pension activity	1,174,970	85,629	1,260,599	1,632,713
LIABILITIES				
Accounts payable	164,108	182,371	346,479	469,022
Accrued liabilities	109,037	41,745	150,782	113,518
Due to other governmental units	52,212		52,212	
Bank overdraft				684,787
Accrued interest payable	124,765	26,766	151,531	188,740
Compensated absences	248,012	148,833	396,845	424,107
Customer deposits	21,400	6,958	28,358	15,091
Unearned revenue	286,740		286,740	373,236
Noncurrent liabilities:				
Due within one year	1,007,578	570,000	1,577,578	1,582,028
Due in more than one year	9,449,122	2,015,965	11,465,087	13,107,257
Net pension liability	968,598	327,225	1,295,823	1,733,881
Total Liabilities	12,431,572	3,319,863	15,751,435	18,691,667
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows from pension activity	1,313,781	213,995	1,527,776	1,676,773
NET POSITION				
Net investment in capital assets	10,491,973	7,511,655	18,003,628	18,670,982
Restricted for:				
Debt service	3,231,737		3,231,737	3,375,911
Other	188,737	100,000	288,737	341,197
Unrestricted	1,383,630	(518,300)	865,330	691,505
Total Net Position	\$ 15,296,077	\$ 7,093,355	\$ 22,389,432	\$ 23,079,595

See Notes to Financial Statements

CITY OF LA CRESCENT, MINNESOTA
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2024
With Comparative Totals for the Year Ended December 31, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 980,673	\$ 94,229	\$ 184,892	\$
Public safety	1,552,895	166,474	207,447	
Public works	2,480,804	5,713	507,872	
Culture and recreation	1,133,726	227,307	127,109	25,000
Economic development	543,185	87,908	147,592	
Unallocated				
Interest and other fiscal costs	259,841			
Total governmental activities	6,951,124	581,631	1,174,912	25,000
Business-Type activities:				
Water	998,631	838,154		
Sewer	1,179,518	725,947		75,131
Solid waste	277,509	283,701		
License bureau	164,937	168,940		
Golf course	568,300	603,429		
Arena	191,856	48,587		
Total business-type activities	3,380,751	2,668,758		75,131
Total	\$ 10,331,875	\$ 3,250,389	\$ 1,174,912	\$ 100,131

General revenues:
General property taxes
Tax increments
Grants and contributions not restricted to specific programs
Investment earnings
Gain on sale of assets
Miscellaneous
Transfers, net
Total general revenues

Change in net position

Net position - beginning

Net position - ending

See Notes to Financial Statements

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business-Type Activities	Totals	
		2024	2023
\$ (701,552)	\$	\$ (701,552)	\$ (817,587)
(1,178,974)		(1,178,974)	(1,257,426)
(1,967,219)		(1,967,219)	(948,241)
(754,310)		(754,310)	(573,586)
(307,685)		(307,685)	8,776
			(2,944)
(259,841)		(259,841)	(352,895)
<u>(5,169,581)</u>		<u>(5,169,581)</u>	<u>(3,943,903)</u>
	(160,477)	(160,477)	83,942
	(378,440)	(378,440)	(218,090)
	6,192	6,192	5,112
	4,003	4,003	(12,994)
	35,129	35,129	(10,283)
	<u>(143,269)</u>	<u>(143,269)</u>	<u>370</u>
	(636,862)	(636,862)	(151,943)
<u>(5,169,581)</u>	<u>(636,862)</u>	<u>(5,806,443)</u>	<u>(4,095,846)</u>
3,726,670		3,726,670	3,578,163
116,127		116,127	99,978
796,400		796,400	707,618
49,329	3,836	53,165	119,944
88,197	290,403	378,600	11,667
42,572	2,746	45,318	101,218
(398,746)	398,746		
<u>4,420,549</u>	<u>695,731</u>	<u>5,116,280</u>	<u>4,618,588</u>
(749,032)	58,869	(690,163)	522,742
<u>16,045,109</u>	<u>7,034,486</u>	<u>23,079,595</u>	<u>22,556,853</u>
<u>\$ 15,296,077</u>	<u>\$ 7,093,355</u>	<u>\$ 22,389,432</u>	<u>\$ 23,079,595</u>

CITY OF LA CRESCENT, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2024
With Comparative Totals for December 31, 2023

	101	329	332	Other	Total Governmental Funds	
	General	2018A GO Improvement Bond Fund	2020A HTM GO Improvement Bond Fund	Governmental Funds	2024	2023
ASSETS						
Cash and investments	\$ 995,511	\$ 208,261	\$ 1,438,579	\$ 2,313,252	\$ 4,955,603	\$ 5,694,663
Accounts receivable	1,801				1,801	2,853
Interest receivable	1,714	285	1,971	3,158	7,128	9,171
Taxes receivable delinquent	16,518	995	1,216	6,480	25,209	27,467
Special assessments receivable:						
Deferred	330	632,587	53,268	67,484	753,669	751,520
Delinquent			71		71	
Due from other funds	540,003				540,003	
Due from other governmental units	488,399	2,785	4,656	93,947	589,787	709,698
Prepaid items	44,341			8,549	52,890	64,480
TOTAL ASSETS	\$ 2,088,617	\$ 844,913	\$ 1,499,761	\$ 2,492,870	\$ 6,926,161	\$ 7,259,852
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE						
Liabilities						
Accounts payable	\$ 124,845			\$ 39,263	\$ 164,108	\$ 310,588
Accrued liabilities	75,944			33,093	109,037	77,661
Due to other governments	52,212				52,212	
Customer deposits	21,400				21,400	8,600
Unearned revenue	286,740				286,740	373,236
Due to other funds				8,374	8,374	
Total Liabilities	<u>561,141</u>			<u>80,730</u>	<u>641,871</u>	<u>770,085</u>
Deferred Inflows of Resources						
Unavailable:						
Property taxes	16,518	995	1,216	6,480	25,209	27,467
Special assessments	330	632,587	53,339	67,484	753,740	751,520
Total Deferred Inflows of Resources	<u>16,848</u>	<u>633,582</u>	<u>54,555</u>	<u>73,964</u>	<u>778,949</u>	<u>778,987</u>
Fund Balance						
Nonspendable:						
Prepaid items	44,341			8,549	52,890	64,480
Restricted:						
Creditors		211,331	1,445,206	939,149	2,595,686	2,772,967
Regulations				108,567	108,567	241,197
Contributors	25,000			55,170	80,170	4,676
Assigned				1,235,115	1,235,115	1,243,048
Unassigned	1,441,287			(8,374)	1,432,913	1,384,412
Total Fund Balance	<u>1,510,628</u>	<u>211,331</u>	<u>1,445,206</u>	<u>2,338,176</u>	<u>5,505,341</u>	<u>5,710,780</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 2,088,617	\$ 844,913	\$ 1,499,761	\$ 2,492,870	\$ 6,926,161	\$ 7,259,852

See Notes to Financial Statements

CITY OF LA CRESCENT, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Year Ended December 31, 2024
 With Comparative Totals for the Year Ended December 31, 2023

	101	329	332	Other	Total Governmental Funds	
	General	2018A GO Improvement Bond Fund	2020A HTM GO Improvement Bond Fund	Governmental Funds	2024	2023
REVENUES						
General taxes	\$ 2,624,681	\$ 140,402	\$ 176,871	\$ 944,854	\$ 3,886,808	\$ 3,651,700
Tax increment				116,127	116,127	99,978
Special assessments	385	50,172	10,350		60,907	25,568
Licenses and permits	77,446				77,446	90,980
Intergovernmental revenues	1,559,585			232,901	1,792,486	2,404,259
Charges for services	247,084			101,392	348,476	342,753
Fines and forfeits	17,498				17,498	21,148
Investment income	12,628	1,907	13,324	21,470	49,329	113,507
Miscellaneous revenues	64,710			110,558	175,268	326,030
Total Revenues	4,604,017	192,481	200,545	1,527,302	6,524,345	7,075,923
EXPENDITURES						
General government	703,329				703,329	667,225
Public safety	1,400,021			252,890	1,652,911	1,635,786
Public works	1,252,762				1,252,762	1,361,580
Culture and recreation	636,024			243,935	879,959	829,416
Economic development	88,606			378,468	467,074	247,911
Debt service:						
Principal	10,495	115,000	290,000	576,534	992,029	1,122,408
Interest and fiscal charges	4,811	73,214	72,486	174,978	325,489	364,231
Capital outlay	231,919			207,216	439,135	1,710,083
Total Expenditures	4,327,967	188,214	362,486	1,834,021	6,712,688	7,938,640
Excess (deficit) of revenues over (under) expenditures	276,050	4,267	(161,941)	(306,719)	(188,343)	(862,717)
OTHER FINANCING SOURCES (USES)						
Sale of assets	99,297			1,916	101,213	11,667
Proceeds from lease						49,320
Transfers in	60,821			293,316	354,137	654,422
Transfers out	(389,957)			(82,489)	(472,446)	(879,312)
Total Other Financing Sources (Uses)	(229,839)			212,743	(17,096)	(163,903)
Net changes in fund balance	46,211	4,267	(161,941)	(93,976)	(205,439)	(1,026,620)
Fund Balance - beginning as originally stated	1,464,417	207,064	1,607,147	2,432,152	5,710,780	6,764,867
Restatement (Note 14)						(27,467)
Fund Balance - beginning as restated	1,464,417	207,064	1,607,147	2,432,152	5,710,780	6,737,400
Fund Balance - ending	\$ 1,510,628	\$ 211,331	\$ 1,445,206	\$ 2,338,176	\$ 5,505,341	\$ 5,710,780

See Notes to Financial Statements

CITY OF LA CRESCENT, MINNESOTA
RECONCILIATION OF NET POSITION IN THE
GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND BALANCES
IN THE FUND BASIS FINANCIAL STATEMENTS

December 31, 2024

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

Total governmental fund balances (page 17)		\$ 5,505,341
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental funds - capital assets	\$ 40,004,001	
Less: Accumulated depreciation	<u>(19,055,328)</u>	20,948,673
Some receivables are not available soon enough to pay for current period expenditures and, therefore, are unavailable in the funds.		
Delinquent property taxes	\$ 25,209	
Deferred and delinquent special assessments	<u>753,740</u>	778,949
Long-term liabilities, including bonds payable, net pension liability, compensated absences, capital lease payable, and accrued interest payable are not due and payable in the current period and therefore are not reported in the funds.		
Bonds payable, net of unamortized bond premium	\$(10,417,875)	
Capital lease payable	(38,825)	
Net pension liability	(1,107,409)	
Compensated absences	(248,012)	
Accrued interest payable	<u>(124,765)</u>	(11,936,886)
Net position of governmental activities (page 14)		<u>\$15,296,077</u>

See Notes to Financial Statements

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

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

Net change in fund balances - total governmental funds (page 18)		\$ (205,439)
<p>Governmental funds reported capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay	\$ 40,817	
Depreciation expense	<u>(1,781,470)</u>	(1,740,653)
<p>The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.</p>		
		(91,493)
<p>Certain revenues in the statement of activities do not provide current financial resources are not reported as revenues in the funds.</p>		
Property taxes	\$ (2,258)	
Special assessments	2,220	
Notes receivable	<u>(11,666)</u>	(11,704)
<p>The governmental funds report bond proceeds as financing sources, while repayment of bond principal is report as an expenditure. In the statement of net position, however, issuing debt increases long term liabilities and does not affect the statement of activities and repayment of principal reduces the liability. Also, governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. 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. The net effect of these differences in the treatment of general obligation bonds and related items is as follows.</p>		
Principal retirement on long-term debt	\$ 981,533	
Change in accrued interest	28,752	
Amortization of bond premium	<u>36,896</u>	1,047,181
<p>Some capital asset additions are financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the statement of net position, the lease obligation is reported as a liability. Repayment of capital lease principal is an expenditure in the governmental funds, but repayment reduces the lease obligation in the statement of net position.</p>		
		10,495
<p>In the statement of activities, certain operating expenses - compensated absences and net pension liability - are measured by the amounts earned during the year. In governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).</p>		
Change in accrued compensated absences	\$ 27,991	
Change in net pension liability	<u>214,590</u>	242,581
Change in net position of governmental activities (pages 15 and 16)		<u>\$ (749,032)</u>

See Notes to Financial Statements

CITY OF LA CRESCENT, MINNESOTA
GENERAL FUND
STATEMENTS OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2024
With Comparative Totals for the Year Ended December 31, 2023

	Budgeted Amounts		2024 Actual Amounts	Variance with Final Budget - Over (Under)	2023 Actual Amounts
	Original	Final			
REVENUES					
Taxes					
Property taxes	\$ 2,427,302	\$ 2,427,302	\$ 2,475,862	\$ 48,560	\$ 2,260,853
Lodging taxes	3,500	3,500	87,908	84,408	73,639
Franchise fees	50,000	50,000	60,911	10,911	49,784
Total Taxes	2,480,802	2,480,802	2,624,681	143,879	2,384,276
Special Assessments			385	385	103
Licenses and Permits					
Business	8,730	8,730	8,965	235	9,195
Nonbusiness	6,525	6,525	9,055	2,530	9,716
Building and related	48,550	48,550	59,426	10,876	72,069
Total Licenses and Permits	63,805	63,805	77,446	13,641	90,980
Intergovernmental Revenues					
Local government aid	796,400	796,400	796,400		684,957
Fire state aid	35,000	35,000	54,319	19,319	49,263
Other state aid	394,000	394,000	590,251	196,251	1,188,031
Federal aid			116,875	116,875	262,491
County aid	5,500	5,500	1,740	(3,760)	5,767
Total Intergovernmental Revenues	1,230,900	1,230,900	1,559,585	328,685	2,190,509
Charges for Services					
General government	17,700	17,700	15,398	(2,302)	21,988
Public safety	3,500	3,500	3,649	149	4,468
Public works	4,200	4,200	5,713	1,513	900
Culture and recreation	180,450	180,450	222,324	41,874	210,322
Total Charges for Services	205,850	205,850	247,084	41,234	237,678
Fines and Forfeits	13,000	13,000	17,498	4,498	19,951
Investment Income	10,000	10,000	12,628	2,628	22,520
Miscellaneous Revenues					
Donations	2,000	2,000	49,915	47,915	19,358
Rental income	4,186	4,186	1,634	(2,552)	4,186
Refunds and reimbursements	10,000	10,000	11,410	1,410	4,474
Other	1,950	1,950	1,751	(199)	44,120
Total Miscellaneous Revenues	18,136	18,136	64,710	46,574	72,138
TOTAL REVENUES	\$ 4,022,493	\$ 4,022,493	\$ 4,604,017	\$ 581,524	\$ 5,018,155

See Notes to Financial Statements

CITY OF LA CRESCENT, MINNESOTA
GENERAL FUND
STATEMENTS OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2024
With Comparative Totals for the Year Ended December 31, 2023

	Budgeted Amounts		2024 Actual Amounts	Variance with Final Budget - Over (Under)	2023 Actual Amounts
	Original	Final			
EXPENDITURES					
General Government					
Mayor and Council					
Salaries and wages	\$ 32,700	\$ 32,700	\$ 32,700	\$	\$ 32,700
Employee benefits and retirement	4,145	4,145	3,879	(266)	3,806
Professional services	109,500	109,500	126,968	17,468	133,457
Other	41,484	41,484	27,997	(13,487)	14,224
Total Mayor and Council	187,829	187,829	191,544	3,715	184,187
Elections	16,650	16,650	18,159	1,509	
Municipal Clerk					
Salaries and wages	166,000	166,000	166,931	931	141,963
Employee benefits and retirement	51,075	51,075	40,853	(10,222)	36,091
Supplies	8,000	8,000	8,456	456	12,004
Professional services	73,000	73,000	63,752	(9,248)	72,129
Repairs and maintenance	500	500	595	95	
Insurance	125,000	125,000	151,630	26,630	148,223
Other	15,000	15,000	12,454	(2,546)	15,572
Total Municipal Clerk	438,575	438,575	444,671	6,096	425,982
City Hall					
Utilities	11,000	11,000	8,661	(2,339)	9,073
Repairs and maintenance	5,750	5,750	3,689	(2,061)	11,418
Supplies	3,900	3,900	3,922	22	4,480
Professional services	12,000	12,000	17,772	5,772	17,470
Other	14,600	14,600	14,911	311	14,615
Total City Hall	47,250	47,250	48,955	1,705	57,056
Total General Government	\$ 690,304	\$ 690,304	\$ 703,329	\$ 13,025	\$ 667,225

See Notes to Financial Statements

CITY OF LA CRESCENT, MINNESOTA
GENERAL FUND
STATEMENTS OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2024
With Comparative Totals for the Year Ended December 31, 2023

	Budgeted Amounts		2024 Actual Amounts	Variance with Final Budget - Over (Under)	2023 Actual Amounts
	Original	Final			
EXPENDITURES					
Public Safety					
Police Department					
Salaries and wages	\$ 812,900	\$ 812,900	\$ 846,039	\$ 33,139	\$ 785,798
Employee benefits	230,840	230,840	227,033	(3,807)	251,871
Supplies	31,000	31,000	24,270	(6,730)	32,607
Professional services	62,000	62,000	67,150	5,150	72,818
Repairs and maintenance	13,500	13,500	13,068	(432)	12,053
Other	33,500	33,500	39,122	5,622	42,828
Total Police Department	1,183,740	1,183,740	1,216,682	32,942	1,197,975
Fire Department					
State fire aid	35,000	35,000	54,319	19,319	49,263
Building and Zoning					
Salaries and wages	69,060	69,060	67,128	(1,932)	48,308
Employee benefits	11,055	11,055	9,392	(1,663)	6,630
Supplies	4,250	4,250	5,854	1,604	4,956
Professional services	27,500	27,500	23,809	(3,691)	38,369
Repairs and maintenance	2,000	2,000	550	(1,450)	1,072
Other	6,950	6,950	6,984	34	5,222
Total Building and Zoning	120,815	120,815	113,717	(7,098)	104,557
Other Public Safety					
Animal control	17,100	17,100	13,279	(3,821)	11,551
Emergency services	3,000	3,000	2,024	(976)	4,105
	20,100	20,100	15,303	(4,797)	15,656
Total Public Safety	\$ 1,359,655	\$ 1,359,655	\$ 1,400,021	\$ 40,366	\$ 1,367,451

See Notes to Financial Statements

CITY OF LA CRESCENT, MINNESOTA
GENERAL FUND
STATEMENTS OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2024
With Comparative Totals for the Year Ended December 31, 2023

	Budgeted Amounts		2024 Actual Amounts	Variance with Final Budget - Over (Under)	2023 Actual Amounts
	Original	Final			
EXPENDITURES					
Public Works					
City Engineer					
Salaries and wages	\$ 113,200	\$ 113,200	\$ 111,597	\$ (1,603)	\$ 106,556
Employee benefits	17,160	17,160	16,062	(1,098)	15,445
Supplies	1,200	1,200	363	(837)	1,068
Repairs and maintenance	1,000	1,000	21	(979)	171
Professional services	3,500	3,500	4,577	1,077	3,546
Other	2,750	2,750	3,801	1,051	4,324
Total City Engineer	138,810	138,810	136,421	(2,389)	131,110
Highways and Streets					
Salaries and wages	215,200	215,200	215,368	168	202,828
Employee benefits	55,000	55,000	56,258	1,258	56,066
Supplies	80,750	80,750	84,514	3,764	74,665
Repairs and maintenance	120,000	120,000	185,426	65,426	297,156
Professional services	19,500	19,500	185,829	166,329	223,252
Utilities	90,500	90,500	92,200	1,700	99,065
Other	2,650	2,650	705	(1,945)	2,747
Total Highways and Streets	583,600	583,600	820,300	236,700	955,779
Brush Site					
Salaries and wages	6,900	6,900	1,202	(5,698)	5,560
Employee benefits	1,180	1,180	194	(986)	848
Professional services	2,000	2,000		(2,000)	4,465
Repairs and maintenance	600	600		(600)	198
Other	450	450		(450)	284
Total Brush Site	11,130	11,130	1,396	(9,734)	11,355
Public Transportation	241,597	241,597	294,645	53,048	263,336
Total Public Works	\$ 975,137	\$ 975,137	\$ 1,252,762	\$ 277,625	\$ 1,361,580

See Notes to Financial Statements

CITY OF LA CRESCENT, MINNESOTA
GENERAL FUND
STATEMENTS OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2024
With Comparative Totals for the Year Ended December 31, 2023

	Budgeted Amounts		2024 Actual Amounts	Variance with Final Budget - Over (Under)	2023 Actual Amounts
	Original	Final			
EXPENDITURES					
Culture and Recreation					
Parks					
Salaries and wages	\$ 113,410	\$ 113,410	\$ 126,746	\$ 13,336	\$ 121,041
Employee benefits	26,790	26,790	25,842	(948)	25,786
Supplies	45,900	45,900	76,265	30,365	58,407
Repairs and maintenance	29,000	29,000	37,536	8,536	41,724
Utilities	11,250	11,250	15,079	3,829	16,661
Professional services	7,000	7,000	48,422	41,422	63,597
Other	1,000	1,000	2,583	1,583	5,375
Total Parks	234,350	234,350	332,473	98,123	332,591
Pool					
Salaries and wages	175,000	175,000	189,436	14,436	162,897
Employee benefits	14,220	14,220	14,492	272	14,417
Supplies	47,900	47,900	50,391	2,491	47,906
Professional services			250	250	
Repairs and maintenance	26,500	26,500	27,325	825	21,016
Utilities	21,900	21,900	13,902	(7,998)	22,056
Other	4,600	4,600	7,755	3,155	2,621
Total Pool	290,120	290,120	303,551	13,431	270,913
Total Culture and Recreation	\$ 524,470	\$ 524,470	\$ 636,024	\$ 111,554	\$ 603,504

See Notes to Financial Statements

**CITY OF LA CRESCENT, MINNESOTA
GENERAL FUND
STATEMENTS OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the Year Ended December 31, 2024

With Comparative Totals for the Year Ended December 31, 2023

	Budgeted Amounts		2024 Actual Amounts	Variance with Final Budget - Over (Under)	2023 Actual Amounts
	Original	Final			
EXPENDITURES					
Economic Development	\$	\$	\$ 88,606	\$ 88,606	\$ 64,863
Capital Outlay	65,000	65,000	231,919	166,919	303,986
Debt Service					
Principal	10,926	10,926	10,495	(431)	88,408
Interest and fiscal charges	5,459	5,459	4,811	(648)	2,555
Total Debt Service	16,385	16,385	15,306	(1,079)	90,963
TOTAL EXPENDITURES	3,630,951	3,630,951	4,327,967	697,016	4,459,572
Excess of revenues over expenditures	391,542	391,542	276,050	(115,492)	558,583
Other Financing Sources (Uses)					
Sale of assets			99,297	99,297	11,667
Proceeds from lease					49,320
Transfers in	60,000	60,000	60,821	821	65,807
Transfers out	(453,520)	(453,520)	(389,957)	(63,563)	(791,623)
Total other financing sources (uses)	(393,520)	(393,520)	(229,839)	36,555	(664,829)
Net change in fund balance	(1,978)	(1,978)	46,211	48,189	(106,246)
Fund Balance - beginning original	1,464,417	1,464,417	1,464,417		1,588,222
Restatement (Note 14)					(17,559)
Fund Balance - beginning as restated	1,464,417	1,464,417	1,464,417		1,570,663
Fund Balance - ending	\$ 1,462,439	\$ 1,462,439	\$ 1,510,628	\$ 48,189	\$ 1,464,417

See Notes to Financial Statements

CITY OF LA CRESCENT, MINNESOTA
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
For the Year Ended December 31, 2024
With Comparative Totals for the Year Ended December 31, 2023

	Business - Type Activities - Enterprise Funds			
	Water Fund	Sewer Fund	Solid Waste Fund	License Bureau Fund
ASSETS				
Current Assets				
Cash and investments	\$ 40,855		\$ 53,579	\$ 237,357
Accounts receivable	118,327	112,784	36,163	
Interest receivable	56		73	540
Special assessments receivable	56,738	155,653	486	
Due from other governmental units	10,453	29,209		
Inventory			2,281	
Prepaid items	6,961	4,818	344	369
Total Current Assets	233,390	302,464	92,926	238,266
Capital Assets				
Nondepreciable	56,033	45,000		
Depreciable	11,350,966	8,882,338		8,359
Less: Accumulated depreciation	6,771,546	5,044,641		8,340
Total Capital Assets	4,635,453	3,882,697		19
TOTAL ASSETS	4,868,843	4,185,161	92,926	238,285
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows from pension activity	26,552	24,117		12,183
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION				
Current Liabilities				
Accounts payable	24,188	69,818	11,093	3,751
Due to other governments		60,497		
Accrued liabilities	22,856	10,665	446	5,052
Accrued interest payable	14,777	11,989		
Compensated absences	46,857	41,715		24,739
Customer deposits				
Bank overdraft				
Due to other funds		422,480		
Current maturities of bonds payable	274,500	295,500		
Total Current Liabilities	383,178	912,664	11,539	33,542
Noncurrent Liabilities				
Bonds payable, net of current maturities and unamortized premium	859,778	1,156,187		
Net pension liability	100,955	93,334		46,328
Total Noncurrent Liabilities	960,733	1,249,521		46,328
TOTAL LIABILITIES	1,343,911	2,162,185	11,539	79,870
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows from pension activity	66,022	61,037		30,296
NET POSITION				
Net investment in capital assets	3,501,175	2,431,010		19
Restricted				
Unrestricted	(15,713)	(444,954)	81,387	140,283
TOTAL NET POSITION	\$ 3,485,462	\$ 1,986,056	\$ 81,387	\$ 140,302

See Notes to Financial Statements

Golf Course Fund	Arena Fund	Totals	
		2024	2023
\$ 85,780	\$	\$ 417,571	\$ 507,088
1,112	4,742	273,128	286,229
118		787	687
		212,877	283,570
		39,662	75,987
7,713		9,994	5,790
4,175	4,907	21,574	24,186
<u>98,898</u>	<u>9,649</u>	<u>975,593</u>	<u>1,183,537</u>
210,785	10,382	322,200	484,823
1,926,737	2,326,632	24,495,032	24,084,581
1,217,587	1,677,498	14,719,612	13,989,956
<u>919,935</u>	<u>659,516</u>	<u>10,097,620</u>	<u>10,579,448</u>
<u>1,018,833</u>	<u>669,165</u>	<u>11,073,213</u>	<u>11,762,985</u>
22,777		85,629	125,834
4,831	8,193	121,874	158,855
		60,497	7,300
2,726		41,745	33,744
		26,766	35,223
35,522		148,833	148,104
6,958		6,958	6,491
			679,179
	109,149	531,629	
		570,000	590,000
<u>50,037</u>	<u>117,342</u>	<u>1,508,302</u>	<u>1,658,896</u>
		2,015,965	2,613,661
86,608		327,225	441,185
<u>86,608</u>		<u>2,343,190</u>	<u>3,054,846</u>
<u>136,645</u>	<u>117,342</u>	<u>3,851,492</u>	<u>4,713,742</u>
56,640		213,995	140,591
919,935	659,516	7,511,655	7,375,787
	100,000	100,000	100,000
(71,610)	(207,693)	(518,300)	(441,301)
<u>\$ 848,325</u>	<u>\$ 551,823</u>	<u>\$ 7,093,355</u>	<u>\$ 7,034,486</u>

**CITY OF LA CRESCENT, MINNESOTA
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION**

For the Year Ended December 31, 2024

With Comparative Totals for the Year Ended December 31, 2023

	Business - Type Activities - Enterprise Funds			
	Water Fund	Sewer Fund	Solid Waste Fund	License Bureau Fund
Operating Revenues				
Sales	\$ 815,975	\$ 690,099	\$ 283,701	\$ 168,830
Intergovernmental revenues				
Lease revenues				
Penalties, assessments, and other fees	22,179	35,848		110
	<u>838,154</u>	<u>725,947</u>	<u>283,701</u>	<u>168,940</u>
Operating Expenses				
Salaries and wages	269,025	252,042		124,541
Employee benefits	76,639	73,846		27,208
Supplies	47,997	2,360	11,251	1,120
Repairs and maintenance	96,314	34,692		100
Utilities	82,628	13,825		2,031
Depreciation	346,553	299,616		329
Professional services	34,941	457,029	264,226	7,376
Insurance	19,835	15,511	2,032	1,532
Other charges	5,509	6,370		700
Total Operating Expenses	<u>979,441</u>	<u>1,155,291</u>	<u>277,509</u>	<u>164,937</u>
Operating Income (Loss)	<u>(141,287)</u>	<u>(429,344)</u>	<u>6,192</u>	<u>4,003</u>
Nonoperating Revenues (Expenses)				
Gain (loss) on disposal of assets		284,296		
Interest income	337		492	2,202
Intergovernmental revenue				
Interest expense	(19,190)	(24,227)		
Other income	2,746			
Total Nonoperating Revenues (Expenses)	<u>(16,107)</u>	<u>260,069</u>	<u>492</u>	<u>2,202</u>
Income (Loss) Before Capital Contributions and Transfers	<u>(157,394)</u>	<u>(169,275)</u>	<u>6,684</u>	<u>6,205</u>
Transfers in	78,309	55,669		
Transfers out	(55,669)			
Capital contributions	140,218	215,350		
Change in Net Position	<u>5,464</u>	<u>101,744</u>	<u>6,684</u>	<u>6,205</u>
NET POSITION - Beginning of Year	<u>3,479,998</u>	<u>1,884,312</u>	<u>74,703</u>	<u>134,097</u>
NET POSITION - End of Year	<u>\$ 3,485,462</u>	<u>\$ 1,986,056</u>	<u>\$ 81,387</u>	<u>\$ 140,302</u>

See Notes to Financial Statements

Golf Course Fund	Arena Fund	Total	
		2024	2023
\$ 599,918	\$	\$ 2,558,523	\$ 2,508,671
			15,865
	48,587	48,587	58,968
3,511		61,648	212,678
<u>603,429</u>	<u>48,587</u>	<u>2,668,758</u>	<u>2,796,182</u>
276,396		922,004	818,054
19,339		197,032	176,667
121,787	664	185,179	166,568
54,439	38,040	223,585	121,086
29,931	55,909	184,324	222,483
28,622	81,995	757,115	707,922
8,723	815	773,110	709,558
11,855	14,391	65,156	68,642
17,208	42	29,829	32,474
<u>568,300</u>	<u>191,856</u>	<u>3,337,334</u>	<u>3,023,454</u>
35,129	(143,269)	(668,576)	(227,272)
6,107		290,403	(11,072)
805		3,836	5,027
			55,669
		(43,417)	(69,459)
		2,746	100,190
<u>6,912</u>		<u>253,568</u>	<u>80,355</u>
42,041	(143,269)	(415,008)	(146,917)
	40,000	173,978	224,891
		(55,669)	
		355,568	15,497
42,041	(103,269)	58,869	93,471
<u>806,284</u>	<u>655,092</u>	<u>7,034,486</u>	<u>6,941,015</u>
<u>\$ 848,325</u>	<u>\$ 551,823</u>	<u>\$ 7,093,355</u>	<u>\$ 7,034,486</u>

CITY OF LA CRESCENT, MINNESOTA
PROPRIETARY FUNDS
STATEMENT OF CASH FLOW
For the Year Ended December 31, 2024
With Comparative Totals for the Year Ended December 31, 2023

	Business - Type Activities - Enterprise Funds			
	Water Fund	Sewer Fund	Solid Waste Fund	License Bureau Fund
Cash Flows From Operating Activities				
Cash received from customers	\$ 856,039	\$ 781,464	\$ 287,572	\$ 168,940
Cash paid to suppliers	(334,751)	(471,909)	(278,915)	(9,918)
Cash paid to employees	(325,192)	(295,500)		(163,004)
Other income	54,933	(15,862)		
Net Cash Provided By (Used In) Operating Activities	251,029	(1,807)	8,657	(3,982)
Cash Flows From Noncapital Financing Activities				
Transfers from other funds	22,640	55,669		
Bank overdraft		(583,902)		
Due to other funds		422,480		
Net Cash Provided By (Used In) Noncapital Financing Activities	22,640	(105,753)		
Cash Flows From Capital and Related Financing Activities				
Acquisition of capital assets	(68,471)	(79,755)		
Capital contributions		75,131		
Proceeds from sale of assets		446,919		
Principal paid on long-term debt	(290,000)	(300,000)		
Interest and fiscal agent fees	(36,377)	(34,735)		
Net Cash Provided By (Used In) Capital and Related Financing Activities	(394,848)	107,560		
Cash Flows From Investing Activities				
Increase (decrease) in investments				
Investment income	281		488	2,035
Net Cash Provided By (Used In) Investing Activities	281		488	2,035
NET INCREASE (DECREASE) IN CASH AND CASH INVESTMENTS	(120,898)		9,145	(1,947)
CASH AND INVESTMENTS - Beginning of Year	161,753		44,434	239,304
CASH AND INVESTMENTS - End of Year	\$ 40,855	\$	\$ 53,579	\$ 237,357

See Notes to Financial Statements

Golf Course Fund	Arena Fund	Total	
		2024	2023
\$ 603,301	\$ 55,236	\$ 2,752,552	\$ 2,891,738
(244,557)	(109,257)	(1,449,307)	(1,398,595)
(332,202)		(1,115,898)	(791,325)
		39,071	29,555
26,542	(54,021)	226,418	731,373
	40,000	118,309	224,890
	(95,277)	(679,179)	129,002
	109,149	531,629	
	53,872	(29,241)	353,892
(9,248)		(157,474)	(283,637)
		75,131	
6,106		453,025	
		(590,000)	(565,000)
		(71,112)	(133,606)
(3,142)		(290,430)	(982,243)
			(107,747)
783	149	3,736	4,725
783	149	3,736	(103,022)
24,183		(89,517)	
61,597		507,088	507,088
\$ 85,780	\$	\$ 417,571	\$ 507,088

**RECONCILIATION OF OPERATING INCOME (LOSS)
TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES**

	Business - Type Activities - Enterprise Funds			
	Water Fund	Sewer Fund	Solid Waste Fund	License Bureau Fund
Operating Income (Loss)	\$ (141,287)	\$ (429,344)	\$ 6,192	\$ 4,003
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	346,553	299,616		328
Change in net pension liability	22,787	26,831		(15,062)
Other income	2,746			
(Increase) Decrease In:				
Accounts receivable	98	2,125	4,357	
Due from other governments	52,187	(15,862)		
Inventory			(344)	
Prepaid items	467	1,163	1,000	251
Special assessments receivable	17,787	53,392	(486)	
Increase (Decrease) In:				
Accounts payable	(49,188)	60,862	(1,799)	2,691
Accrued liabilities	1,995	2,726	(263)	995
Accrued interest payable	1,194	(4,147)		
Compensated absences	(4,310)	831		2,812
Customer deposits				
 Net Cash Provided By (Used In) Operating Activities	 \$ 251,029	 \$ (1,807)	 \$ 8,657	 \$ (3,982)
 Summary of Non Cash Transactions				
Amortization of bond premiums	\$ (17,187)	\$ (10,508)	\$	\$

See Notes to Financial Statements

Golf Course Fund	Arena Fund	Total	
		2024	2023
\$ 35,129	\$ (143,269)	\$ (668,576)	\$ (227,272)
28,622	81,997	757,116	707,922
(34,907)		(351)	26,829
		2,746	185,462
(128)	6,649	13,101	(11,613)
(3,860)		36,325	(47,478)
62	(331)	(4,204)	(1,260)
		2,612	(5,283)
		70,693	
2,717	933	16,216	81,011
2,548		8,001	22,884
(4,108)		(2,953)	
467		(4,775)	
		467	171
<u>\$ 26,542</u>	<u>\$ (54,021)</u>	<u>\$ 226,418</u>	<u>\$ 731,373</u>

\$ \$ \$ (27,695) \$ (28,174)

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CITY OF LA CRESCENT, MINNESOTA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

CITY OF LA CRESCENT, MINNESOTA

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

The City of La Crescent, Minnesota was first incorporated in 1857. The City operates under the "optional Plan A" form of government as defined by Minnesota State Statues which prescribes a Mayor-Council form of government. Four Council members and the Mayor are each elected to four-year terms.

The accounting policies of the City of La Crescent, Minnesota's conform to generally accepted accounting principles applicable to governmental units. The following is a summary of the more significant accounting policies.

Reporting Entity

In accordance with GASB Statement No. 14 the City's financial statements include the primary government and the component units of the City of La Crescent, Minnesota, defined as follows:

Primary Government - Includes all funds, account groups, organizations, institutions, agencies, departments, or offices which are not legally separate from the City of La Crescent, Minnesota.

Component Units - Component units are legally separate organizations for which the elected officials of the City of La Crescent, Minnesota are financially accountable or for which the nature or significance of their relationship with the City of La Crescent, Minnesota would, if excluded, cause the financial statements to be misleading or incomplete.

All significant activities and organization with which the City exercises oversight responsibilities have been considered for inclusions in the financial statements. The City has no component units, and it is not included in any other governmental reporting unit.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund 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.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) 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 enterprise funds are reported as separate columns in the fund financial statements.

CITY OF LA CRESCENT, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

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 City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

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

Unearned revenue is recorded when assets are recognized before revenue recognition criteria have been satisfied. Grants received before eligibility requirements other than time requirements are met and recorded as unearned revenue. Grants received before time requirements are met are recorded as a deferred inflow of resources.

CITY OF LA CRESCENT, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

The City reports the following major governmental fund:

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

The *2018A General Obligation Improvement bond fund* accounts for the resources accumulated and payments for principal, interest, and fiscal charges of the bond.

The *2020A HTM General Obligation Improvement bond fund* accounts for the resources accumulated and payments for principal, interest, and fiscal charges of the bond.

The City reports the following major proprietary funds:

The *Water fund* accounts for the activities associated with providing water service to residents.

The *Sewer fund* accounts for the activities associated with providing sewer service to residents.

The *Solid Waste fund* accounts for the activities associated with providing refuse services to residents.

The *Golf Course fund* accounts for the activities associated with operations of the municipal golf course.

The *License Bureau fund* accounts for the activities associated with providing vehicle and operating licenses throughout the area.

The *Arena fund* accounts for the activities associated with operating a municipal ice arena.

As a general rule the effect of interfund 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 City's enterprise funds and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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

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

CITY OF LA CRESCENT, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance

Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Formal budgetary accounting is employed as a management control for funds of the City. Annual operating budgets are adopted each fiscal year through passage of an annual budget ordinance and may be amended by formal council action. All budget appropriations lapse at the end of the budget year. Budgeted amounts for the General and major special revenue funds have been presented in the financial statements.

Cash and Investments

Except where otherwise required, the City maintains all deposits in bank accounts in the name of the City. These deposits are invested on a short-term basis with interest income allocated to the fund which holds the investment balance. The balances shown in each fund represents an equity interest in the commingled pool of cash and temporary cash investments which is under the management of the City. Temporary cash investments are stated at cost, which approximates market.

The City has designated cash and cash equivalents as demand deposits and all investments with an original maturity of three months or less.

Property Taxes

Property tax levies are set by the City Council each year and are certified to the County for collection in the following 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, following, and are recorded as receivables by the City at that date. Revenues from property taxes 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. Personal property taxes may be paid on February 28 and June 30. The County provides tax settlements to cities and other taxing districts normally during the months of January, April, June and November.

Taxes which remain unpaid at December 31 are classified as delinquent taxes receivable. The amount of delinquent taxes receivable are fully offset by deferred inflow of resources in the governmental fund types because they are not known to be available to finance current expenditures.

Special Assessments

Assessments are levied at various times by City resolution for property owner improvements made by the City. Generally, assessment collections are deferred over periods ranging from seven to forty-nine years with interest charges of 0.0% to 7.0%. Revenue from these assessments is recognized as the annual installments become collectible. Annual installments not collected as of each December 31 are classified as delinquent assessments receivable. The amount of delinquent assessments receivable are fully offset by deferred inflow of resources in the governmental fund types because they are not known to be available to finance current expenditures.

CITY OF LA CRESCENT, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance (Continued)

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment are capitalized when acquired, and depreciation is provided using the straight-line method applied over the following estimated useful lives of the assets.

	Useful Life in Years
Buildings	7 - 40
Infrastructure	15 - 50
Improvements other than buildings	5 - 30
Machinery and Equipment	4 - 35

Compensated Absences

The City's policy allows employees to accumulate a maximum of 120 days of unused sick leave. Upon retirement or termination, the employee is entitled to be paid for 100% of accumulated sick leave for department heads and administrators and 50% for all other employees. The policy also allows accumulation of vacation pay that is 100% vested.

Accounting treatment for these vested benefits depends on the fund to which the benefits accrue. Governmental fund benefits are treated as expenditures when incurred in the fund statements. Governmental benefits are accrued for on the statement of net position. Enterprise benefits are expensed as they are earned and accumulated for in the fund statements. Enterprise benefits are reduced as they are used by employees throughout the year.

CITY OF LA CRESCENT, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance (Continued)

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 statements of net position. Bond premiums and discounts are deferred inflows of resources and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the year of issuance.

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

Interfund Transactions

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

Concentration of Credit Risk

Financial instruments which expose the City to a concentration of credit risk consist primarily of cash investments and accounts receivable. Credit risk associated with cash and investments are discussed in Note 2.

The City's accounts receivable are concentrated geographically, as for the most part, amounts are due from individuals residing in and businesses located in the City of La Crescent, Minnesota.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepayments. Prepaid items are reported using the consumption method and recorded as an expense or expenditure at the time of consumption.

Inventory

Inventory consists of unsold garbage bags in the Solid Waste fund and resale items and supplies in the Golf Course fund. All inventories are stated at cost on the first-in, first-out (FIFO) method.

CITY OF LA CRESCENT, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance (Continued)

Net Position / Fund Balance

In the government-wide and proprietary financial statements, net position is classified in the following categories:

Net Investment in Capital Assets – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Position – This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments.

Unrestricted Net Position – This amount is all net position that does not meet the definition of “net investment in capital assets or “restricted net position.”

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the City classifies governmental fund balances as follows:

Non-spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual restraints.

Restricted – This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the City Council through formal action (Resolution) and remain binding unless removed by the City Council by subsequent formal action (Resolution).

Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. The City Council, by majority vote, may assign fund balances to be used for specific purposes when appropriate. The Council also delegates the power to assign fund balances to the following: City Administrator.

Unassigned – includes positive fund balances within the General Fund which has not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

The City uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring for dollar spending. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

CITY OF LA CRESCENT, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance (Continued)

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.

Deferred Outflows of Resources

In addition to assets, the financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The City has one type and is pension related and is reported on the statement of net position.

Deferred Inflows of Resources

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City recognized two types. The first type of deferred inflows of resources occurs because governmental fund revenues are not recognized until available under the modified accrual basis of accounting. The second type is pension related and reported in the statement of net position.

Reclassifications

Certain amounts in the 2023 financial statements have been reclassified to conform with the 2024 presentation.

Implementation of New Accounting Principles

During the year, the City implemented GASB Statement No. 101, Compensated Absences. This Statement provides guidance on accounting and financial reporting for reporting a liability for certain types of leave (compensated absences). Under this Statement, government organizations are required to recognize a liability for employee's compensated absences if the leave is attributable to employee's services already rendered, if the leave accumulates, or if it is more likely than not to be used for time off or paid in cash upon separation. The liability is measured using an employee's rate of pay at the date of the financial statements. The liability and associated expense are reported in the government-wide statements. The Statement has been implemented and there was no impact on the City in 2024.

CITY OF LA CRESCENT, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2. Cash and Investments

Summary of Cash and Investments

As of December 31, 2024, the City's cash and investments consisted of the following items, all of which are held in an internal cash and investment pool:

Deposits	\$ 1,336,938
Money Market	3,009,342
Negotiable Certificates of Deposit	<u>1,026,894</u>
Total Cash and Investments per Statement of Net Position	<u>\$ 5,373,174</u>

Investments Authorized by Minnesota Statutes

The City is authorized by Minnesota Statutes to invest idle funds as follows:

- (a) Direct obligations or obligations guaranteed by the United States or its agencies.
- (b) Shares of investment companies registered under the Federal Investment Company Act of 1940 and whose only investments are in securities described in (a) above.
- (c) General obligations of the State of Minnesota or its municipalities.
- (d) Bankers acceptances of United States banks eligible for purchase by the Federal Reserve System.
- (e) Commercial paper issued by United States corporations or their Canadian subsidiaries, of the highest quality, and maturing in 270 days or less.
- (f) Repurchase agreements with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a reporting dealer to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.
- (g) Money market funds with institutions that have portfolios consisting exclusively of United States Treasury obligations and Federal Agency issues.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's deposit policy for custodial credit risk follows Minnesota Statutes for deposits. The City's deposits are entirely covered by federal depository insurance or by collateral held by the City's custodial banks in the City's name.

Minnesota Statutes require that all City deposits be insured, secured by surety bonds, or be collateralized. Except for notes secured by first mortgages of future maturity, the market value of collateral pledged by the custodial bank must equal 110% of the deposits not covered by insurance or surety bonds.

Authorized collateral includes certain state of local government obligations and legal investments. Minnesota Statutes also require that securities pledged as collateral be held in safekeeping by the Treasurer, or in a financial institution other than the institution furnishing the collateral.

CITY OF LA CRESCENT, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2. Cash and Investments (Continued)

Concentration of Credit Risk

The investment policy of the City contains no limitation on the amount that can be invested in any one issuer. Investments in any one issuer that represent 5% or more of total investments are as follows:

Negotiable Certificates of Deposit	100%
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Fair Value Measurements

Fair value measurements are determined utilizing the framework established by the Governmental Accounting Standards Board. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the City has the ability to access.
- Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data. Inputs to the valuation methodology include:
 - Quoted prices for similar assets or liabilities in active markets
 - Quoted prices for identical assets or liabilities in inactive markets
 - Inputs other than quoted prices that are observable for the asset or liability
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means

If the asset or liability has a specific (contractual) term, Level 2 input must be observable for substantially the full term of the asset or liability
- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The City's investments within the fair value hierarchy at December 31, 2024 were as follows:

Investment Type	Credit Risk		Fair Value Measurements Using	Interest Risk - Maturity Duration in Years				
	Rating	Agency		No Maturity Date	Less than 1			Total
					1 to 5	6 to 10		
Negotiable Certificates of Deposits	N/A	N/A	Level 2	\$	\$ 164,569	\$ 675,561	\$ 186,764	\$ 1,026,894

N/A - Not Applicable

CITY OF LA CRESCENT, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

3. Due From Other Governmental Units

Amounts due from other governmental units as of December 31, 2024 are as follows:

<u>Fund</u>	<u>Houston County</u>	<u>State of Minnesota</u>	<u>Federal Government</u>	<u>Townships</u>	<u>Total</u>
General Fund	\$ 112,998	\$ 374,850	\$ 551	\$	\$ 488,399
Library Fund	3,696				3,696
Fire Department Fund				75,319	75,319
Debt Service Funds	22,373				22,373
Water Fund	10,453				10,453
Sewer Fund	29,209				29,209
Total	<u>\$ 178,729</u>	<u>\$ 374,850</u>	<u>\$ 551</u>	<u>\$ 75,319</u>	<u>\$ 629,449</u>

CITY OF LA CRESCENT, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

4. Capital Assets

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

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 2,484,028	\$	\$ 76,111	\$ 2,407,917
Construction in progress	4,151,280		4,151,280	
Total capital assets, not being depreciated	<u>6,635,308</u>		<u>4,227,391</u>	<u>2,407,917</u>
Capital assets, being depreciated:				
Buildings	2,708,834	10,239		2,719,073
Improvements other than buildings	6,000,965	62,174		6,063,139
Infrastructure	19,243,854	3,877,697		23,121,551
Machinery and equipment	5,636,989	241,984	186,652	5,692,321
Total capital assets, being depreciated	<u>33,590,642</u>	<u>4,192,094</u>	<u>186,652</u>	<u>37,596,084</u>
Less accumulated depreciation for:				
Buildings	1,354,129	88,048		1,442,177
Improvements other than buildings	2,249,530	244,474		2,494,004
Infrastructure	10,106,256	1,129,389		11,235,645
Machinery and equipment	3,735,213	319,559	171,270	3,883,502
Total accumulated depreciation	<u>17,445,128</u>	<u>1,781,470</u>	<u>171,270</u>	<u>19,055,328</u>
Total capital assets, being depreciated, net	<u>16,145,514</u>	<u>2,410,624</u>	<u>91,493</u>	<u>18,540,756</u>
 Governmental activities capital assets, net	 <u>\$ 22,780,822</u>	 <u>\$ 2,410,624</u>	 <u>\$ 4,318,884</u>	 <u>\$ 20,948,673</u>

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:	
General government	\$ 41,330
Public safety	246,734
Public works	1,191,269
Culture and recreation	<u>302,137</u>
 Total depreciation expense - governmental activities	 <u>\$ 1,781,470</u>

CITY OF LA CRESCENT, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

4. Capital Assets (Continued)

Business-Type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 484,823	\$	\$ 162,623	\$ 322,200
Capital assets, being depreciated:				
Buildings and plant	3,561,365	9,248		3,570,613
Improvements other than buildings	1,155,872			1,155,872
Distribution systems	18,548,372	428,662		18,977,034
Machinery and equipment	818,972		27,459	791,513
Total capital assets, being depreciated	24,084,581	437,910	27,459	24,495,032
Less accumulated depreciation for:				
Buildings and plant	2,472,037	104,502		2,576,539
Improvements other than buildings	432,758	8,801		441,559
Distribution systems	10,452,771	613,870		11,066,641
Machinery and equipment	632,390	29,942	27,459	634,873
Total accumulated depreciation	13,989,956	757,115	27,459	14,719,612
Total capital assets, being depreciated, net	10,094,625	(319,205)		9,775,420
Business-type activities capital assets, net	\$ 10,579,448	\$ (319,205)	\$ 162,623	\$ 10,097,620

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

Business-Type Activities:	
Water	\$ 346,553
Sewer	299,616
License Bureau	329
Golf Course	28,622
Arena	81,995
	<hr/>
Total depreciation expense - business-type activities	\$ 757,115

CITY OF LA CRESCENT, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

5. Long-Term Debt

The long-term debt obligations outstanding and related maturities and interest rates are summarized in the schedule of bonds payable and compensated absences.

General Obligation Improvement Bonds:

The bonds are payable primarily from special assessments levied on the properties benefiting from the improvements and/or ad valorem tax levies. They are backed by the full faith and credit of the City.

General Obligation Equipment Certificates:

General Obligation Equipment Certificates provide funds for the acquisition of equipment. These bonds are payable primarily from ad valorem tax levies and are backed by the full faith and credit of the City.

General Obligation Revenue Bonds:

The bonds were used to fund improvements to the City's water and sewer utilities. The bonds are payable primarily from water and sewer revenues and are backed by the full faith and credit of the City.

A summary of interest rates, maturities and December 31, 2024 balances are as follows:

	Original Amount of Debt	Range of Interest Rates	Final Maturity	Balance December 31, 2024
General Obligation Bonds:				
2016A G.O. Refunding Bonds	\$ 3,445,000	2.00 - 2.75%	2032	\$ 2,125,000
2018A G.O. Improvement Bonds	2,495,000	3.00 - 4.00%	2044	1,980,000
2019A G.O. Improvement Bonds	745,000	2.05 - 3.50%	2045	550,000
2019B G.O. Improvement Bonds	360,000	2.10 - 4.00%	2035	300,000
2020A G.O. Improvement Bonds	3,305,000	2.00 - 4.00%	2031	2,435,000
2022A G.O. Improvement Bonds	2,585,000	3.00 - 3.45%	2043	2,450,000
General Obligation Revenue Bonds:				
2015A G.O. Utility and Crossover Refunding Bonds	1,960,000	2.00%	2026	220,000
2016A G.O. Utility Bonds	415,000	2.00%	2027	135,000
2019B G.O. Utility Bonds	2,875,000	2.10 - 4.00%	2035	1,640,000
2021A G.O. Sewer Revenue Refunding Bonds	765,000	0.70 - 1.45%	2031	505,000
General Obligation Equipment Certificate:				
2017A Equipment Certificates	896,000	2.75%	2027	325,000
Compensated Absences				396,845
Capital Lease Payable	49,320	10.80%	2027	38,825
Unamortized Premium - Governmental				252,875
Unamortized Premium - Enterprise				85,965
				85,965
Total Long-Term Debt				\$ 13,439,510

CITY OF LA CRESCENT, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

5. Long-Term Debt (Continued)

A summary of the changes in long-term debt for the year ended December 31, 2024, are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
GOVERNMENTAL ACTIVITIES					
General Obligation Bonds:					
2016A G.O. Refunding Bonds	\$ 2,370,000	\$	\$ 245,000	\$ 2,125,000	\$ 245,000
2018A G.O. Improvement Bonds	2,095,000		115,000	1,980,000	115,000
2019A G.O. Improvement Bonds	600,000		50,000	550,000	50,000
2019B G.O. Improvement Bonds	320,000		20,000	300,000	25,000
2020A G.O. Improvement Bonds	2,735,000		300,000	2,435,000	315,000
2022A G.O. Improvement Bonds	2,585,000		135,000	2,450,000	140,000
Equipment Certificates:					
2017A Equipment Certificates	428,000		103,000	325,000	106,000
Unamortized Premium	289,771		36,896	252,875	
Other Liabilities:					
Notes Payable	13,533		13,533		
Capital Lease Payable	49,320		10,495	38,825	11,578
Compensated Absences	276,003		27,991	248,012	
Governmental Activities					
Long-term Liabilities	<u>11,761,627</u>		<u>1,056,915</u>	<u>10,704,712</u>	<u>1,007,578</u>
BUSINESS-TYPE ACTIVITIES					
General Obligation Revenue Bonds:					
2015A G.O. Utility and Crossover Refunding Bonds	365,000		145,000	220,000	110,000
2016A G.O. Utility Bonds	180,000		45,000	135,000	45,000
2019B G.O. Utility Bonds	1,975,000		335,000	1,640,000	345,000
2021A G.O. Sewer Revenue Refunding Bonds	570,000		65,000	505,000	70,000
Unamortized Premium	113,661		27,696	85,965	
Other Liabilities:					
Compensated Absences	148,104	729		148,833	
Business-type Activities					
Long-term Liabilities	<u>3,351,765</u>	<u>729</u>	<u>617,696</u>	<u>2,734,798</u>	<u>570,000</u>
Total Long-term Liabilities	<u>\$ 15,113,392</u>	<u>\$ 729</u>	<u>\$ 1,674,611</u>	<u>\$ 13,439,510</u>	<u>\$ 1,577,578</u>

Compensated absences are presented as the net change of increases and decreases to arrive at the presentation of the ending balance.

CITY OF LA CRESCENT, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

5. Long-Term Debt (Continued)

The annual requirements to amortize all long-term debt outstanding as of December 31, 2024, excluding compensated absences over the life of the debt, are summarized below:

Years	General Obligation Bonds		General Obligation Revenue Bonds		General Obligation Equipment Certificate		Capital Lease Payable		Total
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
Governmental Activities									
2025	\$ 890,000	\$ 277,859			\$ 106,000	\$ 7,480	\$ 11,578	\$ 3,630	\$ 1,296,547
2026	920,000	250,134			108,000	4,538	12,892	2,316	1,297,879
2027	945,000	221,334			111,000	1,526	14,355	853	1,294,068
2028	985,000	194,396							1,179,396
2029	1,005,000	169,634							1,174,634
2030-2034	3,225,000	514,899							3,739,899
2035-2039	920,000	253,889							1,173,889
2040-2044	930,000	81,741							1,011,741
2045	20,000	350							20,350
Totals	<u>\$ 9,840,000</u>	<u>\$ 1,964,236</u>			<u>\$ 325,000</u>	<u>\$ 13,544</u>	<u>\$ 38,825</u>	<u>\$ 6,799</u>	<u>\$ 12,188,404</u>
Business-Type Activities									
2025			\$ 570,000	\$ 60,670					
2026			585,000	42,595					
2027			490,000	24,933					
2028			490,000	11,803					
2029			95,000	6,383					
2030-2034			250,000	11,663					
2035			20,000	240					
Totals			<u>\$ 2,500,000</u>	<u>\$ 158,285</u>					

CITY OF LA CRESCENT, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

6. Individual Fund Disclosures

The amounts due to and due from other funds as of December 31, 2024 follow below:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 540,003	\$
Special Revenue Fund:		
Heth TIF #5-1		1,451
NOLOP TIF #1-9		6,923
Enterprise Fund:		
Sewer		422,480
Arena		109,149
	<u>\$ 540,003</u>	<u>\$ 540,003</u>
Total		

Excess expenditures over budgeted appropriations at the individual fund level during 2024 are as follows:

General Fund \$ 697,016

Excess expenditures were the result of a planned process.

As of December 31, 2024, the following funds had deficit fund balances:

Special Revenue Fund:		
Heth TIF # 5-1	\$	1,451
NOLOP TIF #1-9		6,923

The City intends to fund accumulated deficits through additional revenue sources.

CITY OF LA CRESCENT, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

6. Individual Fund Disclosures (Continued)

Transfers during the year ended December 31, 2024 were as follows:

	Transfers In	Transfers Out
General Fund	\$ 60,821	\$ 389,957
Special Revenue Fund:		
Fire Department	271,648	
Hotel and Event Center TIF #1-8		21,668
Debt Service Fund:		
2019A GO Improvement Bond Fund	21,668	
2011A GO Street Improvement Bond Fund		56,853
2013A GO Equipment Fund		3,968
Enterprise Fund:		
Water	78,309	55,669
Sewer	55,669	
Arena	40,000	
Total	<u>\$ 528,115</u>	<u>\$ 528,115</u>

The City generally utilizes interfund transfers and interfund balances for cash flow purposes.

CITY OF LA CRESCENT, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

7. Fund Balance and Net Position

The City has assigned portions of the fund balance in the governmental funds. A summary of the assigned portion of the fund balance at December 31, 2024 is as follows:

Specific Purpose	Library	Fire Department	2017 Equipment Project	2019B Improvements Project	2020A Improvements Project	2022 Improvements Project
Assigned Fund Balance						
Library	\$ 70,261	\$	\$	\$	\$	\$
Fire Department		672,008				
Capital Projects			22,926	9,389	45,522	415,009
Total Assigned Fund Balance	\$ 70,261	\$ 672,008	\$ 22,926	\$ 9,389	\$ 45,522	\$ 415,009

The City has restricted portions of fund balance in the fund financial statements and net position in the government-wide financial statements. The restricted fund balance / net position represents the portion not available for expenditure or legally segregated for specific use. A summary of the restricted portion of the fund balance / net position at December 31, 2024 is as follows:

Specific Purpose	Restriction Imposed By		
	Creditors	Regulations	Contributors
Restricted Fund Balance			
General Fund	\$	\$	\$ 25,000
Debt Service Funds:			
Debt service requirements	2,595,686		
Special Revenue Funds:			
SCDP		15,749	
Tax increment financing		92,818	
Capital Projects Funds:			
Weiser Park Project			55,170
Total Restricted Fund Balance	\$ 2,595,686	\$ 108,567	\$ 80,170
Restricted Net Position			
Debt service requirements	\$ 3,231,737	\$	\$
SCDP		15,749	
Tax increment financing		92,818	
Weiser Park project			55,170
Contributor			25,000
Ice arena			100,000
Total Restricted Net Position	\$ 3,231,737	\$ 108,567	\$ 180,170

CITY OF LA CRESCENT, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

8. Defined Benefit Pension Plans - Statewide

Plan Description

The City participates in the following cost-sharing multiple-employer defined benefit pension plan 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 Retirement 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.

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.

CITY OF LA CRESCENT, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

8. Defined Benefit Pension Plans – Statewide (Continued)

Benefits Provided (Continued)

1. General Employee 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 or 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

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 increases 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 years of service equal 90 or greater if they were first hired before July 1, 1989. Early retirement starts at age 50, and early retirement benefits are reduced by 0.417 percent each month members are younger than age 55.

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

CITY OF LA CRESCENT, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

8. Defined Benefit Pension Plans – Statewide (Continued)

Contributions

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

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 \$110,313. 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. The City's contributions to the Police and Fire Fund for the year ended December 31, 2024, were \$121,720. The City's contributions were equal to the required contributions as set by state statute.

Pension Costs

1. General Employees Fund Pension Costs

At December 31, 2024, the City reported a liability of \$642,473 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 \$16,613.

City's proportionate share of the net pension liability	\$ 642,473
State of Minnesota's proportionate share of the net pension liability associated with the City	16,613
Total	<u>\$ 659,086</u>

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2023 through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0174 percent at the end of the measurement period and 0.0164 percent for the beginning of the period.

CITY OF LA CRESCENT, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

8. Defined Benefit Pension Plans – Statewide (Continued)

Pension Costs (Continued)

1. General Employees Fund Pension Costs (Continued)

For the year ended December 31, 2024, the City recognized pension expense of (\$53,668) for its proportionate share of the General Employees Plan’s pension expense. In addition, the City recognized an additional (\$319) 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 \$29,597 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 deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual economic experience	\$ 59,238	\$
Changes in actuarial assumptions	2,924	233,166
Net difference between projected and actual earnings on pension plan investments		186,995
Changes in proportion	49,597	
Employee contributions subsequent to the measurement date	<u>56,782</u>	
Total	<u>\$ 168,541</u>	<u>\$ 420,161</u>

The \$56,782 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:

Year ending December 31:	<u>Pension Expense Amount</u>
2025	\$ (175,006)
2026	(20,165)
2027	(63,993)
2028	(49,238)

CITY OF LA CRESCENT, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

8. Defined Benefit Pension Plans - Statewide (Continued)

Pension Costs (Continued)

2. Police and Fire Fund Pension Costs

At December 31, 2024, the City reported a liability of \$653,350 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 0.0497 percent at the end of the measurement period and 0.0473 percent 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 meets the definition of a special funding situation, additional one-time direct state aid contribution of \$19.4 million, and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. Additionally, \$9 million supplemental state aid was paid on October 1, 2024. Thereafter, by October 1 of each year, the state will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90 percent funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$24,905.

City's proportionate share of the net pension liability	\$ 653,350
State of Minnesota's proportionate share of the net pension liability associated with the City	24,905
Total	<u>\$ 678,255</u>

For the year ended December 31, 2024 the City recognized pension expense of (\$161,273) for its proportionate share of the Police and Fire Plan's pension expense. The City recognized \$2,418 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 \$13,433 for the year ended December 31, 2024 as revenue and an offsetting reduction of the net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund.

CITY OF LA CRESCENT, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

8. Defined Benefit Pension Plans - Statewide (Continued)

Pension Costs (Continued)

2. Police and Fire Fund Pension Costs (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	\$ 246,207	\$
Changes in actuarial assumptions	738,356	891,025
Net difference between projected and actual earnings on pension plan investments		69,628
Changes in proportion	42,435	146,962
Employee contributions subsequent to the measurement date	65,060	
Total	<u>\$ 1,092,058</u>	<u>\$ 1,107,615</u>

The \$65,060 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending December 31:	Pension Expense Amount
2025	\$ 3,461
2026	221,929
2027	(60,791)
2028	(266,458)
2029	21,242

Aggregate Pension Expense

The total pension expense for all plans recognized by the City for the year ended December 31, 2024 was as follows:

General Employees Retirement Fund	\$ (53,987)
Police and Fire Fund	(158,855)
Total Pension Expense	<u>\$ (212,842)</u>

CITY OF LA CRESCENT, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

8. Defined Benefit Pension Plans - Statewide (Continued)

Long-Term Expected Return on Investment

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

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

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 percent for the General Employees Plan and Police & Fire Plan.
- Benefit increases after retirement are assumed to be 1.25 percent 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% after one year of service to 3% after 27 years of service. In the Police & Fire Plan, salary growth assumptions range in annual increments from 11.75% after one year of service to 3% 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 & 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 was 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.

CITY OF LA CRESCENT, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

8. Defined Benefit Pension Plans - Statewide (Continued)

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

1. 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.

2. 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 million contribution will continue until the Police & Fire Plan is fully funded for 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).

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 positions of the General Employees 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.

CITY OF LA CRESCENT, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

8. Defined Benefit Pension Plans - Statewide (Continued)

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 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:

Sensitivity Analysis			
<i>Net Pension Liability at Different Discount Rates</i>			
	General Employees Fund		
1% Lower	6.00%	\$	1,403,264
Current Discount Rate	7.00%		642,473
1% Higher	8.00%		16,653

Sensitivity Analysis			
<i>Net Pension Liability (Asset) at Different Discount Rates</i>			
	Police and Fire Fund		
1% Lower	6.00%	\$	1,543,994
Current Discount Rate	7.00%		653,350
1% Higher	8.00%		(78,055)

Pension Plan Fiduciary Net Position

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

CITY OF LA CRESCENT, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

9. Defined Contribution Plan

The elected officials of the City of La Crescent, Minnesota are covered by the Defined Contribution Plan, a multi-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 investments earnings, less administrative expenses. Minnesota Statutes, Chapter 353D and 356, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes five percent of salary which is matched by the elected official's employer. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives two percent of employer contributions and twenty-five hundredths of one percent (0.25 percent) of the asset in each member's account annually.

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

Contribution Amount		Percentage of Covered Payroll		Required Rates
Employee	Employer	Employee	Employer	
1,320	1,320	5%	5%	5%

10. Fire Department Operations

Upon formation of the La Crescent Community Fire Cooperative and dissolution of the Joint Powers Board, the City and the Town of La Crescent have agreed to make all member of the Fire Department employees of the City, to fund the Department's operations in proportion to the total property valuation of the two municipalities, and to have the City perform all accounting functions. As a result of this agreement, the City's books reflect a Special Revenue Fund entitled "Fire Department." Also included in the se financial statements are capital assets which were previously owned by the Joint Powers Board. The Town of La Crescent will be entitled to a proportionate share of all fire department net position upon dissolution of the La Crescent Community Fire Cooperative.

CITY OF LA CRESCENT, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

11. Tax Abatement – Tax Increment

The City may enter into tax abatement agreements as authorized by Minnesota Abatement Laws under State Statutes Sections 469.174 to 469.1794 through a pay-as-you-go tax increment financing program. Any parcel of property in the City could qualify for tax abatement under this program. The City negotiates tax increment financing agreements on an individual basis generally with the purpose of promoting economic development within the City.

The City has made no commitments, other than tax abatement, under the agreements. Under the program, the City agrees to abate real estate taxes based on the increased property value from improvements on the subject property. Generally, the agreements require 95% of the property tax increments collected to be returned to the property owner as reimbursement of certain improvement costs. The remaining 5% is retained by the City for administrative costs.

The City has five tax increment financing districts, three are tax abatements as described below:

Tax Increment Financing district #2-1 is a tax abatement district with 90% of incremental tax revenue and a maximum of reimbursement of \$122,532.

Tax Increment Financing district #4-2 is a tax abatement district with 45% of incremental tax revenue and a maximum reimbursement of \$168,755.

Tax Increment Financing district #5-1 is a tax abatement district with 90% of incremental tax revenue and a maximum reimbursement of \$74,320.

During the year the City reimbursed \$26,690 related to these agreements.

The City also has two TIFs financed by taking out debt which will be repaid through retainage of future tax increment revenues.

12. 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 carries insurance for liability, property, and automotive insurance through the League of Minnesota Cities Insurance Trust (LMCIT). The City provides employee health insurance through a private insurance carrier. Settled claims resulting from these risks have not exceeded the insurance coverage in any of the past three years. There were no reductions in insurance coverage in 2024.

CITY OF LA CRESCENT, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

13. Commitments

The City has a commitment to pay monthly installments for power generated from solar arrays purchased from Ideal Energies and subsequently leased to Green Solar Leasing LLC. The summary of payments due each year are as follows:

<u>Year Ending</u>	
2025	\$ 12,177
2026	12,659
2027	13,164
2028	13,687
2029	14,232
2030-2034	54,717
2035-2039	<u>23,800</u>
Total	<u>\$ 144,436</u>

14. Restatement

Subsequent to the issuance of the 2023 financial statements the City determined the deferred inflows of resources related to delinquent taxes of the general fund, library fund, and debt service funds were understated. The following is a summary of the restatement:

<u>Fund</u>	<u>Fund Balance at December 31, 2023 as Previously Reported</u>	<u>Restatement for Correction of Error</u>	<u>Fund Balance at December 31, 2023 as Restated</u>
General Fund	\$ 1,464,417	\$ (17,559)	\$ 1,446,858
Library Fund	38,841	(1,421)	37,420
2009 GO Refunding Bond Fund	3,571	(62)	3,509
2011A GO Street Improvement Bond Fund	56,791	(104)	56,687
2011B GO Aquatic Center Bond Fund	314,977	(1,577)	313,400
2013A GO Equipment Fund	3,947	(66)	3,881
2016A GO Equipment Fund	123,879	(912)	122,967
2017A GO Equipment Fund	138,766	(948)	137,818
2018A GO Improvement Bond Fund	207,064	(1,163)	205,901
2019A GO Improvement Bond Fund	52,265	(380)	51,885
2019B GO Improvement Bond Fund	32,711	(237)	32,474
2020A HTM GO Improvement Bond Fund	1,607,147	(1,349)	1,605,798
2020A Arena GO Improvement Bond Fund	17,750	(139)	17,611
2022A GO Improvement Bond Fund	185,590	(1,550)	184,040
Total	<u>\$ 4,247,716</u>	<u>\$ (27,467)</u>	<u>\$ 4,220,249</u>

CITY OF LA CRESCENT, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2024

CITY OF LA CRESCENT, MINNESOTA
Schedule of City and Non-Employer Proportionate Share of Net Pension Liability
PERA General Employees Retirement Fund
Last Ten Years (presented prospectively)

Fiscal Year Ended June 30	Employer's Proportionate Share (Percentage) of Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with the City (b)	Employer's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with the City (a+b)	Covered Payroll (c)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a+b)/c	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.0136%	\$ 704,823	\$	\$ 704,823	\$ 798,064	88%	78.19%
2016	0.0130%	1,055,536	13,817	1,069,353	809,074	132%	68.91%
2017	0.0143%	912,902	11,512	924,414	923,851	100%	75.90%
2018	0.0148%	821,042	26,957	847,999	997,032	85%	79.53%
2019	0.0149%	823,788	25,499	849,287	1,052,347	81%	80.23%
2020	0.0149%	893,323	27,620	920,943	1,065,760	86%	79.06%
2021	0.0161%	687,542	21,007	708,549	1,160,787	61%	87.00%
2022	0.0162%	1,283,045	37,672	1,320,717	1,276,640	103%	76.70%
2023	0.0164%	917,070	25,202	942,272	1,302,320	72%	83.10%
2024	0.0174%	642,473	16,613	659,086	1,386,580	48%	89.08%

Schedule of City and Non-Employer Proportionate Share of Net Pension Liability
PERA Police and Fire Retirement Fund
Last Ten Years (presented prospectively)

Fiscal Year Ended June 30	Employer's Proportionate Share (Percentage) of Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with the City (b)	Employer's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with the City (a+b)	Covered Payroll (c)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a+b)/c	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.0430%	\$ 488,581	\$	\$ 488,581	\$ 394,872	124%	86.60%
2016	0.0480%	1,926,324		1,926,324	467,177	412%	63.90%
2017	0.0490%	661,559		661,559	507,528	130%	85.40%
2018	0.0495%	527,619		527,619	521,496	101%	88.84%
2019	0.0539%	573,820		573,820	555,788	103%	89.26%
2020	0.0510%	672,235	15,836	688,071	563,650	122%	87.19%
2021	0.0532%	410,648	18,431	429,079	628,266	68%	93.66%
2022	0.0522%	2,271,538	99,269	2,370,807	599,232	396%	70.53%
2023	0.0473%	816,810	32,898	849,708	620,734	137%	86.50%
2024	0.0497%	653,350	24,905	678,255	654,209	104%	90.20%

CITY OF LA CRESCENT, MINNESOTA
Schedule of City Pension Contributions
PERA General Employees Retirement Fund
Last Ten Years

Year Ended December 31	Statutorily Required Contribution (a)	Contributions in Relation to Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (c)	Contribution as a Percentage of Covered Payroll
2015	\$ 58,821	\$ 58,821	\$	\$ 798,064	7.50%
2016	60,681	60,681		809,074	7.50%
2017	69,289	69,289		923,851	7.50%
2018	74,762	74,762		997,032	7.50%
2019	78,926	78,926		1,052,347	7.50%
2020	79,932	79,932		1,065,780	7.50%
2021	87,059	87,059		1,160,787	7.50%
2022	95,748	95,748		1,276,640	7.50%
2023	97,674	97,674		1,302,320	7.50%
2024	110,313	110,313		1,470,840	7.50%

Schedule of City Pension Contributions
PERA Police and Fire Retirement Fund
Last Ten Years

Year Ended December 31	Statutorily Required Contribution (a)	Contributions in Relation to Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (c)	Contribution as a Percentage of Covered Payroll
2015	\$ 62,289	\$ 62,289	\$	\$ 394,872	16.20%
2016	75,683	75,683		467,177	16.20%
2017	82,220	82,220		507,528	16.20%
2018	84,482	84,482		521,496	16.20%
2019	94,206	94,206		555,788	16.95%
2020	99,766	99,766		563,650	17.70%
2021	111,203	111,203		628,266	17.70%
2022	106,064	106,064		599,232	17.70%
2023	109,870	109,870		620,734	17.70%
2024	121,720	121,720		687,684	17.70%

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CITY OF LA CRESCENT, MINNESOTA
COMBINING AND INDIVIDUAL NONMAJOR FUND
STATEMENTS
DECEMBER 31, 2024

**CITY OF LA CRESCENT, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2024**

Special Revenue

	Debt Service Funds Total	211 Library Fund	213 Fire Department Fund	204 SCDP Fund	252 Amish Store TIF #2-1 Fund	257 Heth TIF #5-1 Fund
ASSETS						
Cash and investments	\$ 922,951	\$ 76,897	\$ 627,484	\$ 25,027	\$ 21,443	\$
Interest receivable	1,266	105	860		29	
Taxes receivable delinquent	5,195	1,285				
Special assessments receivable:						
Deferred	67,484					
Due from other governmental units	14,932	3,696	75,319			
Prepaid items		2,243	6,306			
TOTAL ASSETS	\$ 1,011,828	\$ 84,226	\$ 709,969	\$ 25,027	\$ 21,472	\$
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE						
Liabilities						
Accounts payable	\$	\$ 3,676	\$ 5,323	\$ 9,278		\$
Accrued liabilities		6,761	26,332			
Due to other funds						1,451
Total Liabilities		10,437	31,655	9,278		1,451
Deferred Inflows of Resources						
Unavailable:						
Property taxes	5,195	1,285				
Special assessments	67,484					
Total Deferred Inflows of Resources	72,679	1,285				
Fund Balance						
Nonspendable:						
Prepaid items		2,243	6,306			
Restricted:						
Creditors	939,149					
Regulations				15,749	21,472	
Contributors						
Assigned		70,261	672,008			
Unassigned						(1,451)
Total Fund Balance	939,149	72,504	678,314	15,749	21,472	(1,451)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 1,011,828	\$ 84,226	\$ 709,969	\$ 25,027	\$ 21,472	\$

Special Revenue			Capital Project					Total
258 Gunderson TIF #4-2 Fund	260 Hotel and Event Center TIF #1-8 Fund	261 NOLOP TIF #1-9 Fund	446 2017 Equipment Project Fund	449 2019B Improvements Project Fund	450 2020A Improvements Project Fund	451 Wieser Park Project Fund	452 2022 Improvements Project Fund	Nonmajor Governmental Funds
\$ 38,780	\$ 32,468	\$	\$ 22,895	\$ 9,376	\$ 45,438	\$ 55,094	\$ 435,399	\$ 2,313,252
53	45		31	13	84	76	596	3,158
								6,480
								67,484
								93,947
								8,549
\$ 38,833	\$ 32,513	\$	\$ 22,926	\$ 9,389	\$ 45,522	\$ 55,170	\$ 435,995	\$ 2,492,870
\$	\$	\$	\$	\$	\$	\$	\$ 20,986	\$ 39,263
								33,093
								8,374
		6,923						80,730
		6,923					20,986	
								6,480
								67,484
								73,964
								8,549
								939,149
38,833	32,513					55,170		108,567
			22,926	9,389	45,522		415,009	55,170
		(6,923)						1,235,115
		(6,923)						(8,374)
38,833	32,513	(6,923)	22,926	9,389	45,522	55,170	415,009	2,338,176
\$ 38,833	\$ 32,513	\$	\$ 22,926	\$ 9,389	\$ 45,522	\$ 55,170	\$ 435,995	\$ 2,492,870

**CITY OF LA CRESCENT, MINNESOTA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended December 31, 2024**

	Special Revenue					
	Debt Service Funds Total	211 Library Fund	213 Fire Department Fund	204 SCDP Fund	252 Amish Store TIF #2-1 Fund	257 Heth TIF #5-1 Fund
REVENUES						
Property taxes	\$ 757,545	\$ 187,309				
Tax increments					9,108	6,226
Intergovernmental revenues		78,184	7,125	147,592		
Charges for services		2,523	98,869			
Investment income	8,466	701	5,769	144	198	
Miscellaneous revenues		43,008	17,550			
Total Revenues	766,011	311,725	129,313	147,736	9,306	6,226
EXPENDITURES						
Public safety			252,890			
Culture and recreation		243,935				
Economic development				156,870	5,237	7,856
Debt service:						
Principal	563,000		13,534			
Interest and fiscal costs	174,978					
Capital outlay		34,127	52,461			
Total Expenditures	737,978	278,062	318,885	156,870	5,237	7,856
Excess (deficiency) of revenues over (under) expenditures	28,033	33,663	(189,572)	(9,134)	4,069	(1,630)
OTHER FINANCING SOURCES (USES)						
Sale of assets			1,916			
Transfers in	21,668		271,648			
Transfers out	(60,821)					
Total Other Financing Sources (Uses)	(39,153)		273,564			
Net changes in fund balance	(11,120)	33,663	83,992	(9,134)	4,069	(1,630)
Fund Balance - beginning	950,269	38,841	594,322	24,883	17,403	179
Fund Balance - ending	\$ 939,149	\$ 72,504	\$ 678,314	\$ 15,749	\$ 21,472	\$ (1,451)

Special Revenue			Capital Project					Total
258 Gunderson TIF #4-2 Fund	260 Hotel and Event Center TIF #1-8 Fund	261 NOLOP TIF #1-9 Fund	446 2017 Equipment Project Fund	449 2019B Improvements Project Fund	450 2020A Improvements Project Fund	451 Wieser Park Project Fund	452 2022 Improvements Project Fund	Total Nonmajor Governmental Funds
\$ 36,858	\$ 63,916	\$ 19						\$ 944,854
								116,127
								232,901
392	296		213	87	660	494	4,050	101,392
						50,000		21,470
37,250	64,212	19	213	87	660	50,494	4,050	110,558
167,446	39,734	1,325						252,890
								243,935
								378,468
								576,534
								174,978
					19,209		101,419	207,216
167,446	39,734	1,325			19,209		101,419	1,834,021
(130,196)	24,478	(1,306)	213	87	(18,549)	50,494	(97,369)	(306,719)
								1,916
	(21,668)							293,316
	(21,668)							(82,489)
								212,743
(130,196)	2,810	(1,306)	213	87	(18,549)	50,494	(97,369)	(93,976)
169,029	29,703	(5,617)	22,713	9,302	64,071	4,676	512,378	2,432,152
\$ 38,833	\$ 32,513	\$ (6,923)	\$ 22,926	\$ 9,389	\$ 45,522	\$ 55,170	\$ 415,009	\$ 2,338,176

**CITY OF LA CRESCENT, MINNESOTA
COMBINING BALANCE SHEET
DEBT SERVICE FUNDS
December 31, 2024**

	300 Revolving Fund	322 2009 GO Refunding Bond Fund	324 2011A GO Street Improvement Bond Fund	325 2011B GO Aquatic Center Bond Fund	326 2013A GO Equipment Fund
ASSETS					
Cash and investments	\$ 20,184	\$ 2,883		\$ 319,750	\$
Interest receivable	28	4		438	
Taxes receivable delinquent				1,349	
Special assessments receivable:					
Deferred		67,484			
Due from other governmental units				3,857	
TOTAL ASSETS	\$ 20,212	\$ 70,371	\$	\$ 325,394	\$
DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE					
Deferred Inflows of Resources					
Unavailable:					
Property taxes	\$	\$	\$	\$ 1,349	\$
Special assessments		67,484			
Total Deferred Inflows of Resources		67,484		1,349	
Fund Balance					
Restricted:					
Creditors	20,212	2,887		324,045	
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 20,212	\$ 70,371	\$	\$ 325,394	\$

327 2016A GO Equipment Fund	328 2017A GO Equipment Fund	330 2019A GO Improvement Bond Fund	331 2019B GO Improvement Bond Fund	333 2020A Arena GO Improvement Bond Fund	334 2022A GO Improvement Bond Fund	Total Debt Service Funds
\$ 126,184	\$ 143,712	\$ 57,066	\$ 38,238	\$ 20,887	\$ 194,047	\$ 922,951
173	197	78	53	29	266	1,266
782	826	329	236	111	1,562	5,195
						67,484
2,235	2,367	997	685	314	4,477	14,932
<u>\$ 129,374</u>	<u>\$ 147,102</u>	<u>\$ 58,470</u>	<u>\$ 39,212</u>	<u>\$ 21,341</u>	<u>\$ 200,352</u>	<u>\$ 1,011,828</u>
\$ 782	\$ 826	\$ 329	\$ 236	\$ 111	\$ 1,562	\$ 5,195
						67,484
<u>782</u>	<u>826</u>	<u>329</u>	<u>236</u>	<u>111</u>	<u>1,562</u>	<u>72,679</u>
128,592	146,276	58,141	38,976	21,230	198,790	939,149
<u>\$ 129,374</u>	<u>\$ 147,102</u>	<u>\$ 58,470</u>	<u>\$ 39,212</u>	<u>\$ 21,341</u>	<u>\$ 200,352</u>	<u>\$ 1,011,828</u>

CITY OF LA CRESCENT, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
DEBT SERVICE FUNDS
For the Year Ended December 31, 2024

	300 Revolving Fund	322 2009 GO Refunding Bond Fund	324 2011A GO Street Improvement Bond Fund	325 2011B GO Aquatic Center Bond Fund	326 2013A GO Equipment Fund
REVENUES					
Property taxes	\$	\$ 11	\$ 62	\$ 195,462	\$ 21
Investment income	190	26		2,940	
Total Revenues	190	37	62	198,402	21
EXPENDITURES					
Debt service:					
Principal				155,000	
Interest and fiscal costs		721		34,334	
Total Expenditures		721		189,334	
Excess (deficiency) of revenues over (under) expenditures	190	(684)	62	9,068	21
OTHER FINANCING SOURCES (USES)					
Transfers in					
Transfers out			(56,853)		(3,968)
Total Other Financing Sources (Uses)			(56,853)		(3,968)
Net changes in fund balance	190	(684)	(56,791)	9,068	(3,947)
Fund Balance - beginning	20,022	3,571	56,791	314,977	3,947
Fund Balance - ending	\$ 20,212	\$ 2,887	\$	\$ 324,045	\$

327 2016A GO Equipment Fund	328 2017A GO Equipment Fund	330 2019A GO Improvement Bond Fund	331 2019B GO Improvement Bond Fund	333 2020A Arena GO Improvement Bond Fund	334 2022A GO Improvement Bond Fund	Total Debt Service Funds
\$ 113,286	\$ 119,973	\$ 51,297	\$ 34,738	\$ 15,923	\$ 226,772	\$ 757,545
1,155	1,317	522	351	194	1,771	8,466
114,441	121,290	51,819	35,089	16,117	228,543	766,011
90,000	103,000	50,000	20,000	10,000	135,000	563,000
19,728	10,780	17,611	8,824	2,637	80,343	174,978
109,728	113,780	67,611	28,824	12,637	215,343	737,978
4,713	7,510	(15,792)	6,265	3,480	13,200	28,033
		21,668				21,668
		21,668				(60,821)
						(39,153)
4,713	7,510	5,876	6,265	3,480	13,200	(11,120)
123,879	138,766	52,265	32,711	17,750	185,590	950,269
\$ 128,592	\$ 146,276	\$ 58,141	\$ 38,976	\$ 21,230	\$ 198,790	\$ 939,149

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CITY OF LA CRESCENT, MINNESOTA

SUPPLEMENTARY INFORMATION

DECEMBER 31, 2024

CITY OF LA CRESCENT, MINNESOTA
WATER FUND
Statements of Revenues, Expenses,
and Changes in Net Position
For the Years Ended December 31, 2024 and 2023

	2024	2023
Operating Revenues		
Water sales	\$ 815,975	\$ 871,970
Penalties, assessments, and fees	22,179	37,359
Total Operating Revenues	<u>838,154</u>	<u>909,329</u>
Operating Expenses		
Salaries and wages	269,025	231,175
Employee benefits	76,639	54,138
Supplies	47,997	37,442
Repairs and maintenance	96,314	39,037
Utilities	82,628	101,328
Depreciation	346,553	318,921
Professional services	34,941	36,675
Insurance	19,835	22,806
Other charges	5,509	9,479
Total Operating Expenses	<u>979,441</u>	<u>851,001</u>
Operating Income (Loss)	<u>(141,287)</u>	<u>58,328</u>
Nonoperating Revenues (Expenses)		
Interest income	337	
Interest expense	(19,190)	(30,246)
Intergovernmental revenue		55,669
Other income	2,746	190
Total Nonoperating Revenues (Expenses)	<u>(16,107)</u>	<u>25,613</u>
Income (Loss) Before Transfers and Capital Contributions	<u>(157,394)</u>	<u>83,941</u>
Transfers out	(55,669)	
Transfers in	78,309	184,891
Capital contributions	140,218	
Change in Net Position	<u>5,464</u>	<u>268,832</u>
NET POSITION - Beginning of Year	<u>3,479,998</u>	<u>3,211,166</u>
NET POSITION - End of Year	<u>\$ 3,485,462</u>	<u>\$ 3,479,998</u>

**CITY OF LA CRESCENT, MINNESOTA
SEWER FUND
Statements of Revenues, Expenses,
and Changes in Net Position
For the Years Ended December 31, 2024 and 2023**

	2024	2023
Operating Revenues		
Sewer sales	\$ 690,099	\$ 685,250
Penalties, assessments, and fees	35,848	164,979
Total Operating Revenues	<u>725,947</u>	<u>850,229</u>
Operating Expenses		
Salaries and wages	252,042	215,237
Employee benefits	73,846	46,808
Supplies	2,360	2,605
Repairs and maintenance	34,692	35,786
Utilities	13,825	23,768
Depreciation	299,616	278,272
Professional services	457,029	394,711
Insurance	15,511	17,434
Other charges	6,370	3,413
Total Operating Expenses	<u>1,155,291</u>	<u>1,018,034</u>
Operating Loss	<u>(429,344)</u>	<u>(167,805)</u>
Nonoperating Revenues (Expenses)		
Gain (loss) on sale of assets	284,296	(11,072)
Interest expense	(24,227)	(39,213)
Total Nonoperating Revenues (Expenses)	<u>260,069</u>	<u>(50,285)</u>
Net Loss Before Transfers and Capital Contributions	(169,275)	(218,090)
Transfers in	55,669	
Capital contributions	<u>215,350</u>	
Change in Net Position	101,744	(218,090)
NET POSITION - Beginning of Year	<u>1,884,312</u>	<u>2,102,402</u>
NET POSITION - End of Year	<u>\$ 1,986,056</u>	<u>\$ 1,884,312</u>

**CITY OF LA CRESCENT, MINNESOTA
SOLID WASTE FUND
Statements of Revenues, Expenses,
and Changes in Net Position
For the Years Ended December 31, 2024 and 2023**

	2024	2023
Operating Revenues		
Sales	\$ 283,701	\$ 279,048
Operating Expenses		
Supplies	11,251	11,277
Professional services	264,226	259,583
Insurance	2,032	3,076
Total Operating Expenses	<u>277,509</u>	<u>273,936</u>
Operating Income	6,192	5,112
Nonoperating Revenues		
Interest income	<u>492</u>	<u>477</u>
Change in Net Position	6,684	5,589
NET POSITION - Beginning of Year	<u>74,703</u>	<u>69,114</u>
NET POSITION - End of Year	<u>\$ 81,387</u>	<u>\$ 74,703</u>

**CITY OF LA CRESCENT, MINNESOTA
 LICENSE BUREAU FUND
 Statements of Revenues, Expenses,
 and Changes in Net Position
 For the Years Ended December 31, 2024 and 2023**

	2024	2023
Operating Revenues		
Sales and fees	\$ 168,830	\$ 135,876
Intergovernmental revenue		15,865
Other fees	110	180
Total Operating Revenues	<u>168,940</u>	<u>151,921</u>
Operating Expenses		
Salaries and wages	124,541	130,270
Employee benefits	27,208	21,937
Supplies	1,120	806
Repairs and maintenance	100	
Utilities	2,031	2,097
Depreciation	329	870
Insurance	1,532	1,755
Professional services	7,376	6,177
Other charges	700	1,003
Total Operating Expenses	<u>164,937</u>	<u>164,915</u>
 Operating Income (Loss)	 4,003	 (12,994)
Nonoperating Revenues		
Interest income	2,202	3,303
 Change in Net Position	 6,205	 (9,691)
 NET POSITION - Beginning of Year	 <u>134,097</u>	 <u>143,788</u>
 NET POSITION - End of Year	 <u>\$ 140,302</u>	 <u>\$ 134,097</u>

**CITY OF LA CRESCENT, MINNESOTA
GOLF COURSE FUND
Statements of Revenues, Expenses,
and Changes in Net Position
For the Years Ended December 31, 2024 and 2023**

	2024	2023
Operating Revenues		
Green fees and passes	\$ 328,173	\$ 288,023
Beverage, concession, and restaurant sales	92,316	84,522
Facilities and equipment rentals	179,429	163,982
Other sales and fees	3,511	1,014
Total Operating Revenues	<u>603,429</u>	<u>537,541</u>
Operating Expenses		
Salaries and wages	276,396	241,372
Employee benefits	19,339	53,784
Supplies	121,787	114,352
Repairs and maintenance	54,439	45,108
Utilities	29,931	28,135
Depreciation	28,622	27,849
Insurance	11,855	10,733
Professional services	8,723	9,444
Other charges	17,208	17,047
Total Operating Expenses	<u>568,300</u>	<u>547,824</u>
Operating Income (Loss)	<u>35,129</u>	<u>(10,283)</u>
Nonoperating Revenues		
Gain on sale of assets	6,107	
Interest income	805	1,247
Total Nonoperating Revenues	<u>6,912</u>	<u>1,247</u>
Income (Loss) Before Capital Contributions	42,041	(9,036)
Capital contributions		<u>15,497</u>
Change in Net Position	42,041	6,461
NET POSITION - Beginning of Year	<u>806,284</u>	<u>799,823</u>
NET POSITION - End of Year	<u>\$ 848,325</u>	<u>\$ 806,284</u>

**CITY OF LA CRESCENT, MINNESOTA
ARENA FUND
Statements of Revenues, Expenses,
and Changes in Net Position
For the Years Ended December 31, 2024 and 2023**

	2024	2023
Operating Revenues		
Lease revenues	\$ 48,587	\$ 58,968
Subsidy revenues		9,146
Total Operating Revenues	48,587	68,114
Operating Expenses		
Supplies	664	86
Repairs and maintenance	38,040	1,155
Utilities	55,909	67,155
Depreciation	81,995	82,010
Insurance	14,391	12,838
Professional services	815	2,968
Other charges	42	1,532
Total Operating Expenses	191,856	167,744
Operating Loss	(143,269)	(99,630)
Nonoperating Revenues		
Contributions and donations		100,000
Income (Loss) Before Transfers	(143,269)	370
Transfers in	40,000	40,000
Change in Net Position	(103,269)	40,370
NET POSITION - Beginning of Year	655,092	614,722
NET POSITION - End of Year	\$ 551,823	\$ 655,092

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#6



TO: Honorable Mayor and City Council Members
FROM: Tyler Benish, Public Works Director
DATE: December 18, 2025
RE: 2026 Contract Renewals

A handwritten signature in blue ink, appearing to read "T Benish", written over the "FROM:" line of the header.

The City has the following professional contracts:

1. Community Development Director – Larry Kirch/Prologue Planning Group, LLC
2. Sustainability Coordinator – Jason Ludwigson/ ECO Thrive, LLC

The City Council has requested the contracts be reevaluated with the contract employees.

Prologue Planning Group LLC has had a correction to the hours worked per week and the rate of pay; the contract reflects a 4% increase.

The Eco Thrive LLC contract has been updated in section IV Sub D.; and the contract does not have a rate of pay included. The rate of pay will be discussed with the City Council at the meeting.

Contract for Professional Services

THIS CONTRACT is made and entered into this 1st day of January, 2026, by and between Prologue Planning Group, LLC (hereinafter “Contractor”) and the City of La Crescent, a Minnesota municipal corporation in the State of Minnesota (hereinafter “City”); to define the terms by which Contractor shall provide community and economic development services to the City.

WHEREAS, the City is desirous of entering into a contract for community and economic development services within the City;

WHEREAS, the Contractor is desirous of entering into a contract with the City with respect to such services;

NOW, THEREFORE, it is mutually agreed between the parties as follows:

- I. Term. The Contract will commence on January 1, 2026, and will terminate on December 31, 2026, with the option to extend for one additional year with written agreement of both parties.

The agreement may be terminated earlier in its term upon thirty (30) days written notice by Contractor to the City or by the City to Contractor for any reason.

- II. Agreement Scope and Purpose. The City hereby retains Contractor to perform to its benefit the services described in paragraph III, effectively accomplishing:

- A. Senior Housing Development;
- B. Park and Bike Trail Development;
- C. Grant Writing and Grant Administration;
- D. Federal, State and Private Funding Sources;
- E. Revitalization of neighborhoods and increase residential development opportunities;
- F. Attraction of businesses that choose to locate in the City;
- G. Retention of businesses within the City;
- H. The expansion of business opportunities for all entrepreneurs; and
- I. Assistance to the City’s Planning Commission.

- III. Services to be Provided by Contractor. Contractor agrees to provide expertise to the City. Services, and associated materials, will be provided in order to facilitate and support the accomplishment of the City's undertakings to the ends described in the preceding paragraph. Contractor shall be made available toward efforts in the following specific arenas of the City's needs and operations:

- A. Drafting the City's Economic Development Work Plan;

- B. Accessing of grantor funding for the City's economic development programming
- C. Planning, facilitating, and/or directly conducting the City's community and business development projects. These efforts shall include (but are not limited to), the following:
 - i. developing relationships and partnerships to enhance the City's goals
 - ii. preparing economic development guidelines
 - iii. promoting the use of local assets to support and promote value-added processes and unique based businesses
- D. Assisting with local surveys related to business and industry, community, and land and buildings;
- E. Assisting with the City's economic development marketing efforts;
- F. Coordinating and hosting economic development forums;
- G. Grant writing and administration;
- H. Works with Development Commission. Attends and presents at Development Commission Meetings; and
- I. Assists City Building Official by serving as staff to the Planning Commission. Prepares and distributes public notices, meeting agendas, public correspondences, and minutes. Attends Planning Commission meetings. Works in conjunction with the City's Sustainability Coordinator to complete these responsibilities.

IV. Obligations of the City.

- A. The City shall pay Contractor the sum of \$46.79 per hour, not to exceed ten (10) hours per week. The Contractor shall invoice the City monthly for services rendered. The City shall also reimburse Contractor for mileage for travel to and from meetings assigned by the City. The mileage will be reimbursed at Internal Revenue Service approved rates.
- B. Materials, conferences, meetings and the like shall be paid for on a unit basis agreed to by the City in writing prior to the provision of the materials.
- C. The City shall be responsible to provide payment to Contractor within thirty (30) days of the submission of each invoice provided by Contractor.

V. Obligations of Contractor.

- A. Nothing contained in this agreement is intended to, or shall be construed in any manner, as creating or establishing the relationship of employer/employee between the parties. The Contractor shall at all times remain an independent Contractor with respect to the services to be performed under this contract. Any and all employees of Contractor or other persons engaged in the performance of any work or services required by Contractor under this Contract shall be considered employees or sub-contractors of the Contractor only and not of the City; and any and all claims that might arise, including Worker's Compensation claims under the

Worker's Compensation Act of the State of Minnesota or any other state, on behalf of said employees or other persons while so engaged in any of the work or services provided to be rendered herein, shall be the sole obligation and responsibility of the Contractor.

- B. Unless otherwise approved by the City, Contractor has no authority or right, express or implied, to assume or create any obligation or responsibility on behalf of the City or to bind the City in any manner. Contractor will not represent the contrary, either expressly or implicitly, to anyone.
- C. City and Contractor hereby acknowledge and agree that Contractor shall perform the services hereunder as an independent Contractor and not as an employee of City. Contractor agrees that they will file their own tax returns on the basis of their status as an independent contractor for the reporting of all income, social security, employment and other taxes due and owing on the consideration received by them under this agreement, and that they are responsible for the payment of such taxes.
- D. Contractor shall not be entitled to benefits specifically associated with employment status, such as medical and dental insurance, workers' compensation, unemployment compensation, paid vacations, paid holidays or other available retirement plans.

VI. Indemnification. To the fullest extent permitted by law, the Contractor agrees to defend, indemnify and hold harmless the City, and its employees, officials, volunteers and agents from and against all claims, actions, damages, losses and expenses, including attorney fees, arising out of the Contractor's negligence or the Contractor's performance or failure to perform its obligations under this Agreement. The Contractor's indemnification obligation shall apply to the Contractor's subcontractor(s), or anyone directly or indirectly employed or hired by the Contractor, or anyone for whose acts the Contractor may be liable. The Contractor agrees this indemnity obligation shall survive the completion or termination of this Agreement.

VIII. Dispute Resolution. The Parties shall cooperate and use their best efforts to ensure that the various provisions of the Agreement are fulfilled. The Parties agree to act in good faith to undertake resolution of disputes, in an equitable and timely manner and in accordance with the provisions of is agreement. If disputes cannot be resolved informally by the Parties, the following procedures shall be used:

- A. Whenever there is a failure between the Parties to resolve a dispute on their own, the Parties shall first attempt to mediate the dispute. The parties shall agree upon a mediator, or if they cannot agree, shall obtain a list of court-approved mediators from the Houston County District Court Administrator and select a mediator by alternately striking names until one remains. The City shall strike the first name followed by the Contractor, and shall continue in that order until one name remains.
- B. If the dispute is not resolved within thirty (30) days after the end of mediation proceedings, the Parties may litigate the matter.

IX. General Provisions

- A. Entire Agreement. This Agreement supersedes any prior or contemporaneous representations or agreements, whether written or oral, between the Parties and contains the entire agreement.
- B. Assignment. The Contractor may not assign this Agreement to any other person unless written consent is obtained from the City.
- C. Amendments. Any modification or amendment to this Agreement shall require a written agreement signed by both Parties.
- D. Nondiscrimination. In the hiring of employees to perform work under this Agreement, the Contractor shall not discriminate against any person by reason of any characteristic protected by state or federal law.
- E. Force Majeure. Except for payment of sums due, neither party shall be liable to the other or deemed in default under this Agreement, if and to the extent that such party's performance is prevented by reason of Force Majeure, as determined by the City.
- F. Notices. All notices and other communications under this Agreement must be in writing and must be given by registered or certified mail, postage prepaid, or delivered by hand at the addresses set forth below:

Notice to City:	City of La Crescent Attn: City Administrator 315 Main Street La Crescent, MN 55947	with Copy to: Wieser Law Office, PC Attn: Al Wieser, III 33 S. Walnut St, # 200 La Crescent, MN 55947
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Notice to Contractor: Prologue Planning Group, LLC
Attn: Larry Kirch
3513 N Carhill Ave
Scottsdale, AZ 85251-5723

- G. Governing Law. This Agreement shall be governed by and interpreted in accordance with the laws of the State of Minnesota. All proceedings related to this Agreement shall be venued in the County of Houston, State of Minnesota.
- H. Waivers. The waiver by either party of any breach or failure to comply with any provision of this Agreement by the other party shall not be construed as, or constitute a continuing waiver of such provision or a waiver of any other breach of or failure to comply with any other provision of this Agreement.
- I. Ownership of Documents. All reports, plans, specifications, data, maps, and other documents produced by the Contractor in the performance of services under this Agreement shall be the property of the City.

- J. Government Data. The Contractor agrees to maintain all data received from the City in the same manner as the City as required under the Minnesota Government Data Practices Act, Minnesota Statutes, Chapter 13.
- K. Counterparts. This Agreement may be signed in counterparts, each of which shall be deemed an original, and which taken together shall be deemed to be one and the same document.
- L. Savings Clause. If any court finds any portion of this Agreement to be contrary to law, invalid, or unenforceable, the remainder of the Agreement will remain in full force and effect.
- X. Construction of Agreement. This Agreement is to be performed and construed under Minnesota law, and supersedes any and all prior agreements and contains the entire agreement of the parties.

Dated: _____

Dated: _____

CITY OF LA CRESCENT

CONTRACTOR

By: _____
Mikel Poellinger, Mayor

By: _____
Prologue Planning Group, LLC
By: Larry Kirch

By: _____
Bill Waller, City Administrator

Contract for Professional Services

THIS CONTRACT is made and entered into on the 1st day of January, 2026, by and between EcoThrive, LLC (hereinafter "Contractor") and the City of La Crescent, a Minnesota municipal corporation in the State of Minnesota (hereinafter "City"); to define the terms by which Contractor shall provide sustainability coordinating services to the City.

WHEREAS, the City is desirous of entering into a contract for sustainability services within the City;

WHEREAS, the Contractor is desirous of entering into a contract with the City with respect to such services;

NOW, THEREFORE, it is mutually agreed between the parties as follows:

I. Term. This Contract will commence on January 1, 2026, and will terminate on December 31, 2026, with the option to extend for one additional year with written agreement of both parties.

The agreement may be terminated earlier in its term upon thirty (30) days written notice by Contractor to the City or by the City to Contractor for any reason.

II. Agreement Scope and Purpose. The City hereby retains Contractor to perform to its benefit the services described in paragraph II, effectively accomplishing:

- A. Execute stormwater public education and outreach campaign, including Adopt-A-Drain and La Crosse Urban Stormwater Group, manage MS4 stormwater permit, and represent La Crescent on the Win Lac planning work group.
- B. Plans, develops, manages and tracks new and existing Solar Projects;
- C. Grant Writing and Grant Administration
- D. Identifying potential Federal, State, and Private Funding Sources;
- E. Serve as the City's Representative on the Committee on Transit and Active Transportation
- F. (CTAT);
- G. Administer the Green Step and Gold Leaf Program;
- H. Administer the Carbon Reduction Program;
- I. Organize and participate in the Annual Arbor Day Celebration and Activities;
- J. Review/Evaluate/Make Recommendations Regarding City Waste Reduction Program, including exploring opportunities to expand organics collection;
- K. Expansion of Green Initiatives to Local Business, including partnering with the La Crescent Chamber of Commerce;

- L. Coordinate efforts to eradicate invasive species in City's natural spaces as identified in the MN Department of Agriculture Noxious Weed List;
- M. Beekeeping Ordinance and permit management; monitor permit locations and recommend enforcement, review and present permits to the City Council for approval.
- N. Monitor compliance of the Electric Vehicle Ordinance and expand the installation of electric charging stations as a means to foster sustainable community development;
- O. Development, coordination and implementation of the Landscape Partnership Program;
- P. Draft ordinances with the assistance and advice of the City Attorney or their designee aligned with the Green Step or Gold Leaf benchmarks;
- Q. Build and expand relationships with MN Land Trust, Houston County, MPCA, Mn Commerce, MnDOT, MN Department of Agriculture, Xcel Energy, MN Tree Steward Program, University of Minnesota and other partnering agencies or companies;

- R. Serve as City's representative to the Bluffland Coalition. Coordinate meetings with property owners as necessary to develop components of the Bluffland's Plan;
- S. Plant, design, and maintain native planting projects within the city, including
- T. development and maintenance of rain gardens.
- U. Coordination of Safe Routes to School and Active Transportation plan partnerships with MnDOT, Houston County DOT, City Schools, and other agencies.
- V. Oversee the Tree Steward Volunteer Program
- W. Assist with plant pest management, tree species selection, tree purchases, public tree inspections, reforestation projects, tree maintenance activities, and community education
- X. Lead the Active Transportation Committee and the Sustainability and Natural Resources Committee

III. Services to be Provided by Contractor. The contractor agrees to provide expertise to the city. Services, and associated materials, will be provided in order to facilitate and support the accomplishment of the City's undertakings to the ends described in the preceding paragraph. Contractor shall be made available toward efforts in the following specific arenas of the City's needs and operations:

- A. Coordinate the development of the City's Sustainability and Resilience Plan;
- B. Recommend Energy Efficiency Improvements at City Owned Buildings and Facilities;

- C. Complete Best Management Practices Identified in the Green Step Cities Program and Gold Leaf Challenge Program;
- D. Prepare Agenda and Meeting Minutes for Active Transportation and Sustainability and Natural Resources Meetings;
- E. Coordinate and Host Sustainability Forums;
- F. Update and Maintain Green Step/Sustainability Section on City's Website;
- G. Update the City Council as requested on progress made on services provided by Contractor

IV. Obligations of the City.

- A. The City shall pay Contractor the sum of \$ _____ per hour, not to exceed twenty-eight (28) hours per week. The Contractor shall invoice the City monthly for services rendered. The City shall also reimburse Contractor for mileage for travel to and from meetings assigned by the City. The mileage will be reimbursed at Internal Revenue Service approved rates.
- B. Materials, conferences, meetings and the like shall be paid for on a unit basis agreed to by the City in writing prior to the provision of the materials.
- C. The City shall be responsible to provide payment to Contractor within thirty (30) days of the submission of each invoice provided by Contractor.
- D. When the City receives grant(s) from either the state or federal government that contain reimbursement for administrative services at a rate higher than the rate contained in Paragraph IV. Sub A, the Contractor will be entitled to this higher hourly rate. Hours that are reimbursable by grant may exceed the limit set in Section IV. Sub A.

V. Obligations of Contractor.

A. Nothing contained in this agreement is intended to, or shall be construed in any manner, as creating or establishing the relationship of employer/employee between the parties. The Contractor shall at all times remain an independent Contractor with respect to the services to be performed under this contract. Any and all employees of Contractor or other persons engaged in the performance of any work or services required by Contractor under this Contract shall be considered employees or sub- contractors of the Contractor only and not of the City; and any and all claims that might arise, including Worker's Compensation claims under the Worker's Compensation Act of the State of Minnesota or any other state, on behalf of said employees or other persons while so engaged in any of the work or services provided to be rendered herein, shall be the sole obligation and responsibility of the Contractor.

B. Unless otherwise approved by the City, Contractor has no authority or right, express or implied, to assume or create any obligation or responsibility on behalf of the City or to bind the City in any manner. The contractor will not represent the contrary, either expressly or implicitly, to anyone.

C. City and Contractor hereby acknowledge and agree that Contractor shall perform the services hereunder as an independent Contractor and not as an employee of City. The contractor agrees that he will file his own tax returns on the basis of his status as an independent contractor for the reporting of all income, social security, employment and other taxes due and owing on the consideration received by him under this agreement, and that he is responsible for the payment of such taxes.

D. Contractor shall not be entitled to benefits specifically associated with employment status, such as medical and dental insurance, workers' compensation, unemployment compensation, paid vacations, paid holidays or other available retirement plans.

VII. Indemnification. To the fullest extent permitted by law, the Contractor agrees to defend, indemnify and hold harmless the city, and its employees, officials, volunteers and agents from and against all claims, actions, damages, losses and expenses, including reasonable attorney fees, arising out of the Contractor's gross negligence or the Contractor's material breach of this Agreement. The Contractor's indemnification obligation shall apply to the Contractor's subcontractor(s), or anyone directly or indirectly employed or hired by the Contractor, or anyone for whose acts the Contractor may be liable. The Contractor agrees this indemnity obligation shall survive the completion or termination of this Agreement. Contractors' total liability hereunder is limited to the amount paid to Contractor during the preceding twelve (12) month period.

VIII. Dispute Resolution. The Parties shall cooperate and use their best efforts to ensure that the various provisions of the Agreement are fulfilled. The Parties agree to act in good faith to undertake resolution of disputes, in an equitable and timely manner and in accordance with the provisions of this agreement. If disputes cannot be resolved informally by the Parties, the following procedures shall be used:

A. Whenever there is a failure between the Parties to resolve a dispute on their own, the Parties shall first attempt to mediate the dispute. The parties shall agree upon a mediator, or if they cannot agree, shall obtain a list of court-approved mediators from the Houston County District Court Administrator and select a mediator by alternately striking names until one remains. The City shall strike the first name followed by the Contractor and shall continue in that order until one name remains.

B. If the dispute is not resolved within thirty (30) days after the end of mediation proceedings, the Parties may litigate the matter.

IX. General Provisions

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B. Assignment. The Contractor may not assign this Agreement to any other person unless written consent is obtained from the City.

C. Amendments. Any modification or amendment to this Agreement shall require a written agreement signed by both Parties.

D. Nondiscrimination. In the hiring of employees to perform work under this Agreement, the Contractor shall not discriminate against any person by reason of any characteristic protected by state or federal law.

E. Force Majeure. Except for payment of sums due, neither party shall be liable to the other or deemed in default under this Agreement, if and to the extent that such party's performance is prevented by reason of Force Majeure, as determined by the City.

F. Notices. All notices and other communications under this Agreement must be in writing and must be given by registered or certified mail, postage prepaid, or delivered by hand at the addresses set forth below:

To City: City Administrator
 City of La Crescent
 315 Main Street
 La Crescent, MN 55947

With Copy To: Al Wieser, III

33 South Walnut Street, Suite 200
Wieser Law Office, P.C.
La Crescent, MN 55947

To Contractor: La Crescent, MN 55947

 EcoThrive, LLC
 Attn: Jason Ludwigson

 175 Eagles Bluff Road

 La Crescent, MN 55947

G. Governing Law. This Agreement shall be governed by and interpreted in accordance with the laws of the State of Minnesota. All proceedings related to this Agreement shall be venued in the County of Houston, State of Minnesota.

H. Waivers. The waiver by either party of any breach or failure to comply with any provision of this Agreement by the other party shall not be construed as or constitute a continuing waiver of such provision or a waiver of any other breach of or failure to comply with any other provision of this Agreement.

I. Ownership of Documents. All reports, plans, specifications, data, maps, and other documents produced by the Contractor in the performance of services under this Agreement shall be the property of the city.

J. Government Data. The Contractor agrees to maintain all data received from the City in the same manner as the city as required under the Minnesota Government Data Practices Act, Minnesota Statutes, Chapter 13.

K. Counterparts. This Agreement may be signed in counterparts, each of which shall be deemed an original, and which taken together shall be deemed to be one and the same document.

L. Savings Clause. If any court finds any portion of this Agreement to be contrary to law, invalid, or unenforceable, the remainder of the Agreement will remain in full force and effect.

X. Construction of Agreement. This Agreement is to be performed and construed under Minnesota law, and supersedes any and all prior agreements and contains the entire agreement of the parties.

SIGNATURES ON FOLLOWING PAGE

Dated: _____

Dated: _____

CITY OF LA CRESCENT

CONTRACTOR

By: _____
Mikel Poellinger, Mayor

By: _____
EcoThrive, LLC
By: Jason Ludwigson

By: _____
Bill Waller, City Administrator