

**CITY OF WABASSO
WABASSO, MINNESOTA
ANNUAL FINANCIAL REPORT
DECEMBER 31, 2023**

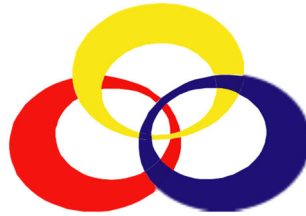
City of Wabasso

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FINANCIAL SECTION



Kinner & Company Ltd

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the Council
City of Wabasso
Wabasso, Minnesota 56293

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Wabasso, Minnesota, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City of Wabasso, Minnesota's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City of Wabasso, Minnesota as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General, Ambulance and Economic Recovery Grant I 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Wabasso, Minnesota and to meet our 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 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 Wabasso, 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Wabasso, 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 Wabasso, 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 pension 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 Government Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Wabasso, Minnesota's basic financial statements. The accompanying combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was 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 nonmajor fund financial statements are fairly stated, in all material respects in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 26, 2024, on our consideration of the City of Wabasso's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Wabasso's internal control over financial reporting and compliance.



Kinner & Company Ltd
Certified Public Accountants

July 26, 2024

CITY OF WABASSO

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2023

This section of the City of Wabasso's annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year that ended on December 31, 2023 to meet the required reporting by the Government Accounting Standards Board's (GASB) Statement No. 34 – Basic Financial Statements – and Management Discussion and Analysis – for State and Local Governments. State No. 34 is designed to make the annual reports easier for the public to understand and more useful to stakeholders.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$8,270,435 (net position). Of this amount, \$3,855,884 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$894,693, compared to an increase of \$1,034,353 in the previous year. Of this increase, business-type activities (enterprise funds) had a decrease of \$154,894 and governmental activities had an increase of \$1,049,587. The major factor in the change in governmental activities was due to a capital contribution relating to the Local Road Improvement Program of \$416,955 and special assessments of \$353,432. The major factor contributing to the decrease in business-type activities relates to increase in repairs and contracted services.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$2,894,360, a decrease of \$233,943 in comparison with the prior year. Of this total amount, there is a deficit \$28,432 reported as unassigned. The remainder of the fund balance is classified in accordance with GASB Statement No. 54 as follows: 1) nonspendable - \$253,243; 2) restricted - \$534,790; 2) committed - \$54,000; and 3) assigned - \$2,080,759.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements start on page 14. For governmental activities, these statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

REPORTING THE CITY AS A WHOLE

Our analysis of the City as a whole begins on page 6. One of the most important questions asked about the City's finances is "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

CITY OF WABASSO

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2023

These two statements report the City's net position and changes therein. You can think of the City's net position, the difference between assets and deferred outflows and liabilities and deferred inflows, as one way to measure the City's financial health, or financial position. Over time, increases and decreases in the City's net position is one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the City's property tax base and the condition of the City's roads, to assess the overall health of the City.

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

- **Governmental Activities-** Most of the City's basic services are reported here, including the ambulance, fire, public works, economic development, parks and general administration. Property taxes and state and federal grants finance most of these activities.
- **Business-type Activities-** The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water, sewer and garbage are reported here.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

The fund financial statements begin on page 14 and provide detailed information about the most significant funds, and not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, the City Council establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money. The City's three kinds of funds, governmental, proprietary and fiduciary, use different accounting approaches.

- **Governmental Funds** – Most of the City's basic services are reported in the governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation at the bottom of the fund financial statements.
- **Proprietary Funds** – When the City charges customers for the services it provides these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.
- **Fiduciary funds** – Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

CITY OF WABASSO

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2023

THE CITY AS A WHOLE

The City's combined net position was \$8,270,435 on December 31, 2023 and the combined net position for December 31, 2022 was \$7,375,742, which is an increase of \$894,693, or 12% from the previous year. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the City's governmental and business-type activities.

Table 1

Net Position	Governmental Activities		Business-Type Activities		Total
	2023	2022	2023	2022	2023
Current and Other Assets	\$ 3,519,077	\$ 3,325,725	\$ 1,108,482	\$ 1,401,054	\$ 4,627,559
Capital Assets	4,814,720	3,952,548	3,501,686	2,865,081	8,316,406
Total Assets	8,333,797	7,278,273	4,610,168	4,266,135	12,943,965
Deferred Outflows of Resources	30,595	44,833	7,648	11,208	38,243
Long-term Liabilities Outstanding	1,703,259	1,827,316	1,707,620	1,698,500	3,410,879
Other Liabilities	415,608	318,031	823,178	341,477	1,238,786
Total Liabilities	2,118,867	2,145,347	2,530,798	2,039,977	4,649,665
Deferred Inflows of Resources	49,686	31,506	12,422	7,876	62,108
Net Position					
Net Investment in Capital Assets	3,203,866	3,024,511	1,210,685	993,381	4,414,551
Restricted	-	1,669,391	-	-	-
Unrestricted	2,991,973	452,350	863,911	1,236,109	3,855,884
Total Net Position	\$ 6,195,839	\$ 5,146,252	\$ 2,074,596	\$ 2,229,490	\$ 8,270,435

At the end of the current fiscal year, the City is able to report positive balances in all categories of net position for the City as a whole.

CITY OF WABASSO

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2023

Table 2

Changes in Net Position

	Governmental Activities		Business-type Activities		2023
	2023	2022	2023	2022	Total
Revenues					
Program Revenues					
Charges for Services	\$ 427,195	\$ 362,608	\$ 466,364	\$ 429,928	\$ 893,559
Operating Grants and Contributions	65,107	-	-	36,009	65,107
Capital Grants and Contributions	804,518	770,545	-	-	804,518
General Revenues					
Property Taxes	571,609	572,289	-	-	571,609
Special Assessments	2,684	3,337	10,418	12,472	13,102
Intergovernmental Revenue	337,679	295,295	-	-	337,679
Unrestricted Investment Earnings	23,965	11,707	710	619	24,675
Contributions	30,834	112,880	-	-	30,834
Miscellaneous	34,335	38,466	21,807	17,609	56,142
Total Revenues	2,297,926	2,167,127	499,299	496,637	2,797,225
Expenses					
General Administrative	302,880	286,156	-	-	302,880
Public Safety	318,912	329,282	-	-	318,912
Public Works	325,134	287,004	-	-	325,134
Culture and Recreation	176,558	167,502	-	-	176,558
Housing and Economic Development	53,932	51,131	-	-	53,932
Miscellaneous	79,979	28,590	-	-	79,979
Interest & Fiscal Charges	86,139	72,345	-	-	86,139
Water	-	-	346,044	302,913	346,044
Sewer	-	-	208,899	179,661	208,899
Garbage	-	-	40,899	37,679	40,899
Total Expenses	1,343,534	1,222,010	595,842	520,253	1,939,376
Gain (Loss) on Sale of Capital Assets	66,695	112,852	(29,851)	-	36,844
Transfers	28,500	(9,000)	(28,500)	9,000	-
Increase (Decrease) in Net Position	1,049,587	1,048,969	(154,894)	(14,616)	894,693
Net Position, January 1	5,146,252	4,097,283	2,229,490	2,244,106	7,375,742
Net Position, December 31	\$ 6,195,839	\$ 5,146,252	\$ 2,074,596	\$ 2,229,490	\$ 8,270,435

CITY OF WABASSO

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2023

Governmental Activities

Revenue for the City's governmental activities increased by 6.0 percent in 2023 and increased by 72.1 percent in 2022, while total expenses increased in 2023 by 9.9 percent and increased in 2022 by 10.2 percent. The City received additional state aids, charges for services and special assessments in 2023 relating to the increase in revenues over the prior year. Expenses increased due more payroll costs, street repairs, improvements and equipment repairs.

Table 3 presents the cost of each of the City's programs- general government, public safety, public works, culture and recreation, economic development, housing rehabilitation, and miscellaneous programs. Activities were generally comparable to the prior year as operations remained consistent with the prior year.

Table 3

Governmental Activities

	Total Cost of Services	
	2023	2022
General Administrative	\$ 302,880	\$ 286,156
Public Safety	318,912	329,282
Public Works	325,134	287,004
Culture & Recreation	176,558	167,502
Housing & Economic Development	53,932	51,131
Miscellaneous	79,979	28,590
Interest & Fiscal Charges on Long-Term Debt	86,139	72,345
Totals	<u>\$ 1,343,534</u>	<u>\$ 1,222,010</u>

Business-Type Activities

For the years ended December 31, 2023 and 2022 revenues of the City's business-type activities (see table 2) increased by less than one percent and increased by 8.9 percent and the expenses increased by 14.5 percent in 2023 and increased by 25.9 percent in 2022. The increased expenses relate to more repairs, contracted services and wages.

THE CITY'S FUNDS

As the City completed the years 2023 and 2022, its governmental funds reported a combined fund balance of \$2,894,360 and \$3,128,303. The decrease relates mainly to unspent bond proceeds for Cedar Street improvements in the prior year being used during 2023.

The City maintains four major governmental funds: General, Ambulance, Economic Recovery Grant I and Cedar Street Improvements.

The General Fund balance decreased \$78,438 to \$361,320. The decrease is due to capital outlay purchases.

The Ambulance fund balance increased \$167,132 to \$489,139 largely due to a transfer from General Fund and increased collections/run fees.

CITY OF WABASSO

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2023

The Economic Recovery Grant I balance increased \$2,184 to \$609,091. The minimal increase relates to interest income.

Cedar Streets Improvements is a capital projects fund to account for the street project. The fund balance decreased \$566,775 to \$202,188. This project will be completed in 2024.

The combined fund balance of the nonmajor governmental funds increased \$241,954 to \$1,232,622 mainly due to transfers and sales of EDA lots.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of December 31, 2023 and 2022, the City's investments in capital assets for its governmental and business-type activities were \$13,834,798 and \$12,300,157. The investment in capital assets includes land, buildings, system improvements, park facilities, machinery, and equipment. During 2023, the government activities purchased a new tractor, infrastructure related to Cedar Street project and a mower. The business-type activities also had work in progress associated with a sewer project.

Table 4

Capital Assets at Year End

	Governmental Activities		Business-Type Activities	
	2023	2022	2023	2022
Land	\$ 732,616	\$ 735,390	\$ 4,323	\$ 4,323
Work in Progress	-	1,005,362	665,820	271,132
Infrastructure	2,440,284	448,642	3,922,326	3,922,326
Buildings & Improvements	3,226,925	3,217,626	372,732	324,140
Machinery & Equipment	1,881,377	1,801,164	588,395	570,052
Totals	\$ 8,281,202	\$ 7,208,184	\$ 5,553,596	\$ 5,091,973

More detailed information about the City's capital assets is presented in Note 1 and Note 3.

CITY OF WABASSO

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2023

Long-term Liabilities

As shown in Table 5, the City has \$3,511,108 in debt for 2023 versus \$3,646,852 in debt for 2022. This is a decrease of 3.7 percent.

Table 5

Debt at Year End

	Governmental Activities		Business-Type Activities		2023 Total
	2023	2022	2023	2022	
Financing Lease - 2018	\$ 32,800	\$ 38,442	\$ -	\$ -	\$ 32,800
Financing Lease - 2021	-	38,410	-	-	-
Financing Lease - 2023	92,309	-	-	-	92,309
GO Tax Increment Refunding Bond 2010A	140,000	180,000	-	-	140,000
GO Revenue Refunding Bond 2013A	140,000	180,000	-	-	140,000
GO Tax Abatement Note, Series 2017A	330,000	355,000	-	-	330,000
GO Improvement Bond, Series 2022A	1,013,000	1,013,000	-	-	1,013,000
GO Water Revenue Bond 2010A	-	-	1,724,000	1,765,000	1,724,000
GO System Note, Series 2016A	-	-	39,000	77,000	39,000
Totals	\$1,748,108	\$ 1,804,852	\$ 1,763,000	\$ 1,842,000	\$ 3,511,108

General Fund Budgetary Highlights:

The City council amended the original budget during the current year. For the years ended December 31, 2023 and 2022, revenues were \$19,900 lower and \$155,478 lower than budget while expenditures were \$290,624 higher and \$53,568 lower than budget. Other financing sources were \$245,578 higher than budgeted and other financing uses were \$14,173 higher than budgeted.

The majority of the variance in revenues is due to funds being budgeted for that were recorded in other funds, such as property taxes levied for debt service funds and other state aids. Other financing sources relates to trade of capital asset with the associated finance lease proceeds.

The majority of the variance in expenditures is related to other expenditures that were not needed.

CITY OF WABASSO
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City's elected and appointed officials considered many factors when setting the fiscal year 2024 budget, tax rates and fees that will be charged for the business-type activities. The Council expects operations to remain consistent with 2023. Overall budget amounts for 2024 are consistent with 2023's budget and operations.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City'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 financial information should be addressed to the City Clerk, City of Wabasso, P.O. Box 60, Wabasso, MN 56293.

BASIC FINANCIAL STATEMENTS

The basic financial statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government-Wide Financial Statements

- Fund Financial Statements:

 - Governmental Funds

 - Proprietary (Enterprise) Funds

 - Fiduciary Funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

**City of Wabasso
Statement of Net Position
December 31, 2023**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
<i>Current Assets</i>			
Cash and Cash Equivalents	\$ 2,507,420	\$ 236,328	\$ 2,743,748
Accounts Receivable	302,616	57,604	360,220
Inventory	--	200	200
Prepaid Expenses	10,970	--	10,970
Special Assessments Receivable	77	1,384	1,461
Taxes Receivable	13,069	--	13,069
Note Receivable-Due within one year	97,387	--	97,387
<i>Internal Balances*</i>	81,715	642,692	--
Total Current Assets	3,013,254	938,208	3,227,055
<i>Noncurrent Assets</i>			
Note Receivable-Due beyond one year	152,391	--	152,391
Special Assessments - Deferred	353,432	170,274	523,706
Non-Depreciable	732,616	670,144	1,402,760
Depreciable, Net	4,082,104	2,831,542	6,913,646
Total Assets	8,333,797	4,610,168	12,219,558
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Pension Resources	30,595	7,648	38,243
Total Deferred Outflows of Resources	30,595	7,648	38,243
LIABILITIES			
<i>Current Liabilities</i>			
Accounts Payable	51,198	70,240	121,438
Retainage Payable	82,322	--	82,322
Accrued Wages and Salaries Payable	1,868	800	2,668
Accrued Payroll Deductions Payable	7,693	--	7,693
Accrued Interest Payable	18,210	51,940	70,150
Security Deposits	3,225	--	3,225
Notes Payable-Due within one year	145,883	81,000	226,883
<i>Internal Balances*</i>	105,209	619,198	--
Total Current Liabilities	415,608	823,178	514,379
<i>Noncurrent Liabilities</i>			
Compensated Absences Payable	2,618	1,014	3,632
Net Pension Liability	98,415	24,606	123,021
Notes Payable-Due beyond one year	1,602,226	1,682,000	3,284,226
Total Liabilities	2,118,867	2,530,798	3,925,258
DEFERRED INFLOWS OF RESOURCES			
Deferred Pension Resources	49,686	12,422	62,108
Total Deferred Inflows of Resources	49,686	12,422	62,108
NET POSITION			
Net Investment in Capital Assets	3,203,866	1,210,685	4,414,551
<i>Unrestricted</i>	2,991,973	863,911	3,855,884
Total Net Position	\$ 6,195,839	\$ 2,074,596	\$ 8,270,435

* Amounts have been eliminated in total column

The notes to the financial statements are an integral part of this statement.

**City of Wabasso
Statement of Activities
For the Year Ended December 31, 2023**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Primary Government							
Governmental Activities:							
General Government	\$ 302,880	\$ 17,113	\$ --	\$ --	\$ (285,767)	\$ --	\$ (285,767)
Public Safety	318,912	343,340	58,765	--	83,193	--	83,193
Public Works	325,134	--	--	804,518	479,384	--	479,384
Culture and Recreation	176,558	20,432	5,000	--	(151,126)	--	(151,126)
Housing and Economic Development	53,932	46,310	--	--	(7,622)	--	(7,622)
Other	79,979	--	1,342	--	(78,637)	--	(78,637)
Interest and Other Charges on Debt	86,139	--	--	--	(86,139)	--	(86,139)
Total Governmental Activities	1,343,534	427,195	65,107	804,518	(46,714)	--	(46,714)
Business-type Activities:							
Garbage	40,899	46,492	--	--	--	5,593	5,593
Sewer	208,899	229,907	--	--	--	21,008	21,008
Water	346,044	189,965	--	--	--	(156,079)	(156,079)
Total Business-type Activities	595,842	466,364	--	--	--	(129,478)	(129,478)
Total Primary Government	\$ 1,939,376	\$ 893,559	\$ 65,107	\$ 804,518	\$ (46,714)	\$ (129,478)	\$ (176,192)
General Purpose Revenues and Transfers:							
Revenues							
Property Taxes					571,609	--	571,609
Intergovernmental Revenues					337,679	--	337,679
Other Revenue					34,335	21,807	56,142
Interest Income					23,965	710	24,675
Special Assessments					2,684	10,418	13,102
Contributions					30,834	--	30,834
Gain (Loss) on Sale of Capital Assets					66,695	(29,851)	36,844
Transfers					28,500	(28,500)	--
Total General Revenues and Transfers					1,096,301	(25,416)	1,070,885
Change in Net Position					1,049,587	(154,894)	894,693
<i>Net Position at Beginning of Period</i>					5,146,252	2,229,490	7,375,742
Net Position at End of Period					\$ 6,195,839	\$ 2,074,596	\$ 8,270,435

The notes to the financial statements are an integral part of this statement.

**City of Wabasso
Balance Sheet
Governmental Funds
December 31, 2023**

	Special Revenue			Capital Projects	Other Governmental Funds	Total Governmental Funds
	General	Ambulance	Ec Rec Grant I	Cedar Street Improvements		
ASSETS						
Cash and Cash Equivalents	\$ 391,282	\$ 192,985	\$ 414,075	\$ 284,510	\$ 1,224,568	\$ 2,507,420
Accounts Receivable	497	302,119	--	--	--	302,616
Prepaid Expenses	8,494	1,238	--	--	1,238	10,970
Special Assessments Receivable	--	--	--	--	77	77
Taxes Receivable	11,127	--	--	--	1,942	13,069
Note Receivable-Due within one year	--	--	78,027	--	19,360	97,387
Current due from other funds	30,740	--	--	--	50,975	81,715
Note Receivable-Due beyond one year	--	--	140,041	--	12,350	152,391
Special Assessments - Deferred	--	--	--	--	353,432	353,432
<i>Total Assets</i>	<u>442,140</u>	<u>496,342</u>	<u>632,143</u>	<u>284,510</u>	<u>1,663,942</u>	<u>3,519,077</u>
DEFERRED OUTFLOWS OF RESOURCES						
Aggregated deferred outflows	--	--	--	--	--	--
<i>Total Assets and Deferred Outflows of Resources</i>	<u>\$ 442,140</u>	<u>\$ 496,342</u>	<u>\$ 632,143</u>	<u>\$ 284,510</u>	<u>\$ 1,663,942</u>	<u>\$ 3,519,077</u>
LIABILITIES						
Accounts Payable	\$ 39,862	\$ 4,359	\$ --	\$ --	\$ 6,977	\$ 51,198
Retainage Payable	--	--	--	82,322	--	82,322
Accrued Wages and Salaries Payable	1,868	--	--	--	--	1,868
Accrued Payroll Deductions Payable	5,001	1,670	--	--	1,022	7,693
Security Deposits	--	--	--	--	3,225	3,225
Current due to other funds	23,651	1,174	23,052	--	57,332	105,209
<i>Total Liabilities</i>	<u>70,382</u>	<u>7,203</u>	<u>23,052</u>	<u>82,322</u>	<u>68,556</u>	<u>251,515</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue - Property Taxes	10,438	--	--	--	--	10,438
Unavailable Revenue - Special Assessments	--	--	--	--	355,529	355,529
Unavailable Revenue - Notes Receivable	--	--	--	--	7,505	7,505
<i>Total Liabilities and Deferred Inflows of Resources</i>	<u>80,820</u>	<u>7,203</u>	<u>23,052</u>	<u>82,322</u>	<u>431,320</u>	<u>624,717</u>
FUND BALANCE						
Nonspendable	8,494	1,238	218,068	--	25,443	253,243
Restricted	--	--	--	202,188	332,602	534,790
Committed	--	54,000	--	--	--	54,000
Assigned	352,826	433,901	391,023	--	903,009	2,080,759
Unassigned	--	--	--	--	(28,432)	(28,432)
<i>Total Fund Balance</i>	<u>361,320</u>	<u>489,139</u>	<u>609,091</u>	<u>202,188</u>	<u>1,232,622</u>	<u>2,894,360</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balance</i>	<u>\$ 442,140</u>	<u>\$ 496,342</u>	<u>\$ 632,143</u>	<u>\$ 284,510</u>	<u>\$ 1,663,942</u>	<u>\$ 3,519,077</u>

The notes to the financial statements are an integral part of this statement.

City of Wabasso
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
December 31, 2023

Total Fund Balance - Governmental Funds	\$ 2,894,360
Accrued interest payable is accrued on Statement of Net Position and expensed on the Statement of Activities. Interest is expensed on a cash basis on the Statement of Revenues, Expenditures, and Changes in Fund Balance.	(18,210)
Compensated absences expensed as paid in governmental fund statements, expensed as incurred in entity wide statements, and reflected as liability on Statement of Net Position.	(2,618)
Tax revenue deferred in governmental fund statements if not received within sixty days	365,698
Capital assets are capitalized in the Statement of Net Position and depreciated in the Statement of Activities. These are expensed when acquired in the Statement of Revenues, Expenditures, and Changes in Fund Balance.	4,814,720
Long- term debt reflected on Statement of Net Position not in governmental funds balance sheet.	(1,748,108)
Deferred revenue on development loans in governmental funds are susceptible to full accrual on the government-wide statements	7,505
Net pension liability is not due and payable in the current period from current financial resources, and therefore are not reported in the funds.	(98,415)
Pension related deferred inflows are not due and payable in the current period from current financial resources, and therefore are not reported in funds.	(49,686)
Pension related deferred outflows are not available to pay for current period expenditures and therefore are deferred in the funds.	30,595
Total Net Position-Governmental Funds	\$ <u>6,195,839</u>

The notes to the financial statements are an integral part of this statement.

City of Wabasso
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2023

	<u>Special Revenue</u>			<u>Capital Projects</u>		
	<u>General</u>	<u>Ambulance</u>	<u>Ec Rec Grant I</u>	<u>Cedar Street Improvements</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues						
Property Taxes	\$ 384,151	\$ --	\$ --	\$ --	\$ 184,857	\$ 569,008
Special Assessments	--	--	--	--	36,815	36,815
Licenses and Permits	3,710	--	--	--	--	3,710
Intergovernmental Revenues	265,241	--	--	--	73,780	339,021
Fines and Forfeits	808	--	--	--	--	808
Refunds and Reimbursements	--	376	--	305	--	681
Charges for Services	12,295	322,108	--	--	88,274	422,677
Contributions	5,000	28,125	--	--	61,474	94,599
Other Revenue	30,836	--	--	--	2,818	33,654
Interest Income	2,472	207	9,218	2,244	9,824	23,965
Total Revenues	704,513	350,816	9,218	2,549	457,842	1,524,938
Expenditures						
General Government	259,860	--	--	--	--	259,860
Public Safety	36,660	199,584	--	--	31,761	268,005
Public Works	275,494	--	--	--	--	275,494
Culture and Recreation	34,275	--	--	--	114,060	148,335
Housing and Economic Development	--	--	--	--	36,395	36,395
Other	18,065	--	--	--	907	18,972
Principal Payments	44,053	--	--	--	105,000	149,053
Interest and Other Charges on Debt	3,673	--	--	--	82,466	86,139
Capital Outlay	265,882	--	--	569,324	--	835,206
Total Expenditures	937,962	199,584	--	569,324	370,589	2,077,459
Excess of Revenues Over (Under) Expenditures	(233,449)	151,232	9,218	(566,775)	87,253	(552,521)
Other Financing Sources (Uses)						
Finance Lease Proceeds	92,309	--	--	--	--	92,309
Gain (Loss) on Sale of Capital Assets	155,269	--	--	--	42,500	197,769
Transfers from other funds	--	15,900	--	--	113,160	129,060
Transfers to other funds	(92,567)	--	(7,034)	--	(959)	(100,560)
Net Other Financing Sources (Uses)	155,011	15,900	(7,034)	--	154,701	318,578
Net Change in Fund Balance	(78,438)	167,132	2,184	(566,775)	241,954	(233,943)
<i>Fund Balance at Beginning of Period</i>	<i>439,758</i>	<i>322,007</i>	<i>606,907</i>	<i>768,963</i>	<i>990,668</i>	<i>3,128,303</i>
Fund Balance at End of Period	\$ 361,320	\$ 489,139	\$ 609,091	\$ 202,188	\$ 1,232,622	\$ 2,894,360

The notes to the financial statements are an integral part of this statement.

City of Wabasso
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and
Changes in Fund Balance with Statement of Activities
For the Year Ended December 31, 2023

Total Net Change in Fund Balances - Governmental Funds	\$ (233,943)
Capital assets expensed as capital outlay in governmental fund statements, capitalized as capital assets in Statement of Net Position.	
Capital Outlay	416,955
Contributed Capital	835,206
Accrued leave is reported in the government-wide statement of activities and changes in net position, but does not require the use of current financial resources; therefore, accrued leave is not reported as an expenditure in the government funds.	63
Principal payments on long-term expensed in governmental fund statements, treated as reductions of outstanding debt in Entity wide statements.	149,053
Tax revenue earned but not collected within sixty days deferred in governmental fund statements, recognized as revenue in Statement of Activities.	356,033
Depreciation expense reflected in entity wide statements, not reflected in governmental fund statements.	(258,914)
Accrued interest expense included in Statement of Activities, expensed as paid in governmental fund statements.	(41)
Proceeds of long-term debt treated as revenue in the fund level statements, treated as increases to long-term debt in entity wide statements.	(92,309)
The net effect of various transactions involving capital assets (i.e. Sales, trade- ins, and contributions) is to increase net position.	(131,074)
In the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as an element of pension expense. The fund financial statements report pension contributions as expenditures.	8,557
Changes in Net Position-Governmental Funds	\$ <u>1,049,587</u>

The notes to the financial statements are an integral part of this statement.

City of Wabasso
Statement of Net Position
Proprietary Funds
December 31, 2023

	Business-type Activities - Enterprise Funds			
	Sewer	Water	Nonmajor Garbage	Total Enterprise Funds
ASSETS				
<i>Current Assets</i>				
Cash and Cash Equivalents	\$ --	\$ 206,069	\$ 30,259	\$ 236,328
Accounts Receivable	20,421	33,746	3,437	57,604
Inventory	--	--	200	200
Special Assessments Receivable	143	1,241	--	1,384
Current due from other funds	--	642,591	101	642,692
Total Current Assets	20,564	883,647	33,997	938,208
<i>Noncurrent Assets</i>				
Special Assessments - Deferred	17,555	152,719	--	170,274
Non-Depreciable	670,144	--	--	670,144
Depreciable, Net	601,604	2,229,938	--	2,831,542
Total Assets	1,309,867	3,266,304	33,997	4,610,168
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Pension Resources	3,824	3,824	--	7,648
Total Deferred Outflows of Resources	3,824	3,824	--	7,648
LIABILITIES				
<i>Current Liabilities</i>				
Accounts Payable	57,308	12,011	921	70,240
Accrued Wages and Salaries Payable	400	400	--	800
Accrued Interest Payable	5,679	46,261	--	51,940
Notes Payable-Due within one year	43,330	37,670	--	81,000
Current due to other funds	619,198	--	--	619,198
Total Current Liabilities	725,915	96,342	921	823,178
<i>Noncurrent Liabilities</i>				
Compensated Absences Payable	507	507	--	1,014
Net Pension Liability	12,303	12,303	--	24,606
Notes Payable-Due beyond one year	173,427	1,508,573	--	1,682,000
Total Liabilities	912,152	1,617,725	921	2,530,798
DEFERRED INFLOWS OF RESOURCES				
Deferred Pension Resources	6,211	6,211	--	12,422
Total Deferred Inflows of Resources	6,211	6,211	--	12,422
NET POSITION				
Net Investment in Capital Assets	525,990	684,695	--	1,210,685
<i>Unrestricted</i>	(130,662)	961,497	33,076	863,911
Total Net Position	\$ 395,328	\$ 1,646,192	\$ 33,076	\$ 2,074,596

The notes to the financial statements are an integral part of this statement.

City of Wabasso
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2023

	Business-type Activities - Enterprise Funds			
	Sewer	Water	Nonmajor Garbage	Total Enterprise Funds
Operating Revenues				
Charges for Services	\$ 229,107	\$ 189,965	\$ 46,492	\$ 465,564
Total Operating Revenues	229,107	189,965	46,492	465,564
Operating Expenses				
Salaries	25,756	25,763	--	51,519
Payroll Taxes and Benefits	7,284	7,239	--	14,523
Supplies and Chemicals	18,092	27,585	--	45,677
Contracted Services	36,221	56,168	35,502	127,891
Insurance	5,990	--	--	5,990
Repairs and Maintenance	20,451	3,816	--	24,267
Utilities	38,319	19,540	--	57,859
Testing Fees	5,352	717	--	6,069
Gas and Oil	1,387	1,387	--	2,774
Miscellaneous	4,854	7,880	1,122	13,856
Depreciation	38,025	146,031	--	184,056
Sales Tax	--	1,812	4,275	6,087
Dues	1,450	634	--	2,084
Connection Fees	--	2,156	--	2,156
Total Operating Expenses	203,181	300,728	40,899	544,808
Operating Income (Loss)	25,926	(110,763)	5,593	(79,244)
Non-Operating Revenues (Expenses)				
Special Assessments	1,081	9,337	--	10,418
Other Revenue	1,041	21,450	116	22,607
Interest Income	76	634	--	710
Gain (Loss) on Sale of Capital Assets	(4,781)	(25,070)	--	(29,851)
Interest Expense	(6,569)	(46,242)	--	(52,811)
Debt Issuance Costs	(219)	(144)	--	(363)
Pension (Expense) Recovery	1,070	1,070	--	2,140
Net Non-Operating Revenues (Expenses)	(8,301)	(38,965)	116	(47,150)
Income Before Contributions and Transfers	17,625	(149,728)	5,709	(126,394)
Transfers from other funds	--	--	--	--
Transfers to other funds	(28,500)	--	--	(28,500)
Change In Net Position	(10,875)	(149,728)	5,709	(154,894)
<i>Net Position at Beginning of Period</i>	<i>406,203</i>	<i>1,795,920</i>	<i>27,367</i>	<i>2,229,490</i>
Net Position at End of Period	\$ 395,328	\$ 1,646,192	\$ 33,076	\$ 2,074,596

The notes to the financial statements are an integral part of this statement.

City of Wabasso
Statement of Cash Flows
Proprietary Funds
For the year Ended December 31, 2023

	Business-type Activities- Enterprise Funds			
	Sewer	Water	Non-Major Garbage	Total Enterprise Funds
Cash Flows From Operating Activities:				
Net Cash Provided (Used) by Operating Activities				
Cash Received From Customers	\$ 230,148	\$ 211,817	\$ 46,608	\$ 488,573
Cash Paid to Employees	(25,574)	(25,581)	-	(51,155)
Cash Paid for Goods and Services	(133,147)	(126,425)	(40,974)	(300,545)
Net Cash Provided (Used) by Operating Activities	71,428	59,811	5,634	136,874
Cash Flows from Non-Capital Financing Activities:				
Cash Received from Special Assessments	3,485	30,246	-	33,731
Cash Paid for Due to Other Funds	529,000	(529,000)	-	-
Operating Transfers In (Out)	(28,500)	-	-	(28,500)
Net Cash from Non-Capital Financing Activities	503,985	(498,754)	-	5,231
Cash Flows from Capital and Related Financing Activities:				
Debt Issuance Costs	(219)	-	-	(219)
Acquisition of Capital Assets	(568,140)	(238,915)	-	(807,055)
Principal Paid on Debt	(42,227)	(36,773)	-	(79,000)
Interest Paid on Debt	(6,782)	(47,616)	-	(54,398)
Net Cash Provided (Used) by Capital and Related Financing Activities	(617,368)	(323,304)	-	(940,672)
Cash Flows from Investing Activities:				
Interest Income	76	634	-	710
Net Cash Provided (Used) by Investing Activities	76	634	-	710
Net Increase (Decrease) in Cash and Cash Equivalents	(41,879)	(761,613)	5,634	(797,858)
Cash and Cash Equivalents - Beginning of Year	41,879	967,682	24,625	1,034,186
Cash and Cash Equivalents - End of Year	\$ 0	\$ 206,069	\$ 30,259	\$ 236,328
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	\$ 25,926	\$ (110,763)	\$ 5,593	\$ (79,244)
Other Revenues	1,041	21,450	115	22,607
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Depreciation	38,025	146,031	-	184,056
Changes in Assets and Liabilities:				
Accounts Receivable	-	402	-	402
Accounts Payable, excluding CIP	6,254	2,280	(74)	8,460
Accrued Expenses	-	229	-	229
Compensated Absences	182	182	-	364
Net Cash Provided (Used) by Operating Activities	\$ 71,428	\$ 59,811	\$ 5,634	\$ 136,874
Noncash Capital Activities				
Construction in Progress through Accounts Payable	\$ 44,285	\$ -	\$ -	\$ 44,285

The notes to the financial statements are an integral part of this statement.

City of Wabasso
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2023

	Private Purpose Trust
	<hr/>
	Perpetual Care Fund
	<hr/>
ASSETS	
Cash and Cash Equivalents	\$ 46,500
<i>Total Assets</i>	<hr/> 46,500 <hr/>
DEFERRED OUTFLOWS OF RESOURCES	
Aggregated deferred outflows	--
<i>Total Deferred Outflows of Resources</i>	<hr/> -- <hr/>
LIABILITIES	
<i>Total Liabilities</i>	<hr/> -- <hr/>
DEFERRED INFLOWS OF RESOURCES	
Aggregated deferred inflows	--
<i>Total Deferred Inflows of Resources</i>	<hr/> -- <hr/>
NET POSITION	
<i>Total Net Position</i>	<hr/> \$ 46,500 <hr/>

The notes to the financial statements are an integral part of this statement.

City of Wabasso
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2023

	Private Purpose Trust
	<hr/>
	Perpetual Care Fund
	<hr/>
ADDITIONS	
<i>Contributions</i>	
<i>Total Contributions</i>	<hr/> -- <hr/>
<i>Investment Earnings</i>	
Investment Earnings	\$ 162
<i>Net Investment Earnings</i>	<hr/> 162
<i>Capital Share and Individual Account Transactions</i>	
<i>Net capital share and individual account transactions</i>	<hr/> -- <hr/>
<i>Total Additions</i>	<hr/> 162 <hr/>
DEDUCTIONS	
<i>Total Deductions</i>	<hr/> -- <hr/>
<i>Net Increase (Decrease) in Net Position</i>	<hr/> 162 <hr/>
<i>Net Position at Beginning of Period</i>	46,338
<i>Net Position at End of Period</i>	<hr/> \$ 46,500 <hr/>

The notes to the financial statements are an integral part of this statement.

City of Wabasso
Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
General Fund
For the Year Ended December 31, 2023

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Local and County Revenue				
General Property Taxes	\$ 373,666	\$ 376,000	\$ 384,151	\$ 8,151
EDA Levy	5,000	5,000	--	(5,000)
Special Assessments	1,000	1,000	--	(1,000)
Franchise Tax	1,100	1,100	1,100	--
Licenses and Permits	4,150	4,150	3,710	(440)
Intergovernmental Revenue				
Local Government Aid	245,075	245,075	245,075	--
CARES Funding	--	2,820	1,342	(1,478)
Market Value Assistance	500	500	389	(111)
Fire State Aid	22,000	22,320	18,025	(4,295)
PERA Increase Aid	1,000	1,000	410	(590)
Other State Aid	15,000	15,000	--	(15,000)
Fines and Forfeits	2,500	1,150	808	(342)
Summer Recreation Fees	--	(288)	--	288
Community Center Rent and Fees	13,838	15,288	12,295	(2,993)
Community Center Donations	1,000	750	2,000	1,250
Interest Income	4,000	4,000	2,472	(1,528)
Refunds and Reimbursements	10,000	14,548	18,527	3,979
Miscellaneous Revenue	18,750	15,000	14,209	(791)
Total Revenues	718,579	724,413	704,513	(19,900)
Other Financing Sources				
Finance Lease Proceeds	--	--	92,309	92,309
Gain (Loss) on Sale of Capital Assets	3,000	--	155,269	155,269
Insurance Proceeds	2,000	--	--	--
Total Revenues and Other Financing Sources	723,579	724,413	952,091	227,678

The notes to the financial statements are an integral part of this statement.

City of Wabasso
Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
General Fund - Continued
For the Year Ended December 31, 2023

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Expenditures				
General Government				
Mayor and Council				
Mayor and Council Salaries	7,250	7,250	8,975	(1,725)
Payroll Taxes	556	556	1,043	(487)
Dues	--	450	450	--
Financial Administration				
Clerk-Treasurer Salaries and Wages	74,885	82,885	89,409	(6,524)
Payroll Taxes	12,729	8,803	11,110	(2,307)
Employee Retirement	5,242	5,242	6,256	(1,014)
Dues	2,700	1,630	1,630	--
Telephone	2,700	2,700	1,561	1,139
Supplies and Materials	2,150	1,269	4,595	(3,326)
Postage	400	750	985	(235)
Printing and Publishing	750	846	846	--
Repairs and Maintenance	--	446	446	--
Employee Training	--	--	626	(626)
Equipment Rental	2,700	900	961	(61)
Miscellaneous	11,969	13,092	18,366	(5,274)
Engineering	5,000	1,400	5,559	(4,159)
Capital Outlay	5,000	771	--	771
Printing and Publishing	200	200	--	200
Payroll Taxes	--	76	--	76
Miscellaneous	--	--	23	(23)
Insurance and Bond	9,650	10,557	10,633	(76)
Assessor Fees	4,500	5,400	5,388	12
Professional Services	30,000	28,050	32,505	(4,455)
Municipal Building				
Salaries and Wages	13,276	5,376	58	5,318
Payroll Taxes	1,776	1,776	5	1,771
Electricity	7,750	9,000	8,938	62
Heating Gas	4,700	6,200	1,825	4,375
Supplies	3,050	5,100	5,891	(791)
Repairs and Maintenance	2,400	9,450	36,332	(26,882)
Insurance	3,350	4,200	4,294	(94)
Miscellaneous	675	770	1,150	(380)
Capital Outlay	46,500	69,000	--	69,000

The notes to the financial statements are an integral part of this statement.

City of Wabasso
Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
General Fund - Continued
For the Year Ended December 31, 2023

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Public Safety				
Service Contract	36,660	36,660	36,660	--
Fireman's Relief Association	29,707	16,266	18,065	(1,799)
Public Works				
Salaries and Wages	43,861	50,000	85,353	(35,353)
Payroll Taxes	3,355	11,958	20,018	(8,060)
Employee Retirement	3,070	3,070	5,389	(2,319)
Supplies	3,760	4,125	2,925	1,200
Gas and Oil	7,000	7,000	8,698	(1,698)
Uniforms	300	300	--	300
Repairs and Maintenance	16,700	14,782	40,484	(25,702)
Street Lighting	11,000	12,000	12,786	(786)
Gas for Shop	8,900	4,000	951	3,049
Miscellaneous	300	--	4,549	(4,549)
Telephone	600	600	567	33
Shop Electricity	2,200	2,200	1,981	219
Shop Supplies	8,200	13,000	12,929	71
Street Repairs	77,500	71,500	77,354	(5,854)
Equipment Rental	1,000	--	1,510	(1,510)
Finance Lease-Principal	10,691	10,691	38,410	(27,719)
Finance Lease-Interest	--	--	1,726	(1,726)
Capital Outlay	51,500	46,900	256,584	(209,684)
Culture and Recreation				
City Park				
Salaries and Wages	530	530	--	530
Payroll Taxes	41	41	--	41
Employee Retirement	37	37	--	37
Supplies and Materials	1,930	350	1,922	(1,572)
Utilities	300	300	350	(50)
Repairs and Maintenance	350	1,900	11,329	(9,429)
Summer Recreation				
Supplies and Materials	3,300	3,300	--	3,300
Miscellaneous	30	30	--	30

The notes to the financial statements are an integral part of this statement.

City of Wabasso
Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
General Fund - Continued
For the Year Ended December 31, 2023

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Athletic Field				
Salaries and Wages	8,506	2,706	--	2,706
Payroll Taxes	909	909	--	909
Supplies and Materials	3,191	1,345	1,778	(433)
Electricity	650	650	702	(52)
Repairs and Maintenance	--	350	6,714	(6,364)
Insurance	1,721	2,336	2,333	3
Miscellaneous	--	230	230	--
Capital Outlay	5,000	5,000	9,298	(4,298)
Baseball Field				
Salaries and Wages	2,340	610	--	610
Payroll Taxes	287	287	--	287
Maintenance	3,000	3,000	4,000	(1,000)
Supplies	1,900	950	1,645	(695)
Repairs and Maintenance	2,850	470	458	12
Finance Lease-Principal	5,000	7,589	5,643	1,946
Finance Lease-Interest	--	--	1,947	(1,947)
Insurance	2,078	2,828	2,814	14
Other Expenditures				
Other Expenditures	39,072	22,393	--	22,393
Total Expenditures	661,184	647,338	937,962	(290,624)
Other Financing Uses				
Transfers to other funds	62,395	78,394	92,567	(14,173)
Total Expenditures and Other Financing Uses	723,579	725,732	1,030,529	(304,797)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	--	(1,319)	(78,438)	(77,119)
Net Change in Fund Balance	--	(1,319)	(78,438)	(77,119)
<i>Fund Balance at Beginning of Period</i>	439,758	439,758	439,758	--
Fund Balance at End of Period	\$ 439,758	\$ 438,439	\$ 361,320	\$ (77,119)

The notes to the financial statements are an integral part of this statement.

City of Wabasso
Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Ambulance
For the Year Ended December 31, 2023

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Service Fees	\$ 152,000	\$ 224,500	\$ 313,658	\$ 89,158
Township Association Fees	7,950	7,950	8,450	500
Interest Income	300	300	207	(93)
Donations	14,000	14,000	28,125	14,125
Miscellaneous Income	1,100	6,100	376	(5,724)
Total Revenues	<u>175,350</u>	<u>252,850</u>	<u>350,816</u>	<u>97,966</u>
Other Financing Sources				
Transfers from other funds	15,900	15,900	15,900	--
Total Revenues and Other Financing Sources	<u>191,250</u>	<u>268,750</u>	<u>366,716</u>	<u>97,966</u>
Expenditures				
Salaries	86,000	106,000	116,528	(10,528)
Payroll Taxes	12,979	15,729	17,246	(1,517)
Gas and Oil	5,000	6,000	5,487	513
Service Contract	9,000	11,000	9,991	1,009
Repairs and Maintenance	3,500	2,800	7,114	(4,314)
Supplies	8,700	16,300	9,547	6,753
Capital Outlay	11,000	4,700	--	4,700
Insurance	1,100	1,950	1,916	34
Employee Training	6,500	8,450	8,330	120
Utilities	6,550	7,200	3,901	3,299
Miscellaneous	12,921	55,039	3,074	51,965
ALS Intercept	10,000	20,000	16,450	3,550
Total Expenditures	<u>173,250</u>	<u>255,168</u>	<u>199,584</u>	<u>55,584</u>
Other Financing Uses				
Transfers to other funds	18,000	18,000	--	18,000
Total Expenditures and Other Financing Uses	<u>191,250</u>	<u>273,168</u>	<u>199,584</u>	<u>73,584</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>--</u>	<u>(4,418)</u>	<u>167,132</u>	<u>171,550</u>
Net Change in Fund Balance	<u>--</u>	<u>(4,418)</u>	<u>167,132</u>	<u>171,550</u>
Fund Balance at Beginning of Period	322,007	322,007	322,007	--
Fund Balance at End of Period	<u>\$ 322,007</u>	<u>\$ 317,589</u>	<u>\$ 489,139</u>	<u>\$ 171,550</u>

City of Wabasso
Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Ec Rec Grant I
For the Year Ended December 31, 2023

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Interest on Loan Payments	\$ 7,475	\$ 7,475	\$ 7,034	\$ (441)
Interest Income	360	360	2,184	1,824
Total Revenues	7,835	7,835	9,218	1,383
Other Financing Sources				
Total Revenues and Other				
Financing Sources	7,835	7,835	9,218	1,383
Expenditures				
Total Expenditures	--	--	--	--
Other Financing Uses				
Transfers to other funds	7,835	7,835	7,034	801
Total Expenditures and Other				
Financing Uses	7,835	7,835	7,034	801
Excess (Deficiency) of Revenues and				
Other Sources Over Expenditures				
and Other Uses	--	--	2,184	2,184
Net Change in Fund Balance	--	--	2,184	2,184
Fund Balance at Beginning of Period	606,907	606,907	606,907	--
Fund Balance at End of Period	\$ 606,907	\$ 606,907	\$ 609,091	\$ 2,184

CITY OF WABASSO
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Government Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the City has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the City has not chosen to do so.

The more significant accounting policies established by GAAP and used by the City are discussed below.

A. REPORTING ENTITY

The City of Wabasso, Minnesota (the City) was founded in 1900 and is a municipal corporation, incorporated under the laws of the State of Minnesota, and governed under a charter adopted. The City was formed and operates pursuant to applicable Minnesota laws and statutes. The City operates under an elected Mayor and four member council form of government. The council has control over all activities related to the City of Wabasso. The City provides the following services: sanitation, recreation, public improvements, planning and zoning, and general administrative services.

These financial statements present the City (the primary government) and its components unit, the Wabasso Economic Development Authority. The City follows the standards promulgated by GASB Statement No. 14, *The Financial Reporting Entity*, as amended by Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus* to define the reporting entity. The City includes all component units of which the City appointed a voting majority of the unit's board; the City is either able to impose its will on the unit or a financial benefit or burden relationship exists.

Blended Component Unit

Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same or substantially the same as the City Council or the component unit provides services entirely to the City. These component unit's funds are blended into those of the City's by appropriate activity to comprise the primary government presentation. The City's blended component unit consists of:

Wabasso Economic Development Authority – The City created an Economic Development Authority (EDA) by resolution of its governing board. The EDA is governed by a five-member board appointed by the City Council. Although it is legally separate from the City, the EDA is reported as if it were part of the primary government because its purpose is to approve the City's redevelopment plans. The EDA cannot issue bonded debt without the City's approval.

CITY OF WABASSO
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Blended Component Unit (Continued)

The activities of the EDA are reported as a major special revenue fund in the Governmental Fund Financial Statements.

Discretely Presented Component Units

Discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending. Currently, the City has no discretely presented component units.

Related Organization

A related organization is excluded from the financial reporting entity. The City's accountability does not extend beyond the Mayor, Clerk-Treasurer and Fire Chief being ex officio members of the board. The related organization is as follows:

Wabasso Fire Relief Association – The Association is organized as a non-profit organization by its members to provide pension and other benefits to members in accordance with Minnesota statutes. The Association's Board of Directors consists of seven members elected by the membership of the Association and three ex officio members, the Mayor, Clerk-Treasurer and Fire Chief. All funding is obtained in accordance with Minnesota statutes whereby state aids and tax levies, which are determined by the Association, flow through the City to the Association. The Association pays benefits directly to its members.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e. the Statement of Net Position and Statement of Activities) report information on all activities of the City. For the most part, the effect of inter-fund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. They include all funds of the reporting entity except for fiduciary funds.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or identifiable activity is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or identifiable activity. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or identifiable activity as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or identifiable activity. Taxes and other items not properly included among program revenues are reported instead as general revenues.

CITY OF WABASSO
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

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.

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 provided have been met.

Governmental fund financial statements (i.e., balance sheet and statement of revenues, expenditures and changes in fund balances) 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. Revenues subject to accrual are property taxes, interest on investments, and intergovernmental revenues. Property taxes are recorded as revenues in the fiscal year in which they are levied, provided they are collected in the current period or within sixty days thereafter. Interest on invested funds is recognized when earned. Intergovernmental revenues that are reimbursements for specific expenditures are recognized when all eligibility requirements are met. 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.

The emphasis in fund financial statements is on major funds in either the governmental or business-type activities categories. GASB No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in a column on the fund financial statements.

The funds of the financial reporting entity are described below:

Governmental Funds:

General Fund - The General Fund is the primary operating fund of the City and is always classified as a major fund. It is used to account for all financial resources not accounted for and reported in another fund.

CITY OF WABASSO
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (Continued)

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The City maintains ambulance, fire, cemetery, library, economic development, and small cities development (SCDG) special revenue funds.

Debt Service Funds - The Debt Service Fund is used to account for all financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Ad valorem taxes are used for the payment of principal and interest on the City's judgment.

Capital Projects Funds - The Capital Projects Fund is used to account for all financial resources that are restricted, committed, or assigned to expenditure for the construction of a specific project.

Proprietary Funds:

Enterprise Funds – Enterprise Funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The City maintains water, sewer and garbage funds.

Fiduciary Funds:

Private Purpose Trust Fund – A Private Purpose Trust Fund is used to report trust arrangements, other than pension and investment trust, under which principal and income benefit individuals, private organizations, or other governments. The Perpetual Care Fund qualifies as a Fiduciary Fund, and is presented as such.

The City reports the following major governmental funds:

- General Fund – City's primary operating fund. It accounts for all financial resources not accounted for and reported in another fund.
- Ambulance Fund –accounts for the operations of the ambulance department.
- Economic Recovery Grant I – accounts for the activities of the City's economic development.
- Cedar Street Improvements – accounts for the activities of the street project

The City reports the following major proprietary funds:

- Water Fund -accounts for the operations of the City's water system.
- Sewer Fund -accounts for the operations of the City's sewer system.

CITY OF WABASSO
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (Continued)

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent they do not conflict or contradict guidance of the GASB. Governments also have the option of following subsequent private sector guidance for their business-type activities and enterprise funds. The City has elected not to follow subsequent private sector guidance.

As a general rule the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are 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 charges to customers or applicants for goods, services, or privileges provided; operating grants and contributions; and capital grants and contributions, including special assessments. General revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating 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 non-operating revenues and expenses.

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

D. ASSETS, LIABILITIES, AND NET POSITION OR FUND BALANCE

Deposits and Investments

The City recognizes cash currency on hand and demand deposits with banks or other financial institutions as cash. It also includes other accounts that have the general characteristics of demand deposits in that the customer may deposit or withdraw funds at any time without prior notice or penalty such as certificates of deposits, which do not have penalties or terms with them that effectively restrict withdrawal of funds, money market accounts and repurchase agreements.

The City recognizes as cash equivalents short-term, highly liquid investments that (a) are readily convertible to known amounts of cash and (b) are so near their maturity that they present an insignificant risk of changes in value because of changes in interest rates.

The City does not have any investments as of December 31, 2023.

CITY OF WABASSO
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. ASSETS, LIABILITIES, AND NET POSITION or FUND BALANCE (Continued)

Receivables and Payables

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

All trade (utility) and property tax receivables are shown at a gross amount, since both taxes and trade (utility) receivable are assessable to the property taxes and are collectible upon sale of the assessed property.

The City levies its property tax for the subsequent year during the month of October. Property taxes attach as an enforceable lien on property as of January 1. Revenues are accrued and recognized in the year collectible.

December 31 is the last day the City can certify a tax levy to the County Auditor for collection the following year. The County Auditor makes up the tax list for all taxable property in the City and applies the applicable tax rate to the tax capacity of individual properties to arrive at the actual tax for each property. The County Auditor also collects all special assessments, except for certain prepayments paid directly to the City. Assessments receivable consist of the portion of improvements made by the City and charged against the properties affected.

These assessments are payable with interest over a period of years. The County Auditor remits a list of taxes and special assessments to be collected on each parcel of property to the County Treasurer in January each year. The County Treasurer mails copies of all real estate and personal property tax statements.

Receivables related to economic development and small cities development are recognized as earned and are further discussed in Note 3.C.

Real property taxes may be paid in two equal installments. The first payment is due on May 15 for both non-agricultural and agricultural property and the second payment is due on October 15 for non-agricultural property and November 15 for agricultural property. Personal property taxes may be paid on May 15 and October 15. The County is the collection agent for the levy. The County provides tax settlements to cities and other taxing districts three times a year in January, June, and December. Penalties and interest are assessed to property owners who do not pay their property taxes and special assessments by the due dates.

CITY OF WABASSO
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. ASSETS, LIABILITIES, AND NET POSITION or FUND BALANCE (Continued)

Portions of the tax levy paid by the state in the form of market value assistance are included in intergovernmental revenue. Only that portion collected directly from property owners is reflected in tax revenue. Delinquent property taxes are deferred and recognized when received or in the hands of the collection agency in the fund financial statements since they do not constitute “available spendable resources”. In the government-wide financial statements, under the accrual basis of accounting, they are recognized as revenues since they are earned. No allowance for uncollectible taxes has been provided because such amounts are not expected to be material.

Inventories

Inventory is valued at lower of cost or market using the first-in, first-out method. The City maintains garbage bags as inventory. The cost of other consumable materials and supplies on hand are immaterial to the financial statements and the City has therefore chosen to report these items as expenditures/expenses at the time of purchase.

Prepays

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Restricted Assets

Restricted assets are deposits held for specifically required purposes and are offset by fund balance reserve accounts.

Capital Assets

Capital assets are defined by the City as assets with an initial individual cost of \$5,000 or more and an estimated life in excess of one year. Capital assets include property, plant, equipment, infrastructure assets (i.e., roads, bridges, sidewalks, drainage, and similar items), and intangible assets (i.e. internally generated computer software) are reported in the applicable governmental or business-type activities column of the government-wide financial statements.

Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at estimated fair value at the date of donation.

CITY OF WABASSO
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. ASSETS, LIABILITIES, AND NET POSITION or FUND BALANCE (Continued)

GASB No. 34 required that the City report and depreciate new infrastructure assets effective fiscal year ending December 31, 2004. Infrastructure assets used in general government operations, consisting of certain improvements other than buildings, including roads, bridges, sidewalks, drainage systems, and lighting systems, acquired prior to December 31, 2003, were not required to be capitalized by the City. These infrastructure assets are likely to be the largest asset class of the City. Neither the historical cost nor related depreciation has historically been reported in the financial statements. The retroactive reporting of infrastructure is not required for cities of this size. The City has elected not to record infrastructure values retroactively as allowed by accounting principles generally accepted in the United States of America.

The accounting and reporting treatment applied to capital assets associated with a fund are determined by the fund's measurement focus. General capital assets are assets of the City as a whole. When purchased, such assets are recorded as expenditures in a governmental fund and capitalized as assets in the governmental activities column of the government-wide statement of net position.

Capital assets of the enterprise funds are capitalized in the funds.

Additions, improvements, and other capital outlay that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend lives are not capitalized.

In the government-wide financial statements and in the enterprise fund financial statements, the cost of property sold or retired, together with the related accumulated depreciation, is removed and any resulting gain or loss is included in income.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided using the straight-line method over the following estimated useful lives of the assets:

Land	Not Depreciated
Infrastructure	15-65 Years
Buildings	10-50 Years
Improvements	15-50 Years
Machinery and Equipment	3-20 Years

CITY OF WABASSO
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. ASSETS, LIABILITIES, AND NET POSITION or FUND BALANCE (Continued)

Deferred Outflows/Inflows of Resources

The City of implemented GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position and GASB Statement No. 65 Items Previously Reported as Assets and Liabilities. In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City currently recognizes deferred outflows relating to pensions for reporting in this category. The length of the expense recognition period for deferred amounts related is equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan, determined as of the beginning of the measurement period.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represent an acquisition of net position that applies to a future period and so will not be recognized as an inflows of resources (revenue) until that time. The items that qualify for reporting in this category are unearned property taxes, amounts related to pensions and unearned notes receivable. These amounts are deferred and recognized as inflows of resources in the period that the amount is earned. Deferred amounts relating to pensions represent differences between projected and actual earnings on pension plan investments and are recognized over a five-year period.

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

Bond premium and discounts, as well as issuance costs, are recognized as an outflow of resources and expensed in the period they are incurred. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported separately and expensed in the period they are incurred.

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

CITY OF WABASSO
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. ASSETS, LIABILITIES, AND NET POSITION or FUND BALANCE (Continued)

Compensated Absences

The City's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences is recorded as accrued expenses in the government-wide financial statements and the proprietary fund types. In the governmental funds of the fund financial statements, vacation pay is recorded as an expenditure and accrued as a current liability only if they have matured, for example, as a result of employee's resignations and retirements.

Every full-time employee will be provided with the following vacation on January 1 each year:

<u>Years of Service</u>	<u>Amount of Leave</u>
1	40 hours
2	80 hours
6	120
10+	160 hours

Fund Balance Classifications

The City implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance – Consists of amounts that cannot be spent because it is not in spendable form, such as inventory; or are legally or contractually required to be maintained intact.
- Restricted fund balance – Consists of amounts related to externally imposed constraints established by creditors, grantors or contributors, bondholders, laws and regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

CITY OF WABASSO
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. ASSETS, LIABILITIES, AND NET POSITION or FUND BALANCE (Continued)

Fund Balance Classifications (Continued)

- Committed fund balance – Consists of amounts that are constrained for specific purposes that are internally imposed by formal action (resolution) of the City Council. To be reported as committed, amounts cannot be used for any other purpose unless the City Council removes or changes that specified use by taking the same type of action it employed to previously commit those amounts.
- Assigned fund balance – Consists of amounts intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In the General Fund, assigned amounts represent intended uses established by the governing body itself or by an official to which the governing body delegates the authority.
- Unassigned fund balance – Consists of amounts that are available for any purpose. Positive amounts are reported only in the general fund. It also reflects negative residual amounts in other funds.

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

The City Council has formally adopted a fund balance policy for the General Fund. The City should maintain a minimum unassigned fund balance between the range of 35%-50% of budgeted operating expenditures for cash flow timing needs. At December 31, 2023, the unassigned fund balance of the General Fund was 0% of the subsequent year's budgeted expenditures.

Net Position Classifications

In the government-wide financial statements, net position represents the difference between assets and liabilities. Net Position is displayed in three components:

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

E. USE OF ESTIMATES

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

CITY OF WABASSO
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. BUDGETARY INFORMATION

Prior to September 1, the City Administrator submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. The City Council adopts the proposed budget as amended and adjusted by the Council and certifies the proposed property tax levy to the County Auditor according to Minnesota statutes.

On or before December 31, the final budget is legally enacted by Council resolution and the final property tax levy certified to the County Auditor.

The City has legally adopted budgets for the General fund and certain special revenue funds. Expenditures may not legally exceed budgeted appropriations at the total fund level. Monitoring of budgets is maintained at the expenditure category level (i.e., personal services, supplies, charges for services, and capital outlay) within each program. All amounts over budget have been approved by the City Council through the disbursement process. The City is not legally required to adopt an annual budget for the Capital Projects and Debt Service funds. Project length financial plans are adopted for the Capital Projects funds. Formal budgetary integration is not employed for Debt Service funds because effective budgetary control is alternatively achieved through general obligation bond indenture provisions.

Budgets for the General and certain special revenue funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended by the City Council. There were amendments to the 2023 budget.

G. ENCUMBRANCES

The City does not utilize encumbrance accounting.

CITY OF WABASSO
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. 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 except that PERA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Pension expense related to GASB 68 is split 80% general and 10% to each water and sewer.

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The following fund had excess expenditures over appropriations:

<u>Fund</u>	<u>Budget</u>	<u>Expenditures</u>	<u>Excess</u>
General	\$647,338	\$937,962	\$290,624

B. DEFICIT FUND BALANCES

The following funds had deficit fund balances as of December 31, 2023:

Small Cities Fund	\$1,263
TIF District No. 1-3	\$6,668
2017A Tax Abatement Note	\$20,501

C. DEBT RESTRICTIONS AND COVENANTS

General Obligation Debt

Minnesota Statutes §475.53, subd. 3 limits the amount of outstanding general obligation bonded debt of the municipality. The City complies with such laws.

CITY OF WABASSO
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

D. FUND BALANCE CLASSIFICATION

At December 31, 2023, a summary of the governmental fund balance classifications are as follows:

		Special Revenue		Capital Projects		
	General Fund	Ambulance	Ec Rec Grant I	Cedar St	Other Governmental Funds	Total Governmental Funds
Nonspendable:						
Prepaid Items	\$ 8,494	\$ 1,238	\$ -	\$ -	\$ 1,238	\$ 10,970
Notes Receivable	-	-	218,068	-	24,205	242,273
Restricted:						
Capital Projects	-	-	-	202,188	-	202,188
Debt Service	-	-	-	-	332,602	332,602
Committed:						
Equipment	-	54,000	-	-	-	54,000
Assigned:						
Capital Improvements	352,826	-	-	-	-	352,826
Special Revenue	-	433,901	391,023	-	903,009	1,727,933
Unassigned	-	-	-	-	(28,432)	(28,432)
Total Fund Balances	<u>\$ 361,320</u>	<u>\$ 489,139</u>	<u>\$ 609,091</u>	<u>\$ 202,188</u>	<u>\$ 1,232,622</u>	<u>\$2,894,360</u>

NOTE 3. DETAIL NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

The City maintains a pooled cash and investment portfolio that is used by substantially all City funds using the pooled deposit and investment concept. This concept provides the City with the ability to maximize earnings on idle monies while ensuring the liquidity needs of each fund are met and the integrity of the cash balances of each fund are preserved.

Investment income derived from the pooled funds is allocated to respective funds on the basis of applicable cash balance participation by each fund.

CITY OF WABASSO
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3. DETAIL NOTES ON ALL FUNDS (Continued)

A. DEPOSITS AND INVESTMENTS (Continued)

Deposits

In accordance with Minnesota Statutes, the City maintains deposits at those depository banks authorized by the City Council, all of which are members of the Federal Reserve System.

Minnesota Statutes require that all City deposits be insured, protected by surety bond or collateralized, and the market value of collateral pledged must equal 110% of the deposits not covered by insurance or surety bonds. Authorized collateral includes all treasury bills, notes, and bonds; issues of U.S. governmental agencies; general obligations rated “A” or better; revenue obligations rated “AA” or better; irrevocable standard letters of credit issued by the Federal Home Loan Bank and certificates of deposit. Minnesota statutes also require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral. The City does not have any deposit policies that would further limit deposit choices.

According to Minnesota Statutes, the aggregate of a municipality's time/savings accounts, NOW accounts, and time deposits (CD's) with the same depository are insured up to a total of \$250,000. The aggregate of a municipality's demand accounts, i.e., non-interest bearing and interest bearing checking accounts are insured up to a total of \$250,000 and are insured separately from the municipality's time/savings deposits. This separate \$250,000 coverage for checking accounts only applies if the depository is in the same state as the municipality.

Custodial Credit Risk – Deposits: Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. Deposits in financial institutions, reported as components of cash and cash equivalents, had a bank balance of \$2,813,457 at December 31, 2023. The bank balance was fully insured by depository insurance or secured with collateral held by the City's agent in its name. The carrying amount of these deposits at December 31, 2023 was \$2,790,248, including fiduciary funds.

Investment Policy

The City has an adopted investment policy, conforming to all applicable laws of the State of Minnesota, which serves as the guide to deposit and investment of operating funds which are managed within the City's pooled cash and investment portfolio. This policy sets for the City's investment objectives as well as authorized and suitable deposits and investments, and serves as a guide to proper diversification, maturity constraints, internal controls, and performance measurement. The foremost objective of the City's investment program as set forth by the investment policy is preservation of capital and protection of investment principal. Investment decisions are made under the assumption that except under limited circumstances, all investments within the pooled cash portfolio will be held to maturity.

CITY OF WABASSO
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3. DETAIL NOTES ON ALL FUNDS (Continued)

A. DEPOSITS AND INVESTMENTS (Continued)

Investment Policy (Continued)

Separate investment policies or agreements may exist to address proceeds from certain bond issues or debt service funds in accordance with arbitrage rebate requirements.

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

- a.) Direct 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, rated of the highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less.
- f.) Repurchase or reverse repurchase agreements and securities lending agreements with financial institutions qualified as a “depository” by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.
- g.) Money market funds with institutions that have portfolios consisting exclusively of United States Treasury obligations and Federal Agency issues.
- h.) Guaranteed investment contract (GIC’s) issued or guaranteed by United States Commercial Banks or domestic branches of foreign banks or United State insurance company and with a credit quality in one of the top two highest categories.

The City does not have any investment policies that would further limit investment choices.

CITY OF WABASSO

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2023

NOTE 3. DETAIL NOTES ON ALL FUNDS (Continued)

A. DEPOSITS AND INVESTMENTS (Continued)

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of the investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Under the City's investment policy the City is required to mitigate its exposure to interest rate risk as follows:

- Purchasing a combination of shorter and longer term investments.
- Timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needs for operation.
- Monitoring the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio.
- Unless matched to a specific cash flow requirement, the City will not directly invest in securities maturing more than five (5) years from the date of purchase.
- The average weighted maturity of the portfolio should not exceed three (3) years.
- Reserve funds may be invested in securities exceeding five (5) years if the maturities of such investments are made to coincide as nearly as practicable with expected use of funds.

As of December 31, 2023, the City had no investments. The following table represents the City's cash balances, including fiduciary funds, as of December 31, 2023.

Cash/Cash Equivalent Type:	Credit Rating	Average Maturities	Percent of Total	Fair Value
Cash	N/A	N/A	82%	2,292,641
CDs	N/A	N/A	18%	497,607
Total Cash and Cash Equivalents			100%	2,790,248

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investment policy of the City limits their investment options to those authorized by the State of Minnesota as described above.

Concentrations of Credit Risk

The concentration of credit risk is the risk of loss to the magnitude of the City's investments in a single issuer. The City places no limit on the amount that may be invested in any one issuer.

CITY OF WABASSO
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3. DETAIL NOTES ON ALL FUNDS (Continued)

A. DEPOSITS AND INVESTMENTS (Continued)

Custodial Credit Risk

For an investment, this is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investment of collateral securities that are in the possession of an outside party. As of December 31, 2023, all funds were properly insured pursuant to Minnesota Statutes.

B. ACCOUNTS RECEIVABLE

Accounts receivable of the business-type activities consists of utilities receivable and special assessment receivable. No allowance for uncollectible accounts is deemed necessary at year end.

Accounts receivable of the governmental activities consists almost entirely of delinquent taxes, special assessments, and ambulance calls. Delinquent taxes have been offset by deferred inflows of resources for delinquent taxes not received within 60 days after year-end in the governmental fund financial statements. An allowance of 1/3 the balance of ambulance calls receivable has been established. During 2023, the balance of the allowance account increased \$61,943 to \$146,835.

C. NOTES RECEIVABLE

The Economic Development Authority of Wabasso has established the Economic Development Fund to provide low interest loans to assist business with economic development. As payments are made to the City from the various businesses, the City can issue more loans to local businesses. The loans have been collateralized and call for monthly payments of principal and interest. Interest rates range from 2.50-3.00%. Payments terms range from \$50 to \$3,886 per month.

The Small Cities Development Fund was also established to provide low interest loans to assist homeowners and businesses with rehabilitation. Grants from the State of Minnesota were received to assist low-income homeowners. The grant funds were actually disbursed by an outside agency with the payments also being made to the outside agency. The City will use these funds for additional loans in the future. The loans have been collateralized and call for periodic payments of principal and interest. In the fund financial statements, under the modified accrual basis of accounting, the loans have been completely offset by deferred inflows of resources. Therefore, no revenues will be recognized until the payments are actually received. In the government-wide financial statements, under the accrual basis of accounting, revenues are earned and therefore, recognized. Currently, the City has one residential loan outstanding and delinquent. The interest rate on this loan is 3%. Payment terms are \$89.84 per month.

CITY OF WABASSO
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3. DETAIL NOTES ON ALL FUNDS (Continued)

C. NOTES RECEIVABLE (Continued)

The following is a summary of notes receivable transactions for the year ended December 31, 2023:

	Balance 12/31/2022	Amount Advanced	Payments Received	Balance 12/31/2023
Economic Recovery Grant	\$ 292,438	\$ -	\$ 75,104	\$ 217,334
Economic Recovery Grant YE 94	36,163	-	12,470	23,693
Small Cities Grant	7,505	-	-	7,505
Totals	<u>\$ 336,105</u>	<u>\$ -</u>	<u>\$ 87,574</u>	<u>\$ 248,531</u>

CITY OF WABASSO
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3. DETAIL NOTES ON ALL FUNDS (Continued)

D. CAPITAL ASSETS

A summary of changes in capital assets for the year ended December 31, 2023 is as follows:

Governmental Activities:	Balance 1-1-23	Additions	Deletions	Balance 12-31-23
Capital Assets Not Being Depreciated:				
Land	\$ 735,390	\$ -	\$ 2,774	\$ 732,616
Work in Progress	1,005,362	-	1,005,362	-
Total Capital Assets Not Being Depreciated	1,740,752	-	1,008,136	732,616
Capital Assets Being Depreciated:				
Infrastructure	448,642	1,991,641		2,440,284
Land Improvements	642,027			642,027
Buildings	2,575,599	9,298		2,584,897
Equipment	1,801,164	256,584	176,370	1,881,378
Total Capital Assets Being Depreciated	5,467,433	2,257,523	176,370	7,548,586
Less Accumulated Depreciation for:				
Infrastructure	53,635	61,007		114,642
Land Improvements	250,502	29,465		279,966
Buildings	1,848,708	68,597		1,917,305
Equipment	1,102,793	99,846	48,070	1,154,569
Total Accumulated Depreciation	3,255,638	258,914	48,070	3,466,483
Total Capital Assets Being Depreciated, Net	2,211,794	1,998,609	128,300	4,082,104
Governmental Capital Assets, Net	\$ 3,952,547	\$ 1,998,609	\$ 1,136,436	\$ 4,814,720

CITY OF WABASSO
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3. DETAIL NOTES ON ALL FUNDS (Continued)

D. CAPITAL ASSETS (Continued)

Business-Type Activities:	Balance 1-1-23	Additions	Deletions	Balance 12-31-23
Capital Assets Not Being Depreciated:				
Land	\$ 4,323	\$ -	\$ -	\$ 4,323
Work in Progress	271,132	526,362	131,674	665,820
Total Capital Assets Not Being Depreciated	275,455	526,362	131,674	670,144
Capital Assets Being Depreciated:				
Infrastructure	3,922,326			3,922,326
Buildings and Improvements	324,140	48,592		372,733
Equipment	570,052	407,230	388,887	588,395
Total Capital Assets Being Depreciated	4,816,518	455,823	388,887	4,883,454
Less Accumulated Depreciation				
Infrastructure	1,570,443	147,555	-	1,717,998
Building	209,741	9,549		219,291
Equipment	446,708	26,951	359,036	114,623
Total Accumulated Depreciation	2,226,893	184,055	359,036	2,051,912
Total Capital Assets Being Depreciated, Net	2,589,626	271,767	29,851	2,831,542
Business-Type Activity Capital Assets, Net	<u>\$ 2,865,081</u>	<u>\$ 798,130</u>	<u>\$ 161,525</u>	<u>\$ 3,501,686</u>

CITY OF WABASSO
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3. DETAIL NOTES ON ALL FUNDS (Continued)

D. CAPITAL ASSETS (Continued)

Depreciation Expense was charged to functions/programs as follows as of December 31, 2023:

Governmental Activities:

General Government	\$ 2,914
Municipal Building	43,904
Public Safety-Fire	25,431
Public Works	51,882
Health and Welfare-Ambulance	25,476
Library	8,817
Parks and Recreation	21,946
Economic Development Authority	17,537
Infrastructure	<u>61,007</u>
Total	<u><u>\$ 258,914</u></u>

Business-Type Activities:

Water	\$ 146,031
Sewer	<u>38,025</u>
Total	<u><u>\$ 184,055</u></u>

E. ACCOUNTS PAYABLE

Payables in the general, major governmental funds and enterprise funds are composed almost entirely of payables to vendors.

CITY OF WABASSO
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3. DETAIL NOTES ON ALL FUNDS (Continued)

F. LONG-TERM LIABILITIES

Description of Long-Term Debt

Long-term debt is comprised of the following as of December 31, 2023:

Issue	Original Issuance	Maturity Date	Interest Rate	Debt Outstanding
Governmental Activities:				
GO Tax Increment Refunding Bonds of 2010A	555,000	2/1/26	1.25-3.75%	\$ 140,000
GO Revenue Refunding Bonds of 2013A	465,000	2/1/26	1.00-3.10%	140,000
GO Tax Abatement Note, Series 2017A	425,000	2/1/34	3.30%	330,000
GO Revenue Bond of 2022A	1,013,000	5/1/42	4.00%	1,013,000
Financing Lease - 2018	58,421	1/29/28	4.95%	32,800
Financing Lease - 2023	92,309	7/1/28	6.90%	92,309
Total Governmental Activities				<u>1,748,108</u>
Business Type Activities:				
GO Water Revenue Bonds of 2010	2,145,000	1/1/50	3.00%	1,724,000
GO Sewer System Note, Series 2016A	254,000	2/1/24	2.25%	39,000
Total Business-Type Activities				<u>1,763,000</u>
Total Outstanding Long-term Debt				<u>\$ 3,511,108</u>

General Obligation Tax Increment Refunding Bond of 2010A

On November 1, 2010, the City issued the tax increment refunding bond payable in semi-annual installments. Payments include interest at 1.25-3.75% interest and is due February 1, 2026. The bonds are backed by the full faith, credit and taxing power of the City.

General Obligation Revenue Refunding Bonds of 2013A

This revenue refunding bond was issued on December 1, 2013 to provide for the acquisition and construction of major capital improvements. The bond has semi-annual installments. Each installment includes 1.00-3.10% interest and is due February 1, 2026. General obligation revenue bonds are direct obligations and pledge the full faith and credit, and taxing power of the City.

CITY OF WABASSO
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3. DETAIL NOTES ON ALL FUNDS (Continued)

F. LONG-TERM LIABILITIES (Continued)

General Obligation Water Revenue Bonds of 2010

This water revenue bond was issued on November 30, 2010 and is payable in annual installments. Each installment includes interest at a rate of 3.00% and is due January 1, 2050. This bond is recorded as liabilities in both the water and sewer funds with 89.69% allocated to water and 10.31% allocated to sewer. The bonds are payable from revenues derived from the operations of those utilities and are backed by the full faith, credit and taxing power of the City.

General Obligation System Note, Series 2016A

This sewer revenue bond was issued on November 1, 2016 and is payable in annual installments. Each installment includes interest at a rate of 2.25% and is due February 1, 2024. This bond is recorded as a liability in the sewer fund. The bond is payable from revenues derived from the operations of those utilities and are backed by the full faith, credit and taxing power of the City.

General Obligation Tax Abatement Note, Series 2017A

This note was issued June 26, 2017 and is payable in annual installments starting in 2020. These payments will be made out of the debt service fund and include an interest rate of 3.30% and is due February 1, 2034. This note is backed by the full faith, credit and taxing power of the City.

General Obligation Revenue Bond, Series 2022A

This note was issued May 1, 2022 and is payable in annual installments starting in 2024. These payments will be made out of the debt service fund and include an interest rate of 4.00% and is due May 1, 2042. This note is backed by the full faith, credit and taxing power of the City.

Finance Lease Payable

The City entered into a lease accounted for as a finance lease during 2018 to obtain lights for the baseball field. The finance lease is payable in annual payments which includes interest at a rate of 4.95%. The lease is due on January 29, 2028. Depreciation expense related to this asset for 2023 was \$3,326.

Finance Lease Payable

The City entered into a lease accounted for as a finance lease during 2021 to obtain a utility cab tractor and farm loader. This asset was traded during 2023 with the corresponding lease paid off and a new finance lease was entered into. The new finance lease is payable in annual payments which includes interest at a rate of 6.9%. The lease is due on July 1, 2028. The capital asset associated with the lease is recorded in the government-wide financials. Depreciation expense related to this asset for 2023 was \$19,050.

CITY OF WABASSO
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3. DETAIL NOTES ON ALL FUNDS (Continued)

F. LONG-TERM LIABILITIES (Continued)

Minimum Debt Payments

Minimum annual principal and interest payments to retire debt are as follows:

Finance Leases

Year	Principal	Interest	Total
2024	\$ 22,883	\$ 8,341	\$ 31,224
2025	23,170	7,629	30,799
2026	24,692	5,666	30,358
2027	26,316	3,582	29,898
2028	28,048	1,849	29,897
Total	<u>\$ 125,109</u>	<u>\$ 27,067</u>	<u>\$ 152,176</u>

Governmental GO Bonds

Year	Principal	Interest	Total
2024	\$ 98,000	\$ 78,152	\$ 176,152
2025	129,000	45,166	174,166
2026	141,000	40,353	181,353
2027	42,000	37,000	79,000
2028	44,000	35,320	79,320
2029-2033	249,000	148,640	397,640
2034-2038	302,000	94,760	396,760
2039-2042	288,000	29,320	317,320
Total	<u>\$ 1,293,000</u>	<u>\$ 163,670</u>	<u>\$ 1,801,710</u>

CITY OF WABASSO
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3. DETAIL NOTES ON ALL FUNDS (Continued)

F. LONG-TERM LIABILITIES (Continued)

Governmental Note

Year	Principal	Interest	Total
2024	\$ 25,000	\$ 10,478	\$ 35,478
2025	26,000	9,636	35,636
2026	27,000	8,762	35,762
2027	28,000	7,854	35,854
2028	29,000	6,914	35,914
2029-2033	160,000	19,305	179,305
2034	35,000	578	35,578
Total	<u>\$ 330,000</u>	<u>\$ 63,525</u>	<u>\$ 393,525</u>

Business-Type GO Bonds

Year	Principal	Interest	Total
2024	\$ 42,000	\$ 51,720	\$ 93,720
2025	44,000	50,598	94,598
2026	45,000	49,140	94,140
2027	46,000	47,790	93,790
2028	48,000	46,410	94,410
2029-2033	261,000	209,869	470,869
2034-2038	302,000	168,177	470,177
2039-2043	350,000	120,066	470,066
2044-2048	406,000	64,332	470,332
2049-2050	180,000	8,145	188,145
Total	<u>\$ 1,724,000</u>	<u>\$ 816,247</u>	<u>\$ 2,540,247</u>

Business-Type Notes

Year	Principal	Interest	Total
2024	\$ 39,000	\$ 439	\$ 39,439
Total	<u>\$ 39,000</u>	<u>\$ 439</u>	<u>\$ 39,439</u>

CITY OF WABASSO
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3. DETAIL NOTES ON ALL FUNDS (Continued)

F. LONG-TERM LIABILITIES (Continued)

Changes in Long-Term Liabilities

Long-term liability balances and activity for the year ended December 31, 2023 were as follows:

	<u>12/31/22</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/23</u>	<u>Due in One Year</u>
Governmental Activities:					
GO Tax Increment Refunding Bonds 2010A	\$ 180,000	\$ -	\$ 40,000	\$ 140,000	\$ 45,000
GO Revenue Refunding Bonds 2013A	180,000	-	40,000	140,000	45,000
GO Tax Abatement Note, Series 2017A	355,000	-	25,000	330,000	25,000
GO Improvement, Series 2022A	1,013,000	-	-	1,013,000	8,000
Finance Lease Payable - 2018	38,442	-	5,643	32,800	5,928
Finance Lease Payable - 2021	38,410	-	38,410	-	-
Finance Lease Payable - 2023	-	92,309	-	92,309	16,954
Compensated Absences (net change)	<u>2,682</u>	<u>-</u>	<u>63</u>	<u>2,618</u>	<u>-</u>
Total Governmental Activities	<u>1,807,534</u>	<u>92,309</u>	<u>149,116</u>	<u>1,750,727</u>	<u>145,883</u>
Business-Type Activities:					
GO Water Revenue Bonds 2010	1,765,000	-	41,000	1,724,000	42,000
GO Sewer System Note, Series 2016A	77,000	-	38,000	39,000	39,000
Compensated Absences (net change)	<u>650</u>	<u>364</u>	<u>-</u>	<u>1,014</u>	<u>-</u>
Total Business-Type Activities	<u>1,842,650</u>	<u>364</u>	<u>79,000</u>	<u>1,764,014</u>	<u>81,000</u>
Total Outstanding Long-term Debt	<u>\$ 3,650,185</u>	<u>\$ 92,673</u>	<u>\$ 228,116</u>	<u>\$ 3,514,741</u>	<u>\$ 226,883</u>

Repayment of principal and interest maturities are made from the funds associated with the debt. Finance leases payable are liquidated by the general fund. Also, for governmental activities, compensated absences and pension obligations are generally liquidated by the general fund.

CITY OF WABASSO
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3. DETAIL NOTES ON ALL FUNDS (Continued)

G. INTERFUND TRANSACTIONS

Interfund Transfers

Transfers between funds of the primary government for the year ended December 31, 2023 were as follows:

From	To	Amount	
Sewer Fund	2013A Refunding	\$ 28,500	Debt Payment
Economic Recover II	EDA General Fund	879	Transfer Interest
Economic Recover I	EDA General Fund	7,034	Transfer Interest
General Fund	Ambulance Fund	15,900	Operating
General Fund	Library Fund	46,960	Operating
General Fund	Fire Fund	29,707	Operating/Contract
Total		<u>\$ 128,980</u>	

Reconciliation to Fund Financial Statements:	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds	\$ 128,980	\$ (100,480)
Enterprise Funds	<u>-</u>	<u>(28,500)</u>
Total Transfers	<u>\$ 128,980</u>	<u>\$ (128,980)</u>

Reconciliation to Statement of Activities:	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net Transfers/ Internal Activity</u>
Net Transfers for Governmental Activities			
Governmental Funds	\$ 128,980	\$ (100,480)	\$ 28,500
Net Transfers for Business-Type Activities	-	(28,500)	(28,500)

Interfund Balances

As of December 31, 2023, the following interfund balances were owed between funds and are expected to be paid back within one year or transfer balances to write amounts off:

CITY OF WABASSO
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3. DETAIL NOTES ON ALL FUNDS (Continued)

G. INTERFUND TRANSACTIONS (Continued)

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Library Fund	776	Overpayment of interfund loan
Library Fund	General Fund	1,235	Employee Benefits
Economic Recovery Grant I	EDA General	23,052	Interest Earnings
Economic Recovery Grant II	EDA General	4,271	Interest Earnings
Ambulance	General Fund	1,072	Deposit errors/Payroll withholdings
Ambulance	Garbage Fund	101	For expenses paid by wrong fund
General Fund	EDA General	1,195	Overpayment of interfund loan
2017A Tax Abatement	General Fund	20,501	To cover operating
TIF 1-3	General Fund	6,668	To cover operating
TIF 1-5	Water Fund	23,394	To cover operating
Sewer Fund	Water Fund	619,197	To cover operating, principal & interest
General	Fire	6,009	Training Reimbursement
Small Cities	General Fund	1,263	Deficit Cash
General	EDA General	15,672	Property Taxes
		<u>\$ 724,407</u>	

NOTE 4. DEFINED BENEFIT PENSION PLANS - STATEWIDE

A. 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). PERA's defined benefit pension plans are established and administered in accordance with *Minnesota Statutes*, Chapters 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

General Employees Retirement Plan

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

CITY OF WABASSO
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 4. DEFINED BENEFIT PENSION PLANS – STATEWIDE (Continued)

B. BENEFITS PROVIDED

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state Legislature. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

General Employees Plan Benefits

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

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1.0 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. In 2023, legislation repealed the statute delaying increases for members retiring before full retirement age.

C. CONTRIBUTIONS

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

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in calendar year 2023 and the City was required to contribute 7.50% for Coordinated Plan members. The City's contributions to the General Employees Fund for the years ended December 31, 2023, 2022, and 2021 were \$16,408, \$12,771, and \$12,685, respectively. The City's contributions were equal to the required contributions as set by the state statute.

CITY OF WABASSO
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 4. DEFINED BENEFIT PENSION PLANS – STATEWIDE (Continued)

D. PENSION COSTS

General Employees Fund Pension Costs

At December 31, 2023, the City reported a liability of \$123,021 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 to the fund in 2023. 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 association with the City totaled \$3,300. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's 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, 2022, through June 30, 2023 relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0022% at the end of the measurement period and 0.0022% for the beginning of the period.

City's proportionate share of the net pension liability	\$123,021
State of Minnesota's share of the net pension liability associated with the Entity	<u>3,300</u>
Total	\$126,321

For the year ended December 31, 2023, the City recognized pension expense of \$3,045 for its proportionate share of General Employees Plan's pension expense. In addition, the City recognized an additional \$15 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

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

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 4,040	\$ 1,040
Changes in Actuarial Assumptions	24,260	33,719
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	13,674
Changes in Proportion	-	13,675
Employer Contributions Subsequent to the Measurement Date	<u>9,943</u>	<u>-</u>
Totals	<u>\$ 38,243</u>	<u>\$ 62,108</u>

CITY OF WABASSO
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 4. DEFINED BENEFIT PENSION PLANS – STATEWIDE (Continued)

D. PENSION COSTS (Continued)

\$9,943 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Pension Expense Amount</u>
2023	(\$5,190)
2024	(\$28,820)
2025	\$2,872
2026	(\$2,669)

E. LONG-TERM EXPECTED RETURN ON INVESTMENT

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis 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 arithmetic real rates of return for each major asset class are summarized in the following table:

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

F. ACTUARIAL METHODS AND ASSUMPTIONS

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

Inflation is assumed to be 2.25 percent for the General Employees Plan. Benefit increases after retirement are assumed to be 1.25 percent.

CITY OF WABASSO
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 4. DEFINED BENEFIT PENSION PLANS – STATEWIDE (Continued)

F. ACTUARIAL METHODS AND ASSUMPTIONS (Continued)

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25 percent after one year of service to 3.0 percent after 29 years of service and 6.0 percent per year thereafter.

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. The tables are adjustment slightly to fit PERA's experience.

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

The following changes in actuarial assumptions occurred in 2023:

General Employees Fund

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

G. DISCOUNT RATE

The discount rate used to measure the total pension liability in 2023 was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at the rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund 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 WABASSO
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 4. DEFINED BENEFIT PENSION PLANS – STATEWIDE (Continued)

H. PENSION LIABILITY SENSITIVITY

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

	1% Decrease in Discount Rate (6.0%)	Discount Rate (7.0%)	1% Increase in Discount Rate (8.0%)
City's proportionate share of the General Employees Fund net pension liability:	\$217,635	\$123,021	\$45,198

I. PENSION PLAN FIDUCIARY NET POSITION

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

CITY OF WABASSO
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5. PUBLIC EMPLOYEES DEFINED CONTRIBUTION PLAN

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

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

Total contributions made by the City during fiscal year 2023 were:

Contribution Amount		Percentage of Covered Payroll		Required
Employee	Employer	Employee	Employer	Rate
\$2,922	\$2,922	6.5%	6.5%	6.5%

CITY OF WABASSO
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 6. OTHER INFORMATION

A. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters. The City participates in the League of Minnesota Cities Intergovernmental Trust (LMCIT) to provide its general liability and property coverage. The LMCIT is a public entity risk pool currently operating as a common risk management and insurance program for participating Minnesota cities. All cities in the LMCIT are jointly and severally liable for all claims and expenses of the pool. The amount of any liability in excess of assets of the pool may be assessed to participating cities if a deficiency occurs. The LMCIT is self-sustaining through member premiums and re-insures through commercial companies for excess claims. The City is covered through the pool for any claims incurred but unreported, but retains risk for the deductible portion of its insurance policies.

As of December 31, 2023, the City did not have any claims which were probable and measurable and therefore no liability was recorded in the financial statements presented. The City has not had any claims which exceeded its deductible during the past three years.

B. COMMITMENTS AND CONTINGENCIES

Grant Program Involvement

In the normal course of operations, the City participates in various federal or state grant/loan programs from year to year. The grant/loan programs are often subject to additional audits by agents of the granting or loaning authority, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. Any liability for reimbursement, which may arise as the result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

Litigation

The City is party to various legal proceedings, which normally occur in the course of governmental operations. The financial statements do not include accrual or provisions for loss contingencies that may result from these proceedings.

While the outcome of potential litigation cannot be predicted, due to the insurance coverage maintained by the City, the City feels that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the City.

CITY OF WABASSO
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 6. OTHER INFORMATION (Continued)

C. FEDERAL AIDS – SINGLE AUDIT ACT

The City expended less than \$750,000 of federal financial assistance and is exempt from the audit requirements of the Single Audit Act and all other federal audit requirements.

NOTE 7. TAX INCREMENT FINANCING

Other - Tax Increment Financing District No. 1-3

Tax Increment Financing District No. 1-3, a redevelopment district, was established May 24, 1999 and amended February 14, 2000 pursuant to Minnesota Statute 469 to give the City authority to use tax increment financing as a funding source to reimburse property acquisition costs and public infrastructure improvements made by a developer. The City will pay eligible project costs via the pay-as-you-go method of reimbursing tax increments to the developer. In 2023, tax increments collected from the District were \$9,069.

Other – Tax Increment Financing District No. 1-5

Tax Increment District No. 1-5, a housing district, was established June 13, 2005 pursuant to Minnesota Statute 469.174, Subdivision 11, to give the City authority to promote the development of residential housing by reducing the cost of necessary public and private improvements. In 2023, tax increments collected from the District were \$74,518.

NOTE 8. SUBSEQUENT EVENTS

The City was approved for a MN DOT LRIP (Local Road Improvement Program) Grant of \$1.25 million for its Cedar Street Project in 2021. Total cost of the project will be \$2.2 million. The City acquired a bond during 2022 to finance the remainder of the project with tax levies to assist in repayment. The project is substantially complete as of December 31, 2023 and will be completed in 2024. The City is also working with USDA and the State of Minnesota for a Sewer Rehab project that would take place in 2024. Funding for this project will consist of loans from USDA of \$4,385,000 and grants of \$3,892,000. The City was also approved for a grant through the MN Public Facilities Authority for \$2,910,000.

CITY OF WABASSO
SCHEDULE OF CITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
PUBLIC EMPLOYEES GENERAL EMPLOYEES FUND

Fiscal Year Ending	Employer's Proportion (Percentage) of the 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 (Amount) of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability (a+b)	Employer's Covered-Employee Payroll (c)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered- Employee Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2023	0.0022%	\$123,021	\$3,300	\$126,321	\$172,351	73.29%	83.10%
June 30, 2022	0.0022%	\$174,240	\$5,188	\$179,428	\$164,084	109.35%	76.70%
June 30, 2021	0.0027%	\$115,301	\$3,543	\$118,844	\$183,587	64.73%	87.00%
June 30, 2020	0.0029%	\$173,868	\$5,380	\$179,248	\$210,237	85.26%	79.10%
June 30, 2019	0.0032%	\$176,921	\$5,500	\$182,421	\$227,056	80.34%	80.20%
June 30, 2018	0.0030%	\$166,428	\$5,462	\$171,890	\$203,343	84.53%	79.50%
June 30, 2017	0.0031%	\$197,902	\$2,491	\$200,393	\$199,794	100.30%	75.90%
June 30, 2016	0.0031%	\$251,705	\$3,350	\$255,055	\$193,816	131.60%	68.90%
June 30, 2015	0.0030%	\$155,477	\$0	\$155,477	\$173,439	89.64%	78.20%

Note-Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

CITY OF WABASSO
SCHEDULE OF CITY'S CONTRIBUTIONS
PUBLIC EMPLOYEES GENERAL EMPLOYEES FUND

<u>Fiscal Year Ending</u>	<u>Statutorily Required Contribution (a)</u>	<u>Contributions in Relation to the Statutorily Required Contribution (b)</u>	<u>Contribution Deficiency (Excess) (a-b)</u>	<u>Covered- Employee Payroll (d)</u>	<u>Contributions as a Percentage of Covered-Employee Payroll (b/d)</u>
December 31, 2023	\$16,408	\$16,408	-	\$218,773	7.50%
December 31, 2022	\$12,771	\$12,771	-	\$170,279	7.50%
December 31, 2021	\$12,685	\$12,685	-	\$169,128	7.50%
December 31, 2020	\$14,361	\$14,361	-	\$191,475	7.50%
December 31, 2019	\$16,761	\$16,761	-	\$223,475	7.50%
December 31, 2018	\$16,849	\$16,849	-	\$224,660	7.50%
December 31, 2017	\$14,935	\$14,935	-	\$199,131	7.50%
December 31, 2016	\$14,656	\$14,656	-	\$195,410	7.50%
December 31, 2015	\$14,279	\$14,279	-	\$190,387	7.50%

Note- Schedule is intended to show 10-year trend. Additonal years will be reported as they become available.

CITY OF WABASSO
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2023

NOTE 1. DEFINED BENEFIT PENSION PLANS – STATEWIDE

General Employees Fund

2023 Changes

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

2022 Changes

Changes in Actuarial Assumptions:

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

2021 Changes

Changes in Actuarial Assumptions:

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

2020 Changes

Changes in Actuarial Assumptions:

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

CITY OF WABASSO
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2023

NOTE 1. DEFINED BENEFIT PENSION PLANS – STATEWIDE (Continued)

- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions:

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

2019 Changes

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

2018 Changes

Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2044 and 2.5% per year thereafter to 1.25 percent per year.

2017 Changes

Changes in Actuarial Assumptions:

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

2016 Changes

Changes in Actuarial Assumptions:

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

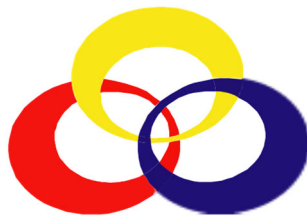
2015 Changes

Changes in Plan Provisions:

- On January 1, 2015 the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised.

Changes in Actuarial Assumptions:

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



Kinner & Company Ltd
Certified Public Accountants

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

Honorable Mayor and Members of the Council
City of Wabasso
Wabasso, Minnesota 56293

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Wabasso, Minnesota, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City of Wabasso, Minnesota's basic financial statements and have issued our report thereon dated July 26, 2024.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Prior and Current Findings and Responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Prior and Current Findings and Responses, as items 2023-001 and 2023-002 to be material weaknesses.

Compliance and Other Matters

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

City of Wabasso, Minnesota's Response to Findings

City of Wabasso, Minnesota's response to the findings identified in our audit is described in the accompanying Schedule of Prior and Current Findings and Responses. City of Wabasso, Minnesota's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Minnesota Legal Compliance

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

Purpose of Report

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



Kinner & Company Ltd
Certified Public Accountants

July 26, 2024

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CITY OF WABASSO
SCHEDULE OF PRIOR AND CURRENT FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2023

Section I- Financial Statement Findings

STATUS OF PRIOR AUDIT RECOMMENDATIONS

2022-001: A material weakness was reported due to the lack of segregation of duties within the organization. The finding continues to exist and has been restated as Finding 2023-001.

2022-002: A material weakness was reported because the City was unable to provide accurate financial information. We proposed material adjustments. The finding continues to exist and has been restated as Finding 2023-002.

CITY OF WABASSO

SCHEDULE OF PRIOR AND CURRENT FINDINGS AND RESPONSES

FOR THE YEAR ENDED DECEMBER 31, 2023

CURRENT AUDIT FINDING(S) AND RECOMMENDATION(S)

2023-001: The City does not maintain an adequate segregation of duties among its accounting personnel.

Condition: A lack of segregation of duties over revenues and expenditures exists which could result in errors not being found in a timely manner.

Criteria: Internal controls can help the City of Wabasso achieve its performance targets and prevent loss of resources. It can help ensure reliable financial reporting and it can help ensure that the City complies with laws and regulations.

Cause: The City has a limited number of accounting personnel.

Effect: The City of Wabasso has a limited number of employees who prepare all records for revenue and expenditures. This is undesirable from an internal control viewpoint and could result in a loss of control over accounting transactions and errors not being found in a timely manner.

Recommendation: We recommend the City Council take a more active role in their oversight over revenue and expenditures.

Corrective Action Plan and Council Response:

The following segregation of duties are presently in place:

- The City Council reviews and approves all bills
- The City Council periodically reviews revenue and expenditure reports for amounts, classifications and comparison to budget.

Due to limited personnel, it is not practical to implement a complete segregation of duties. However, the City will continue to review its procedures to determine if any improvements can be made using the limited personnel available.

2023-002 Finding: Financial Report Preparation and Material Audit Adjustments

Criteria: The financial statements are the responsibility of City's management and internal controls should be in place to provide reasonable assurance over financial reporting.

CITY OF WABASSO

SCHEDULE OF PRIOR AND CURRENT FINDINGS AND RESPONSES

FOR THE YEAR ENDED DECEMBER 31, 2023

Condition: The auditor was requested to draft the audited financial statements and related footnote disclosures as part of our regular audit services. Auditing standards require auditors to communicate this situation to the Council as an internal control deficiency. Ultimately, it is management's responsibility to provide for the preparation of your statements and footnotes, and the responsibility of the auditor to determine the fairness of presentation of those statements. From a practical standpoint we do both for you at the same time in connection with our audit. This is not unusual for us to do with organizations of your size. However, based on auditing standards, it is our responsibility to inform you that this deficiency could result in a material misstatement to the financial statements that could have been prevented or detected by your management. Essentially, the auditors cannot be part of your internal control process. Additionally, adjustments were needed to record numerous accounting and audit adjustments, including some material. The material adjustments were to adjust cash, accounts receivable, taxes receivable, capital assets and debt activity.

Cause: We needed to make material audit adjustments in connection with our audit to correct the trial balance prepared by the city.

Effect: This could result in a loss of control over accounting transactions and errors not being found in a timely manner.

Recommendation: It is your responsibility to make the ultimate decision to accept this degree of risk associated with this condition because of cost or other considerations. The auditor has instructed management to review a draft of the auditor prepared financials in detail for their accuracy; we have answered any questions they might have, and have encouraged research of any accounting guidance in connection with the adequacy and appropriateness of classification of disclosure in your statements. We are satisfied that the appropriate steps have been taken to provide you with the completed financial statements. While the City is reviewing the financial statements we recommend a disclosure checklist is utilized to ensure all required disclosures are presented and the City should agree its financial software to the numbers reported in the financial statements. Management should also review each journal entry, obtain an understanding of why the entry was necessary and modify current procedures to ensure that future corrections are not needed.

Corrective Action Plan and Council Response:

The City's management accepts the degree of risk associated with this condition and will continue to review its procedures to determine if any improvements can be made. The City will review and gain an understanding of the audit adjustments to reduce the number of entries necessary for future audits.

**City of Wabasso
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2023**

Special Revenue

ASSETS

	EDA General	Ec Rec Grant II	Fire	Library	Small Cities	Revolving Loan	EDA 5 Plex	Cemetery
Cash and Cash Equivalents	\$ 231,342	\$ 149,031	\$ 137,352	\$ 200,668	\$ --	\$ 40,000	\$ 91,667	\$ 14,623
Prepaid Expenses	--	--	1,238	--	--	--	--	--
Special Assessments Receivable	--	--	--	--	--	--	--	--
Taxes Receivable	--	--	--	--	--	--	--	--
Note Receivable-Due within one year	--	11,855	--	--	7,505	--	--	--
Current due from other funds	42,995	--	6,009	776	--	--	1,195	--
Note Receivable-Due beyond one year	--	12,350	--	--	--	--	--	--
Special Assessments - Deferred	--	--	--	--	--	--	--	--
Total Assets	274,337	173,236	144,599	201,444	7,505	40,000	92,862	14,623

DEFERRED OUTFLOWS OF RESOURCES

Aggregated deferred outflows

	--	--	--	--	--	--	--	--
Total Assets and Deferred Outflows of Resources	\$ 274,337	\$ 173,236	\$ 144,599	\$ 201,444	\$ 7,505	\$ 40,000	\$ 92,862	\$ 14,623

LIABILITIES

Accounts Payable	\$ 1,140	\$ --	\$ 1,146	\$ 610	\$ --	\$ --	\$ --	\$ --
Accrued Payroll Deductions Payable	--	--	(4)	1,026	--	--	--	--
Security Deposits	--	--	--	--	--	--	3,225	--
Current due to other funds	--	4,271	--	1,235	1,263	--	--	--
Total Liabilities	1,140	4,271	1,142	2,871	1,263	--	3,225	--

DEFERRED INFLOWS OF RESOURCES

Unavailable Revenue - Special Assessments	--	--	--	--	--	--	--	--
Unavailable Revenue - Notes Receivable	--	--	--	--	7,505	--	--	--
Total Liabilities and Deferred Inflows of Resources	1,140	4,271	1,142	2,871	8,768	--	3,225	--

FUND BALANCE

Nonspendable	--	24,205	1,238	--	--	--	--	--
Restricted	--	--	--	--	--	--	--	--
Assigned	273,197	144,760	142,219	198,573	--	40,000	89,637	14,623
Unassigned	--	--	--	--	(1,263)	--	--	--
Total Fund Balance	273,197	168,965	143,457	198,573	(1,263)	40,000	89,637	14,623
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 274,337	\$ 173,236	\$ 144,599	\$ 201,444	\$ 7,505	\$ 40,000	\$ 92,862	\$ 14,623

City of Wabasso
Combining Balance Sheet
Nonmajor Governmental Funds - Continued
December 31, 2023

	Debt Service							Total Nonmajor Governmental Funds
	2013A Refunding Bonds	2016A Refunding Bonds	2017A Tax Abatement Note Fund	2022A GO Improvement Bond	TIF 1-3	TIF 1-5	2000 GO Sewer Bonds	
ASSETS								
Cash and Cash Equivalents	\$ 66,855	\$ 112,709	\$ --	\$ 92,041	\$ 4,081	\$ 84,199	\$ --	\$ 1,224,568
Prepaid Expenses	--	--	--	--	--	--	--	1,238
Special Assessments Receivable	--	77	--	--	--	--	--	77
Taxes Receivable	572	134	--	1,236	--	--	--	1,942
Note Receivable-Due within one year	--	--	--	--	--	--	--	19,360
Current due from other funds	--	--	--	--	--	--	--	50,975
Note Receivable-Due beyond one year	--	--	--	--	--	--	--	12,350
Special Assessments - Deferred	--	--	--	353,432	--	--	--	353,432
<i>Total Assets</i>	<u>67,427</u>	<u>112,920</u>	<u>--</u>	<u>446,709</u>	<u>4,081</u>	<u>84,199</u>	<u>--</u>	<u>1,663,942</u>
DEFERRED OUTFLOWS OF RESOURCES								
Aggregated deferred outflows	--	--	--	--	--	--	--	--
<i>Total Assets and Deferred Outflows of Resources</i>	<u>\$ 67,427</u>	<u>\$ 112,920</u>	<u>\$ --</u>	<u>\$ 446,709</u>	<u>\$ 4,081</u>	<u>\$ 84,199</u>	<u>\$ --</u>	<u>\$ 1,663,942</u>
LIABILITIES								
Accounts Payable	\$ --	\$ --	\$ --	\$ --	\$ 4,081	\$ --	\$ --	\$ 6,977
Accrued Payroll Deductions Payable	--	--	--	--	--	--	--	1,022
Security Deposits	--	--	--	--	--	--	--	3,225
Current due to other funds	--	--	20,501	--	6,668	23,394	--	57,332
<i>Total Liabilities</i>	<u>--</u>	<u>--</u>	<u>20,501</u>	<u>--</u>	<u>10,749</u>	<u>23,394</u>	<u>--</u>	<u>68,556</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable Revenue - Special Assessments	535	130	--	354,594	--	--	--	355,529
Unavailable Revenue - Notes Receivable	--	--	--	--	--	--	--	7,505
<i>Total Liabilities and Deferred Inflows of Resources</i>	<u>535</u>	<u>130</u>	<u>20,501</u>	<u>354,594</u>	<u>10,749</u>	<u>23,394</u>	<u>--</u>	<u>431,320</u>
FUND BALANCE								
Nonspendable	--	--	--	--	--	--	--	25,443
Restricted	66,892	112,790	--	92,115	--	60,805	--	332,602
Assigned	--	--	--	--	--	--	--	903,009
Unassigned	--	--	(20,501)	--	(6,668)	--	--	(28,432)
<i>Total Fund Balance</i>	<u>66,892</u>	<u>112,790</u>	<u>(20,501)</u>	<u>92,115</u>	<u>(6,668)</u>	<u>60,805</u>	<u>--</u>	<u>1,232,622</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balance</i>	<u>\$ 67,427</u>	<u>\$ 112,920</u>	<u>\$ --</u>	<u>\$ 446,709</u>	<u>\$ 4,081</u>	<u>\$ 84,199</u>	<u>\$ --</u>	<u>\$ 1,663,942</u>

City of Wabasso
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2023

	Special Revenue							
	EDA General	Ec Rec Grant II	Fire	Library	Small Cities	Revolving Loan	EDA 5 Plex	Cemetery
Revenues								
Property Taxes	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Special Assessments	--	--	--	--	--	--	--	--
Intergovernmental Revenues	--	--	36,415	37,365	--	--	--	--
Charges for Services	--	--	21,232	20,432	--	--	46,310	300
Contributions	--	--	30,640	30,834	--	--	--	--
Special Assessments	--	--	--	--	--	--	--	--
Other Revenue	--	--	725	553	--	--	1,540	--
Interest Income	6,892	1,570	--	276	--	71	130	--
Total Revenues	6,892	1,570	89,012	89,460	--	71	47,980	300
Expenditures								
Public Safety	--	--	31,761	--	--	--	--	--
Culture and Recreation	--	--	--	114,060	--	--	--	--
Housing and Economic Development	26,775	--	--	--	--	--	9,620	--
Other	--	--	--	--	--	--	--	--
Principal Payments	--	--	--	--	--	--	--	--
Interest and Other Charges on Debt	--	--	--	--	--	--	--	--
Total Expenditures	26,775	--	31,761	114,060	--	--	9,620	--
Excess of Revenues Over								
(Under) Expenditures	(19,883)	1,570	57,251	(24,600)	--	71	38,360	300
Other Financing Sources (Uses)								
Gain (Loss) on Sale of Capital Assets	42,500	--	--	--	--	--	--	--
Transfers from other funds	7,913	--	29,707	46,960	--	--	--	--
Transfers to other funds	--	(879)	--	--	--	--	--	--
Net Other Financing Sources (Uses)	50,413	(879)	29,707	46,960	--	--	--	--
Net Change in Fund Balance	30,530	691	86,958	22,360	--	71	38,360	300
Fund Balance at Beginning of Period	242,667	168,274	56,499	176,213	(1,263)	39,929	51,277	14,323
Fund Balance at End of Period	\$ 273,197	\$ 168,965	\$ 143,457	\$ 198,573	\$ (1,263)	\$ 40,000	\$ 89,637	\$ 14,623

City of Wabasso
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2023

	Special Revenue							
	EDA General	Ec Rec Grant II	Fire	Library	Small Cities	Revolving Loan	EDA 5 Plex	Cemetery
Revenues								
Property Taxes	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Special Assessments	--	--	--	--	--	--	--	--
Intergovernmental Revenues	--	--	36,415	37,365	--	--	--	--
Charges for Services	--	--	21,232	20,432	--	--	46,310	300
Contributions	--	--	30,640	30,834	--	--	--	--
Special Assessments	--	--	--	--	--	--	--	--
Other Revenue	--	--	725	553	--	--	1,540	--
Interest Income	6,892	1,570	--	276	--	71	130	--
Total Revenues	6,892	1,570	89,012	89,460	--	71	47,980	300
Expenditures								
Public Safety	--	--	31,761	--	--	--	--	--
Culture and Recreation	--	--	--	114,060	--	--	--	--
Housing and Economic Development	26,775	--	--	--	--	--	9,620	--
Other	--	--	--	--	--	--	--	--
Principal Payments	--	--	--	--	--	--	--	--
Interest and Other Charges on Debt	--	--	--	--	--	--	--	--
Total Expenditures	26,775	--	31,761	114,060	--	--	9,620	--
Excess of Revenues Over								
(Under) Expenditures	(19,883)	1,570	57,251	(24,600)	--	71	38,360	300
Other Financing Sources (Uses)								
Gain (Loss) on Sale of Capital Assets	42,500	--	--	--	--	--	--	--
Transfers from other funds	7,913	--	29,707	46,960	--	--	--	--
Transfers to other funds	--	(879)	--	--	--	--	--	--
Net Other Financing Sources (Uses)	50,413	(879)	29,707	46,960	--	--	--	--
Net Change in Fund Balance	30,530	691	86,958	22,360	--	71	38,360	300
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Fund Balance at End of Period	\$ 273,197	\$ 168,965	\$ 143,457	\$ 198,573	\$ (1,263)	\$ 40,000	\$ 89,637	\$ 14,623