

CITY OF WAYZATA
HENNEPIN COUNTY, MINNESOTA

Financial Statements
and Supplementary Information

Year Ended
December 31, 2024



Certified Public Accountants Business Consultants

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF WAYZATA
HENNEPIN COUNTY, MINNESOTA

Table of Contents

	Page
INTRODUCTORY SECTION	
Elected and Appointed Officials	1
FINANCIAL SECTION	
Independent Auditor's Report	2–5
Management's Discussion and Analysis	6–15
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements	
Statement of Net Position	16
Statement of Activities	17–18
Fund Financial Statements	
Governmental Funds	
Balance Sheet	19–20
Reconciliation of the Balance Sheet to the Statement of Net Position	21
Statement of Revenue, Expenditures, and Changes in Fund Balances	22–23
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances to the Statement of Activities	24
Statement of Revenues, Expenditures, and Changes in Fund Balances – General Fund – Budget and Actual	25
Proprietary Funds	
Statement of Net Position	26–29
Statement of Revenue, Expenses, and Changes in Net Position	30–31
Statement of Cash Flows	32–33
Notes to Basic Financial Statements	34–66
REQUIRED SUPPLEMENTARY INFORMATION	
PERA – General Employees Retirement Fund	
Schedule of City's and Nonemployer Proportionate Share of Net Pension Liability	67
Schedule of City Contributions	67
PERA – Public Employees Police and Fire Fund	
Schedule of City's and Nonemployer Proportionate Share of Net Pension Liability	68
Schedule of City Contributions	68
Other Post-Employment Benefits Plan	
Schedule of Changes in the City's Total OPEB Liability and Related Ratios	69
Notes to Required Supplementary Information	70–77

CITY OF WAYZATA
HENNEPIN COUNTY, MINNESOTA

Table of Contents (continued)

	Page
SUPPLEMENTARY INFORMATION	
Combining and Individual Fund Statements and Schedules	
Nonmajor Governmental Funds	
Combining Balance Sheet	78
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	79
Nonmajor Special Revenue Funds	
Combining Balance Sheet	80
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	81
Nonmajor Capital Projects Funds	
Combining Balance Sheet	82–83
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	84–85
General Fund	
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	86–88
Debt Service Fund	
Balance Sheet by Account	89
Schedule of Revenues, Expenditures, and Changes in Fund Balances by Account	90
Discretely Presented Component Unit	
Housing and Redevelopment Authority	
Combining Balance Sheet	91
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	92

INTRODUCTORY SECTION

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF WAYZATA
HENNEPIN COUNTY, MINNESOTA

Elected and Appointed Officials
December 31, 2024

Elected

	<u>Term Expires</u>	<u>Position</u>
Johanna Mouton	2024	Mayor
Molly MacDonald	2026	Councilmember
Jeff Parkhill	2026	Councilmember
Alex Plechash	2028	Councilmember
Ken Sorensen	2028	Councilmember

Appointed

Jeffrey Dahl	City Manager
Aurora Yager	Deputy City Manager
Kathy Leervig	City Clerk

THIS PAGE INTENTIONALLY LEFT BLANK

FINANCIAL SECTION

THIS PAGE INTENTIONALLY LEFT BLANK



INDEPENDENT AUDITOR'S REPORT

To the City Council and Management
City of Wayzata, Minnesota

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINIONS

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

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

BASIS FOR OPINIONS

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

EMPHASIS OF MATTER

Change in Accounting Principle

As described in Note 1 of the notes to basic financial statements, in fiscal 2024, the City adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

(continued)

RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 12 months beyond the financial statements 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

(continued)

REQUIRED SUPPLEMENTARY INFORMATION

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information (RSI), 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 GASB, 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 RSI 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's basic financial statements. The accompanying combining and individual fund financial statements and schedules, as listed in the table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

OTHER INFORMATION

Management is responsible for the other information included in the annual report. The other information comprises the 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.

(continued)

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated May 12, 2025 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Respectfully submitted,

A handwritten signature in black ink that reads "LB Carlson, LLP". The signature is written in a cursive, flowing style.

LB Carlson, LLP
Minneapolis, Minnesota

May 12, 2025

CITY OF WAYZATA

Management's Discussion and Analysis Year Ended December 31, 2024

As management of the City of Wayzata, Minnesota (the City) we have provided readers of the City's financial statements with this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2024. We encourage readers to consider the information presented here in conjunction with additional information provided in this report.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City (primary government) exceeded liabilities and deferred inflows of resources by \$78,982,627 (net position) at the close of the most recent fiscal year. Of this amount, \$13,523,435 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's (primary government) total net position increased by \$2,572,956 during 2024, including a \$1,813,749 increase in governmental activities net position, and a \$759,207 increase in business-type net position.
- The City implemented Governmental Accounting Standards Board Statement No. 101, *Compensated Absences* during the year. Beginning net position was restated for the cumulative impact of implementing this new guidance, which lowered beginning net position by \$653,884, including a \$489,836 decrease in governmental activities beginning net position, and a \$164,048 decrease in business-type beginning net position.
- The City's governmental funds reported combined ending fund balances of \$14,508,535 as of December 31, 2024, a decrease of \$728,718 from last year. Of the year-end fund balances, \$4,624,786 (31.9 percent) is unassigned.
- The total fund balance of the General Fund equaled \$4,937,352 at year-end, which represents 61.1 percent of General Fund expenditures for 2024. Total fund balance increased \$515,467 during the year, compared to a breakeven budget.
- The City's total bonded debt decreased \$1,488,388, or 6.0 percent, in 2024, due primarily to scheduled debt principal payments, and a debt refunding during the year financed partially with available city funds.

OVERVIEW OF THE FINANCIAL STATEMENTS

The management's discussion and analysis is intended to serve as an introduction to the City's basic financial statements, which are comprised of three components: 1) government-wide financial statements, fund financial statements, and 3) notes to basic financial statements. This report also contains other supplementary information.

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

The government-wide financial statements include not only the City itself (known as the primary government), but also the Wayzata Housing and Redevelopment Authority (HRA). The HRA is a legally separate entity for which the City is financially accountable, which provides community redevelopment assistance through the administration of various programs. Financial information for this component unit is presented discretely, separate from the financial information presented for the primary government.

The Statement of Net Position presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by property taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities include general government, public safety, public works, and culture and recreation. The business-type activities of the City include water, sewer, licensing, liquor, solid waste, marina, and stormwater activities.

REPORTING THE CITY AS A WHOLE

The analysis of the City as a whole begins with the Statement of Net Position and the Statement of Activities. One of the most important questions asked about the City's finances is, "is the City as a whole better or worse off as a result of this 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, deferred outflows of resources, liabilities, and deferred inflows of resources 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.

These statements report the City's net position and changes in them. The City's net position can be used as a way of measuring the City's financial health or financial position. Over time, increases or decreases in the City's net position are indicators of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors; however, such as changes in the City's tax base or the condition of the City's infrastructure, to assess the overall health of the City.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

The fund financial statements provide detailed information about the most significant funds, not the City as a whole. Some funds are required to be established by state law or 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 revenues. The City's two types of funds each use different accounting approaches.

Governmental Funds – Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of these funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund financial 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 less financial resources that can be spent in the near future to finance city programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and Statement of Activities) and governmental funds in reconciliation to each of the fund financial statements.

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

Notes to Basic Financial Statements – The notes to basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information – Required supplementary information (RSI) on the pension and other post-employment benefits plans in which city employees participate is presented following the notes to basic financial statements. Supplementary information, consisting of combining and individual fund financial statements and schedules and other city information, is presented immediately following the RSI.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position – Net position may over time serve as a useful indicator of a city’s financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$78,982,627 at the close of the most recent fiscal year. The City’s total net position increased \$2,572,956 from 2024 activity. The following is a summary of the City’s net position:

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 24,682,556	\$ 30,648,656	\$ 8,930,373	\$ 8,701,558	\$ 33,612,929	\$ 39,350,214
Capital assets, net	66,328,401	60,824,100	18,607,948	18,716,202	84,936,349	79,540,302
Total assets	91,010,957	91,472,756	27,538,321	27,417,760	118,549,278	118,890,516
Deferred outflows of resources						
Pension plan deferments	2,853,514	3,652,938	489,918	1,308,597	3,343,432	4,961,535
OPEB plan deferments	330,959	187,671	178,915	99,244	509,874	286,915
Deferred charges on refunding	—	—	28,127	32,146	28,127	32,146
Total deferred outflows of resources	3,184,473	3,840,609	696,960	1,439,987	3,881,433	5,280,596
Liabilities						
Other liabilities	2,971,593	4,562,218	631,804	594,455	3,603,397	5,156,673
Noncurrent liabilities	23,269,740	24,284,092	6,427,883	7,449,575	29,697,623	31,733,667
Total liabilities	26,241,333	28,846,310	7,059,687	8,044,030	33,301,020	36,890,340
Deferred inflows of resources						
Lease revenue for subsequent years	5,244,903	4,848,441	—	—	5,244,903	4,848,441
Pension plan deferments	3,428,515	3,634,780	1,309,381	1,529,603	4,737,896	5,164,383
OPEB plan deferments	106,624	133,692	57,641	70,701	164,265	204,393
Total deferred inflows of resources	8,780,042	8,616,913	1,367,022	1,600,304	10,147,064	10,217,217
Net position						
Net investment in capital assets	46,994,401	44,365,097	14,126,806	13,744,175	61,121,207	58,109,272
Restricted	3,564,784	4,833,073	773,201	905,529	4,337,985	5,738,602
Unrestricted	8,614,870	8,651,972	4,908,565	4,563,709	13,523,435	13,215,681
Total net position	\$ 59,174,055	\$ 57,850,142	\$ 19,808,572	\$ 19,213,413	\$ 78,982,627	\$ 77,063,555

A large portion of the City’s net position (77.4 percent) reflects its investment in capital assets (land, buildings, and machinery and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City’s investment in its capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. A portion (5.5 percent) of the City’s net position represents resources that are subject to external restrictions on how they may be used. The remainder of the City’s net position (17.1 percent) is unrestricted.

At the end of the current fiscal year, the City is able to report positive balances in all categories of net position, both for the City as a whole, as well as for its separate governmental and business-type activities. This was also the case at the previous year-end.

The following is a summary of the City's change in net position:

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues						
Program revenues						
Charges for services	\$ 2,592,299	\$ 2,731,566	\$ 11,588,843	\$ 11,688,285	\$ 14,181,142	\$ 14,419,851
Operating grants and contributions	645,284	638,872	85,072	120,196	730,356	759,068
Capital grants and contributions	2,781,896	6,118,223	361,556	163,238	3,143,452	6,281,461
General revenues						
Property taxes	6,349,850	5,752,198	—	—	6,349,850	5,752,198
Franchise fees	159,387	165,730	—	—	159,387	165,730
Unrestricted grants and contributions	244,779	414,655	—	—	244,779	414,655
Other general revenues	—	—	—	—	—	—
Unrestricted investment earnings	771,483	901,183	366,996	362,317	1,138,479	1,263,500
Gain on sale of capital assets	8,245	—	—	—	8,245	—
Total revenues	13,553,223	16,722,427	12,402,467	12,334,036	25,955,690	29,056,463
Expenses						
General government	2,630,279	2,411,453	—	—	2,630,279	2,411,453
Public safety	4,298,880	3,795,090	—	—	4,298,880	3,795,090
Public works	3,176,591	3,807,110	—	—	3,176,591	3,807,110
Culture and recreation	1,949,007	1,158,350	—	—	1,949,007	1,158,350
Interest on long-term debt	682,123	579,243	—	—	682,123	579,243
Water	—	—	998,793	968,669	998,793	968,669
Sewer	—	—	1,364,099	1,141,889	1,364,099	1,141,889
Licensing	—	—	603,661	565,175	603,661	565,175
Liquor	—	—	6,817,410	6,712,530	6,817,410	6,712,530
Solid waste	—	—	415,385	407,890	415,385	407,890
Marina	—	—	233,124	92,855	233,124	92,855
Stormwater	—	—	213,382	240,165	213,382	240,165
Total expenses	12,736,880	11,751,246	10,645,854	10,129,173	23,382,734	21,880,419
Change in net position before transfers	816,343	4,971,181	1,756,613	2,204,863	2,572,956	7,176,044
Transfers	997,406	558,000	(997,406)	(558,000)	—	—
Change in net position	1,813,749	5,529,181	759,207	1,646,863	2,572,956	7,176,044
Net position – beginning						
Beginning, as previously reported	57,850,142	52,320,961	19,213,413	17,566,550	77,063,555	69,887,511
Change in accounting principle	(489,836)	—	(164,048)	—	(653,884)	—
Beginning, as restated	57,360,306	52,320,961	19,049,365	17,566,550	76,409,671	69,887,511
Net position – ending	\$ 59,174,055	\$ 57,850,142	\$ 19,808,572	\$ 19,213,413	\$ 78,982,627	\$ 77,063,555

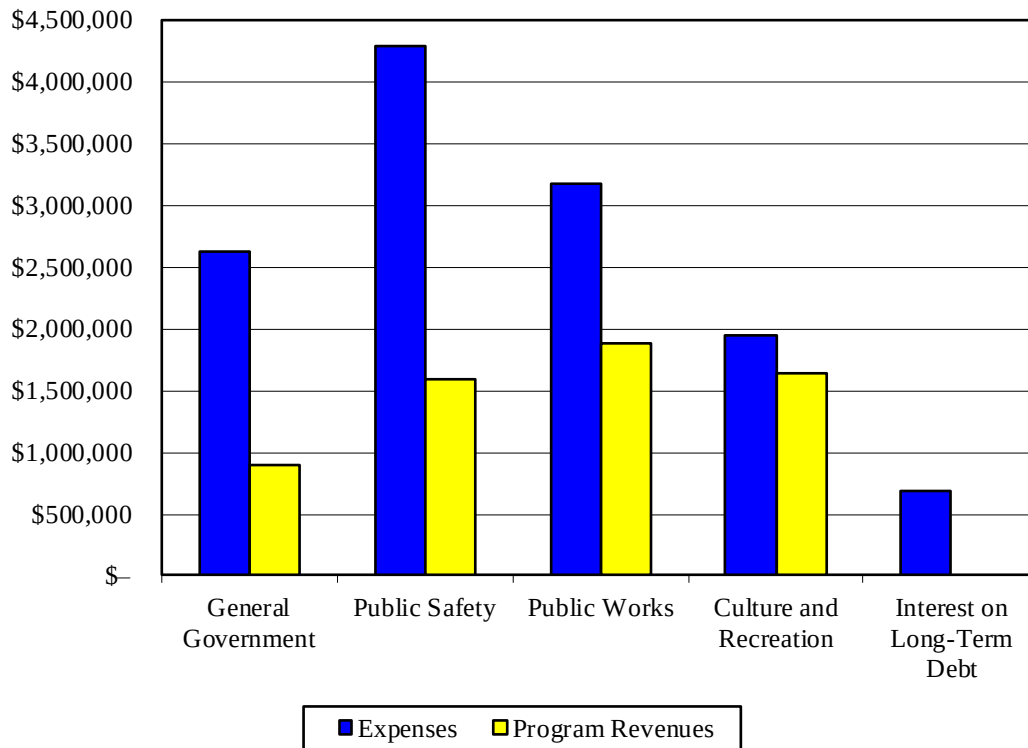
Governmental activities increased the City's net position by \$1,813,749 in 2024 and business-type activities increased net position by \$759,207, both excluding the change in accounting principle.

Revenues decreased \$3,100,773 from the prior year in total. Capital grants and contributions were \$3,138,009 lower than last year, mainly due to larger amounts of state grant funding and other contributions received in the prior year for the City's Panoway project.

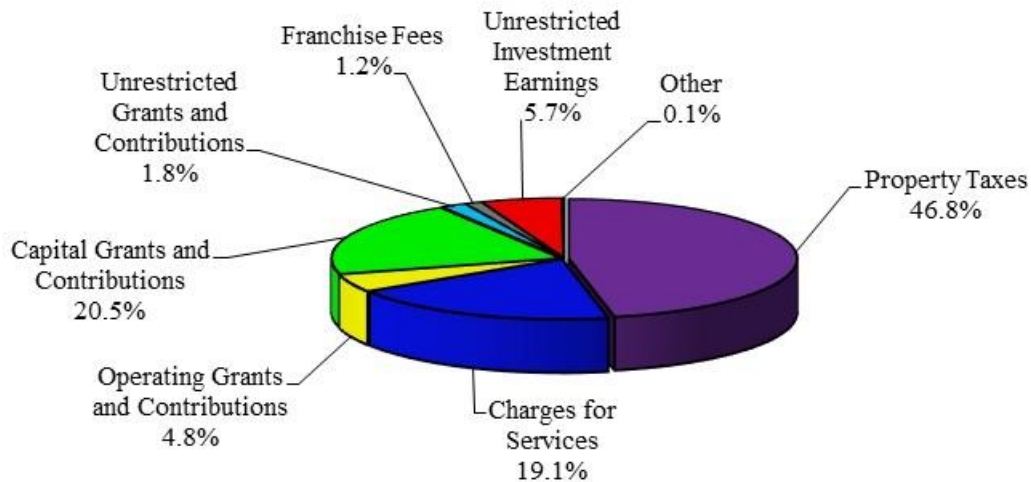
Total expenses increased \$1,502,315 from the prior year in total. Culture and recreation increased \$790,657, due to increased maintenance project costs. Public safety expenses were \$503,790 higher than last year, mainly in police salaries and contracted services. General government expenses were \$218,826 higher than last year, due to increases in salaries, insurance, and legal fees. These increases were partially offset by a decrease in public works of \$630,519, mainly due to a decrease in contracted infrastructure maintenance.

Governmental Activities – The following graphs further depict the revenue and expenses related to the City’s governmental activities for 2024:

Expenses and Program Revenue – Governmental Activities



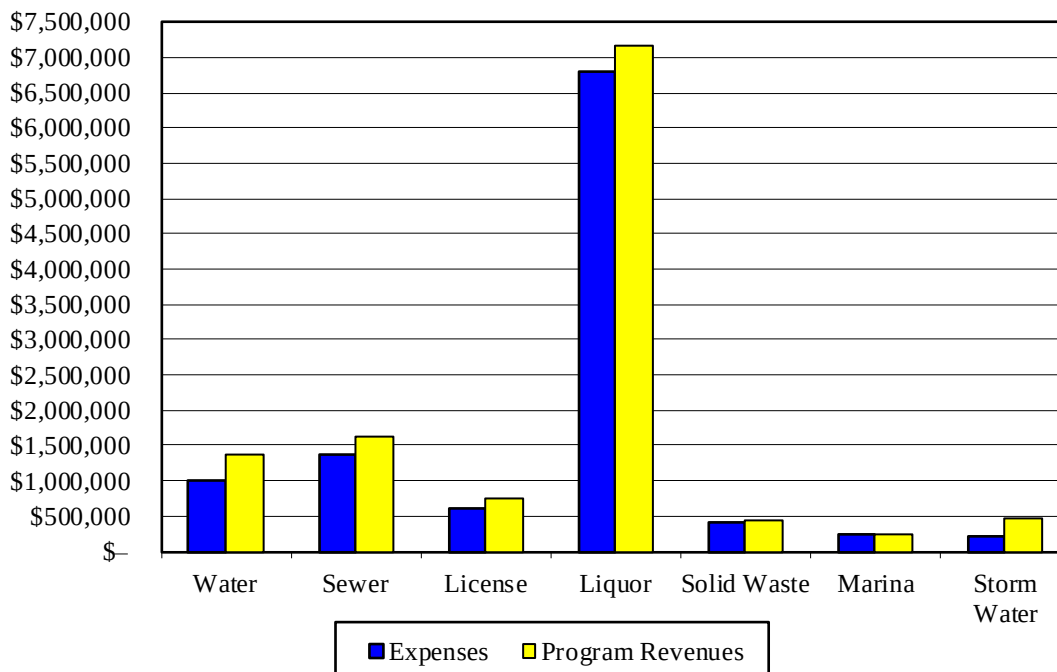
Revenue by Source – Governmental Activities



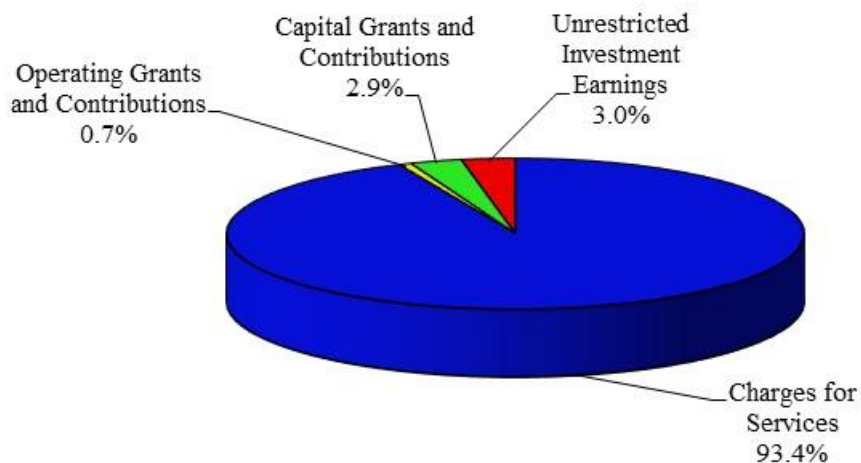
Governmental activities increased the City’s net position by \$1,813,749 in 2024, compared to an increase of \$5,529,181 in 2023. Governmental activities revenues were \$3,169,204 lower than last year, mainly due to the decrease in capital grants and contributions for the Panoway project, as previously mentioned. Governmental activities expenses increased \$985,634 from last year, mainly due to increases in the City’s Panoway project costs.

Business-Type Activities – The following graphs further depict the revenue and expenses related to the City’s business-type activities for 2024:

Expenses and Program Revenue – Business-Type Activities



Revenue by Source – Business-Type Activities



The City’s business-type net position increased by \$759,207 during 2024, as compared to an increase of \$1,646,863 in 2023. An increase in operating expenses of \$516,681 spread across most functions and an increase in transfers to support governmental activities of \$439,406 contributed to this decrease.

HRA Component Unit – At the end of the fiscal year, the City’s discretely presented HRA component unit reported total net position of \$2,248,664, an increase of \$153,271 from the previous year.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds – At the end of the fiscal year, the City's governmental funds reported combined fund balances of \$14,508,535, a decrease of \$728,718 in comparison with the prior year. The use of \$1,646,772 of fund balance is restricted by various externally imposed constraints. The use of \$291,175 of fund balance is internally committed for particular purposes. An additional \$7,923,670 is assigned for internally imposed spending constraints. Fund balance of \$22,132 represents assets, such as prepaid items, that are not considered to be in spendable form. The remaining \$4,624,786 of fund balance is unassigned and may be used for any approved public purpose.

General Fund – The total fund balances of the General Fund increased by \$515,467 to \$4,937,352 at year-end, as compared to a breakeven budget. Total fund balances equal 61.1 percent of 2024 General Fund expenditures, which puts the General Fund in an excellent financial position. The increase was mainly due to higher than expected revenues from development-related fees and charges, state grants, contributions, and investment income; coupled with spending coming in below budget across most expenditure functions. These positive variances enabled the General Fund to transfer \$466,193 more than originally budgeted to finance various park and trail improvements.

Debt Service Fund – Fund balances decreased by \$338,399 in 2024, mainly due to a bond refunding that was partially financed with available city funds in the current year.

Lakefront Improvement Capital Projects Fund – Fund balances decreased by \$ 1,112,649 in 2024, as Panoway improvement expenditures were partially financed with previously accumulated funds.

Parks and Trails Capital Project Fund – Fund balances increased by \$917,208 in 2024, mainly due to transfers of \$830,599 from the General Fund and enterprise funds to finance future improvements.

Facilities and Infrastructure Capital Project Fund – Fund balances increased by \$195,474 in 2024, as revenue from property taxes and other sources exceeded relatively minor project expenditures.

Street Improvement Capital Project Fund – Fund balances decreased by \$593,571 in 2024, as current year street improvement project expenditures exceeded revenues and transfers.

Nonmajor Funds – Total fund balances of the City's other "nonmajor" governmental funds decreased \$312,248, ending the year at \$4,033,054. The majority of this decrease is attributable to equipment purchases.

General Fund Budgetary Highlights

The City Council adopted a balanced budget for the General Fund, which was not amended during the year. Some of the more significant variances are summarized as follows:

Revenue was more than anticipated by \$618,347:

- Licenses and permits were \$167,364 over budget, mainly in building permit revenue.
- Investment earnings were \$226,913 over budget, due to an improvement in market performance.
- Miscellaneous revenues were \$155,653 over budget, due to an increase in contributions and donations.

Expenditures were \$254,700 under budget in total:

- General government expenditures were under budget by \$117,867, mainly in assessing and general government building expenditures.
- Public works expenditures were \$147,591 less than expected, mainly in salaries and benefits for the streets and engineering departments.
- Culture and recreation expenditures were \$103,307 under budget, mainly in salaries and benefits and contracted services for parks, recreation, and forestry.

Capital Assets – The City’s investment in capital assets for its governmental and business-type activities amounted to \$84,936,349 (net of accumulated depreciation/amortization) at year-end. The investment in capital assets includes: land, buildings, park facilities, equipment, streets, storm sewers, and water and sanitary sewer lines. The total increase in net capital assets for the current fiscal year was \$5,396,047 (a 9.0 percent increase for governmental activities and a 0.6 percent decrease for business-type activities).

- Major governmental activity additions included: \$6,015,936 of construction in progress (CIP) for the Panoway project, \$484,876 of CIP for Broadway Avenue signal improvements, and \$329,042 of CIP for council chambers video and audit improvements.

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 7,663,994	\$ 7,663,994	\$ 973,048	\$ 973,048	\$ 8,637,042	\$ 8,637,042
Construction in progress	13,545,856	7,829,523	484,524	–	14,030,380	7,829,523
Buildings	19,523,425	19,811,161	6,319,077	6,509,647	25,842,502	26,320,808
Infrastructure	21,636,747	22,126,502	10,618,839	11,023,076	32,255,586	33,149,578
Machinery and equipment	3,123,240	2,550,050	212,460	210,431	3,335,700	2,760,481
Land improvements	170,240	184,455	–	–	170,240	184,455
Site lease	641,088	658,415	–	–	641,088	658,415
Technology subscription	23,811	–	–	–	23,811	–
Total capital assets	<u>\$ 66,328,401</u>	<u>\$ 60,824,100</u>	<u>\$ 18,607,948</u>	<u>\$ 18,716,202</u>	<u>\$ 84,936,349</u>	<u>\$ 79,540,302</u>

Additional details of the City’s capital asset activity for the year can be found in Note 5 of the notes to basic financial statements.

Long-Term Debt – The City has \$23.1 million in outstanding bonded debt at December 31, 2024, compared to \$24.6 million last year.

- The City sold \$6,205,000 of General Obligation Tax Increment Refunding Bonds, Series 2024A that were used to refund \$6,555,000 of temporary tax increment financing bonds issued in 2023.
- The City made scheduled debt service principal payments of \$1,345,000 on outstanding bonds.

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
G.O. improvement bonds	\$ 2,285,000	\$ 2,635,000	\$ 835,000	\$ 950,000	\$ 3,120,000	\$ 3,585,000
G.O. tax increment bonds	15,665,000	16,540,000	–	–	15,665,000	16,540,000
G.O. revenue bonds	–	–	3,480,000	3,835,000	3,480,000	3,835,000
Unamortized bond premium	709,629	482,132	166,142	187,027	875,771	669,159
Total	<u>\$ 18,659,629</u>	<u>\$ 19,657,132</u>	<u>\$ 4,481,142</u>	<u>\$ 4,972,027</u>	<u>\$ 23,140,771</u>	<u>\$ 24,629,159</u>

Additional information on the City’s long-term liabilities can be found in Note 7 of the notes to basic financial statements.

In accordance with Minnesota Statutes, the City may not incur or be subject to net debt in excess of percent of the estimated market value of taxable property within the City. Net debt is payable solely from ad valorem taxes and, therefore, excludes debt financed partially or entirely by special assessments, enterprise fund revenues, or tax increments. The City’s estimated market value of taxable property in 2024 was \$3,177,904,195, resulting in a legal debt limit of \$95,337,126.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City's elected and appointed officials considered many factors when they developed the 2025 budget and tax levy, and when they set the appropriate fees that will be charged for business-type activities. These factors include:

- Preliminary market values for the 2025 tax year remain strong and have improved over the prior year, but the increases were consistent with those seen in previous years. Residential valuations increased approximately 4.2 percent over 2024. The overall market value increased 3.4 percent over 2024, due to a combination of new development and an increase in values.
- The 2025 General Fund budget expects an overall revenue increase, despite a decrease from food licensing which transitioned to Hennepin County, due to an increase in other revenues, including investment earnings, increases in transfers from the liquor operation, and an increase in charges for services.
- The 2025 General Fund expects an overall expenditure increase, due to investment in IT and technology services, the addition of a Police Officer and increased hours for Police Records and Community Service Officer positions, insurance increases, and increases in employee compensation (COLA, market adjustments, and recruitment and retention pay for Police Officers).

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

REQUESTS FOR INFORMATION

This report is designed to provide a general overview of the City's finances for all those interested in the government's finances. If you have any questions about this report, or need additional information, please contact the City's Finance Department at 600 Rice Street, Wayzata, Minnesota 55391; or (952) 404-5300.

BASIC FINANCIAL STATEMENTS

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF WAYZATA

Statement of Net Position
December 31, 2024

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Housing and Redevelopment Authority
Assets				
Cash and investments	\$ 16,605,324	\$ 6,244,088	\$ 22,849,412	\$ 2,827,737
Receivables				
Interest	116,465	—	116,465	6,300
Taxes and tax increments	141,061	—	141,061	36,564
Accounts	70,922	261,630	332,552	—
Notes	—	—	—	10,000
Special assessments	2,187,968	350,829	2,538,797	—
Leases	5,360,533	—	5,360,533	—
Due from component unit	—	1,466,932	1,466,932	—
Due from other governmental units	178,151	24,555	202,706	—
Prepaid items	22,132	620	22,752	—
Inventories	—	581,719	581,719	—
Capital assets				
Not being depreciated/amortized	21,209,850	1,457,572	22,667,422	2,092,900
Depreciated/amortized, net	45,118,551	17,150,376	62,268,927	—
Total assets	91,010,957	27,538,321	118,549,278	4,973,501
Deferred outflows of resources				
Pension plan deferments	2,853,514	489,918	3,343,432	—
OPEB plan deferments	330,959	178,915	509,874	—
Deferred charges on refunding	—	28,127	28,127	—
Total deferred outflows of resources	3,184,473	696,960	3,881,433	—
Total assets and deferred outflows of resources	\$ 94,195,430	\$ 28,235,281	\$ 122,430,711	\$ 4,973,501
Liabilities				
Accounts payable	\$ 1,574,017	\$ 356,287	\$ 1,930,304	\$ 1,257,905
Due to other governments	27,874	74,622	102,496	—
Accrued salaries and wages	260,290	177,108	437,398	—
Accrued interest payable	269,927	8,688	278,615	—
Due to primary government	—	—	—	1,466,932
Deposits payable	839,485	15,099	854,584	—
Net pension liability, due in more than one year	2,512,695	1,391,947	3,904,642	—
Total OPEB liability, due in more than one year	547,089	295,751	842,840	—
Bonds, premiums, leases, and compensated absences payable				
Due within one year	1,398,543	621,825	2,020,368	—
Due in more than one year	18,811,413	4,118,360	22,929,773	—
Total liabilities	26,241,333	7,059,687	33,301,020	2,724,837
Deferred inflows of resources				
Lease revenue for subsequent years	5,244,903	—	5,244,903	—
Pension plan deferments	3,428,515	1,309,381	4,737,896	—
OPEB plan deferments	106,624	57,641	164,265	—
Total deferred inflows of resources	8,780,042	1,367,022	10,147,064	—
Net position				
Net investment in capital assets	46,994,401	14,126,806	61,121,207	2,092,900
Restricted for				
Debt service	3,072,937	773,201	3,846,138	—
Parks and trails	410,757	—	410,757	—
Public safety	81,090	—	81,090	—
Economic development	—	—	—	995,193
Unrestricted	8,614,870	4,908,565	13,523,435	(839,429)
Total net position	59,174,055	19,808,572	78,982,627	2,248,664
Total liabilities, deferred inflows of resources, and net position	\$ 94,195,430	\$ 28,235,281	\$ 122,430,711	\$ 4,973,501

CITY OF WAYZATA

Statement of Activities
Year Ended December 31, 2024

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities				
General government	\$ 2,630,279	\$ 878,365	\$ 22,333	\$ —
Public safety	4,298,880	1,014,829	571,618	—
Public works	3,176,591	441,826	30,000	1,413,783
Culture and recreation	1,949,007	257,279	21,333	1,368,113
Interest on long-term debt	682,123	—	—	—
Total governmental activities	<u>12,736,880</u>	<u>2,592,299</u>	<u>645,284</u>	<u>2,781,896</u>
Business-type activities				
Water	998,793	1,099,981	5,047	255,079
Sewer	1,364,099	1,512,371	6,094	106,477
Licensing	603,661	737,960	8,063	—
Liquor	6,817,410	7,121,541	44,775	—
Solid Waste	415,385	430,517	19,382	—
Marina	233,124	229,814	631	—
Stormwater	213,382	456,659	1,080	—
Total business-type activities	<u>10,645,854</u>	<u>11,588,843</u>	<u>85,072</u>	<u>361,556</u>
Total primary government	<u>\$ 23,382,734</u>	<u>\$ 14,181,142</u>	<u>\$ 730,356</u>	<u>\$ 3,143,452</u>
Component unit				
Housing and Redevelopment Authority	<u>\$ 3,832,405</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

General revenues

Property taxes, levied for general purposes

Property taxes, levied for debt service

Tax increment

Franchise fees

Grants and contributions not restricted
to specific programs

Unrestricted investment earnings

Gain on sale of capital assets

Transfers

Total general revenues and transfers

Change in net position

Net position – beginning, as previously reported

Change in accounting principle

Net position – beginning, as restated

Net position – ending

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Housing and Redevelopment Authority
\$ (1,729,581)	\$ —	\$ (1,729,581)	\$ —
(2,712,433)	—	(2,712,433)	—
(1,290,982)	—	(1,290,982)	—
(302,282)	—	(302,282)	—
(682,123)	—	(682,123)	—
<u>(6,717,401)</u>	<u>—</u>	<u>(6,717,401)</u>	<u>—</u>
—	361,314	361,314	—
—	260,843	260,843	—
—	142,362	142,362	—
—	348,906	348,906	—
—	34,514	34,514	—
—	(2,679)	(2,679)	—
—	244,357	244,357	—
<u>—</u>	<u>1,389,617</u>	<u>1,389,617</u>	<u>—</u>
(6,717,401)	1,389,617	(5,327,784)	—
<u>—</u>	<u>—</u>	<u>—</u>	<u>(3,832,405)</u>
5,847,835	—	5,847,835	—
502,015	—	502,015	—
—	—	—	3,943,261
159,387	—	159,387	—
244,779	—	244,779	—
771,483	366,996	1,138,479	42,415
8,245	—	8,245	—
997,406	(997,406)	—	—
<u>8,531,150</u>	<u>(630,410)</u>	<u>7,900,740</u>	<u>3,985,676</u>
1,813,749	759,207	2,572,956	153,271
57,850,142	19,213,413	77,063,555	2,095,393
(489,836)	(164,048)	(653,884)	—
<u>57,360,306</u>	<u>19,049,365</u>	<u>76,409,671</u>	<u>2,095,393</u>
<u>\$ 59,174,055</u>	<u>\$ 19,808,572</u>	<u>\$ 78,982,627</u>	<u>\$ 2,248,664</u>

CITY OF WAYZATA

Balance Sheet
Governmental Funds
December 31, 2024

	101	300's	233	404	408
	General	Debt Service	Lakefront Improvement Capital Projects	Parks and Trails Capital Projects	Facilities and Infrastructure Capital Projects
Assets					
Cash and investments	\$ 5,139,238	\$ 1,154,925	\$ 1,257,396	\$ 2,250,362	\$ 1,338,725
Receivables					
Interest	72,267	—	—	4,247	10,618
Taxes	141,061	—	—	—	—
Accounts	53,393	—	—	—	—
Special assessments	29	2,187,939	—	—	—
Leases	383,082	—	—	429,157	1,072,893
Due from other governments	5,527	—	100,000	69,598	—
Prepaid items	10,132	—	—	12,000	—
Total assets	\$ 5,804,729	\$ 3,342,864	\$ 1,357,396	\$ 2,765,364	\$ 2,422,236
Liabilities					
Accounts and contracts payable	\$ 116,196	\$ —	\$ 1,377,491	\$ 5,283	\$ 4,900
Due to other governments	25,858	—	—	—	—
Accrued salaries payable	258,075	—	—	—	—
Deposits payable	52,153	—	—	—	—
Total liabilities	452,282	—	1,377,491	5,283	4,900
Deferred inflows of resources					
Lease revenue for subsequent years	375,582	—	—	417,772	1,051,615
Unavailable revenue					
Property taxes	39,484	—	—	—	—
Special assessments	29	2,187,939	—	—	—
Total deferred inflows of resources	415,095	2,187,939	—	417,772	1,051,615
Fund balances (deficit)					
Nonspendable	10,132	—	—	12,000	—
Restricted	—	1,154,925	—	410,757	—
Committed	—	—	—	—	—
Assigned	282,339	—	—	1,919,552	1,365,721
Unassigned	4,644,881	—	(20,095)	—	—
Total fund balances (deficit)	4,937,352	1,154,925	(20,095)	2,342,309	1,365,721
Total liabilities, deferred inflows of resources, and fund balances	\$ 5,804,729	\$ 3,342,864	\$ 1,357,396	\$ 2,765,364	\$ 2,422,236

430 Street Improvement Capital Projects	802 Developer Financed Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
\$ 627,049	\$ 801,520	\$ 4,036,109	\$ 16,605,324
27,608	—	1,725	116,465
—	—	—	141,061
—	—	17,529	70,922
—	—	—	2,187,968
2,789,521	—	685,880	5,360,533
—	—	3,026	178,151
—	—	—	22,132
<u>\$ 3,444,178</u>	<u>\$ 801,520</u>	<u>\$ 4,744,269</u>	<u>\$ 24,682,556</u>
\$ 23,931	\$ 14,188	\$ 32,028	\$ 1,574,017
—	—	2,016	27,874
—	—	2,215	260,290
—	787,332	—	839,485
23,931	801,520	36,259	2,701,666
2,724,978	—	674,956	5,244,903
—	—	—	39,484
—	—	—	2,187,968
2,724,978	—	674,956	7,472,355
—	—	—	22,132
—	—	81,090	1,646,772
—	—	291,175	291,175
695,269	—	3,660,789	7,923,670
—	—	—	4,624,786
695,269	—	4,033,054	14,508,535
<u>\$ 3,444,178</u>	<u>\$ 801,520</u>	<u>\$ 4,744,269</u>	<u>\$ 24,682,556</u>

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF WAYZATA

Reconciliation of the Balance Sheet to the Statement of Net Position Governmental Funds December 31, 2024

Total fund balances – governmental funds	\$ 14,508,535
--	---------------

Amounts reported for governmental activities in the Statement of Net Position are different

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

Cost of capital assets	90,138,258
Less accumulated depreciation/amortization	(23,809,857)

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in governmental funds.

Compensated absences payable	(875,956)
Net pension liability	(2,512,695)
Total OPEB liability	(547,089)
Bonds principal payable	(17,950,000)
Unamortized bond premiums	(709,629)
Lease liabilities payable	(650,495)
Subscription liability payable	(23,876)
Accrued interest payable	(269,927)

Due to availability, certain revenues are not recognized under the governmental fund statements until received; however, under full accrual in the government-wide Statement of Activities, revenues are recorded when earned regardless of when received.

Delinquent property taxes	39,484
Delinquent and deferred special assessments	2,187,968

Governmental funds do not report certain long-term amounts related to pensions and OPEB that are included in governmental activities net position.

Deferred outflows of resources – pension plan deferments	2,853,514
Deferred inflows of resources – pension plan deferments	(3,428,515)
Deferred outflows of resources – OPEB plan deferments	330,959
Deferred inflows of resources – OPEB plan deferments	(106,624)

Total net position – governmental activities	<u>\$ 59,174,055</u>
--	----------------------

CITY OF WAYZATA

Statement of Revenue, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2024

	101	300's	233	404	408
	General	Debt Service	Lakefront Improvement Capital Projects	Parks and Trails Capital Projects	Facilities and Infrastructure Capital Projects
Revenue					
Taxes					
Property taxes	\$ 5,873,999	\$ —	\$ —	\$ —	\$ 249,021
Franchise fees	87,896	—	—	—	—
Licenses and permits	880,364	—	—	—	—
Intergovernmental	474,173	813,117	4,349,820	181,495	—
Charges for services	938,652	—	—	161,105	125,024
Fines and forfeitures	93,259	—	—	—	—
Special assessments	—	472,727	—	—	—
Investment earnings	285,313	50,582	33,225	88,245	56,290
Miscellaneous					
Contributions and donations	—	—	800,891	—	—
Refunds and reimbursements	—	—	—	69,131	3,504
Other	187,653	—	—	—	—
Total revenue	<u>8,821,309</u>	<u>1,336,426</u>	<u>5,183,936</u>	<u>499,976</u>	<u>433,839</u>
Expenditures					
Current					
General government	1,993,512	—	—	—	—
Public safety	3,700,024	—	—	—	—
Public works	918,721	—	—	—	—
Culture and recreation	970,823	—	41,036	9,251	—
Miscellaneous	414,901	—	—	—	—
Capital outlay					
General government	37,700	—	—	—	—
Public safety	7,832	—	—	—	—
Public works	—	—	—	—	263,365
Culture and recreation	—	—	6,225,236	404,116	—
Debt service					
Principal	22,806	1,079,844	—	—	—
Interest and fiscal charges	11,606	727,185	—	—	—
Total expenditures	<u>8,077,925</u>	<u>1,807,029</u>	<u>6,266,272</u>	<u>413,367</u>	<u>263,365</u>
Excess (deficiency) of revenue over expenditures	743,384	(470,603)	(1,082,336)	86,609	170,474
Other financing sources (uses)					
Debt issued	34,288	—	—	—	—
Refunding bonds issued	—	6,205,000	—	—	—
Premiums on debt issued	—	277,360	—	—	—
Paid to refunding bond escrow agent	—	(6,350,156)	—	—	—
Transfers in	429,393	—	—	830,599	25,000
Transfers (out)	(699,843)	—	(30,313)	—	—
Sale of capital assets	8,245	—	—	—	—
Total other financing sources (uses)	<u>(227,917)</u>	<u>132,204</u>	<u>(30,313)</u>	<u>830,599</u>	<u>25,000</u>
Net change in fund balances	515,467	(338,399)	(1,112,649)	917,208	195,474
Fund balances (deficit)					
Beginning of year, as previously reported	4,421,885	1,493,324	1,092,554	—	—
Change in reporting entity – nonmajor funds to major	—	—	—	1,425,101	1,170,247
Beginning of year, as restated	<u>4,421,885</u>	<u>1,493,324</u>	<u>1,092,554</u>	<u>1,425,101</u>	<u>1,170,247</u>
End of year	<u>\$ 4,937,352</u>	<u>\$ 1,154,925</u>	<u>\$ (20,095)</u>	<u>\$ 2,342,309</u>	<u>\$ 1,365,721</u>

See notes to basic financial statements

430 Street Improvement Capital Projects	802 Developer Financed Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
\$ 252,994	\$ —	\$ —	\$ 6,376,014
—	—	71,491	159,387
—	—	—	880,364
74,313	—	20,000	5,912,918
278,816	—	113,473	1,617,070
—	—	—	93,259
—	—	—	472,727
60,124	—	197,704	771,483
—	—	161,606	962,497
3,443	—	1,880	77,958
—	—	—	187,653
<u>669,690</u>	<u>—</u>	<u>566,154</u>	<u>17,511,330</u>
—	—	88,072	2,081,584
—	—	—	3,700,024
—	—	—	918,721
—	—	8,926	1,030,036
—	—	—	414,901
—	—	594,351	632,051
—	—	334,702	342,534
1,318,261	—	37,281	1,618,907
—	—	202,640	6,831,992
—	—	—	1,102,650
—	—	—	738,791
<u>1,318,261</u>	<u>—</u>	<u>1,265,972</u>	<u>19,412,191</u>
(648,571)	—	(699,818)	(1,900,861)
—	—	—	34,288
—	—	—	6,205,000
—	—	—	277,360
—	—	—	(6,350,156)
55,000	—	458,650	1,798,642
—	—	(71,080)	(801,236)
—	—	—	8,245
<u>55,000</u>	<u>—</u>	<u>387,570</u>	<u>1,172,143</u>
(593,571)	—	(312,248)	(728,718)
1,288,840	—	6,940,650	15,237,253
—	—	(2,595,348)	—
<u>1,288,840</u>	<u>—</u>	<u>4,345,302</u>	<u>15,237,253</u>
<u>\$ 695,269</u>	<u>\$ —</u>	<u>\$ 4,033,054</u>	<u>\$ 14,508,535</u>

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF WAYZATA

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

Total net change in fund balances – governmental funds	\$ (728,718)
--	--------------

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

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation/amortization expense.

Capital outlays	7,818,891
Depreciation/amortization expense	(2,314,590)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Other long-term adjustments are also made between the governmental funds and the Statement of Activities for debt premiums, compensated absences, pension liabilities, and OPEB obligations.

Debt issued	(6,239,288)
Principal payments for bonds	7,430,000
Principal payments for leases payable	12,394
Principal payments for subscriptions payable	10,412
Debt premiums	(227,497)
Compensated absences	36,279
Net pension liability	683,121
Total OPEB liability	(201,233)

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

6,805

Governmental funds do not report additions or deletions to certain long-term amounts related to pensions and OPEB that are included in the change in governmental activities net position.

Deferred outflows of resources – pension plan deferments	(799,424)
Deferred inflows of resources – pension plan deferments	206,265
Deferred outflows of resources – OPEB plan deferments	143,288
Deferred inflows of resources – OPEB plan deferments	27,068

Certain revenues (including delinquent taxes and special assessments) are included in the change in net position, but are excluded from the change in fund balances until they are available to liquidate liabilities of the current period.

Delinquent property taxes	(26,163)
Delinquent and deferred special assessments	(357,852)
Long-term grant receivables	(3,666,009)

Change in net position – governmental activities	<u>\$ 1,813,749</u>
--	---------------------

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF WAYZATA

Statement of Revenue, Expenditures, and Changes in Fund Balances
General Fund – Budget and Actual
Year Ended December 31, 2024

	Original and Final Budget	Actual	Over (Under) Final Budget
Revenues			
Taxes			
Property taxes	\$ 5,905,107	\$ 5,873,999	\$ (31,108)
Franchise fees	88,000	87,896	(104)
Licenses and permits	713,000	880,364	167,364
Intergovernmental	442,736	474,173	31,437
Charges for services	892,719	938,652	45,933
Fines and forfeitures	71,000	93,259	22,259
Investment earnings	58,400	285,313	226,913
Miscellaneous	32,000	187,653	155,653
Total revenues	8,202,962	8,821,309	618,347
Expenditures			
Current			
General government	2,111,379	1,993,512	(117,867)
Public safety	3,708,104	3,700,024	(8,080)
Public works	1,066,312	918,721	(147,591)
Culture and recreation	1,074,130	970,823	(103,307)
Miscellaneous	363,200	414,901	51,701
Capital outlay			
General government	1,500	37,700	36,200
Public safety	8,000	7,832	(168)
Debt service			
Principal	–	22,806	22,806
Interest	–	11,606	11,606
Total expenditures	8,332,625	8,077,925	(254,700)
Excess (deficiency) of revenue over expenditures	(129,663)	743,384	873,047
Other financing sources (uses)			
Debt issued	–	34,288	34,288
Transfers in	363,313	429,393	66,080
Transfers (out)	(233,650)	(699,843)	(466,193)
Sale of capital assets	–	8,245	8,245
Total other financing sources (uses)	129,663	(227,917)	(357,580)
Net change in fund balances	\$ –	515,467	\$ 515,467
Fund balances			
Beginning of year		4,421,885	
End of year		\$ 4,937,352	

CITY OF WAYZATA

Statement of Net Position
Proprietary Funds
December 31, 2024

	610 Water	620 Sewer	630 Licensing	640 Liquor
Assets				
Current assets				
Cash and investments	\$ 2,098,238	\$ 1,382,215	\$ 163,249	\$ 1,149,042
Receivables				
Accounts	62,582	120,166	—	83
Special assessments	29,644	55,049	—	—
Due from other governments	17,742	5,092	1,721	—
Inventories	13,203	—	—	568,516
Prepaid items	300	300	—	20
Total current assets	<u>2,221,709</u>	<u>1,562,822</u>	<u>164,970</u>	<u>1,717,661</u>
Noncurrent assets				
Special assessments	172,828	93,308	—	—
Due from component unit	733,466	733,466	—	—
Capital assets				
Land	3,975	8,495	—	679,550
Buildings	6,077,906	30,830	—	3,439,095
Infrastructure	5,704,550	4,673,595	—	127,194
Machinery and equipment	228,578	388,886	—	884,831
Construction in progress	242,262	242,262	—	—
Less accumulated depreciation	<u>(3,681,224)</u>	<u>(1,899,582)</u>	<u>—</u>	<u>(1,714,287)</u>
Total capital assets, net of accumulated depreciation	<u>8,576,047</u>	<u>3,444,486</u>	<u>—</u>	<u>3,416,383</u>
Total noncurrent assets	<u>9,482,341</u>	<u>4,271,260</u>	<u>—</u>	<u>3,416,383</u>
Total assets	<u>11,704,050</u>	<u>5,834,082</u>	<u>164,970</u>	<u>5,134,044</u>
Deferred outflows of resources				
Pension plan deferments	38,039	37,556	60,766	337,438
OPEB plan deferments	23,046	22,944	37,425	85,710
Deferred charges on refunding	<u>28,127</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total deferred outflows of resources	<u>89,212</u>	<u>60,500</u>	<u>98,191</u>	<u>423,148</u>
Total assets and deferred outflows of resources	<u>\$ 11,793,262</u>	<u>\$ 5,894,582</u>	<u>\$ 263,161</u>	<u>\$ 5,557,192</u>

650 Solid Waste	660 Marina	670 Stormwater	Total
\$ 379,624	\$ 169,263	\$ 902,457	\$ 6,244,088
38,167	—	40,632	261,630
—	—	—	84,693
—	—	—	24,555
—	—	—	581,719
—	—	—	620
<u>417,791</u>	<u>169,263</u>	<u>943,089</u>	<u>7,197,305</u>
—	—	—	266,136
—	—	—	1,466,932
—	—	281,028	973,048
—	—	—	9,547,831
—	—	5,391,916	15,897,255
—	—	—	1,502,295
—	—	—	484,524
—	—	(2,501,912)	(9,797,005)
<u>—</u>	<u>—</u>	<u>3,171,032</u>	<u>18,607,948</u>
<u>—</u>	<u>—</u>	<u>3,171,032</u>	<u>20,341,016</u>
<u>417,791</u>	<u>169,263</u>	<u>4,114,121</u>	<u>27,538,321</u>
3,224	4,755	8,140	489,918
5,405	3,725	660	178,915
—	—	—	28,127
<u>8,629</u>	<u>8,480</u>	<u>8,800</u>	<u>696,960</u>
<u>\$ 426,420</u>	<u>\$ 177,743</u>	<u>\$ 4,122,921</u>	<u>\$ 28,235,281</u>

CITY OF WAYZATA

Statement of Net Position (continued)
Proprietary Funds
December 31, 2024

	610 Water	620 Sewer	630 Licensing	640 Liquor
Liabilities				
Current liabilities				
Accounts payable	\$ 57,791	\$ 51,982	\$ 504	\$ 211,756
Due to other governments	937	126	1,361	66,651
Accrued salaries payable	14,098	14,047	21,969	121,349
Accrued interest payable	5,737	338	—	2,613
Deposits payable	—	—	5	15,094
Compensated absences payable	10,963	10,963	32,496	82,403
Bonds payable	285,000	45,000	—	155,000
Total current liabilities	374,526	122,456	56,335	654,866
Noncurrent liabilities				
Net pension liability	108,077	106,703	172,648	958,723
Total OPEB liability	38,096	37,928	61,864	141,681
Compensated absences payable	10,899	10,899	20,597	79,823
Unamortized bond premium	84,841	2,045	—	79,256
Bonds payable	2,030,000	90,000	—	1,710,000
Total noncurrent liabilities	2,271,913	247,575	255,109	2,969,483
Total liabilities	2,646,439	370,031	311,444	3,624,349
Deferred inflows of resources				
Pension plan deferments	101,666	100,374	162,407	901,855
OPEB plan deferments	7,425	7,392	12,057	27,613
Total deferred inflows of resources	109,091	107,766	174,464	929,468
Net position (deficit)				
Net investment in capital assets	6,176,206	3,307,441	—	1,472,127
Restricted for debt service	611,877	161,324	—	—
Unrestricted	2,249,649	1,948,020	(222,747)	(468,752)
Total net position (deficit)	9,037,732	5,416,785	(222,747)	1,003,375
Total liabilities, deferred inflows of resources, and fund balances	\$ 11,793,262	\$ 5,894,582	\$ 263,161	\$ 5,557,192

650 Solid Waste	660 Marina	670 Stormwater	Total
\$ 33,923	\$ 331	\$ —	\$ 356,287
5,547	—	—	74,622
1,230	1,838	2,577	177,108
—	—	—	8,688
—	—	—	15,099
—	—	—	136,825
—	—	—	485,000
<u>40,700</u>	<u>2,169</u>	<u>2,577</u>	<u>1,253,629</u>
9,159	13,510	23,127	1,391,947
8,934	6,031	1,217	295,751
—	—	—	122,218
—	—	—	166,142
—	—	—	3,830,000
<u>18,093</u>	<u>19,541</u>	<u>24,344</u>	<u>5,806,058</u>
<u>58,793</u>	<u>21,710</u>	<u>26,921</u>	<u>7,059,687</u>
8,616	12,708	21,755	1,309,381
<u>1,741</u>	<u>942</u>	<u>471</u>	<u>57,641</u>
<u>10,357</u>	<u>13,650</u>	<u>22,226</u>	<u>1,367,022</u>
—	—	3,171,032	14,126,806
—	—	—	773,201
<u>357,270</u>	<u>142,383</u>	<u>902,742</u>	<u>4,908,565</u>
<u>357,270</u>	<u>142,383</u>	<u>4,073,774</u>	<u>19,808,572</u>
<u>\$ 426,420</u>	<u>\$ 177,743</u>	<u>\$ 4,122,921</u>	<u>\$ 28,235,281</u>

CITY OF WAYZATA

Statement of Revenue, Expenses, and Changes in Net Position
Proprietary Funds
Year Ended December 31, 2024

	610 Water	620 Sewer	630 Licensing	640 Liquor
Operating revenue				
Sales	\$ —	\$ —	\$ —	\$ 7,086,024
Charges for services	1,099,981	1,512,371	737,960	—
Total operating revenue	1,099,981	1,512,371	737,960	7,086,024
Cost of goods sold	—	—	—	3,464,938
Gross profit	1,099,981	1,512,371	737,960	3,621,086
Operating expenses				
Personnel services	337,965	334,790	565,071	2,274,893
Supplies	104,720	32,620	15,524	176,360
Professional fees	36,861	134,690	2,361	96,073
Utilities	70,569	663,106	—	97,293
Other services and charges	27,962	27,049	19,527	414,950
Repairs and maintenance	84,975	35,926	1,178	157,288
Depreciation	266,436	131,129	—	108,903
Total operating expenses	929,488	1,359,310	603,661	3,325,760
Operating income (loss)	170,493	153,061	134,299	295,326
Nonoperating income (expense)				
Investment earnings	133,766	100,792	8,585	57,071
Intergovernmental	5,047	4,983	8,063	44,775
Other income	—	1,111	—	35,517
Interest and fiscal charges	(69,305)	(4,789)	—	(26,712)
Total nonoperating income (expense)	69,508	102,097	16,648	110,651
Income before contributions and transfers	240,001	255,158	150,947	405,977
Capital contributions	255,079	106,477	—	—
Transfers (out)	(101,000)	(131,000)	(154,798)	(545,608)
Changes in net position	394,080	230,635	(3,851)	(139,631)
Net position (deficit)				
Beginning of year, as previously reported	8,672,687	5,215,185	(198,429)	1,228,517
Change in accounting principle	(29,035)	(29,035)	(20,467)	(85,511)
Beginning of year, as restated	8,643,652	5,186,150	(218,896)	1,143,006
End of year	\$ 9,037,732	\$ 5,416,785	\$ (222,747)	\$ 1,003,375

650 Solid Waste	660 Marina	670 Stormwater	Total
\$ —	\$ —	\$ —	\$ 7,086,024
430,517	229,814	456,659	4,467,302
<u>430,517</u>	<u>229,814</u>	<u>456,659</u>	<u>11,553,326</u>
—	—	—	3,464,938
<u>430,517</u>	<u>229,814</u>	<u>456,659</u>	<u>8,088,388</u>
33,227	45,170	69,167	3,660,283
—	—	—	329,224
311,670	177,794	10,378	769,827
56,911	—	—	887,879
13,577	3,900	165	507,130
—	6,260	1,698	287,325
—	—	131,974	638,442
<u>415,385</u>	<u>233,124</u>	<u>213,382</u>	<u>7,080,110</u>
15,132	(3,310)	243,277	1,008,278
17,235	10,925	38,622	366,996
19,382	631	1,080	83,961
—	—	—	36,628
<u>—</u>	<u>—</u>	<u>—</u>	<u>(100,806)</u>
<u>36,617</u>	<u>11,556</u>	<u>39,702</u>	<u>386,779</u>
51,749	8,246	282,979	1,395,057
—	—	—	361,556
<u>—</u>	<u>—</u>	<u>(65,000)</u>	<u>(997,406)</u>
51,749	8,246	217,979	759,207
305,521	134,137	3,855,795	19,213,413
—	—	—	(164,048)
<u>305,521</u>	<u>134,137</u>	<u>3,855,795</u>	<u>19,049,365</u>
<u>\$ 357,270</u>	<u>\$ 142,383</u>	<u>\$ 4,073,774</u>	<u>\$ 19,808,572</u>

CITY OF WAYZATA

Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2024

	610 <u>Water</u>	620 <u>Sewer</u>	630 <u>Licensing</u>	640 <u>Liquor</u>
Cash flows from operating activities				
Receipts from customers and users	\$ 1,123,162	\$ 1,553,959	\$ 736,239	\$ 7,086,453
Other operating receipts	5,047	6,094	8,063	80,292
Receipts from customer deposits	—	—	5	(17,935)
Payments to vendors	(272,279)	(916,361)	(47,078)	(4,322,996)
Payments to employees	(366,109)	(364,831)	(557,677)	(2,406,685)
Net cash flows from operating activities	<u>489,821</u>	<u>278,861</u>	<u>139,552</u>	<u>419,129</u>
Cash flows from noncapital financing activities				
Transfers to other funds	(101,000)	(131,000)	(154,798)	(545,608)
Loan to component unit	(28,210)	(28,210)	—	—
Net cash flows from noncapital financing activities	<u>(129,210)</u>	<u>(159,210)</u>	<u>(154,798)</u>	<u>(545,608)</u>
Cash flows from capital and related financing activities				
Acquisition of capital assets	(275,962)	(242,262)	—	(11,964)
Special assessments	16,063	19,477	—	—
Connection fees	239,016	87,000	—	—
Interest paid on long-term debt	(78,075)	(5,800)	—	(34,831)
Principal paid on long-term debt	(280,000)	(40,000)	—	(150,000)
Net cash flows from capital and related financing activities	<u>(378,958)</u>	<u>(181,585)</u>	<u>—</u>	<u>(196,795)</u>
Cash flows from investing activities				
Interest received	<u>133,766</u>	<u>100,792</u>	<u>8,585</u>	<u>57,071</u>
Increase (decrease) in cash and cash equivalents	115,419	38,858	(6,661)	(266,203)
Cash and cash equivalents – beginning	<u>1,982,819</u>	<u>1,343,357</u>	<u>169,910</u>	<u>1,415,245</u>
Cash and cash equivalents – ending	<u><u>\$ 2,098,238</u></u>	<u><u>\$ 1,382,215</u></u>	<u><u>\$ 163,249</u></u>	<u><u>\$ 1,149,042</u></u>
Reconciliation of operating income (loss) to net cash flows from operating activities				
Operating income (loss)	\$ 170,493	\$ 153,061	\$ 134,299	\$ 295,326
Adjustments to reconcile operating income (loss) to net cash flows from operating activities				
Other income related to operations	5,047	6,094	8,063	80,292
Depreciation	266,436	131,129	—	108,903
Changes in assets, liabilities, and deferred outflows/inflows of resources				
Accounts receivable, net	(2,713)	(6,215)	—	429
Special assessments receivable	27,957	46,250	—	—
Due from other governmental units	(2,063)	1,553	(1,721)	—
Prepaid items	(300)	(300)	—	(20)
Inventories	5,927	—	—	42,837
Deferred outflows of pension resources	53,661	53,930	95,701	589,396
Deferred outflows of OPEB resources	(10,692)	(10,595)	(16,191)	(37,769)
Accounts and contracts payable	47,018	(22,677)	(3,423)	45,520
Due to other governments	163	7	(5,065)	(4,431)
Accrued salaries payable	(8,464)	(8,479)	7,194	13,515
Deposits payable	—	—	5	(17,935)
Compensated absences payable	(27,546)	(27,546)	7,561	11,435
Net pension liability	(43,535)	(44,555)	(86,046)	(573,651)
Total OPEB liability	15,329	15,172	22,731	53,331
Deferred inflows of pension resources	(5,521)	(6,563)	(20,486)	(181,510)
Deferred inflows of OPEB resources	(1,376)	(1,405)	(3,070)	(6,539)
Net cash flows from operating activities	<u><u>\$ 489,821</u></u>	<u><u>\$ 278,861</u></u>	<u><u>\$ 139,552</u></u>	<u><u>\$ 419,129</u></u>
Noncash capital financing activities				
Amortization of bond premiums	<u><u>\$ 12,105</u></u>	<u><u>\$ 911</u></u>	<u><u>\$ —</u></u>	<u><u>\$ 7,869</u></u>
Amortization of deferred charge	<u><u>\$ 4,019</u></u>	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>

See notes to basic financial statements

650 Solid Waste	660 Marina	670 Stormwater	Total
\$ 430,965	\$ 229,814	\$ 453,916	\$ 11,614,508
19,382	631	1,080	120,589
—	—	—	(17,930)
(382,293)	(192,459)	(12,241)	(6,145,707)
(29,841)	(44,913)	(75,515)	(3,845,571)
<u>38,213</u>	<u>(6,927)</u>	<u>367,240</u>	<u>1,725,889</u>
—	—	(65,000)	(997,406)
—	—	—	(56,420)
—	—	(65,000)	(1,053,826)
—	—	—	(530,188)
—	—	—	35,540
—	—	—	326,016
—	—	—	(118,706)
—	—	—	(470,000)
—	—	—	(757,338)
<u>17,235</u>	<u>10,925</u>	<u>38,622</u>	<u>366,996</u>
55,448	3,998	340,862	281,721
<u>324,176</u>	<u>165,265</u>	<u>561,595</u>	<u>5,962,367</u>
<u>\$ 379,624</u>	<u>\$ 169,263</u>	<u>\$ 902,457</u>	<u>\$ 6,244,088</u>
\$ 15,132	\$ (3,310)	\$ 243,277	\$ 1,008,278
19,382	631	1,080	120,589
—	—	131,974	638,442
448	—	(2,743)	(10,794)
—	—	—	74,207
—	—	—	(2,231)
—	—	—	(620)
—	—	—	48,764
4,899	7,429	13,663	818,679
(4,315)	(1,917)	1,808	(79,671)
4,815	(4,505)	—	66,748
(4,950)	—	—	(14,276)
61	561	(547)	3,841
—	—	—	(17,930)
—	—	—	(36,096)
(4,270)	(6,634)	(12,921)	(771,612)
6,925	2,698	(3,333)	112,853
(878)	(1,534)	(3,730)	(220,222)
<u>964</u>	<u>(346)</u>	<u>(1,288)</u>	<u>(13,060)</u>
<u>\$ 38,213</u>	<u>\$ (6,927)</u>	<u>\$ 367,240</u>	<u>\$ 1,725,889</u>
<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 20,885</u>
<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 4,019</u>

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF WAYZATA

Notes to Basic Financial Statements December 31, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Wayzata, Minnesota (the City) operates under the “Optional Plan A” form of government as defined in Minnesota Statutes. Under this plan, the government of the City is directed by a City Council composed of an elected Mayor and four elected City Council members. The City Council exercises legislative authority and determines all matters of policy. The City Council appoints personnel responsible for the proper administration of all affairs relating to the City.

As required by accounting principles generally accepted in the United States of America, these financial statements include all funds, departments, agencies, boards, and commissions of the City (the primary government) and any component units. The City has considered all potential units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City’s financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization’s governing body, and (1) the ability of the primary government to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the primary government. The City has one component unit.

Discretely Presented Component Unit – The Wayzata Housing and Redevelopment Authority (HRA) assists the City Council in addressing the City’s housing and redevelopment goals and objectives in accordance with the Comprehensive Plan. It is a legally separate entity, of which the governing body consists of a five-member Board of Commissioners approved, but not selected, by the City Council. With the exception of the City Council approving boardmembers and the HRA’s budget, the HRA has complete control over its own duties. However, all HRA administrative and financial functions are performed by city staff, and the HRA is fiscally dependent upon the City. It is these criterion that result in the HRA being reported as a discretely presented component unit. The HRA does not prepare separate financial statements. Information on the HRA’s governmental funds is presented as supplementary schedules elsewhere in this report.

B. Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all activities of the primary government and its component units. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. The City does not allocate indirect expenses. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. However, charges between the City's enterprise funds and other functions are not eliminated, as that would distort the direct costs and program revenues reported in those functions. Depreciation and amortization are included in the direct expenses of each function. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

C. Fund Financial Statement Presentation

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances or net position, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to, and accounted for in, individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Separate fund financial statements are provided for governmental and proprietary funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements, while aggregated information for the remaining nonmajor governmental funds is reported in a single column.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this basis of accounting, transactions are recorded in the following manner:

- 1. Revenue Recognition** – Revenue is recognized when it becomes measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days after year-end. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met. Proceeds of long-term debt are reported as other financing sources.

Major revenue sources susceptible to accrual include property taxes, special assessments, intergovernmental revenue, charges for services, and interest earned on investments. Major revenue sources not susceptible to accrual include licenses and permits, fees, and miscellaneous revenue, which are recorded only when received because they are not measurable until collected.

- 2. Recording of Expenditures** – Expenditures are generally recorded when a liability is incurred, except for principal and interest on long-term debt, claims and judgments, and other long-term liabilities, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as capital outlay expenditures in the governmental funds.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Proprietary fund financial statements are reported using the economic resources measurement focus and accrual basis of accounting, similar to the government-wide financial statements. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. The operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The City reports the following major governmental funds:

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

Debt Service Fund – This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Lakefront Improvement Capital Projects Fund – This fund accounts for the resources accumulated and payments made for the City's "Panoway" lakefront improvement projects.

Parks and Trails Capital Projects Fund – This accounts for the resources accumulated and payments made for capital improvements to the City's parks and trails.

Facilities and Infrastructure Capital Projects Fund – This accounts for the resources accumulated and payments made for capital improvements to the City's facilities and infrastructure.

Street Improvement Capital Projects Fund – This accounts for the resources accumulated and payments made for the City's street improvement program capital projects.

Developer Financed Capital Projects Fund – This fund accounts for deposits from private developers and the reimbursement of city services provided for developer financed capital projects.

The City reports the following major proprietary funds:

Water Fund – This fund is used to account for revenues and expenses to operate the municipal water utility.

Sewer Fund – This fund is used to account for revenues and expenses to operate the municipal sewer utility.

Licensing Fund – This fund is used to account for revenues and expenses to operate the licensing service center.

Liquor Fund – This fund is used to account for revenues and expenses to operate the City's off-sale liquor store and on-sale municipal bar and grill operations.

Solid Waste Fund – This fund is used to account for revenues and expenses to operate the City's solid waste collection programs.

Marina Fund – This fund is used to account for revenues and expenses to operate the City's marina.

Stormwater Fund – This fund is used to account for revenues and expenses to operate the City's stormwater system.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Budgets

An annual budget is legally adopted for the General Fund on a modified accrual basis consistent with accounting principles generally accepted in the United States of America. Appropriations are authorized by the City Council at the fund level, which is the legal level of budgetary control. Appropriations lapse at year-end; however, the City Council may approve the carryover of specific amounts.

E. Cash and Investments

Cash balances from all funds are combined and invested to the extent available in short-term investments. Earnings from the pooled investments are allocated to the individual funds based on the average monthly cash and investment balances of the respective funds.

For purposes of the Statement of Cash Flows, the City considers all highly liquid debt instruments with an original maturity at the time of purchase of three months or less to be cash equivalents. The proprietary funds' portion of the government-wide cash and investment pool is considered to be cash equivalent.

The City generally reports investments at fair value, except for certain investment pools reported at amortized cost. Fair value measurements are categorized within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

See Note 2 for the City's recurring fair value measurements at year-end.

F. Receivables

Utility and miscellaneous accounts receivable are reported at gross. The City is generally able to certify delinquent amounts for collection as special assessments; however, an allowance for uncollectible accounts is recorded for utility receivables that remain delinquent after certification to the county. Receivables not expected to be fully collected within one year include leases, deferred special assessments, delinquent property taxes, and certain amounts due from the discretely presented component unit.

G. Interfund Balances and Transfers

In the fund financial statements, activity between funds that is representative of lending or borrowing arrangements is reported as "advances to/from other funds." The current portion of advances and all other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

Interfund balances and transfers reported in the fund financial statements are eliminated to the extent possible in the government-wide financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Property Taxes

Property tax levies are set by the City Council prior to December 31 of each year and are certified to Hennepin County for collection in the following year. In Minnesota, counties act as collection agents for all property taxes. Property tax levies are based on property values assessed on January 1 of the preceding year. The county spreads levies over all taxable property in the City.

Such taxes become a lien on January 1 of the current year. Real property taxes may be paid by taxpayers in two equal installments on May 15 and October 15. Personal property taxes may be paid on February 28 and June 30. The county provides tax settlements to cities three times a year.

Revenues are accrued and recognized in the government-wide financial statements in the year levied. In the governmental fund financial statements, taxes that remain unpaid at December 31 are classified as delinquent taxes and are fully offset by deferred inflows of resources because it is not known when they will be available to finance current expenditures.

I. Special Assessments

Special assessments are levied against the benefited properties for the assessable costs of improvement projects in accordance with state statutes. The City usually adopts the assessment rolls when the individual projects are complete or substantially complete. The assessments are collectible over a term of years generally consistent with the term of years of the related bond issue. Collection of annual installments (including interest) is handled by the county in the same manner as property taxes. Property owners are allowed to prepay total future installments without interest or prepayment penalties.

The City recognizes special assessment revenue in the government-wide and proprietary fund financial statements when the assessment rolls are levied. In the governmental fund financial statements, the City recognizes special assessment revenue when it becomes both measurable and available. Current assessments which remain unpaid at December 31 are classified as delinquent receivables and, together with deferred assessments, are fully offset by deferred inflows of resources because it is not known when they will be available to finance current expenditures.

J. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are reported as prepaid items in both the government-wide and financial statements. Prepaid items are reported in governmental funds using the consumption method.

K. Inventories

Proprietary fund inventories consist of water meters and liquor, which are valued at the lower of cost using the first-in, first-out method, or replacement value.

L. Subscription-Based Information Technology Arrangements (SBITAs)

A SBITA is a contract that conveys control of the right to use another party's information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. Capital assets associated with SBITAs are presented separately as technology subscriptions in Note 5. When applicable, a liability is reported for any future payments required by subscription agreements in Note 7.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an estimated useful life of more than one year and an initial individual cost of more than \$5,000. Groups of similar assets acquired at or near the same time for a single objective, with individual costs below this threshold, are also capitalized if the aggregate cost of the assets is considered significant.

The City reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements regardless of their amount. In the case of initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the City elected to report only those infrastructure assets added since January 1, 2004.

As the City constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost or estimated historical cost when actual historical cost is not available. The reported value excludes normal maintenance and repairs, which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations, the City values these capital assets at the acquisition value of the item at the date of its donation. Leased capital assets are recorded based on the measurement of payments applicable to the lease term. SBITA capital assets are recorded based on the measurement of any subscription liability plus any payments to a SBITA vendor at the commencement of the subscription term, including any applicable initial implementation costs as defined in the standard.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives: land improvements 5–30 years; buildings, 20–50 years; infrastructure 5–50 years; and machinery and equipment 2–20 years. Leased assets are amortized over the term of the lease or over the useful life of the applicable asset class previously described, if future ownership is anticipated. SBITAs are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT assets. Land and construction in progress are not depreciated.

N. Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, statements of financial position, or balance sheets, will sometimes report separate financial statement elements called deferred outflows or inflows of resources, which represent a consumption or acquisition of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) or an inflow of financial resources (revenue) until then.

Deferred inflows from unavailable revenue arises only under the modified accrual basis of accounting and, therefore, is only reported in the governmental fund financial statements. The governmental funds report unavailable revenue from property taxes and special assessments. These amounts are deferred and recognized as inflows of resources in the period they become available.

Deferred outflows and inflows of resources related to pensions or other post-employment benefits (OPEB) are reported in the government-wide and proprietary fund Statements of Net Position. These deferred outflows and inflows result from differences between expected and actual experience, changes in proportion, changes of assumptions, differences between projected and actual earnings on pension plan investments, and contributions to the plans subsequent to the measurement date and before the end of the reporting period. These amounts are deferred and amortized as required under pension and OPEB standards.

Deferred charges on refunding are reported as a deferred outflow of resources in both the proprietary fund financial statements and the government-wide financial statements. This item represents the difference between the carrying value of refunded debt and its reacquisition price, which is deferred and amortized over the shorter of the life of the refunded or refunding debt.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred inflows of resources are reported related to lease receivables, which require lessors to recognize corresponding deferred inflows of resources. These amounts are deferred and amortized in a systematic and rationale manner over the term of the lease in both the government-wide and fund financial statements.

O. Long-Term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. If they are material, bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

In the governmental fund financial statements, long-term debt and other long-term obligations are reported as liabilities when due and payable. The face amount of debt issued is reported as other financing sources. Premiums or discounts on debt issuances are reported as other financing sources or uses, respectively.

P. Compensated Absences

The City recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or paid during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences – vacation and sick leave. The liability for compensated absences is reported as incurred in the government-wide and proprietary fund financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Q. State-Wide Pension Plans

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 the PERA's fiduciary net position have been determined on the same basis as they are reported by the PERA. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments, and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

R. Net Position

In the government-wide and proprietary fund financial statements, net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. 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 its use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- **Unrestricted Net Position** – All other elements of net position that do not meet the definition of “restricted” or “net investment in capital assets.”

The City applies restricted resources first when an expense is incurred for which both restricted and unrestricted resources are available.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. Fund Balance Classifications

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

- **Nonspendable** – Consists of amounts that are not in spendable form, such as prepaid items, inventory, and other long-term assets.
- **Restricted** – Consists of amounts related to externally imposed constraints established by creditors, grantors, or contributors; or constraints imposed by state statutory provisions.
- **Committed** – Consists of internally imposed constraints that are established by resolution of the City Council. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.
- **Assigned** – Consists of internally imposed constraints on amounts intended to be used by the City for specific purposes, but do not meet the criteria to be classified as restricted or committed. In governmental funds, assigned amounts represent intended uses established by the governing body itself or by an official to which the governing body delegates the authority. Pursuant to City Council resolution, the city manager is authorized to establish assignments of fund balance.
- **Unassigned** – The residual classification for the General Fund, which also reflects negative residual amounts in other funds.

When both restricted and unrestricted resources are available for use, it is the City's policy to first use restricted resources, then use unrestricted resources as they are needed. When committed, assigned, or unassigned resources are available for use, it is the City's policy to use resources in the following order: 1) committed, 2) assigned, and 3) unassigned.

The City has formally adopted a fund balance policy for the General Fund. The City's policy is to maintain an unassigned fund balance of 40 percent of the next year's budgeted expenditures.

T. 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; and natural disasters. The City participates in the League of Minnesota Cities Insurance Trust (LMCIT), a public entity risk pool for its general property and casualty, workers' compensation, and other miscellaneous insurance coverage. The LMCIT operates as a common risk management and insurance program for a large number of cities in Minnesota. The City pays an annual premium to the LMCIT for insurance coverage. The LMCIT agreement provides that the trust will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of certain limits. The City also carries commercial insurance for certain other risks of loss. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years. There were no significant reductions in insurance coverage in the current year.

U. Use of Estimates

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

V. Changes in Accounting Principle

During the year ended December 31, 2024, the District also implemented GASB Statement No. 101, *Compensated Absences*. This statement provided new guidance on accounting and reporting for compensated absences. Implementation of this new guidance resulted in the restatement of beginning net position for the cumulative effect of this change. In the government-wide financial statement, beginning net position was reduced by \$489,836 and \$164,048 for the governmental activities and business-type activities, respectively. In the proprietary fund financial statements, beginning net position was reduced by \$29,035, \$29,035, \$20,467, and \$85,511 for the Water, Sewer, Licensing, and Liquor enterprise funds, respectively.

NOTE 2 – CASH AND INVESTMENTS

A. Components of Cash and Investments

Cash and investments are presented in the financial statements as follows:

Deposits	\$ 7,453,012
Investments	18,202,243
Cash on hand	<u>21,894</u>
Total cash and investments	<u>\$ 25,677,149</u>

Cash and investments at year-end consisted of the following:

Statement of Net Position	
Primary government	\$ 22,849,412
Component unit – HRA	<u>2,827,737</u>
Total – reporting entity	<u>\$ 25,677,149</u>

B. Deposits

In accordance with applicable Minnesota Statutes, the City maintains deposits at depository banks authorized by the City Council, including checking accounts and certificates of deposit. The following is considered the most significant risk associated with deposits:

Custodial Credit Risk – In the case of deposits, this is the risk that in the event of a bank failure, the City’s deposits may be lost.

Minnesota Statutes require that all deposits be protected by federal deposit insurance, corporate surety bond, or collateral. The market value of collateral pledged must equal 110 percent of the deposits not covered by federal deposit insurance or corporate surety bonds. Authorized collateral includes treasury bills, notes, and bonds; issues of U.S. government 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 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 has no additional deposit policies addressing custodial credit risk.

At year-end, the carrying amount of the City’s deposits was \$7,453,012, while the balance on the bank records was \$7,853,921. At December 31, 2024, all deposits were fully covered by federal deposit insurance, surety bonds, or by collateral held by the City’s agent in the City’s name.

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

C. Investments

The City had the following investments at year-end:

Investment Type	Credit Risk All Ratings by S&P or Moody's	Fair Value Measurements Using	Interest Risk – Maturity Duration in Years			Total
			Less Than 1	1 to 5	6 to 10	
U.S. agency securities	AA	Level 2	\$ –	\$ 990,170	\$ –	\$ 990,170
U.S. agency securities	AAA	Level 2	\$ –	\$ 491,400	\$ 675,017	1,166,417
State and local government securities	A	Level 2	\$ –	\$ 841,186	\$ –	841,186
State and local government securities	AA	Level 2	\$ 546,046	\$ 5,431,553	\$ 1,349,912	7,327,511
State and local government securities	AAA	Level 2	\$ –	\$ –	\$ 429,490	429,490
Negotiable certificates of deposit	Not Rated	Level 2	\$ 1,223,773	\$ 1,597,547	\$ –	2,821,320
UBS Select Prime Institutional Fund	AAA	NAV		Not Applicable		606,781
4M Fund	AAA	Amortized Cost		Not Applicable		4,015,516
4M Plus Fund	AAA	Amortized Cost		Not Applicable		3,852
Total investments						<u>\$18,202,243</u>

The mutual fund held by the City reported at net asset value (NAV) has no unfunded commitments and a daily redemption frequency with no redemption notice required. The Minnesota Municipal Money Market (4M) Fund and 4M Plus Fund are external investment pools regulated by Minnesota Statutes that are not registered with the Securities and Exchange Commission (SEC), but follow the regulatory rules of the SEC. The City's investments in these funds are measured at the value per share provided by the pool, which is based on an amortized cost method that approximates fair value. There are no limitations or restrictions on withdrawals for the 4M Fund. The 4M Plus Fund requires an initial 14-day investment period, subject to a penalty equal to 7 days of interest on funds withdrawn prior to the 14-day restriction period.

Investments are subject to various risks, the following of which are considered the most significant:

Custodial Credit Risk – For investments, this is the risk that in the event of a failure of the counterparty to an investment transaction (typically a broker-dealer) the City would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a formal investment policy addressing this risk, but typically limits its exposure by purchasing insured or registered investments, or by the control of who holds the securities.

Credit Risk – This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Minnesota Statutes limit the City's investments to direct obligations or obligations guaranteed by the United States or its agencies; shares of investment companies registered under the Federal Investment Company Act of 1940 that receive the highest credit rating, are rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of 13 months or less; general obligations rated "A" or better; revenue obligations rated "AA" or better; general obligations of the Minnesota Housing Finance Agency rated "A" or better; bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System; 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; Guaranteed Investment Contracts guaranteed by a United States commercial bank, domestic branch of a foreign bank, or a United States insurance company, and with a credit quality in one of the top two highest categories; repurchase or reverse purchase 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; that are a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York; or certain Minnesota securities broker-dealers. The City's investment policies do not further address credit risk.

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

Concentration Risk – This is the risk associated with investing a significant portion of the City’s investment (considered 5.0 percent or more) in the securities of a single issuer, excluding U.S. guaranteed investments (such as treasuries), investment pools, and mutual funds. The City’s investment policies do not limit the concentration of investments. At year-end, the City had 6.4 percent of its portfolio invested in securities issued by the Federal Home Loan Mortgage Corporation, and 5.4 percent of its portfolio invested in securities issued by the Federal National Mortgage Association.

Interest Rate Risk – This is the risk of potential variability in the fair value of fixed rate investments resulting from changes in interest rates (the longer the period for which an interest rate is fixed, the greater the risk). The City’s investment policy limits investment maturities to a maximum of 10 years.

NOTE 3 – NOTES RECEIVABLE

At year-end, the HRA has a loan receivable from a local business with an outstanding balance of \$10,000. The loan has an annual interest rate of 3.0 percent, is secured by real property belonging to the business, and matures when the underlying property is sold.

NOTE 4 – LEASES RECEIVABLE

The City has entered into various lease receivable agreements for antennae rentals on its monopole and space at its library site. The lease terms include interest rates ranging from 0.83 percent to 2.91 percent with final maturities ranging from 2028 through 2051. The receivables related to these agreements totaled \$5,360,533 at year-end. During the current year, the City received principal and interest payments of \$431,375 under these agreements.

NOTE 5 – CAPITAL ASSETS

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

A. Changes in Capital Assets Used in Governmental Activities – Primary Government

	Beginning Balance	Additions	Deletions	Completed Construction	Ending Balance
Capital assets, not depreciated/amortized					
Land	\$ 7,663,994	\$ –	\$ –	\$ –	\$ 7,663,994
Construction in progress	7,829,523	7,159,112	–	(1,442,779)	13,545,856
Total capital assets, not depreciated/amortized	15,493,517	7,159,112	–	(1,442,779)	21,209,850
Capital assets, depreciated/amortized					
Buildings	27,970,149	82,508	–	225,025	28,277,682
Infrastructure	30,176,501	93,661	–	621,273	30,891,435
Machinery and equipment	7,710,729	449,322	(8,905)	596,481	8,747,627
Land improvements	284,307	–	–	–	284,307
Site lease	693,069	–	–	–	693,069
Technology subscriptions	–	34,288	–	–	34,288
Total capital assets, depreciated/amortized	66,834,755	659,779	(8,905)	1,442,779	68,928,408
Less accumulated depreciation/amortization on					
Buildings	(8,158,988)	(595,269)	–	–	(8,754,257)
Infrastructure	(8,049,999)	(1,204,689)	–	–	(9,254,688)
Machinery and equipment	(5,160,679)	(472,613)	8,905	–	(5,624,387)
Land improvements	(99,852)	(14,215)	–	–	(114,067)
Site lease	(34,654)	(17,327)	–	–	(51,981)
Technology subscriptions	–	(10,477)	–	–	(10,477)
Total accumulated depreciation/amortization	(21,504,172)	(2,314,590)	8,905	–	(23,809,857)
Net capital assets, depreciated/amortized	45,330,583	(1,654,811)	–	1,442,779	45,118,551
Net capital assets	<u>\$ 60,824,100</u>	<u>\$ 5,504,301</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 66,328,401</u>

B. Changes in Capital Assets Used in Business-Type Activities – Primary Government

	Beginning Balance	Additions	Deletions	Completed Construction	Ending Balance
Capital assets, not depreciated/amortized					
Land	\$ 973,048	\$ –	\$ –	\$ –	\$ 973,048
Construction in progress	–	484,524	–	–	484,524
Total capital assets, not depreciated/amortized	973,048	484,524	–	–	1,457,572
Capital assets, depreciated/amortized					
Buildings	9,547,831	–	–	–	9,547,831
Infrastructure	15,897,255	–	–	–	15,897,255
Machinery and equipment	1,456,631	45,664	–	–	1,502,295
Total capital assets, depreciated/amortized	26,901,717	45,664	–	–	26,947,381
Less accumulated depreciation/amortization on					
Buildings	(3,038,184)	(190,570)	–	–	(3,228,754)
Infrastructure	(4,874,179)	(404,237)	–	–	(5,278,416)
Machinery and equipment	(1,246,200)	(43,635)	–	–	(1,289,835)
Total accumulated depreciation/amortization	(9,158,563)	(638,442)	–	–	(9,797,005)
Net capital assets, depreciated/amortized	17,743,154	(592,778)	–	–	17,150,376
Net capital assets	<u>\$ 18,716,202</u>	<u>\$ (108,254)</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 18,607,948</u>

NOTE 5 – CAPITAL ASSETS (CONTINUED)**C. Changes in Capital Assets – Component Unit HRA**

	Beginning Balance	Additions	Deletions	Completed Construction	Ending Balance
Capital assets, not depreciated/amortized					
Land	<u>\$ 2,092,900</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 2,092,900</u>

D. Depreciation/Amortization Expense by Function – Primary Government

Depreciation/amortization expense was charged to the following functions:

Governmental activities	
General government	\$ 370,705
Public safety	252,244
Public works	1,585,231
Culture and recreation	<u>106,410</u>
Total depreciation/amortization – governmental activities	<u>\$ 2,314,590</u>
Business-type activities	
Water	\$ 266,436
Sewer	131,129
Liquor	108,903
Stormwater	<u>131,974</u>
Total depreciation/amortization – business-type activities	<u>\$ 638,442</u>

NOTE 6 – INTERFUND BALANCES AND TRANSFERS

A. Due To/From Component Unit

The HRA component unit – Downtown TIF 6 Capital Projects Fund has borrowed \$1,681,860 (out of an approved maximum loan of \$2,000,000) from the primary government – General Fund to provide temporary financing for qualified improvement project costs approved in the TIF Plan. During the year, the City elected to revise the structure of the remaining interfund loan receivable from being all in the General Fund to being split between the Water Enterprise and Sewer Enterprise Funds. The loan will be repaid from tax increment revenue generated by the improvements through annual principal and interest payments due each December 31, commencing the first year the TIF District generates available tax increment as defined by the loan agreement. Loan activity during the current year was as follows:

Loan	Beginning Balance	Additions	Deletions	Ending Balance
TIF 6 Loan from the City’s Water Enterprise Fund	\$ 705,256	\$ 28,210	\$ –	\$ 733,466
TIF 6 Loan from the City’s Sewer Enterprise Fund	705,256	28,210	–	733,466
Total	<u>\$ 1,410,512</u>	<u>\$ 56,420</u>	<u>\$ –</u>	<u>\$ 1,466,932</u>

B. Interfund Transfers – Primary Government

The composition of interfund transfers for the year ended December 31, 2024 is as follows:

Transfers Out	Transfers In					
	Governmental Funds					
Fund	General	Parks and Trails	Facilities and Infrastructure	Street Improvement	Nonmajor	Total
Governmental Funds						
General	\$ —	\$ 416,193	\$ —	\$ —	\$ 283,650	\$ 699,843
Lakefront Improvement	30,313	—	—	—	—	30,313
Nonmajor	66,080	—	—	—	5,000	71,080
Proprietary Funds						
Water	31,000	—	—	—	70,000	101,000
Sewer	31,000	—	—	—	100,000	131,000
Licensing	56,000	73,798	25,000	—	—	154,798
Liquor	205,000	340,608	—	—	—	545,608
Stormwater	10,000	—	—	55,000	—	65,000
	\$ 429,393	\$ 830,599	\$ 25,000	\$ 55,000	\$ 458,650	\$ 1,798,642

The City annually budgets transfers for specific purposes. Annual transfers include transfers made to cover costs of operation, and transfers made as part of capital improvement plans.

C. Interfund Transfers – Component Unit

Within the HRA component unit, the Widsten Tax Increment Debt Service Fund transferred \$44,176 to the Bay Center TIF 5 Capital Projects Fund during the year to close the debt service fund.

NOTE 7 – LONG-TERM LIABILITIES

A. Changes in Long-Term Liabilities

Changes in the City's long-term liabilities during the year were as follows:

	Beginning Balance	Change in Accounting Principle (1)	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities						
G.O. improvement bonds	\$ 2,635,000	\$ –	\$ –	\$ 350,000	\$ 2,285,000	\$ 360,000
G.O. tax increment bonds	16,540,000	–	6,205,000	7,080,000	15,665,000	540,000
Premium	482,132	–	277,360	49,863	709,629	–
Total bonds	19,657,132	–	6,482,360	7,479,863	18,659,629	900,000
Lease liability	662,889	–	–	12,394	650,495	12,612
Subscription liability	–	–	34,288	10,412	23,876	10,859
Compensated absences payable (2)	422,399	489,836	–	36,279	875,956	475,072
Total governmental activities	20,742,420	489,836	6,516,648	7,538,948	20,209,956	1,398,543
Business-type activities						
G.O. revenue bonds	3,835,000	–	–	355,000	3,480,000	360,000
G.O. improvement bonds	950,000	–	–	115,000	835,000	125,000
Premium	187,027	–	–	20,885	166,142	–
Total bonds	4,972,027	–	–	490,885	4,481,142	485,000
Compensated absences payable (2)	131,091	164,048	–	36,096	259,043	136,825
Total business-type activities	5,103,118	164,048	–	526,981	4,740,185	621,825
Total government-wide	\$ 25,845,538	\$ 653,884	\$ 6,516,648	\$ 8,065,929	\$ 24,950,141	\$ 2,020,368

(1) Change in accounting principle for implementation of GASB Statement No. 101 as described in Note 1.

(2) The change in compensated absences is presented net.

NOTE 7 – LONG-TERM LIABILITIES (CONTINUED)

B. Bonds Payable

The components of the City's outstanding bonded debt at year-end were as follows:

Description	Authorized and Issued	Interest Rate	Original Issue	Maturity	Balance at Year-End
Governmental activities					
General obligation improvement bonds					
G.O. Improvement Bonds, Series 2019A	\$ 1,980,000	1.75–2.10%	05/30/2019	02/01/2030	\$ 1,255,000
G.O. Improvement Refunding Bonds, Series 2020B	\$ 1,650,000	1.15–2.00%	11/10/2020	02/01/2035	1,030,000
Total general obligation improvement bonds					<u>2,285,000</u>
General obligation tax increment bonds					
G.O. Tax Increment Bonds, Series 2016A	\$ 7,725,000	1.10–4.00%	12/29/2016	02/01/2041	6,345,000
G.O. Tax Increment Bonds, Series 2020A	\$ 3,710,000	2.00–3.00%	05/28/2020	02/01/2040	3,115,000
G.O. Tax Increment Refunding Bonds, Series 2024A	\$ 6,205,000	4.00–5.00%	07/02/2024	02/01/2045	6,205,000
Total general obligation tax increment bonds					<u>15,665,000</u>
Total governmental activities					<u>17,950,000</u>
Business-type activities					
General obligation revenue bonds					
G.O. Water Revenue Bonds, Series 2017A	\$ 2,775,000	3.00%	12/28/2017	12/01/2031	1,615,000
G.O. Liquor and Restaurant Refunding Bonds, Series 2020B	\$ 2,450,000	1.15–2.00%	11/10/2020	12/01/2035	1,865,000
Total general obligation bonds					<u>3,480,000</u>
General obligation improvement bonds					
G.O. Improvement Bonds, Series 2012B	\$ 1,520,000	2.00–3.00%	09/05/2012	12/01/2032	700,000
G.O. Improvement Bonds, Series 2012C	\$ 545,000	2.00–3.00%	09/05/2012	12/01/2027	135,000
Total general obligation improvement bonds					<u>835,000</u>
Total business-type activities					<u>4,315,000</u>
Total government-wide					<u>\$ 22,265,000</u>

Minimum annual payments required to retire bonds are as follows:

Year Ending December 31,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2025	\$ 900,000	\$ 622,408	\$ 485,000	\$ 104,243
2026	970,000	574,741	500,000	91,443
2027	1,155,000	542,751	515,000	78,243
2028	1,190,000	505,441	480,000	64,605
2029	1,230,000	467,134	490,000	51,855
2030–2034	4,465,000	1,849,458	1,660,000	89,825
2035–2039	4,450,000	1,111,453	185,000	2,683
2040–2044	3,130,000	342,194	–	–
2045	460,000	9,200	–	–
	<u>\$ 17,950,000</u>	<u>\$ 6,024,780</u>	<u>\$ 4,315,000</u>	<u>\$ 482,897</u>

NOTE 7 – LONG-TERM LIABILITIES (CONTINUED)

C. Descriptions of Bonds Payable

- **General Obligation (G.O.) Bonds** – The City issues G.O. bonds to provide funds for the acquisition and construction of major capital facilities and projects, or to refund previous bond issues. These bonds will be repaid primarily with ad valorem tax levies. G.O. bonds are backed by the full faith and credit of the City.
- **G.O. Improvement (Special Assessment) Bonds** – G.O. improvement bonds are issued to finance various improvements to be repaid primarily from special assessments levied on the properties benefitting from the improvements and net revenues pledged by the enterprise funds. G.O. improvement bonds are backed by the full faith and credit of the City.
- **G. O. Tax Increment Bonds** – The City issues G.O. tax increment bonds to provide funding for projects within a tax increment financing district that will be repaid primarily with tax increment financing. G.O. tax increment bonds are backed by the full faith and credit of the City.

The HRA has pledged tax increment revenues generated by Tax Increment District No. 5 to the debt service requirements related to the G.O. Tax Increment Bonds, Series 2016A, through maturity of the bond. There was \$498,923 of pledged revenue from tax increments and \$498,923 of debt service principal and interest requirements for the year ended December 31, 2024. It is anticipated that tax increment revenues will be sufficient to provide not less than 105 percent of principal and interest on the bonds as required by Minnesota state law.

The HRA has pledged tax increment revenues generated by Tax Increment Districts Nos. 5 and 6 to the debt service requirements related to the G.O. Tax Increment Bonds, Series 2020A, through maturity of the bond. There was \$314,194 of pledged revenue from tax increments and \$314,194 of debt service principal and interest requirements for the year ended December 31, 2024. It is anticipated that tax increment revenues will be sufficient to provide not less than 105 percent of principal and interest on the bonds as required by Minnesota state law.

The HRA has pledged tax increment revenues generated by Tax Increment District No. 6 to the debt service requirements related to the G.O. Temporary Tax Increment Bonds, Series 2023A, through maturity of the bond. There was \$240,896 of pledged revenue from tax increments and \$240,896 of debt service interest requirements for the year ended December 31, 2024.

In July 2024, the City issued the G.O. Tax Increment Refunding Bonds of 2024A, the proceeds from which, along with available City funds, were used to redeem the outstanding principal of the G.O. Temporary Tax Increment Bonds of 2023A, totaling \$6,555,000, in advance of its stated maturity. This refunding reduced the City's future debt service payments by \$70,176, but resulted in a net present value loss of \$218,314.

The HRA has pledged tax increment revenues generated by Tax Increment District No. 6 to the debt service requirements related to the G.O. Tax Increment Refunding Bonds of 2024A, through maturity of the bond. There were no debt service principal and interest requirements on these bonds for the year ended December 31, 2024. It is anticipated that tax increment revenues will be sufficient to provide not less than 105 percent of principal and interest on the bonds and on any subsequent refunding bonds as required by Minnesota state law.

NOTE 7 – LONG-TERM LIABILITIES (CONTINUED)

- General Obligation Revenue Bonds** – The City issues general obligation revenue bonds to finance capital improvements in the enterprise funds. Along with G.O. special assessment bonds, they will be repaid from future net operating revenues pledged from enterprise funds and are backed by the taxing power of the City. Annual net operating revenues, principal and interest payments, and percentage of revenue required to cover the principal and interest payments is disclosed below:

	Water	Sewer	Liquor
Net operating revenues	\$ 1,099,981	\$ 1,512,371	\$ 7,086,024
Principal and interest	\$ 358,075	\$ 45,800	\$ 184,831
Percentage of revenues	33%	3%	3%

D. Lease Liability

The City has a site lease agreement with Independent School District No. 284, Wayzata Public Schools to lease land on which the City's monopole is located. The lease, which bears an incremental interest rate of 1.75 percent, calls for semi-annual payments of \$12,000 due each January 1 and July 1 through 2041, with two 10-year options to extend the agreement under the same terms through 2061. The lease liability is being paid by the General Fund.

Future principal and interest payments on the lease liability are as follows:

Year Ending December 31,	Principal	Interest
2025	\$ 12,612	\$ 11,388
2026	12,835	11,165
2027	13,061	10,939
2028	13,292	10,708
2029	13,526	10,474
2030–2034	71,295	48,705
2035–2039	77,810	42,190
2040–2044	84,919	35,081
2045–2049	92,679	27,321
2050–2054	101,147	18,853
2055–2059	110,389	9,611
2060–2061	46,930	1,070
	<u>\$ 650,495</u>	<u>\$ 237,505</u>

NOTE 7 – LONG-TERM LIABILITIES (CONTINUED)

E. Subscription Liability

The City entered into an agreement to finance the use of technology software, which bears an incremental interest rate of 2.41 percent, and calls for monthly payments of \$952 through 2026. The subscription liability is being paid by the General Fund.

Future principal and interest payments on the subscription liability are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 10,859	\$ 579
2026	13,017	316
	<u>\$ 23,876</u>	<u>\$ 895</u>

F. Other Long-Term Liabilities

The City also provides compensated absences, OPEB, and pension benefits to employees as described elsewhere in these notes. The General and Enterprise Funds will be used to liquidate these liabilities.

NOTE 8 – FUND EQUITY

A. Components of Fund Balances

The components of the City's fund balances at year-end were as follows:

	General	Debt Service	Lakefront Improvement Capital Projects	Parks and Trails Capital Projects	Facilities and Infrastructure Capital Projects	Street Improvement Capital Projects	Nonmajor Funds	Total
Nonspendable								
Prepaid items	\$ 10,132	\$ –	\$ –	\$ 12,000	\$ –	\$ –	\$ –	\$ 22,132
Restricted								
Debt service	–	1,154,925	–	–	–	–	–	1,154,925
Public safety police	–	–	–	–	–	–	11,580	11,580
Parks and trails	–	–	–	410,757	–	–	–	410,757
Public safety equipment	–	–	–	–	–	–	69,510	69,510
Total restricted	–	1,154,925	–	410,757	–	–	81,090	1,646,772
Committed								
Public art	–	–	–	–	–	–	103,165	103,165
Cemetery	–	–	–	–	–	–	30,708	30,708
Cable TV	–	–	–	–	–	–	40,668	40,668
Comprehensive plan	–	–	–	–	–	–	116,634	116,634
Total committed	–	–	–	–	–	–	291,175	291,175
Assigned								
Insurance	282,339	–	–	–	–	–	–	282,339
Street improvements	–	–	–	–	–	695,269	–	695,269
Capital equipment	–	–	–	–	–	–	2,432,409	2,432,409
Trees and plantings	–	–	–	–	–	–	164,612	164,612
Parks and trails	–	–	–	1,919,552	–	–	–	1,919,552
Community room/ library improvement	–	–	–	–	–	–	399,027	399,027
Other capital projects	–	–	–	–	1,365,721	–	664,741	2,030,462
Total assigned	282,339	–	–	1,919,552	1,365,721	695,269	3,660,789	7,923,670
Unassigned								
General Fund	4,644,881	–	(20,095)	–	–	–	–	4,624,786
Total	<u>\$ 4,937,352</u>	<u>\$ 1,154,925</u>	<u>\$ (20,095)</u>	<u>\$ 2,342,309</u>	<u>\$ 1,365,721</u>	<u>\$ 695,269</u>	<u>\$ 4,033,054</u>	<u>\$ 14,508,535</u>

B. Deficit Fund Equity

The City's Lakefront Improvement Capital Projects Fund had a deficit fund balance of \$20,095 at year-end, which is expected to be eliminated through future contributions or transfers. The Licensing Enterprise Fund had a deficit net position of \$222,747 at year-end, which is expected to be eliminated through future charges for services.

The HRA component unit's Downtown TIF 6 Fund had fund balance deficits at year-end of \$839,429, which is expected to be eliminated with future tax increments.

NOTE 9 – DEFINED BENEFIT PENSION PLAN – STATE-WIDE

A. Plan Descriptions

The City participates in the following cost-sharing, multiple-employer defined benefit pension plans administered by the PERA of Minnesota. These plan provisions are established and administered according to Minnesota Statutes, Chapters 353 and 356. Minnesota Statutes Chapter 356 defines each plan's financial reporting requirements. The PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code (IRC).

1. General Employees Retirement Fund (GERF)

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

2. Public Employees Police and Fire Fund (PEPFF)

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

The following table summarizes the City's net pension liabilities, deferred outflows and inflows of resources, and pension expense related to these plans as of and for the year ended December 31, 2024:

Pension Plans	Net Pension Liabilities	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
PERA – GERF	\$ 2,289,762	\$ 805,918	\$ 2,153,941	\$ 256,913
PERA – PEPFF	1,614,880	2,537,514	2,583,955	347,396
Total	<u>\$ 3,904,642</u>	<u>\$ 3,343,432</u>	<u>\$ 4,737,896</u>	<u>\$ 604,309</u>

B. Benefits Provided

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

NOTE 9 – DEFINED BENEFIT PENSION PLAN – STATE-WIDE (CONTINUED)

1. GERF Benefits

The GERF requires three years of service to vest. Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for GERF members. Members hired prior to July 1, 1989, receive the higher of the Step or Level formulas. Only the Level formula is used for members hired after June 30, 1989. Under the Step formula, GERF members receive 1.2 percent of the highest average salary for each of the first 10 years of service, and 1.7 percent for each additional year. Under the Level formula, GERF members receive 1.7 percent of highest average salary for all years of service. For members hired prior to July 1, 1989, a full retirement benefit is available when age plus years of service equal 90, and normal retirement age is 65. Members can receive a reduced retirement benefit as early as age 55 if they have three or more years of service. Early retirement benefits are reduced by 0.25 percent for each month under age 65. Members with 30 or more years of service can retire at any age with a reduction of 0.25 percent for each month the member is younger than age 62. The Level formula allows GERF members to receive a full retirement benefit at age 65 if they were first hired before July 1, 1989 or at age 66 if they were hired on or after July 1, 1989. Early retirement begins at age 55 with an actuarial reduction applied to the benefit.

Benefit increases are provided to benefit recipients each January. The post-retirement increase is equal to 50.0 percent of the cost of living adjustment (COLA) announced by the Social Security Administration, with a minimum increase of at least 1.0 percent and a maximum of 1.5 percent. The 2024 annual increase was 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase, will receive the full increase. Recipients receiving the annuity or benefit for at least one month, but less than a full year as of the June 30 before the effective date of the increase, will receive a prorated increase.

2. PEPFF Benefits

Benefits for PEPFF members first hired before July 1, 2010, are vested after three years of service. Members hired on or after July 1, 2010, are 50.0 percent vested after five years of service, and 100.0 percent vested after 10 years. After five years, vesting increases by 10.0 percent each full year of service until members are 100.0 percent vested after ten years. Police and Fire Plan members receive 3.0 percent of highest average salary for all years of service. Police and Fire Plan members receive a full retirement benefit when they are age 55 and vested, or when their age plus their years of service equals 90 or greater if they were first hired before July 1, 1989. Early retirement starts at age 50, and early retirement benefits are reduced by 0.417 percent each month members are younger than age 55.

Benefit increases are provided to benefit recipients each January. The post-retirement increase is fixed at 1.0 percent. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase, will receive the full increase. Recipients receiving the annuity or benefit for at least 25 months, but less than 36 months, as of the June 30 before the effective date of the increase, will receive a prorated increase.

NOTE 9 – DEFINED BENEFIT PENSION PLAN – STATE-WIDE (CONTINUED)

C. Contributions

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

1. GERF Contributions

General Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2024, and the City was required to contribute 7.50 percent for General Plan members. The City's contributions to the GERF for the year ended December 31, 2024, were \$406,759. The City's contributions were equal to the required contributions as set by state statutes.

2. PEPFF Contributions

Police and Fire Plan members were required to contribute 11.80 percent of their annual covered salary in fiscal year 2024, and the City was required to contribute 17.70 percent for Police and Fire Plan members. The City's contributions to the PEPFF for the year ended December 31, 2024, were \$311,338. The City's contributions were equal to the required contributions as set by state statutes.

D. Pension Costs

1. GERF Pension Costs

At December 31, 2024, the City reported a liability of \$2,289,762 for its proportionate share of the GERF's net pension liability. The City's net pension liability reflected a reduction, due to the state of Minnesota's contribution of \$16.0 million. The state of Minnesota is considered a nonemployer contributing entity and the state's contribution meets the definition of a special funding situation. The state of Minnesota's proportionate share of the net pension liability associated with the City totaled \$59,209.

City's proportionate share of the net pension liability	\$ 2,289,762
State's proportionate share of the net pension liability associated with the City	<u>59,209</u>
Total	<u><u>\$ 2,348,971</u></u>

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by the PERA during the measurement period for employer payroll paid dates from July 1, 2023 through June 30, 2024, relative to the total employer contributions received from all of the PERA's participating employers. The City's proportionate share was 0.0619 percent at the end of the measurement period and 0.0632 percent for the beginning of the period.

For the year ended December 31, 2024, the City recognized pension expense of \$255,326 for its proportionate share of the GERF's pension expense. In addition, the City recognized an additional \$1,587 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota's contribution of \$16.0 million to the GERF.

NOTE 9 – DEFINED BENEFIT PENSION PLAN – STATE-WIDE (CONTINUED)

During the plan year ended June 30, 2024, the state of Minnesota contributed \$170.1 million to the General Employees Fund. The state of Minnesota is not included as a nonemployer contributing entity in the General Employees Plan pension allocation schedules for the \$170.1 million in direct state aid because this contribution was not considered to meet the definition of a special funding situation. The City recognized \$105,350 for the year ended December 31, 2024 as revenue and an offsetting reduction of net pension liability for its proportionate share of the state of Minnesota's on-behalf contributions to the General Employees Fund.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 222,350	\$ –
Changes in actuarial assumptions	15,992	879,543
Net difference between projected and actual earnings on pension plan investments	–	215,582
Changes in proportion	360,852	1,058,816
Employer contributions subsequent to the measurement date	206,724	–
Total	<u>\$ 805,918</u>	<u>\$ 2,153,941</u>

The \$206,724 reported as deferred outflows of resources related to pensions resulting from city contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2025. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Pension Expense Amount
2025	\$ (617,965)
2026	\$ (461,551)
2027	\$ (299,735)
2028	\$ (175,496)

2. PEPFF Pension Costs

At December 31, 2024, the City reported a liability of \$1,614,880 for its proportionate share of the PEPFF's net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by the PERA during the measurement period for employer payroll paid dates from July 1, 2023 through June 30, 2024, relative to the total employer contributions received from all of the PERA's participating employers. The City's proportionate share was 0.1227 percent at the end of the measurement period and 0.1057 percent for the beginning of the period.

NOTE 9 – DEFINED BENEFIT PENSION PLAN – STATE-WIDE (CONTINUED)

The state of Minnesota contributed \$37.4 million to the PEPFF in the plan fiscal year ended June 30, 2024. The contribution consisted of \$9.0 million in direct state aid that meets the definition of a special funding situation, additional one-time direct state aid contribution of \$19.4 million, and \$9.0 million in supplemental state aid that does not meet the definition of a special funding situation. Additionally, the \$9.0 million supplemental state aid was paid on October 1, 2024. Thereafter, by October 1 of each year, the state will pay \$9.0 million to the PEPFF until full funding is reached or July 1, 2048, whichever is earlier. The \$9.0 million in supplemental state aid will continue until the fund is 90.0 percent funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90.0 percent funded, whichever occurs later. The state of Minnesota's proportionate share of the net pension liability associated with the City totaled \$61,559.

City's proportionate share of the net pension liability	\$ 1,614,880
State's proportionate share of the net pension liability associated with the City	<u>61,559</u>
Total	<u><u>\$ 1,676,439</u></u>

For the year ended December 31, 2024, the City recognized pension expense of \$340,511 for its proportionate share of the Police and Fire Plan's pension expense. The City recognized \$6,885 as grant revenue and pension expense for its proportionate share of the state of Minnesota's pension expense for the contribution of \$9.0 million to the PEPFF special funding situation.

The state of Minnesota is not included as a nonemployer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$28.4 million in supplemental state aid because this contribution was not considered to meet the definition of a special funding situation. The City recognized \$34,857 for the year ended December 31, 2024 as revenue and an offsetting reduction of net pension liability for its proportionate share of the state of Minnesota's on-behalf contributions to the PEPFF.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 566,474	\$ –
Changes in actuarial assumptions	1,517,341	2,047,508
Net difference between projected and actual earnings on pension plan investments	–	533,747
Changes in proportion	293,143	2,700
Employer contributions subsequent to the measurement date	<u>160,556</u>	<u>–</u>
Total	<u><u>\$ 2,537,514</u></u>	<u><u>\$ 2,583,955</u></u>

NOTE 9 – DEFINED BENEFIT PENSION PLAN – STATE-WIDE (CONTINUED)

The \$160,556 reported as deferred outflows of resources related to pensions resulting from city contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ending December 31, 2025. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Pension Expense Amount</u>
2025	\$ (22,890)
2026	\$ 399,335
2027	\$ (171,658)
2028	\$ (498,062)
2029	\$ 86,278

E. Long-Term Expected Return on Investments

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	33.50 %	5.10 %
International equity	16.50	5.30 %
Fixed income	25.00	0.75 %
Private markets	25.00	5.90 %
Total	<u>100.00 %</u>	

F. Actuarial Methods and Assumptions

The total pension liability for each of the cost-sharing defined benefit plans was determined by an actuarial valuation as of June 30, 2024, using the entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 7.00 percent. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of investment return rates considered reasonable by the actuary. An investment return of 7.00 percent is within that range.

Inflation is assumed to be 2.25 percent for the General Employees Plan and the Police and Fire Plan. Benefit increases after retirement are assumed to be 1.25 percent for the General Employees Plan and 1.00 percent for the Police and Fire Plan.

NOTE 9 – DEFINED BENEFIT PENSION PLAN – STATE-WIDE (CONTINUED)

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25 percent after one year of service to 3.00 percent after 27 years of service. In the Police and Fire Plan, salary growth assumptions range in annual increments from 11.75 percent after one year of service to 3.00 percent after 24 years of service.

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

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

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

1. GERF

CHANGES IN ACTUARIAL ASSUMPTIONS

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

CHANGES IN PLAN PROVISIONS

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

2. PEPFF

CHANGES IN PLAN PROVISIONS

- The state contribution of \$9.0 million per year will continue until the earlier of 1) both the Police and Fire Plan and the State Patrol Retirement Fund attain 90.00 percent funded status for three consecutive years (on an actuarial value of assets basis) or 2) July 1, 2048. The contribution was previously due to expire after attaining a 90.00 percent funded status for one year.
- The additional \$9.0 million contribution will continue until the Police and Fire Plan is fully funded for a minimum of three consecutive years on an actuarial value of assets basis, or July 1, 2048, whichever is earlier. This contribution was previously due to expire upon attainment of fully funded status on an actuarial value of assets basis for one year (or July 1, 2048 if earlier).

NOTE 9 – DEFINED BENEFIT PENSION PLAN – STATE-WIDE (CONTINUED)

G. Discount Rate

The discount rate used to measure the total pension liability in 2024 was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund and the Police and Fire Fund were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

H. Pension Liability Sensitivity

The following table 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 section, 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 (6.00%)	Current Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
City's proportionate share of the GERF net pension liability	\$ 5,001,210	\$ 2,289,762	\$ 59,350
City's proportionate share of the PEPFF net pension liability	\$ 3,816,278	\$ 1,614,880	\$ (192,928)

I. Pension Plan Fiduciary Net Position

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

NOTE 10 – DEFINED CONTRIBUTION PENSION PLAN – FIRE RELIEF ASSOCIATION

The City contributes to the Wayzata Fire Department Relief Association (the Association), a single-employer defined contribution lump sum service pension plan. Volunteer firefighters of the City are members of the Association and its pension plan. Partial vesting of retirement benefits occurs at year 10 and continues based on years of service up to 20 years of service, at which time participants are 100 percent vested for retirement benefit purposes. On termination of service, a vested participant receives a single, lump sum distribution.

The City passes through state aids allocated to the plan in accordance with Minnesota Statutes. The City's payroll for members of the Association for the year ended December 31, 2024 was \$119,147, compared to a total city payroll of \$7,909,791. The Association issues a publicly available financial report, which may be obtained at Wayzata City Hall.

Minnesota Statutes, Chapters 424 and 424A, authorize pension benefits for volunteer fire relief associations. A firefighter who completes at least 20 years as an active member of the fire department and the Association, after age 50, is entitled to a full service pension upon retirement.

Total contributions to the Association's Pension Fund for 2024 amounted to \$160,280, of which \$111,780 was state aid passed through the City for the Association. The contributions are apportioned to the accounts of active members in equal shares.

NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN

A. Plan Description

The City provides post-employment insurance benefits to certain eligible employees through its OPEB Plan, a single-employer defined benefit plan administered by the City. All post-employment benefits are based on contractual agreements with employee groups. Eligibility for these benefits is based on years of service and/or minimum age requirements. These contractual agreements do not include any specific contribution or funding requirements. The Plan does not issue a publicly available financial report. No plan assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

B. Benefits Provided

All retirees of the City upon retirement have the option under state law to continue their medical insurance coverage through the City. For police or firefighters disabled in the line-of-duty, Minnesota Statutes require the City to continue to pay the employer contribution toward health insurance coverage for the police officer or firefighter and their spouse, if the spouse was covered at the time of disability, until age 65. Retirees not eligible for these city-paid premium benefits must pay the full city premium rate for their coverage.

The City is legally required to include any retirees for whom it provides health insurance coverage in the same insurance pool as its active employees until the retiree reaches Medicare eligibility, whether the premiums are paid by the City or the retiree. Consequently, participating retirees are considered to receive a secondary benefit known as an “implicit rate subsidy.” This benefit relates to the assumption that the retiree is receiving a more favorable premium rate than they would otherwise be able to obtain if purchasing insurance on their own, due to being included in the same pool with the City’s younger and statistically healthier active employees.

C. Contributions

The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined periodically by the City. The City’s current year required pay-as-you-go contributions to finance the benefits described in the previous section totaled \$51,021.

D. Membership

Membership in the Plan consisted of the following as of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	4
Active plan members	<u>59</u>
Total members	<u><u>63</u></u>

E. Total OPEB Liability of the City

The City’s total OPEB liability of \$842,840 was measured as of December 31, 2023 and was determined by an actuarial valuation as of December 31, 2023.

NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

F. Actuarial Methods and Assumptions

The total OPEB liability was determined by an actuarial valuation as of December 31, 2023, using the entry-age normal level percent of pay method, and the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	3.77%
Inflation rate	2.60%
Payroll growth rate	Not applicable
Medical trend rate	7.75% decreasing to 4.00% over 19 years

Withdrawal, mortality, and salary scale assumptions were based on those used to value pension liabilities for Minnesota city employees participating in the PERA GERP and PEPFF plans. The PERA pension plans base their assumptions on periodic experience studies as detailed earlier in these notes. Economic assumptions are based on input from a variety of published sources of historical and projected future financial data. Each assumption was reviewed for reasonableness with the source information, as well as for consistency with the other economic assumptions.

Since the Plan is not funded by an irrevocable trust, the discount rate is equal to the 20-year municipal bond yield rate of 3.77 percent, which was set by considering published rate information for 20-year high quality, tax-exempt, general obligation municipal bonds as of the measurement date. The discount rate used in the prior measurement date was 4.05 percent.

Future retirees electing coverage is assumed to be 40.00 percent, and 100.00 percent of all disabled in the line of duty members are assumed to elect coverage at retirement. Actual spousal elections are used for current retirees, and 30.00 percent of future retirees electing coverage at retirement are assumed to elect spousal coverage. Retirees electing medical coverage are assumed to continue until they become Medicare eligible at age 65.

The following actuarial assumptions changed since the previous valuation:

- The medical trend rate was updated based on recently published trend model and trend surveys to better reflect future anticipated experience.
- Medical per capita claims tables were updated based on recent experience and demographics.
- The discount rate was updated from 4.05 percent to 3.77 percent based on recent municipal bond index rates.
- Future retiree medical plan blending was updated based on an analysis of medical plan election rates as of the valuation date.
- Future retiree participation rates were updated from 50.00 percent to 40.00 percent based on an analysis of past plan experience.
- Future retiree spouse participation rates were updated from 35.00 percent to 30.00 percent based on analysis of past plan experience.

NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)**G. Changes in the Total OPEB Liability**

	<u>Total OPEB Liability</u>
Beginning balance – January 1, 2024	\$ 528,754
Changes for the year	
Service cost	47,725
Interest	22,224
Differences between expected and actual experience	281,497
Changes in assumptions	18,125
Benefit payments – employer-financed	<u>(55,485)</u>
Total net changes	<u>314,086</u>
Ending balance – December 31, 2024	<u>\$ 842,840</u>

H. Total OPEB Liability Sensitivity to Discount and Healthcare Cost Trend Rate Changes

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	<u>1% Decrease in Discount Rate</u>	<u>Current Discount Rate</u>	<u>1% Increase in Discount Rate</u>
OPEB discount rate	2.77%	3.77%	4.77%
Total OPEB liability	\$ 924,887	\$ 842,840	\$ 770,557

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using medical healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current medical healthcare cost trend rates:

	<u>1% Decrease in Medical Trend Rate</u>	<u>Medical Trend Rate</u>	<u>1% Increase in Medical Trend Rate</u>
OPEB medical trend rate	6.75% decreasing to 3.00% over 19 years	7.75% decreasing to 4.00% over 19 years	8.75% decreasing to 5.00% over 19 years
Total OPEB liability	\$ 755,510	\$ 842,840	\$ 944,550

NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

I. OPEB Expense and Related Deferred Outflows of Resources and Deferred Inflows of Resources

For 2024, the City recognized OPEB expense of \$102,020. As of year-end, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 427,674	\$ 49,534
Changes in actuarial assumptions	31,179	114,731
Contributions subsequent to the measurement date	51,021	—
	<u>\$ 509,874</u>	<u>\$ 164,265</u>

Deferred outflows of resources totaling \$51,021 related to OPEB resulting from the City's contributions to the Plan subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending December 31, 2025. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31,	OPEB Expense Amount
2025	\$ 31,875
2026	\$ 31,421
2027	\$ 39,207
2028	\$ 47,557
2029	\$ 46,322
Thereafter	\$ 98,206

NOTE 12 – TAX ABATEMENT AGREEMENTS

Component Unit

The HRA entered into a tax increment financing agreement with a developer in which the developer incurs costs for property improvements. In return, the City will reimburse the developer for some costs as the City collects future tax increment for the increased property value and tax capacity related to the economic development. The agreement has a maximum return to the developer of \$22,910,879 over the life of the agreement (maximum 25 years). The agreement was negotiated under state law (Minnesota Statutes § 469.175). The calculation of taxes abated during the fiscal year is noted below:

	Original Tax Capacity Rate	Captured Tax Capacity	Amount of Taxes Abated During the Fiscal Year
Tax Increment District 5 (Bay Center)	20.308%	\$ 3,743,397	\$ 1,878,294

NOTE 13 – TRANSACTIONS BETWEEN PRIMARY GOVERNMENT AND COMPONENT UNIT

The City conducts routine transactions with its component unit for services provided. The City provides administrative and financial services for the HRA's activities. The HRA contributed \$30,000 to the City during 2024 for these administrative services, \$1,112,086 for debt service costs, and \$231,242 for capital improvement projects.

NOTE 14 – COMMITMENTS AND CONTINGENCIES

A. Legal Claims

The City generally follows the practice of recording liabilities resulting from claims and legal actions only when they become fixed or determinable in amount. Management does not anticipate any significant losses that would not be covered by insurance.

B. Federal and State Receivables

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

C. Tax Increment Districts

The City's tax increment districts are subject to review by the Office of the State Auditor. Any disallowed claims or misuse of tax increments could become a liability of the applicable fund. City management is not aware of any instances of noncompliance that would have a material effect on the financial statements.

D. Construction Commitments

The City is committed to various construction contracts for improvement of city property. The City's remaining commitment under these contracts was approximately \$648,567 at year-end.

E. Conduit Debt Obligations

The City entered into a Cooperative Agreement with the City of Minnetonka to issue a Housing Revenue Note for \$6,250,000. Conduit debt obligations are certain limited-obligation revenue bonds or similar debt instruments issued for the express purpose of providing capital financing for a specific third party. The City of Minnetonka has issued revenue bonds to provide financial assistance to private sector entities for projects deemed to be in the public interest. Although these bonds bear the name of the City of Minnetonka, the City, the state, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

THIS PAGE INTENTIONALLY LEFT BLANK

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WAYZATA

PERA – General Employees Retirement Fund
Schedule of City's and Nonemployer Proportionate Share of Net Pension Liability
Year Ended December 31, 2024

City Fiscal Year-End Date	PERA Fiscal Year-End Date (Measurement Date)	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability	City's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the City's Share of the State of Minnesota's Share of the Net Pension Liability	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/2015	06/30/2015	0.0492%	\$ 2,549,799	\$ –	\$ 2,549,799	\$ 2,889,952	88.23%	78.2%
12/31/2016	06/30/2016	0.0471%	\$ 3,824,286	\$ 49,931	\$ 3,874,217	\$ 2,907,012	131.55%	68.9%
12/31/2017	06/30/2017	0.0496%	\$ 3,166,431	\$ 39,785	\$ 3,206,216	\$ 3,192,942	99.17%	75.9%
12/31/2018	06/30/2018	0.0516%	\$ 2,862,556	\$ 93,910	\$ 2,956,466	\$ 3,413,642	83.86%	79.5%
12/31/2019	06/30/2019	0.0519%	\$ 2,869,435	\$ 89,329	\$ 2,958,764	\$ 3,668,748	78.21%	80.2%
12/31/2020	06/30/2020	0.0536%	\$ 3,213,565	\$ 99,179	\$ 3,312,744	\$ 3,820,117	84.12%	79.1%
12/31/2021	06/30/2021	0.0548%	\$ 2,340,206	\$ 71,499	\$ 2,411,705	\$ 3,878,623	60.34%	87.0%
12/31/2022	06/30/2022	0.0886%	\$ 7,017,149	\$ 205,727	\$ 7,222,876	\$ 4,798,414	146.24%	76.7%
12/31/2023	06/30/2023	0.0632%	\$ 3,534,073	\$ 97,509	\$ 3,631,582	\$ 5,021,711	70.38%	83.1%
12/31/2024	06/30/2024	0.0619%	\$ 2,289,762	\$ 59,209	\$ 2,348,971	\$ 5,242,032	43.68%	89.1%

PERA – General Employees Retirement Fund
Schedule of City Contributions
Year Ended December 31, 2024

City Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/2015	\$ 221,233	\$ 221,233	\$ –	\$ 2,949,778	7.50%
12/31/2016	\$ 226,098	\$ 226,098	\$ –	\$ 3,014,640	7.50%
12/31/2017	\$ 245,260	\$ 245,260	\$ –	\$ 3,270,133	7.50%
12/31/2018	\$ 267,307	\$ 267,307	\$ –	\$ 3,564,093	7.50%
12/31/2019	\$ 288,235	\$ 288,235	\$ –	\$ 3,842,870	7.50%
12/31/2020	\$ 271,112	\$ 271,112	\$ –	\$ 3,609,248	7.51%
12/31/2021	\$ 334,639	\$ 334,639	\$ –	\$ 4,469,736	7.49%
12/31/2022	\$ 371,077	\$ 371,077	\$ –	\$ 4,947,745	7.50%
12/31/2023	\$ 382,587	\$ 382,587	\$ –	\$ 5,101,173	7.50%
12/31/2024	\$ 406,759	\$ 406,759	\$ –	\$ 5,422,405	7.50%

CITY OF WAYZATA

PERA – Public Employees Police and Fire Fund
Schedule of City's and Nonemployer Proportionate Share of Net Pension Liability
Year Ended December 31, 2024

City Fiscal Year-End Date	PERA Fiscal Year-End Date (Measurement Date)	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability	City's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the City's Share of the State of Minnesota's Share of the Net Pension Liability	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/2015	06/30/2015	0.1020%	\$ 1,158,959	\$ –	\$ 1,158,959	\$ 936,215	123.79%	86.6%
12/31/2016	06/30/2016	0.1020%	\$ 4,093,437	\$ –	\$ 4,093,437	\$ 982,601	416.59%	63.9%
12/31/2017	06/30/2017	0.1010%	\$ 1,363,620	\$ –	\$ 1,363,620	\$ 1,033,368	131.96%	85.4%
12/31/2018	06/30/2018	0.0981%	\$ 1,045,645	\$ –	\$ 1,045,645	\$ 1,033,534	101.17%	88.8%
12/31/2019	06/30/2019	0.1010%	\$ 1,075,247	\$ –	\$ 1,075,247	\$ 1,065,638	100.90%	89.3%
12/31/2020	06/30/2020	0.1012%	\$ 1,333,924	\$ 31,430	\$ 1,365,354	\$ 1,143,195	116.68%	87.2%
12/31/2021	06/30/2021	0.1054%	\$ 813,576	\$ 36,563	\$ 850,139	\$ 1,245,238	65.33%	93.7%
12/31/2022	06/30/2022	0.1047%	\$ 4,556,130	\$ 198,902	\$ 4,755,032	\$ 1,271,281	358.39%	70.5%
12/31/2023	06/30/2023	0.1057%	\$ 1,825,302	\$ 73,486	\$ 1,898,788	\$ 1,387,796	131.53%	86.5%
12/31/2024	06/30/2024	0.1227%	\$ 1,614,880	\$ 61,559	\$ 1,676,439	\$ 1,699,738	95.01%	90.2%

PERA – Public Employees Police and Fire Fund
Schedule of City Contributions
Year Ended December 31, 2024

City Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/2015	\$ 153,685	\$ 153,685	\$ –	\$ 948,675	16.20%
12/31/2016	\$ 164,719	\$ 164,719	\$ –	\$ 1,016,784	16.20%
12/31/2017	\$ 164,989	\$ 164,989	\$ –	\$ 1,018,451	16.20%
12/31/2018	\$ 173,672	\$ 173,672	\$ –	\$ 1,072,049	16.20%
12/31/2019	\$ 183,640	\$ 183,640	\$ –	\$ 1,085,584	16.92%
12/31/2020	\$ 208,688	\$ 208,688	\$ –	\$ 1,179,002	17.70%
12/31/2021	\$ 226,636	\$ 226,636	\$ –	\$ 1,280,433	17.70%
12/31/2022	\$ 229,527	\$ 229,527	\$ –	\$ 1,296,764	17.70%
12/31/2023	\$ 279,356	\$ 279,356	\$ –	\$ 1,578,285	17.70%
12/31/2024	\$ 311,338	\$ 311,338	\$ –	\$ 1,758,968	17.70%

CITY OF WAYZATA

Other Post-Employment Benefits Plan
Schedule of Changes in the City's Total
OPEB Liability and Related Ratios
Year Ended December 31, 2024

	City Fiscal Year Ended December 31,						
	2018	2019	2020	2021	2022	2023	2024
Total OPEB liability							
Service cost	\$ 33,826	\$ 37,028	\$ 30,537	\$ 36,808	\$ 42,559	\$ 59,518	\$ 47,725
Interest	15,107	14,958	18,187	10,135	8,600	12,327	22,224
Differences between expected and actual experience	—	—	(144,604)	6,879	259,444	9,430	281,497
Changes of assumptions	8,276	(17,311)	29,464	8,671	(89,577)	(69,576)	18,125
Benefit payments	(24,770)	(25,706)	(10,991)	(18,227)	(46,800)	(43,656)	(55,485)
Net change in total OPEB liability	32,439	8,969	(77,407)	44,266	174,226	(31,957)	314,086
Total OPEB liability							
Beginning of year	378,218	410,657	419,626	342,219	386,485	560,711	528,754
End of year	<u>\$ 410,657</u>	<u>\$ 419,626</u>	<u>\$ 342,219</u>	<u>\$ 386,485</u>	<u>\$ 560,711</u>	<u>\$ 528,754</u>	<u>\$ 842,840</u>
Covered-employee payroll	<u>\$ 3,300,000</u>	<u>\$ 3,400,000</u>	<u>\$ 3,800,000</u>	<u>\$ 3,900,000</u>	<u>\$ 4,300,000</u>	<u>\$ 4,700,000</u>	<u>\$ 5,000,000</u>
Total OPEB liability as a percentage of covered employee payroll	<u>12.44%</u>	<u>12.34%</u>	<u>9.01%</u>	<u>9.91%</u>	<u>13.04%</u>	<u>11.25%</u>	<u>16.86%</u>

Note 1: The City has not established a trust to finance GASB Statement No. 75 related benefits.

Note 2: The City implemented GASB Statement No. 75 in fiscal 2018. This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

CITY OF WAYZATA

Notes to Required Supplementary Information December 31, 2024

PERA – GENERAL EMPLOYEES RETIREMENT FUND

2024 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2024 CHANGES IN PLAN PROVISIONS

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

2023 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2023 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, noncompounding benefit increase of 2.50 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

2022 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2021 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.

PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

- The price inflation assumption was decreased from 2.50 percent to 2.25 percent.
- The payroll growth assumption was decreased from 3.25 percent to 3.00 percent.
- 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 percent 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 two through five, 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 MP-2018 to MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100.00 percent joint and survivor option changed from 35.00 percent to 45.00 percent. The assumed number of married female new retirees electing the 100.00 percent joint and survivor option changed from 15.00 percent to 30.00 percent. The corresponding number of married new retirees electing the life annuity option was adjusted accordingly.

2020 CHANGES IN PLAN PROVISIONS

- Augmentation for current privatized members was reduced to 2.00 percent for the period July 1, 2020 through December 31, 2023, and zero percent thereafter. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2019 CHANGES IN PLAN PROVISIONS

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

PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2018 CHANGES IN PLAN PROVISIONS

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to zero percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Post-retirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90.00 percent funding ratio to 50.00 percent of the Social Security Cost of Living Adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

- The Combined Service Annuity (CSA) loads were changed from 0.80 percent for active members and 60.00 percent for vested and nonvested deferred members. The revised CSA loads are now zero percent for active member liability, 15.00 percent for vested deferred member liability, and 3.00 percent for nonvested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year for all years, to 1.00 percent per year through 2044, and 2.50 percent per year thereafter.

2017 CHANGES IN PLAN PROVISIONS

- The state's contribution for the Minneapolis Employees Retirement Fund equals \$16.0 million in 2017 and 2018, and \$6.0 million thereafter.
- The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21.0 million to \$31.0 million in calendar years 2019 to 2031. The state's contribution changed from \$16.0 million to \$6.0 million in calendar years 2019 to 2031.

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

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

PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

2015 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2015 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 \$892.0 million. Upon consolidation, state and employer contributions were revised; the state's contribution of \$6.0 million, which meets the special funding situation definition, was due September 2015.

PERA – PUBLIC EMPLOYEES POLICE AND FIRE FUND

2024 CHANGES IN PLAN PROVISIONS

- The state contribution of \$9.0 million per year will continue until the earlier of 1) both the Police and Fire Plan and the State Patrol Retirement Fund attain 90.00 percent funded status for three consecutive years (on an actuarial value of assets basis) or 2) July 1, 2048. The contribution was previously due to expire after attaining a 90.00 percent funded status for one year.
- The additional \$9.0 million contribution will continue until the Police and Fire Plan is fully funded for a minimum of three consecutive years on an actuarial value of assets basis, or July 1, 2048, whichever is earlier. This contribution was previously due to expire upon attainment of fully funded status on an actuarial value of assets basis for one year (or July 1, 2048 if earlier).

2023 CHANGES IN ACTUARIAL ASSUMPTIONS

- The investment return assumption was changed from 6.50 percent to 7.00 percent.
- The single discount rate changed from 5.40 percent to 7.00 percent.

2023 CHANGES IN PLAN PROVISIONS

- Additional one-time direct state aid contribution of \$19.4 million will be contributed to the Plan on October 1, 2023.
- Vesting requirement for new hires after June 30, 2014, was changed from a graded 20-year vesting schedule to a graded 10-year vesting schedule, with 50.00 percent vesting after five years, increasing incrementally to 100.00 percent after 10 years.
- A one-time, noncompounding benefit increase of 3.00 percent will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- Psychological treatment is required effective July 1, 2023, prior to approval for a duty disability benefit for a psychological condition relating to the member's occupation.
- The total and permanent duty disability benefit was increased, effective July 1, 2023.

2022 CHANGES IN ACTUARIAL ASSUMPTIONS

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.
- This single discount rate changed from 6.50 percent to 5.40 percent.

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes.
- The inflation assumption was changed from 2.50 percent to 2.25 percent.
- The payroll growth assumption was changed from 3.25 percent to 3.00 percent.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 Table to the Pub-2010 Public Safety Mortality Table. The mortality improvement scale was changed from MP-2019 to MP-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 Healthy Annuitant Mortality Table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety Disabled Annuitant Mortality Table (with future mortality improvement according to Scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 14, 2020 experience study. The overall impact is a decrease in gross salary increase rates.

PERA – PUBLIC EMPLOYEES POLICE AND FIRE FUND (CONTINUED)

2021 CHANGES IN ACTUARIAL ASSUMPTIONS (CONTINUED)

- Assumed rates of retirement were changed as recommended in the July 14, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations.
- Assumed rates of disability were increased for ages 25–44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities.
- Assumed percent married for active female members was changed from 60 percent to 70 percent. Minor changes to form of payment assumptions were applied.

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2018 CHANGES IN PLAN PROVISIONS

- Post-retirement benefit increases were changed to 1.00 percent for all years, with no trigger.
- An end date of July 1, 2048 was added to the existing \$9.0 million state contribution.
- New annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9.0 million thereafter, until the plan reaches 100.00 percent funding, or July 1, 2048, if earlier.
- Member contributions were changed from 10.80 percent to 11.30 percent of pay, effective January 1, 2019, and 11.80 percent of pay, effective January 1, 2020.
- Employer contributions were changed from 16.20 percent to 16.95 percent of pay, effective January 1, 2019, and 17.70 percent of pay, effective January 1, 2020.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to zero percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The CSA load was 30.00 percent for vested and nonvested deferred members. The CSA has been changed to 33.00 percent for vested members, and 2.00 percent for nonvested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 Fully Generational Table to the RP-2014 Fully Generational Table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 Disabled Mortality Table to the mortality tables assumed for healthy retirees.

PERA – PUBLIC EMPLOYEES POLICE AND FIRE FUND (CONTINUED)

2017 CHANGES IN ACTUARIAL ASSUMPTIONS (CONTINUED)

- Assumed termination rates were decreased to 3.00 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65.00 percent to 60.00 percent.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing joint and survivor annuities was increased.
- The assumed post-retirement benefit increase rate was changed from 1.00 percent for all years, to 1.00 percent per year through 2064, and 2.50 percent thereafter.
- The single discount rate was changed from 5.60 percent per annum to 7.50 percent per annum.

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2015 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2015 CHANGES IN PLAN PROVISIONS

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

OTHER POST-EMPLOYMENT BENEFITS PLAN

2024 CHANGES IN ACTUARIAL ASSUMPTIONS

- Medical trend rate was updated based on recently published trend model and trend surveys to better reflect future anticipated experience.
- Medical per capita claims tables were updated based on recent experience and demographics.
- The discount rate was updated from 4.05 percent to 3.77 percent based on recent municipal bond index rates.
- Future retiree medical plan blending was updated based on an analysis of medical plan election rates as of the valuation date.
- Future retiree participation rates were updated from 50.00 percent to 40.00 percent based on an analysis of past plan experience.
- Future retiree spouse participation rates were updated from 35.00 percent to 30.00 percent based on analysis of past plan experience.

2023 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 2.06 percent to 4.05 percent.

2022 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 2.12 percent to 2.06 percent.
- Healthcare cost trend rates and per capita medical claims were updated based on published trend models and recent experience to better reflect future anticipated experience.
- Withdrawal, mortality, and salary scale assumptions were updated to those used in the most recently published PERA GERP and PEPFF valuations.
- Future retiree participation rates were updated from 55.00 percent to 50.00 percent based on analysis of past plan experience.
- Future retiree spouse participation rates were updated from 40.00 percent for PERA GERP plan members and 60.00 percent for PERA PEPFF plan members to 35.00 percent based on analysis of past plan experience.
- Future retiree medical plan blending was updated based on an analysis of plan election rates as of the valuation date.

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 2.74 percent to 2.12 percent.

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 4.09 percent to 2.74 percent.
- The payroll growth rate was changed from 3.50 percent to 3.25 percent.
- The mortality projection scale was changed from MP-2016 to MP-2018.

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 3.44 percent to 4.09 percent.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 4.50 percent to 3.44 percent.

SUPPLEMENTARY INFORMATION

CITY OF WAYZATA

Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2024

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
Assets			
Cash and investments	\$ 290,686	\$ 3,745,423	\$ 4,036,109
Receivables			
Interest	—	1,725	1,725
Accounts	17,284	245	17,529
Leases	—	685,880	685,880
Due from other governments	—	3,026	3,026
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 307,970</u>	<u>\$ 4,436,299</u>	<u>\$ 4,744,269</u>
Liabilities			
Accounts and contracts payable	\$ 3,000	\$ 29,028	\$ 32,028
Due to other governments	—	2,016	2,016
Accrued salaries payable	2,215	—	2,215
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	5,215	31,044	36,259
Deferred inflows of resources			
Lease revenue for subsequent years	—	674,956	674,956
Fund balances			
Restricted	11,580	69,510	81,090
Committed	291,175	—	291,175
Assigned	—	3,660,789	3,660,789
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>302,755</u>	<u>3,730,299</u>	<u>4,033,054</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 307,970</u>	<u>\$ 4,436,299</u>	<u>\$ 4,744,269</u>

CITY OF WAYZATA

Nonmajor Governmental Funds
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2024

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
Revenue			
Taxes			
Franchise fees	\$ 71,491	\$ —	\$ 71,491
Intergovernmental	—	20,000	20,000
Charges for services	10,402	103,071	113,473
Investment earnings	10,703	187,001	197,704
Miscellaneous			
Contributions and donations	22,333	139,273	161,606
Refunds and reimbursements	—	1,880	1,880
Total revenue	<u>114,929</u>	<u>451,225</u>	<u>566,154</u>
Expenditures			
Current			
General government	88,072	—	88,072
Culture and recreation	—	8,926	8,926
Capital outlay			
General government	506	593,845	594,351
Public safety	—	334,702	334,702
Public works	—	37,281	37,281
Culture and recreation	—	202,640	202,640
Total expenditures	<u>88,578</u>	<u>1,177,394</u>	<u>1,265,972</u>
Excess (deficiency) of revenue over expenditures	26,351	(726,169)	(699,818)
Other financing sources (uses)			
Transfers in	50,000	408,650	458,650
Transfers (out)	<u>(5,000)</u>	<u>(66,080)</u>	<u>(71,080)</u>
Total other financing sources (uses)	<u>45,000</u>	<u>342,570</u>	<u>387,570</u>
Net change in fund balances	71,351	(383,599)	(312,248)
Fund balances			
Beginning of year, as previously presented	231,404	6,709,246	6,940,650
Change in reporting entity –			
Nonmajor funds to major	—	(2,595,348)	(2,595,348)
Beginning of year, as restated	<u>231,404</u>	<u>4,113,898</u>	<u>4,345,302</u>
End of year	<u>\$ 302,755</u>	<u>\$ 3,730,299</u>	<u>\$ 4,033,054</u>

CITY OF WAYZATA

Nonmajor Special Revenue Funds
Combining Balance Sheet
December 31, 2024

	230 Public Art	232 Cemetery	235 Cable TV	236/240 Police Forfeiture	239 Comprehensive Plan	Totals
Assets						
Cash and investments	\$ 103,165	\$ 31,173	\$ 28,134	\$ 11,580	\$ 116,634	\$ 290,686
Receivables						
Accounts	—	—	17,284	—	—	17,284
Total assets	<u>\$ 103,165</u>	<u>\$ 31,173</u>	<u>\$ 45,418</u>	<u>\$ 11,580</u>	<u>\$ 116,634</u>	<u>\$ 307,970</u>
Liabilities						
Accounts and contracts payable	\$ —	\$ —	\$ 3,000	\$ —	\$ —	\$ 3,000
Accrued salaries payable	—	465	1,750	—	—	2,215
Total liabilities	—	465	4,750	—	—	5,215
Fund balances						
Restricted	—	—	—	11,580	—	11,580
Committed	103,165	30,708	40,668	—	116,634	291,175
Total fund balances	<u>103,165</u>	<u>30,708</u>	<u>40,668</u>	<u>11,580</u>	<u>116,634</u>	<u>302,755</u>
Total liabilities and fund balances	<u>\$ 103,165</u>	<u>\$ 31,173</u>	<u>\$ 45,418</u>	<u>\$ 11,580</u>	<u>\$ 116,634</u>	<u>\$ 307,970</u>

CITY OF WAYZATA

Nonmajor Special Revenue Funds
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2024

	230 Public Art	232 Cemetery	235 Cable TV	236/240 Police Forfeiture	239 Comprehensive Plan	Totals
Revenue						
Taxes						
Franchise fees	\$ —	\$ —	\$ 71,491	\$ —	\$ —	\$ 71,491
Charges for services	—	10,002	—	400	—	10,402
Investment earnings	1,670	1,566	1,937	553	4,977	10,703
Miscellaneous						
Contributions and donations	—	—	—	—	22,333	22,333
Total revenue	1,670	11,568	73,428	953	27,310	114,929
Expenditures						
Current						
General government	—	9,891	78,181	—	—	88,072
Capital outlay						
General government	—	—	506	—	—	506
Total expenditures	—	9,891	78,687	—	—	88,578
Excess (deficiency) of revenue over expenditures	1,670	1,677	(5,259)	953	27,310	26,351
Other financing sources (uses)						
Transfers in	50,000	—	—	—	—	50,000
Transfers (out)	—	—	(5,000)	—	—	(5,000)
Total other financing sources (uses)	50,000	—	(5,000)	—	—	45,000
Net change in fund balances	51,670	1,677	(10,259)	953	27,310	71,351
Fund balances						
Beginning of year	51,495	29,031	50,927	10,627	89,324	231,404
End of year	\$ 103,165	\$ 30,708	\$ 40,668	\$ 11,580	\$ 116,634	\$ 302,755

CITY OF WAYZATA

Nonmajor Capital Projects Funds
Combining Balance Sheet
December 31, 2024

	237 Fire Department Pull Tabs	401 Internally Financed	403 Trees and Plantings	409 Equipment Revolving
Assets				
Cash and investments	\$ 508,816	\$ 665,330	\$ 167,029	\$ 2,019,841
Receivables				
Interest	—	—	—	—
Accounts	—	245	—	—
Leases	—	—	—	—
Due from other governments	—	—	—	—
Total assets	<u>\$ 508,816</u>	<u>\$ 665,575</u>	<u>\$ 167,029</u>	<u>\$ 2,019,841</u>
Liabilities				
Accounts and contracts payable	\$ —	\$ 834	\$ 2,417	\$ 24,722
Due to other governments	—	—	—	2,016
Total liabilities	—	834	2,417	26,738
Deferred inflows of resources				
Lease revenue for subsequent years	—	—	—	—
Fund balances				
Restricted	—	—	—	69,510
Assigned	508,816	664,741	164,612	1,923,593
Total fund balances	<u>508,816</u>	<u>664,741</u>	<u>164,612</u>	<u>1,993,103</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 508,816</u>	<u>\$ 665,575</u>	<u>\$ 167,029</u>	<u>\$ 2,019,841</u>

437

<u>Community Room/Library</u>	<u>Totals</u>
\$ 384,407	\$ 3,745,423
1,725	1,725
—	245
685,880	685,880
<u>3,026</u>	<u>3,026</u>
<u>\$ 1,075,038</u>	<u>\$ 4,436,299</u>
\$ 1,055	\$ 29,028
<u>—</u>	<u>2,016</u>
1,055	31,044
674,956	674,956
—	69,510
<u>399,027</u>	<u>3,660,789</u>
<u>399,027</u>	<u>3,730,299</u>
<u>\$ 1,075,038</u>	<u>\$ 4,436,299</u>

CITY OF WAYZATA

Nonmajor Capital Projects Funds
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2024

	237 Fire Department Pull Tabs	401 Internally Financed	403 Trees and Plantings	404 Parks and Trails
Revenue				
Intergovernmental	\$ —	\$ —	\$ 20,000	\$ —
Charges for services	—	—	38,070	—
Investment earnings	24,475	32,944	9,275	—
Miscellaneous				
Contributions and donations	50,000	89,273	—	—
Refunds and reimbursements	—	—	1,780	—
Total revenue	74,475	122,217	69,125	—
Expenditures				
Current				
Culture and recreation	—	—	—	—
Capital outlay				
General government	—	—	—	—
Public safety	—	—	—	—
Public works	—	37,281	—	—
Culture and recreation	—	—	110,382	—
Total expenditures	—	37,281	110,382	—
Excess (deficiency) of revenue over expenditures	74,475	84,936	(41,257)	—
Other financing sources (uses)				
Transfers in	—	—	—	—
Transfers (out)	—	—	—	—
Total other financing sources (uses)	—	—	—	—
Net change in fund balances	74,475	84,936	(41,257)	—
Fund balances				
Beginning of year, as previously presented	434,341	579,805	205,869	1,425,101
Change in reporting entity – Nonmajor funds to major	—	—	—	(1,425,101)
Beginning of year, as restated	434,341	579,805	205,869	—
End of year	\$ 508,816	\$ 664,741	\$ 164,612	\$ —

408	409	437	
<u>Facilities and Infrastructure</u>	<u>Equipment Revolving</u>	<u>Community Room/Library</u>	<u>Totals</u>
\$ —	\$ —	\$ —	\$ 20,000
—	—	65,001	103,071
—	102,875	17,432	187,001
—	—	—	139,273
—	—	100	1,880
—	102,875	82,533	451,225
—	—	8,926	8,926
—	593,845	—	593,845
—	334,702	—	334,702
—	—	—	37,281
—	92,258	—	202,640
—	1,020,805	8,926	1,177,394
—	(917,930)	73,607	(726,169)
—	408,650	—	408,650
—	(66,080)	—	(66,080)
—	342,570	—	342,570
—	(575,360)	73,607	(383,599)
1,170,247	2,568,463	325,420	6,709,246
(1,170,247)	—	—	(2,595,348)
—	2,568,463	325,420	4,113,898
<u>\$ —</u>	<u>\$ 1,993,103</u>	<u>\$ 399,027</u>	<u>\$ 3,730,299</u>

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF WAYZATA

General Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances – Budget and Actual
Year Ended December 31, 2024
(With Comparative Actual Amounts for the Year Ended December 31, 2023)

	2024			2023	
	Budget		Actual	Over (Under)	Actual
	Original	Final		Budget	
Revenue					
Taxes					
Property taxes	\$ 5,905,107	\$ 5,905,107	\$ 5,873,999	\$ (31,108)	\$ 5,279,837
Franchise fees	88,000	88,000	87,896	(104)	88,002
Total taxes	5,993,107	5,993,107	5,961,895	(31,212)	5,367,839
Licenses and permits					
Business	297,300	297,300	263,195	(34,105)	288,552
Nonbusiness	415,700	415,700	617,169	201,469	452,563
Total licenses and permits	713,000	713,000	880,364	167,364	741,115
Intergovernmental					
State	412,736	412,736	444,173	31,437	325,248
Federal	–	–	–	–	8,490
Component unit	30,000	30,000	30,000	–	30,000
Total intergovernmental	442,736	442,736	474,173	31,437	363,738
Charges for services					
General government	458,449	458,449	459,872	1,423	459,100
Public safety	407,660	407,660	447,691	40,031	439,262
Culture and recreation	26,610	26,610	31,089	4,479	27,675
Total charges for services	892,719	892,719	938,652	45,933	926,037
Fines and forfeitures	71,000	71,000	93,259	22,259	81,869
Special assessments	–	–	–	–	1,647
Investment earnings	58,400	58,400	285,313	226,913	194,799
Miscellaneous	32,000	32,000	187,653	155,653	60,083
Total revenue	8,202,962	8,202,962	8,821,309	618,347	7,737,127
Expenditures					
Current					
General government					
Mayor and City Council					
Personnel services	25,836	25,836	26,183	347	25,836
Supplies	500	500	255	(245)	109
Other current expenditures	39,650	39,650	46,620	6,970	28,599
Total mayor and City Council	65,986	65,986	73,058	7,072	54,544
Administration and finance					
Personnel services	668,107	668,107	658,043	(10,064)	573,673
Supplies	10,900	10,900	12,602	1,702	9,636
Other current expenditures	480,898	480,898	511,736	30,838	406,002
Total administration and finance	1,159,905	1,159,905	1,182,381	22,476	989,311
Assessing					
Supplies	2,500	2,500	–	(2,500)	–
Other current expenditures	103,000	103,000	51,500	(51,500)	99,000
Total assessing	105,500	105,500	51,500	(54,000)	99,000

CITY OF WAYZATA

General Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances – Budget and Actual (continued)
Year Ended December 31, 2024
(With Comparative Actual Amounts for the Year Ended December 31, 2023)

	2024			2023	
	Budget		Actual	Over (Under)	Actual
	Original	Final		Budget	
Expenditures (continued)					
Current (continued)					
General government (continued)					
Planning and zoning					
Personnel services	382,015	382,015	319,855	(62,160)	352,240
Supplies	—	—	394	394	162
Other current expenditures	24,500	24,500	80,130	55,630	17,264
Total planning and zoning	406,515	406,515	400,379	(6,136)	369,666
General government buildings					
Personnel services	83,323	83,323	82,847	(476)	53,624
Supplies	12,500	12,500	6,552	(5,948)	8,630
Other current expenditures	277,650	277,650	196,795	(80,855)	237,256
Total general government buildings	373,473	373,473	286,194	(87,279)	299,510
Total general government	2,111,379	2,111,379	1,993,512	(117,867)	1,812,031
Public safety					
Police protection					
Personnel services	2,654,347	2,654,347	2,574,004	(80,343)	2,333,644
Supplies	74,400	74,400	74,915	515	83,095
Other current expenditures	262,410	262,410	315,285	52,875	214,679
Total police protection	2,991,157	2,991,157	2,964,204	(26,953)	2,631,418
Fire protection					
Personnel services	122,271	122,271	130,565	8,294	98,507
Supplies	49,400	49,400	51,818	2,418	52,158
Other current expenditures	239,500	239,500	266,515	27,015	253,632
Total fire protection	411,171	411,171	448,898	37,727	404,297
Building inspections					
Personnel services	217,276	217,276	202,057	(15,219)	190,310
Supplies	1,300	1,300	923	(377)	1,090
Other current expenditures	41,200	41,200	36,593	(4,607)	31,127
Total building inspections	259,776	259,776	239,573	(20,203)	222,527
Emergency management					
Other current expenditures	5,000	5,000	5,999	999	1,785
Health inspections					
Other current expenditures	41,000	41,000	41,350	350	34,375
Total public safety	3,708,104	3,708,104	3,700,024	(8,080)	3,294,402
Public works					
Streets					
Personnel services	569,894	569,894	558,342	(11,552)	503,780
Supplies	98,400	98,400	64,568	(33,832)	107,727
Other current expenditures	39,160	39,160	39,903	743	46,176
Total streets	707,454	707,454	662,813	(44,641)	657,683

CITY OF WAYZATA

General Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances – Budget and Actual (continued)
Year Ended December 31, 2024
(With Comparative Actual Amounts for the Year Ended December 31, 2023)

	2024			2023
	Budget		Over (Under)	
	Original	Final	Budget	Actual
Expenditures (continued)				
Current (continued)				
Public works (continued)				
Street lighting				
Supplies	31,500	31,500	(7,393)	28,227
Other current expenditures	86,000	86,000	(24,113)	78,785
Total street lighting	117,500	117,500	(31,506)	107,012
Engineering				
Personnel services	232,558	232,558	(70,620)	142,744
Supplies	1,000	1,000	(259)	718
Other current expenditures	7,800	7,800	(565)	7,484
Total engineering	241,358	241,358	(71,444)	150,946
Total public works	1,066,312	1,066,312	(147,591)	915,641
Culture and recreation				
Parks, recreation, and forestry				
Personnel services	820,734	820,734	(45,632)	678,997
Supplies	79,575	79,575	(3,419)	65,268
Other current expenditures	173,821	173,821	(54,256)	88,003
Total culture and recreation	1,074,130	1,074,130	(103,307)	832,268
Miscellaneous				
Unallocated				
Other current expenditures	363,200	363,200	51,701	323,615
Total current expenditures	8,323,125	8,323,125	(325,144)	7,177,957
Capital outlay				
General government	1,500	1,500	36,200	1,439
Public safety	8,000	8,000	(168)	5,225
Total capital outlay	9,500	9,500	36,032	6,664
Debt service				
Principal	–	–	22,806	–
Interest	–	–	11,606	–
Total debt service	–	–	34,412	–
Total expenditures	8,332,625	8,332,625	(254,700)	7,184,621
Excess (deficiency) of revenue over expenditures	(129,663)	(129,663)	873,047	552,506
Other financing sources (uses)				
Debt issued	–	–	34,288	–
Transfers in	363,313	363,313	66,080	423,000
Transfers (out)	(233,650)	(233,650)	(466,193)	(914,576)
Sale of capital assets	–	–	8,245	–
Total other financing sources (uses)	129,663	129,663	(357,580)	(491,576)
Net change in fund balances	\$ –	\$ –	\$ 515,467	60,930
Fund balances				
Beginning of year			4,421,885	4,360,955
End of year			\$ 4,937,352	\$ 4,421,885

CITY OF WAYZATA

Debt Service Fund
Balance Sheet by Account
Year Ended December 31, 2024

	307 Wayzata Blvd Superior	310 Superior/Lake Realignment	317 Parking Ramp Tax Increment	318 Panoway	Totals
Assets					
Cash and investments	\$ 453,953	\$ 630,822	\$ 6,158	\$ 63,992	\$ 1,154,925
Receivables					
Special assessments	<u>1,087,939</u>	<u>1,100,000</u>	<u>—</u>	<u>—</u>	<u>2,187,939</u>
Total assets	<u><u>\$ 1,541,892</u></u>	<u><u>\$ 1,730,822</u></u>	<u><u>\$ 6,158</u></u>	<u><u>\$ 63,992</u></u>	<u><u>\$ 3,342,864</u></u>
Deferred inflows of resources					
Unavailable revenue – special assessments	\$ 1,087,939	\$ 1,100,000	\$ —	\$ —	\$ 2,187,939
Fund balances					
Restricted	<u>453,953</u>	<u>630,822</u>	<u>6,158</u>	<u>63,992</u>	<u>1,154,925</u>
Total deferred inflows of resources and fund balances	<u><u>\$ 1,541,892</u></u>	<u><u>\$ 1,730,822</u></u>	<u><u>\$ 6,158</u></u>	<u><u>\$ 63,992</u></u>	<u><u>\$ 3,342,864</u></u>

CITY OF WAYZATA

Debt Service Fund

Schedule of Revenue, Expenditures, and Changes in Fund Balances by Account
Year Ended December 31, 2024

	307 Wayzata Blvd Superior	310 Superior/Lake Realignment	317 Parking Ramp Tax Increment	318 Panoway	Totals
Revenue					
Intergovernmental	\$ —	\$ —	\$ 498,923	\$ 314,194	\$ 813,117
Special assessments	244,727	228,000	—	—	472,727
Investment earnings	13,833	30,575	—	6,174	50,582
Total revenue	<u>258,560</u>	<u>258,575</u>	<u>498,923</u>	<u>320,368</u>	<u>1,336,426</u>
Expenditures					
Debt service					
Principal	190,000	160,000	290,000	439,844	1,079,844
Interest and fiscal charges	40,975	23,800	209,399	453,011	727,185
Total expenditures	<u>230,975</u>	<u>183,800</u>	<u>499,399</u>	<u>892,855</u>	<u>1,807,029</u>
Excess (deficiency of revenue over expenditures)	27,585	74,775	(476)	(572,487)	(470,603)
Other financing sources (uses)					
Refunding bonds issued	—	—	—	6,205,000	6,205,000
Premium on debt issued	—	—	—	277,360	277,360
Paid to refunding bond escrow agent	<u>—</u>	<u>—</u>	<u>—</u>	<u>(6,350,156)</u>	<u>(6,350,156)</u>
Total other financing sources (uses)	<u>—</u>	<u>—</u>	<u>—</u>	<u>132,204</u>	<u>132,204</u>
Net change in fund balances	27,585	74,775	(476)	(440,283)	(338,399)
Fund balances					
Beginning of year	<u>426,368</u>	<u>556,047</u>	<u>6,634</u>	<u>504,275</u>	<u>1,493,324</u>
End of year	<u>\$ 453,953</u>	<u>\$ 630,822</u>	<u>\$ 6,158</u>	<u>\$ 63,992</u>	<u>\$ 1,154,925</u>

CITY OF WAYZATA

Housing and Redevelopment Authority
(Discretely Presented Component Unit)
Combining Balance Sheet
December 31, 2024

	Special Revenue 440	Debt Service 314	Capital Projects			
			316	305	304	
	Housing	Widsten Tax Increment	Bay Center TIF 5	Downtown TIF 6	Central Area TIF	Total
Assets						
Cash and temporary investments	\$ 11,985	\$ —	\$ 1,949,698	\$ 865,998	\$ 56	\$ 2,827,737
Receivables						
Interest	6,300	—	—	—	—	6,300
Taxes	—	—	28,364	8,200	—	36,564
Notes	10,000	—	—	—	—	10,000
Total assets	<u>\$ 28,285</u>	<u>\$ —</u>	<u>\$ 1,978,062</u>	<u>\$ 874,198</u>	<u>\$ 56</u>	<u>\$ 2,880,601</u>
Liabilities						
Accounts payable	\$ —	\$ —	\$ 1,011,210	\$ 246,695	\$ —	\$ 1,257,905
Due to primary government	—	—	—	1,466,932	—	1,466,932
Total liabilities	—	—	1,011,210	1,713,627	—	2,724,837
Fund balances (deficits)						
Restricted for economic development	28,285	—	966,852	—	56	995,193
Unassigned	—	—	—	(839,429)	—	(839,429)
Total fund balances (deficits)	<u>28,285</u>	<u>—</u>	<u>966,852</u>	<u>(839,429)</u>	<u>56</u>	<u>155,764</u>
Total liabilities and fund balances	<u>\$ 28,285</u>	<u>\$ —</u>	<u>\$ 1,978,062</u>	<u>\$ 874,198</u>	<u>\$ 56</u>	<u>\$ 2,880,601</u>
Total fund balances reported above						\$ 155,764
Amounts reported for the Housing and Redevelopment Authority in the Statement of Net Position are different because:						
Capital assets used in the Housing and Redevelopment Authority are not financial resources and, therefore, are not reported as assets in the funds.						
Cost of capital assets						<u>2,092,900</u>
Total net position – Housing and Redevelopment Authority						<u>\$ 2,248,664</u>

CITY OF WAYZATA

Housing and Redevelopment Authority
(Discretely Presented Component Unit)
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2024

	Special Revenue 440	Debt Service 314	Capital Projects			
	Housing	Widsten Tax Increment	316 Bay Center TIF 5	305 Downtown TIF 6	304 Central Area TIF	Total
Revenue						
Tax increment	\$ —	\$ —	\$ 2,753,740	\$ 1,189,521	\$ —	\$ 3,943,261
Investment earnings	887	—	41,160	33	335	42,415
Total revenue	887	—	2,794,900	1,189,554	335	3,985,676
Expenditures						
Current						
Housing and economic development	—	—	2,791,488	1,040,917	—	3,832,405
Excess of revenue over expenditures	887	—	3,412	148,637	335	153,271
Other financing sources (uses)						
Transfers in	—	—	44,176	—	—	44,176
Transfers (out)	—	(44,176)	—	—	—	(44,176)
Total other financing sources (uses)	—	(44,176)	44,176	—	—	—
Net change in fund balances	887	(44,176)	47,588	148,637	335	153,271
Fund balances (deficits)						
Beginning of year	27,398	44,176	919,264	(988,066)	(279)	2,493
End of year	\$ 28,285	\$ —	\$ 966,852	\$ (839,429)	\$ 56	\$ 155,764

THIS PAGE INTENTIONALLY LEFT BLANK