

ANNUAL FINANCIAL REPORT

CITY OF NEW PRAGUE
NEW PRAGUE, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2025

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City of New Prague, Minnesota
Annual Financial Report
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INTRODUCTORY SECTION

CITY OF NEW PRAGUE
NEW PRAGUE, MINNESOTA

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City of New Prague, Minnesota
Elected and Appointed Officials
For the Year Ended December 31, 2025

Elected Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Charles Nickolay	Mayor	12/31/2026
Bruce Wolf	VP	12/31/2028
Maggie Bass	Council	12/31/2026
Rik Seiler	Council	12/31/2026
Shawn Ryan	Council	12/31/2028

Appointed Officials

Joshua Tetzlaff	City Administrator
Scott Joint Prosecution Assoc.	Criminal Attorney
Scott Riggs	Civil Attorney

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FINANCIAL SECTION
CITY OF NEW PRAGUE
NEW PRAGUE, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2025

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of New Prague
New Prague, Minnesota

Report on 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 New Prague, Minnesota, (the City) as of and for the year ended December 31, 2025, 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, 2025, and the respective changes in financial position and cash flows thereof, for the year then ended in conformity 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.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis starting on page 17 and the Schedules of Employer's Share of the Net Pension Liability, the Schedules of Employer's Contributions, the Schedule of Changes in Net Pension Liability (Asset) and Related Ratios, the Schedule of Changes in the City's Total OPEB Liability and Related Ratios, and the budgetary comparison schedule and related note disclosures starting on page 86 are presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 5, 2026 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, and 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.



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May 5, 2026



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Management's Discussion and Analysis

As management of the City of New Prague, Minnesota, (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2025.

Overview of the Financial Statements

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

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of combining and individual fund financial statements and schedules that further explain and support the information in the financial statements. Figure 1 reflects how the required parts of this annual report are arranged and relate to one another. In addition to these required elements, we have included a section with combining and individual fund financial statements and schedules that provide details about nonmajor governmental funds, which are added together and presented in single columns in the basic financial statements.

Figure 1
Required Components of the
City's Annual Financial Report

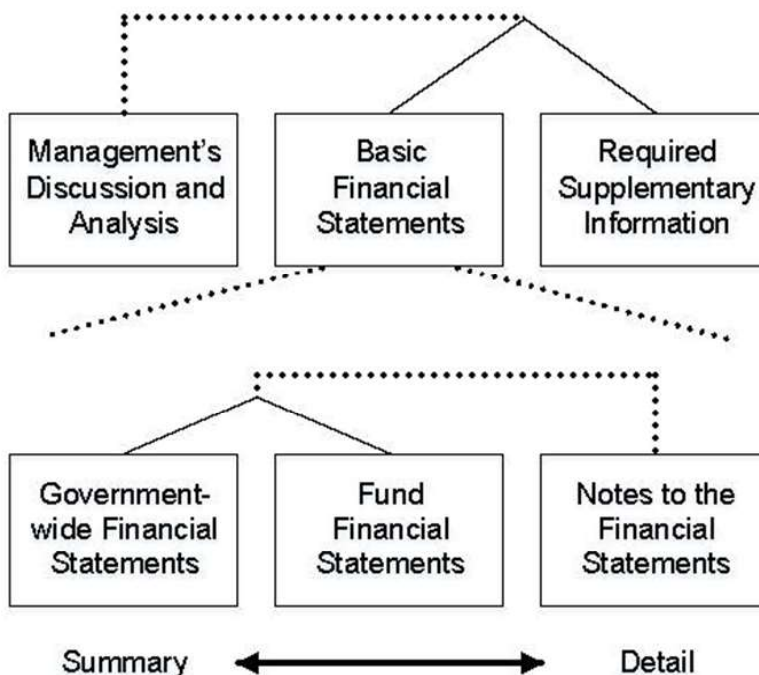


Figure 2 summarizes the major features of the City’s financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the statements.

Figure 2
Major Features of the Government-wide and Fund Financial Statements

	Fund Financial Statements		
	Government-wide Statements	Governmental Funds	Proprietary Funds
Scope	Entire City government (except fiduciary funds) and the City’s component units	The activities of the City that are not proprietary or fiduciary, such as police, fire and parks	Activities the City operates similar to private businesses, such as the water and sewer system
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statements of Net Position • Statements of Revenues, Expenses and Changes in Net Position • Statements of Cash Flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of deferred outflows/inflows of resources information	All deferred outflows/inflows of resources, regardless of when cash is received or paid.	Only deferred outflows of resources expected to be used up and deferred inflows of resources that come due during the year or soon thereafter; no capital assets included	All deferred outflows/inflows of resources, regardless of when cash is received or paid
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

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

The *statement of net position* presents information on all of the City's assets and deferred outflows of resources and 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 but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenue (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, streets and highways, culture and recreation, economic development and miscellaneous. The business-type activities of the City include water utility, sewer utility, electric utility, storm water utility, golf and ambulance.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also a legally separate Economic Development Authority and Housing and Redevelopment Authority for which the City is financially accountable. Financial information for this *component unit* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found starting on page 33 of this report.

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

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

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

The City maintains numerous individual governmental funds, many of which are Debt Service funds, which are reported as one major fund for the government-wide financial statements. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General fund, Debt Service funds, CIP 2025, and Police Facility funds, all of which are considered to be major funds. Data from the other nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements or schedules* elsewhere in this report.

The City adopts an annual appropriated budget for its General fund and several special revenue funds. A budgetary comparison statement has been provided for these to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found starting on page 38 of this report.

Proprietary Funds. The City maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its water utility, sewer utility, electric utility, storm water utility, golf and ambulance operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for each of the enterprise funds which are considered to be major funds of the City.

The basic proprietary fund financial statements can be found starting on page 42 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 45 of this report.

Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of New Prague's share of net pension liabilities (assets) for defined benefit plans, schedules of contributions, progress in funding its obligation to provide pension benefits and other postemployment benefits to its employees. Required supplementary information can be found starting on page 86 of this report.

Other Information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented following the notes to financial statements. Combining and individual fund financial statements and schedules can be found starting on page 100 of this report.

Government-wide Financial Analysis

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

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

City of New Prague's Summary of Net Position

An additional portion of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* may be used to meet the City's ongoing obligations to citizens and creditors.

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

	Governmental Activities			Business-type Activities		
	2025	2024	Increase (Decrease)	2025	2024	Increase (Decrease)
Assets						
Current and other assets	\$ 30,416,748	\$ 20,405,521	\$ 10,011,227	\$ 26,873,189	\$ 25,817,068	\$ 1,056,121
Capital assets	31,563,979	25,378,301	6,185,678	52,856,912	51,723,256	1,133,656
Total Assets	<u>61,980,727</u>	<u>45,783,822</u>	<u>16,196,905</u>	<u>79,730,101</u>	<u>77,540,324</u>	<u>2,189,777</u>
Deferred Outflows of Resources	<u>1,712,908</u>	<u>2,036,347</u>	<u>(323,439)</u>	<u>244,834</u>	<u>236,741</u>	<u>8,093</u>
Liabilities						
Long-term liabilities outstanding	26,812,059	13,852,968	12,959,091	32,497,925	33,584,755	(1,086,830)
Other liabilities	2,601,942	1,005,139	1,596,803	2,161,630	2,005,994	155,636
Total Liabilities	<u>29,414,001</u>	<u>14,858,107</u>	<u>14,555,894</u>	<u>34,659,555</u>	<u>35,590,749</u>	<u>(931,194)</u>
Deferred Inflows of Resources	<u>2,235,962</u>	<u>2,488,388</u>	<u>(252,426)</u>	<u>679,467</u>	<u>749,525</u>	<u>(70,058)</u>
Net Position						
Net investment in capital assets	14,489,633	14,172,513	317,120	21,734,075	19,563,910	2,170,165
Restricted	24,163,805	9,355,715	14,808,090	-	-	-
Unrestricted	<u>(6,609,766)</u>	<u>6,945,446</u>	<u>(13,555,212)</u>	<u>22,901,838</u>	<u>21,872,881</u>	<u>1,028,957</u>
Total Net Position	<u>\$ 32,043,672</u>	<u>\$ 30,473,674</u>	<u>\$ 1,569,998</u>	<u>\$ 44,635,913</u>	<u>\$ 41,436,791</u>	<u>\$ 3,199,122</u>
Net Position as a Percent of Total						
Net investment in capital assets	45.2 %	46.5 %		48.7 %	47.2 %	
Restricted	75.4	30.7		-	-	
Unrestricted	<u>(20.6)</u>	<u>22.8</u>		<u>51.3</u>	<u>52.8</u>	
	<u>100.0 %</u>	<u>100.0 %</u>		<u>100.0 %</u>	<u>100.0 %</u>	

As shown in the table above, as of December 31, 2025, the City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources. The City's total net position increased as a result of the financial performance of the governmental activities. The following sections of the MD&A analyze the finances of the governmental activities and business activities separately.

Governmental Activities. Governmental activities increased the City's net position, as shown below.

City of New Prague's Changes in Net Position

	Governmental Activities			Business-type Activities		
	2025	2024	Increase (Decrease)	2025	2024	Increase (Decrease)
Revenues						
Program Revenues						
Charges for services	\$ 791,326	\$ 1,008,539	\$ (217,213)	\$ 18,836,813	\$ 18,027,368	\$ 809,445
Operating grants and contributions	880,725	442,195	438,530	-	-	-
Capital grants and contributions	1,079,624	1,175,108	(95,484)	1,262,614	858,558	404,056
General Revenues						
Property taxes/tax increments	5,373,305	4,869,599	503,706	-	-	-
Franchise taxes	84,284	87,942	(3,658)	-	-	-
Grants and contributions not restricted to specific programs	1,183,298	1,486,861	(303,563)	195,506	184,918	10,588
Investment earnings	962,423	682,500	279,923	665,182	774,383	(109,201)
Other	128,449	25,297	103,152	-	-	-
Gain on sale of capital assets	33,807	12,403	21,404	52,561	150,252	(97,691)
Total Revenues	10,517,241	9,790,444	726,797	21,012,676	19,995,479	1,017,197
Expenses						
General government	1,377,374	1,407,774	(30,400)	-	-	-
Public safety	3,136,447	2,777,697	358,750	-	-	-
Public works	2,296,723	2,294,041	2,682	-	-	-
Culture and recreation	990,199	1,028,846	(38,647)	-	-	-
Economic development	118,907	109,490	9,417	-	-	-
Miscellaneous	201,720	403,933	(202,213)	-	-	-
Interest on long-term debt	1,043,621	347,582	696,039	-	-	-
Water utility	-	-	-	1,605,139	1,530,665	74,474
Sewer utility	-	-	-	4,094,078	4,112,317	(18,239)
Storm water utility	-	-	-	473,715	447,801	25,914
Electric utility	-	-	-	9,722,552	9,727,959	(5,407)
Golf	-	-	-	1,688,223	1,485,352	202,871
Ambulance	-	-	-	12,099	13,984	(1,885)
Total Expenses	9,164,991	8,369,363	795,628	17,595,806	17,318,078	277,728
Increase (Decrease) in Net Position Before Transfers	1,352,250	1,421,081	(68,831)	3,416,870	2,677,401	739,469
Transfers	217,748	(1,946)	219,694	(217,748)	1,946	(219,694)
Change in Net Position	1,569,998	1,419,135	150,863	3,199,122	2,679,347	519,775
Net Position - January 1	30,473,674	29,054,539	1,419,135	41,436,791	38,757,444	2,679,347
Net Position - December 31	\$ 32,043,672	\$ 30,473,674	\$ 1,569,998	\$ 44,635,913	\$ 41,436,791	\$ 3,199,122

Key elements of this increase are as follows:

- Increases in property taxes/tax increments
- Increase in investment earnings
- Increased licenses and permits

Increase in property taxes/tax increments

Increase in taxes and tax increments due to increased tax rates.

Increase revenue in investment earnings

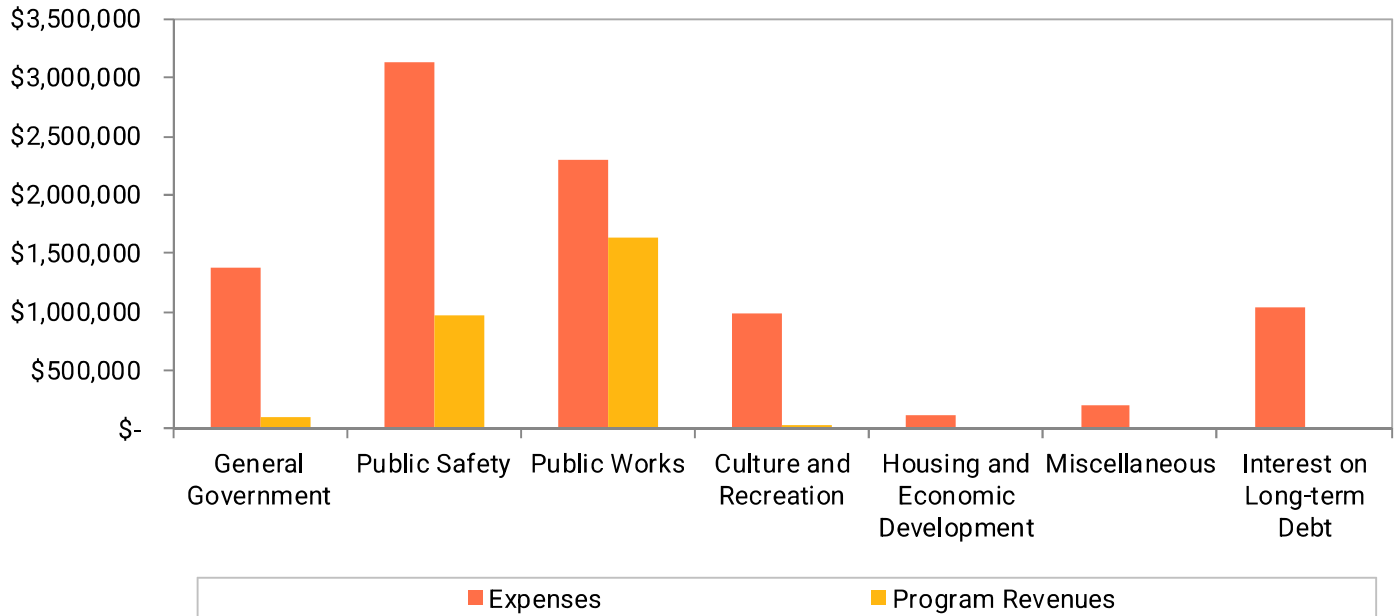
Increase in interest earnings due to increased cash balances along with slight increases in interest rates.

Increase license and permits

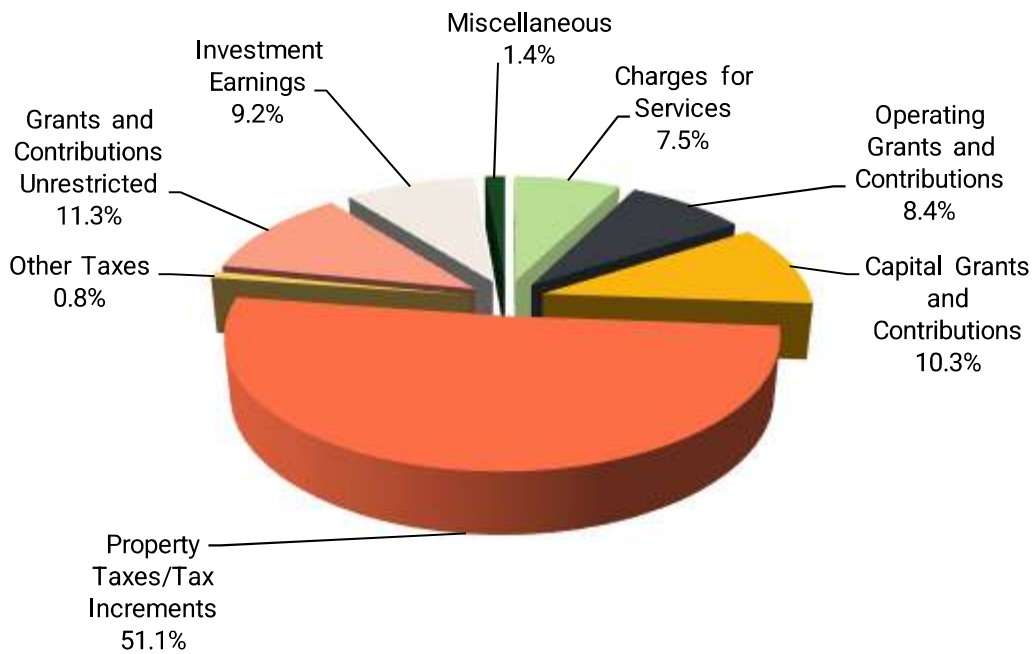
Increase in license and permits due to the new addition of the Bohemia Flats (54 units).

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

Expenses and Program Revenues - Governmental Activities



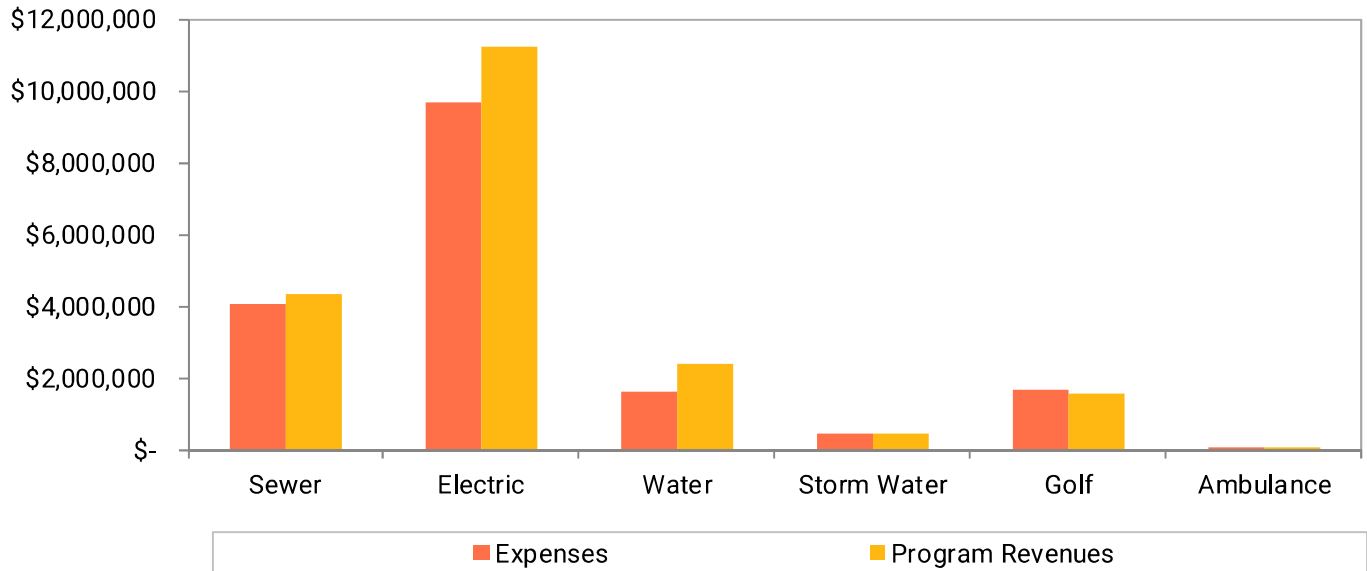
Revenues by Source - Governmental Activities



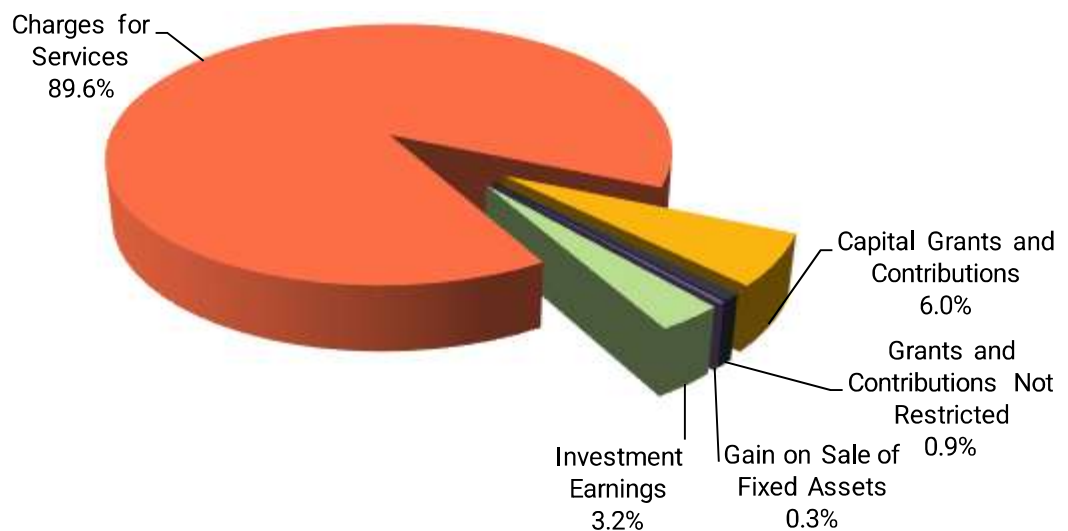
Business-type Activities. Business-type activities increased the City's net position as shown in the changes in net position table in the pages above. Key factors for the increase are as follows:

- Charges for services for business-type activities increased due to increases in rates and usage during the year.
- Large amount of capital grants and contributions caused by a capital project assessment roll
- Total expenses for business-type activities only increased 0.7% despite rising cost of materials

Expenses and Program Revenues - Business - type Activities



Revenues by Source - Business - type Activities



Financial Analysis of the City's Funds

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

Governmental Funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The table below outlines the governmental fund balances for the year ending December 31, 2025:

	General	Debt Service	CIP 2025	Police Facility	Other Governmental Funds	Total	Prior Year Total	Increase/ (Decrease)
Fund Balances								
Nonspendable	\$ 16,003	\$ -	\$ -	\$ -	\$ -	\$ 16,003	\$ 10,841	\$ 5,162
Restricted	44,163	5,326,562	2,317,484	4,836,919	1,104,541	13,629,669	6,677,886	6,951,783
Committed	243,987	-	-	-	70,451	314,438	813,469	(499,031)
Assigned	3,002,648	-	-	-	3,403,833	6,406,481	5,024,860	1,381,621
Unassigned	3,709,097	-	-	-	(14,285)	3,694,812	2,766,890	927,922
	<u>\$ 7,015,898</u>	<u>\$ 5,326,562</u>	<u>\$ 2,317,484</u>	<u>\$ 4,836,919</u>	<u>\$ 4,564,540</u>	<u>\$ 24,061,403</u>	<u>\$ 15,293,946</u>	<u>\$ 8,767,457</u>

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances shown above. Additional information on the City's fund balances can be found in Note 1 starting on page 52 of this report.

The *General fund* is the chief operating fund of the City. At the end of the current year, the fund balance of the General fund is shown in the table above. As a measure of the General fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. The total unassigned fund balance as a percent of total fund expenditures is shown in the chart below along with total fund balance as a percent of total expenditures.

	Current Year Ending Balance	Prior Year Ending Balance	Increase/ (Decrease)
General Fund Fund Balances			
Nonspendable	\$ 16,003	\$ 10,841	\$ 5,162
Restricted	44,163	145,615	(101,452)
Committed	243,987	743,987	(500,000)
Assigned	3,002,648	1,709,329	1,293,319
Unassigned	3,709,097	3,512,553	196,544
	<u>\$ 7,015,898</u>	<u>\$ 6,122,325</u>	<u>\$ 893,573</u>
General Fund expenditures	\$ 6,835,866	\$ 6,563,757	
Unassigned as a percent of expenditures	54.3%	53.5%	
Total Fund Balance as a percent of expenditures	102.6%	93.3%	

The fund balance of the City's General Fund increased during the current fiscal year as shown in the table above. The increase was due to increased interest earnings and property taxes.

Other major governmental analysis is shown below:

	December 31, 2025	December 31, 2024	Increase (Decrease)
Debt Service fund	\$ 5,326,562	\$ 4,863,319	\$ 463,243
<i>The Debt Service fund increased in fund balance during the year due to excess funds from the 2020 capital project being transferred to the related debt service fund.</i>			
CIP 2025	\$ 2,317,484	\$ (107,265)	\$ 2,424,749
<i>The CIP 2025 total fund balance increased due to issuance of General Obligation Bonds, Series 2025B to cover ongoing project costs.</i>			
Police Facility	\$ 4,836,919	\$ (401,519)	\$ 5,238,438
<i>The Police Facility total fund balance increased during the year due to the issuance of EDA Lease Bond 2025C to cover ongoing project costs.</i>			

Proprietary Funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Net position of the City's proprietary funds increased or (decreased) as follows:

	December 31, 2025	December 31, 2024	Increase (Decrease)
Water Utility	\$ 10,150,638	\$ 9,200,534	\$ 950,104
<i>The Water Utility fund increase in fund balance during the year was due to increased charges for services, specifically related to the new Bohemia Flats (54 units), and new special assessments.</i>			
Electric Utility	\$ 20,021,214	\$ 18,280,952	\$ 1,740,262
<i>The Electric Utility fund increase in fund balance during the year was due to reimbursement for service project revenue, and increased charges for services specifically related to the new Bohemia Flats (54 units).</i>			
Sewer Utility	\$ 9,812,202	\$ 9,254,947	\$ 557,255
<i>The Water Utility fund increase in fund balance during the year was due to increased charges for services, specifically related to Bohemia Flats (54 units), and new special assessments.</i>			

General Fund Budgetary Highlights

	Original & Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues	\$ 6,737,642	\$ 7,396,763	\$ 659,121
Expenditures	6,981,045	6,835,866	145,179
Excess of Revenues Over Expenditures	<u>(243,403)</u>	<u>560,897</u>	<u>804,300</u>
Other Financing Sources (Uses)			
Sale of capital assets	-	3,807	3,807
Insurance recoveries	5,000	70,817	65,817
Transfers in	80,304	287,871	207,567
Transfers out	<u>(29,819)</u>	<u>(29,819)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>55,485</u>	<u>332,676</u>	<u>277,191</u>
Net Change in Fund Balances	(187,918)	893,573	1,081,491
Fund Balances, January 1	<u>6,122,325</u>	<u>6,122,325</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 5,934,407</u>	<u>\$ 7,015,898</u>	<u>\$ 1,081,491</u>

The City's overall budget was not amended during the year as shown above.

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of December 31, 2025, is shown below in the capital assets table (net of accumulated depreciation). This investment in capital assets includes land, structures, improvements, machinery and equipment, vehicles, roads, highways and bridges. The total increase in the City's investment in capital assets for the current fiscal year is shown in the table below.

Major capital asset events during the current fiscal year included the following:

- Parks Department
 - 2024 Toro 4000 Series Mower
 - Central Plaza Shade Structure
 - Spraymaster 60 Gal Sprayer
 - Kubota Workman HDX
- Planning
 - 2023 Equinox
 - Office Remodel
- Street Department
 - 2026 Freightliner
- Police Department
 - 2025 Ford Explorer
 - Flock Cameras
- Fire Department
 - 2025 Ford F-150 Chief's Vehicle
 - Mobile Radios

- Enterprise Funds – Water
 - Mini Excavator
- Enterprise Funds – Electric
 - Mini Excavator
 - 2025 Felling Reel Trailer
 - Tilt bed trailer
- Enterprise Funds – Golf
 - Groundsmaster 4100-D Mower
 - Reelmaster 3555 Fairway Mower
 - GreensPro 1260 – Greens Roller
 - Multi Pro 5800-G Sprayer
 - Kubota Workman HDX
 - Hauler Pro Elite Work Cart
 - Hauler 1200 Gas Work Cart
- Enterprise Funds – Sewer
 - Triplex Control Panel
 - Allegro Blower, Winch & Clutch
 - SCADA PLC Upgrade
 - 2024 Ford F600 Crane Truck
- 2025 CIP street construction project

Additional information on the City’s capital assets can be found in Note 3C starting on page 57 of this report.

City of New Prague’s Capital Assets (Net of Depreciation)

	Governmental Activities			Business-type Activities			Total		
	2025	2024	Increase (Decrease)	2025	2024	Increase (Decrease)	2025	2024	Increase (Decrease)
Land	\$ 2,060,359	\$ 2,060,359	\$ -	\$ 178,148	\$ 178,148	\$ -	\$ 2,238,507	\$ 2,238,507	\$ -
Land Improvements	587,989	645,616	(57,627)	3,693	5,257	(1,564)	591,682	650,873	(59,191)
Buildings and Improvements	4,184,961	4,362,872	(177,911)	19,425,066	20,292,086	(867,020)	23,610,027	24,654,958	(1,044,931)
Infrastructure	14,737,203	11,248,534	3,488,669	23,357,639	24,012,983	(655,344)	38,094,842	35,261,517	2,833,325
Furniture and Equipment	1,904,499	1,868,718	35,781	6,286,583	6,479,491	(192,908)	8,191,082	8,348,209	(157,127)
Construction in Progress	8,088,968	5,192,202	2,896,766	3,605,783	755,291	2,850,492	11,694,751	5,947,493	5,747,258
Total	\$ 31,563,979	\$ 25,378,301	\$ 6,185,678	\$ 52,856,912	\$ 51,723,256	\$ 1,133,656	\$ 84,420,891	\$ 77,101,557	\$ 7,319,334
Percent increase (decrease)			24.4%			2.2%			9.5%

Long-term Debt. At the end of the current fiscal year, the City had total bonded debt outstanding consisting of special assessment debt, revenue related debt, and general obligation debt as noted in the table below. While all of the City’s bonds have revenue streams, they are all backed by the full faith and credit of the City.

City of New Prague’s Outstanding Debt

	Governmental Activities			Business-type Activities		
	2025	2024	Increase (Decrease)	2025	2024	Increase (Decrease)
General Obligation Bonds	\$ 1,060,000	\$ 1,400,000	\$ (340,000)	\$ -	\$ -	\$ -
G.O. Improvement Bonds	22,212,282	9,292,749	12,919,533	-	-	-
G.O. Revenue Bonds	-	-	-	29,847,715	30,921,249	(1,073,534)
Revenue Bonds	-	-	-	414,000	373,000	41,000
Indenture of Trust	110,000	121,000	(11,000)	-	-	-
Total	\$ 23,382,282	\$ 10,813,749	\$ 12,568,533	\$ 30,261,715	\$ 31,294,249	\$ (1,032,534)
Percent increase (decrease)			116.2%			-3.3%

The City's total debt increased during the current fiscal year as shown in the table above. The key factor in this increase was the issuance of EDA Lease Revenue bond and General Obligation 2025B bond.

Minnesota statutes limit the amount of net general obligation debt a City may issue to 3 percent of the market value of taxable property within the City. Net debt is debt payable solely from ad valorem taxes. The current debt limitation for the City is \$14,254,680 which is in excess of the City's outstanding general obligation debt of \$1,060,000.

Additional information on the City's long-term debt can be found in Note 3E starting on page 60 of this report.

Economic Factors and Next Year's Budgets and Rates

- The City's adopted 2026 General fund expenditures budget totaled \$7,366,396 which is a \$337,542 or 4.80 percent increase over the 2025 adopted budget of \$7,008,854.
- New single family residential homes constructed in 2025 totaled 3. This was lower than the total of 10 new homes constructed in 2024.
- The rate increases for utility operations for 2025 are as follows:
 - Electric: 2% increase for residential and commercial rates.
 - Water: Increase of \$0.68/1000 gallons for non-summer months and \$.18/1000 gallons for summer months. Seasonal rates will remain in effect for 2026. Sewer: 3.5 percent increase for residential and commercial rates
 - Sewer: 3% increase for residential and commercial rates
 - Storm Sewer: 2% increase in residential and commercial rates

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, City of New Prague, 118 Central Avenue North, New Prague, Minnesota 56071.

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF NEW PRAGUE
NEW PRAGUE, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2025

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City of New Prague, Minnesota
Statement of Net Position
December 31, 2025

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Economic Development Authority
Assets				
Cash and temporary investments	\$ 25,224,537	\$ 21,737,899	\$ 46,962,436	\$ 923,283
Receivables				
Interest	172,287	-	172,287	-
Delinquent taxes	39,925	-	39,925	-
Accounts	283,200	2,407,901	2,691,101	-
Notes	375,658	-	375,658	-
Special assessments	3,383,635	1,497,749	4,881,384	-
Intergovernmental	381,314	89,733	471,047	198
Inventories	-	1,138,444	1,138,444	-
Prepaid items	16,003	1,463	17,466	-
Land held for resale	-	-	-	302,882
Net pension asset	540,189	-	540,189	-
Capital assets				
Nondepreciable	10,149,327	3,783,931	13,933,258	-
Depreciable, net of accumulated depreciation	21,414,652	49,072,981	70,487,633	718,207
Total Assets	<u>61,980,727</u>	<u>79,730,101</u>	<u>141,710,828</u>	<u>1,944,570</u>
Deferred Outflows of Resources				
Deferred other postemployment benefit resources	6,140	5,196	11,336	44
Deferred pension resources	1,706,768	239,638	1,946,406	3,777
Total Deferred Outflows of Resources	<u>1,712,908</u>	<u>244,834</u>	<u>1,957,742</u>	<u>3,821</u>
Liabilities				
Accounts payable	1,907,861	1,190,520	3,098,381	9,478
Due to other governments	45,833	48,422	94,255	-
Accrued interest payable	484,711	420,562	905,273	-
Accrued wages payable	104,844	86,914	191,758	1,228
Deposits payable	-	261,048	261,048	-
Unearned revenue	58,693	154,164	212,857	-
Noncurrent liabilities				
Due within one year				
Long-term liabilities	1,399,739	2,265,454	3,665,193	-
Other postemployment benefits liability	6,227	5,266	11,493	44
Due in more than one year				
Long-term liabilities	23,760,155	29,238,099	52,998,254	-
Net pension liability	1,555,129	912,326	2,467,455	13,418
Other postemployment benefits liability	90,809	76,780	167,589	649
Total Liabilities	<u>29,414,001</u>	<u>34,659,555</u>	<u>64,073,556</u>	<u>24,817</u>
Deferred Inflows of Resources				
Deferred other postemployment benefit resources	43,966	37,177	81,143	314
Deferred pension resources	2,191,996	642,290	2,834,286	9,810
Total Deferred Inflows of Resources	<u>2,235,962</u>	<u>679,467</u>	<u>2,915,429</u>	<u>10,124</u>
Net Position				
Net investment in capital assets	14,489,633	21,734,075	36,223,708	718,207
Restricted for				
Debt service	7,851,440	-	7,851,440	-
Capital projects	14,623,472	-	14,623,472	-
Net pension asset	540,189	-	540,189	-
Economic development	1,094,705	-	1,094,705	-
Park improvements	9,836	-	9,836	-
Public safety aid	44,163	-	44,163	-
Unrestricted	<u>(6,609,766)</u>	<u>22,901,838</u>	<u>16,292,072</u>	<u>1,195,243</u>
Total Net Position	<u>\$ 32,043,672</u>	<u>\$ 44,635,913</u>	<u>\$ 76,679,585</u>	<u>\$ 1,913,450</u>

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

City of New Prague, Minnesota
Statement of Activities
For the Year Ended December 31, 2025

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 1,377,374	\$ 104,613	\$ -	\$ -
Public safety	3,136,447	533,029	395,463	44,280
Public works	2,296,723	119,748	474,211	1,035,344
Culture and recreation	990,199	19,010	11,051	-
Economic development	118,907	11,426	-	-
Miscellaneous	201,720	3,500	-	-
Interest on long-term debt	1,043,621	-	-	-
Total Governmental Activities	<u>9,164,991</u>	<u>791,326</u>	<u>880,725</u>	<u>1,079,624</u>
Business-type activities				
Sewer utility	4,094,078	3,693,262	-	652,618
Electric utility	9,722,552	11,136,891	-	149,668
Water utility	1,605,139	1,972,468	-	460,328
Storm water utility	473,715	436,685	-	-
Golf	1,688,223	1,582,080	-	-
Ambulance	12,099	15,427	-	-
Total Business-type Activities	<u>17,595,806</u>	<u>18,836,813</u>	<u>-</u>	<u>1,262,614</u>
Total Primary Government	<u>\$ 26,760,797</u>	<u>\$ 19,628,139</u>	<u>\$ 880,725</u>	<u>\$ 2,342,238</u>
Component Unit				
Economic development	<u>\$ 80,265</u>	<u>\$ 31</u>	<u>\$ -</u>	<u>\$ -</u>

General Revenues

- Property taxes, levied for general purposes
- Property taxes, levied for debt service
- Property taxes, levied for other governmental funds
- Tax increments
- Franchise taxes
- Grants and contributions not restricted to specific programs
- Unrestricted investment earnings
- Other revenues
- Gain on sale of capital assets

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position, January 1

Net Position, December 31

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

Net (Expense) Revenue and
Changes in Net Position

Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Economic Development Authority
\$ (1,272,761)	\$ -	\$ (1,272,761)	
(2,163,675)	-	(2,163,675)	
(667,420)	-	(667,420)	
(960,138)	-	(960,138)	
(107,481)	-	(107,481)	
(198,220)	-	(198,220)	
(1,043,621)	-	(1,043,621)	
(6,413,316)	-	(6,413,316)	
-	251,802	251,802	
-	1,564,007	1,564,007	
-	827,657	827,657	
-	(37,030)	(37,030)	
-	(106,143)	(106,143)	
-	3,328	3,328	
-	2,503,621	2,503,621	
			\$ (80,234)
4,254,399	-	4,254,399	74,766
959,695	-	959,695	-
40,304	-	40,304	-
118,907	-	118,907	-
84,284	-	84,284	-
1,183,298	195,506	1,378,804	-
962,423	665,182	1,627,605	15,031
128,449	-	128,449	61,983
33,807	52,561	86,368	-
217,748	(217,748)	-	-
7,983,314	695,501	8,678,815	151,780
1,569,998	3,199,122	4,769,120	71,546
30,473,674	41,436,791	71,910,465	1,841,904
\$ 32,043,672	\$ 44,635,913	\$ 76,679,585	\$ 1,913,450

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

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FUND FINANCIAL STATEMENTS

CITY OF NEW PRAGUE
NEW PRAGUE, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2025

City of New Prague, Minnesota

Balance Sheet
Governmental Funds
December 31, 2025

	General	Debt Service	CIP 2025	Police Facility	Other Governmental Funds	Totals
Assets						
Cash and temporary investments	\$ 6,821,938	\$ 5,032,710	\$ 2,356,077	\$ 6,314,416	\$ 4,699,396	\$ 25,224,537
Receivables						
Interest	156,215	-	16,072	-	-	172,287
Delinquent taxes	39,925	-	-	-	-	39,925
Accounts	281,868	-	-	-	1,332	283,200
Notes	-	353,333	-	-	22,325	375,658
Special assessments	4,178	3,119,589	-	-	259,868	3,383,635
Intergovernmental	106,949	-	-	-	274,365	381,314
Prepaid items	16,003	-	-	-	-	16,003
Total Assets	\$ 7,427,076	\$ 8,505,632	\$ 2,372,149	\$ 6,314,416	\$ 5,257,286	\$ 29,876,559
Liabilities						
Accounts payable	\$ 185,785	\$ 59,481	\$ 54,665	\$ 1,477,497	\$ 130,433	\$ 1,907,861
Due to other governments	45,833	-	-	-	-	45,833
Accrued wages payable	104,844	-	-	-	-	104,844
Unearned revenue	30,613	-	-	-	28,080	58,693
Total Liabilities	367,075	59,481	54,665	1,477,497	158,513	2,117,231
Deferred Inflows of Resources						
Unavailable revenue - property taxes	39,925	-	-	-	-	39,925
Unavailable revenue - special assessments	4,178	3,119,589	-	-	259,868	3,383,635
Unavailable revenue - grants	-	-	-	-	274,365	274,365
Total Deferred Inflows of Resources	44,103	3,119,589	-	-	534,233	3,697,925
Fund Balances						
Nonspendable						
Prepaid items	16,003	-	-	-	-	16,003
Restricted for						
Debt service	-	5,326,562	-	-	-	5,326,562
Economic development	-	-	-	-	1,094,705	1,094,705
Capital projects	-	-	2,317,484	4,836,919	-	7,154,403
Park improvements	-	-	-	-	9,836	9,836
Public safety aid	44,163	-	-	-	-	44,163
Committed for						
Emergency weather/disaster purposes	100,000	-	-	-	-	100,000
Future athletic field	143,987	-	-	-	-	143,987
Public facilities and infrastructure	-	-	-	-	-	-
Upgrades	-	-	-	-	70,451	70,451
Assigned for						
Acquisition of equipment and vehicles	437,213	-	-	-	-	437,213
Renovation/replacement of public facilities	2,465,435	-	-	-	-	2,465,435
Technology	100,000	-	-	-	-	100,000
Capital projects	-	-	-	-	2,766,226	2,766,226
Equipment	-	-	-	-	160,924	160,924
Economic development	-	-	-	-	78,155	78,155
Crime prevention	-	-	-	-	59,984	59,984
Park improvements	-	-	-	-	338,544	338,544
Rental house	-	-	-	-	-	-
Unassigned	3,709,097	-	-	-	(14,285)	3,694,812
Total Fund Balances	7,015,898	5,326,562	2,317,484	4,836,919	4,564,540	24,061,403
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 7,427,076	\$ 8,505,632	\$ 2,372,149	\$ 6,314,416	\$ 5,257,286	\$ 29,876,559

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

City of New Prague, Minnesota
 Reconciliation of the Balance Sheet
 to the Statement of Net Position
 Governmental Funds
 December 31, 2025

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

Total Fund Balances - Governmental Funds	\$ 24,061,403
Long-term net pension assets from pensions reported in governmental activities are not financial resources and therefore are not reported as assets in the funds.	540,189
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the funds. Cost of capital assets, net of accumulated depreciation	31,563,979
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of	
Compensated absences payable	(506,479)
Bonds payable	(23,272,282)
Indenture of trust payable (HRA)	(110,000)
Bond premiums, net of amortization	(1,271,133)
Other postemployment benefits	(97,036)
Net pension liability	(1,555,129)
Long-term assets are not available to pay current-period expenditures and, therefore, are unavailable in the funds.	
Delinquent property taxes receivable	39,925
Special assessments receivable	3,383,635
Grants receivable	274,365
Governmental funds do not report long-term amounts related to pensions.	
Deferred outflows of resources - pension resources	1,706,768
Deferred inflows of resources - pension resources	(2,191,996)
Governmental funds do not report long-term amounts related to other postemployment benefits.	
Deferred outflows of other postemployment benefit resources	6,140
Deferred inflows of other postemployment benefit resources	(43,966)
Governmental funds do not report a liability for accrued interest until due and payable.	(484,711)
	(484,711)
Total Net Position - Governmental Activities	\$ 32,043,672

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

City of New Prague, Minnesota
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2025

	General	Debt Service	Capital Project			Other Governmental Funds	Totals
			Formerly Major Fund CIP 2024	Formerly Nonmajor Fund CIP 2025	Formerly Nonmajor Fund Police Facility		
Revenues							
Taxes	\$ 4,323,122	\$ 1,078,602		\$ -	\$ -	\$ 40,304	\$ 5,442,028
Special assessments	14,126	515,312		-	-	-	529,438
Licenses and permits	419,147	-		-	-	-	419,147
Intergovernmental	1,823,777	-		1,065,567	-	-	2,889,344
Charges for services	130,011	-		-	-	128,896	258,907
Fines and forfeits	15,361	-		-	-	49	15,410
Investment earnings	522,494	102,543		97,241	36,153	203,992	962,423
Miscellaneous	148,725	10,927		-	-	499	160,151
Total Revenues	<u>7,396,763</u>	<u>1,707,384</u>	<u>-</u>	<u>1,162,808</u>	<u>36,153</u>	<u>373,740</u>	<u>10,676,848</u>
Expenditures							
Current							
General government	1,308,663	-		-	-	-	1,308,663
Public safety	2,973,203	-		-	-	10,128	2,983,331
Public works	979,425	-		-	-	2,162	981,587
Culture and recreation	803,426	-		-	-	-	803,426
Economic development	-	118,907		-	-	-	118,907
Miscellaneous	201,720	-		-	-	-	201,720
Capital outlay							
General government	192,487	-		-	-	-	192,487
Public safety	187,070	-		-	4,692,431	-	4,879,501
Public works	78,447	-		2,526,206	-	238,845	2,843,498
Culture and recreation	111,425	-		-	-	5,000	116,425
Debt service							
Principal	-	1,156,467		-	-	-	1,156,467
Interest and other	-	416,708		-	-	-	416,708
Bond issuance costs and fees	-	5,334		87,822	312,397	-	405,553
Total Expenditures	<u>6,835,866</u>	<u>1,697,416</u>	<u>-</u>	<u>2,614,028</u>	<u>5,004,828</u>	<u>256,135</u>	<u>16,408,273</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>560,897</u>	<u>9,968</u>	<u>-</u>	<u>(1,451,220)</u>	<u>(4,968,675)</u>	<u>117,605</u>	<u>(5,731,425)</u>
Other Financing Sources (Uses)							
Sale of assets	3,807	-		-	-	-	3,807
Insurance recoveries	70,817	-		-	-	-	70,817
Transfers in	287,871	347,210		-	-	418,548	1,053,629
Debt issued	-	123,428		3,561,572	10,040,000	-	13,725,000
Premium on bonds issued	-	-		314,397	167,113	-	481,510
Transfers out	(29,819)	(17,363)		-	-	(788,699)	(835,881)
Total Other Financing Sources (Uses)	<u>332,676</u>	<u>453,275</u>	<u>-</u>	<u>3,875,969</u>	<u>10,207,113</u>	<u>(370,151)</u>	<u>14,498,882</u>
Net Change in Fund Balances	<u>893,573</u>	<u>463,243</u>	<u>-</u>	<u>2,424,749</u>	<u>5,238,438</u>	<u>(252,546)</u>	<u>8,767,457</u>
Fund Balances, January 1 as Previously Reported	6,122,325	4,863,319	202,980	-	-	4,105,322	15,293,946
Change within Financial Reporting Entity (Note 9)							
Change from major to nonmajor fund	-	-	(202,980)	-	-	508,784	305,804
Change from nonmajor to major fund	-	-	-	(107,265)	(401,519)	202,980	(305,804)
Fund balances, January 1 as Adjusted	<u>6,122,325</u>	<u>4,863,319</u>	<u>-</u>	<u>(107,265)</u>	<u>(401,519)</u>	<u>4,817,086</u>	<u>15,293,946</u>
Fund Balances, December 31	<u>\$ 7,015,898</u>	<u>\$ 5,326,562</u>	<u>\$ -</u>	<u>\$ 2,317,484</u>	<u>\$ 4,836,919</u>	<u>\$ 4,564,540</u>	<u>\$ 24,061,403</u>

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

City of New Prague, Minnesota
Reconciliation of the Statement of
Revenues, Expenditures and Changes in Fund Balances
to the Statement of Activities
Governmental Funds
For the Year Ended December 31, 2025

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

Net change in fund balances - governmental funds	\$ 8,767,457
<p>Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense.</p>	
Capital outlay	8,122,150
Depreciation expense	(1,966,472)
Gain on trade in of disposed of assets	30,000
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.</p>	
Principal repayments	1,156,467
Debt issued or incurred	(13,725,000)
Premiums on bonds issued, net of amortization	(373,564)
<p>Long-term pension activity is not reported in governmental funds.</p>	
Pension expense	332,312
Direct aid contributions	13,580
<p>Interest on long-term debt in the statement of activities differs from the amount reported in the governmental fund 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.</p>	
	(329,306)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>	
Compensated absences	(198,828)
Other postemployment benefits	3,167
<p>Certain revenues are recognized as soon as they are earned. Under the modified accrual basis of accounting certain revenues cannot be recognized until they are available to liquidate liabilities of the current period.</p>	
Property taxes	15,561
Special assessments	477,510
Grants	(755,036)
Change in Net Position - Governmental Activities	\$ 1,569,998

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

City of New Prague, Minnesota
Statement of Net Position
Proprietary Funds
December 31, 2025

	Business-type Activities - Enterprise Funds			Business-type Activities - Enterprise Funds		
	604	605	Total Public Utilities Commission	602	Other Enterprise Funds	Totals
	Water Utility	Electric Utility		Sewer Utility		
Assets						
Current Assets						
Cash and temporary investments						
Undesignated	\$ 3,747,306	\$ 5,350,210	\$ 9,097,516	\$ 7,194,548	\$ 1,791,771	\$ 18,083,835
Designated	-	2,604,064	2,604,064	1,050,000	-	3,654,064
Receivables						
Accounts	254,101	1,832,498	2,086,599	278,722	42,580	2,407,901
Special assessments - current portion	52,847	-	52,847	32,145	-	84,992
Intergovernmental	2,965	76,289	79,254	8,275	2,204	89,733
Inventories	113,449	962,179	1,075,628	-	62,816	1,138,444
Prepaid items	-	1,463	1,463	-	-	1,463
Total Current Assets	<u>4,170,668</u>	<u>10,826,703</u>	<u>14,997,371</u>	<u>8,563,690</u>	<u>1,899,371</u>	<u>25,460,432</u>
Noncurrent Assets						
Special assessments receivable - net of current portion	857,988	-	857,988	554,769	-	1,412,757
Capital assets						
Land	79,520	41,648	121,168	56,980	-	178,148
Construction in progress	851,740	1,568,359	2,420,099	670,245	515,439	3,605,783
Land improvements	-	-	-	-	910,290	910,290
Buildings	6,016,200	9,577,002	15,593,202	27,964,822	1,094,511	44,652,535
Infrastructure	12,524,041	14,931,700	27,455,741	8,571,631	8,777,601	44,804,973
Machinery and equipment	371,289	2,498,402	2,869,691	14,265,791	2,007,772	19,143,254
Less accumulated depreciation	(9,896,210)	(17,313,505)	(27,209,715)	(25,839,210)	(7,389,146)	(60,438,071)
Total Capital Assets	<u>9,946,580</u>	<u>11,303,606</u>	<u>21,250,186</u>	<u>25,690,259</u>	<u>5,916,467</u>	<u>52,856,912</u>
(net of accumulated depreciation)						
Total Noncurrent Assets	<u>10,804,568</u>	<u>11,303,606</u>	<u>22,108,174</u>	<u>26,245,028</u>	<u>5,916,467</u>	<u>54,269,669</u>
Total Assets	<u>14,975,236</u>	<u>22,130,309</u>	<u>37,105,545</u>	<u>34,808,718</u>	<u>7,815,838</u>	<u>79,730,101</u>
Deferred Outflows of Resources						
Deferred other postemployment benefit resources	1,145	2,213	3,358	1,271	567	5,196
Deferred pension resources	37,254	111,483	148,737	51,482	39,419	239,638
Total Deferred Outflows of Resources	<u>38,399</u>	<u>113,696</u>	<u>152,095</u>	<u>52,753</u>	<u>39,986</u>	<u>244,834</u>
Liabilities						
Current Liabilities						
Accounts payable	16,496	1,028,491	1,044,987	116,517	29,016	1,190,520
Due to other governments	18,134	2,425	20,559	24,783	3,080	48,422
Accrued interest payable	60,255	-	60,255	314,033	46,274	420,562
Accrued wages payable	13,471	42,662	56,133	18,439	12,342	86,914
Accrued compensated absences payable	30,350	51,095	81,445	19,417	9,616	110,478
Customer deposits payable	26,935	112,216	139,151	51,644	70,253	261,048
Unearned revenue	-	-	-	-	154,164	154,164
Other postemployment benefits	1,161	2,243	3,404	1,288	574	5,266
Current portion of bonds payable	363,936	-	363,936	1,556,621	234,419	2,154,976
Total Current Liabilities	<u>530,738</u>	<u>1,239,132</u>	<u>1,769,870</u>	<u>2,102,742</u>	<u>559,738</u>	<u>4,432,350</u>
Noncurrent Liabilities						
Accrued compensated absences payable	\$ 33,141	\$ 184,560	\$ 217,701	\$ 43,341	\$ 9,196	\$ 270,238
Bonds payable - net of current portion	4,023,184	-	4,023,184	22,558,734	2,385,943	28,967,861
Net pension liability	151,305	452,774	604,079	182,866	125,381	912,326
Other postemployment benefits	16,925	32,712	49,637	18,782	8,361	76,780
Total Noncurrent Liabilities	<u>4,224,555</u>	<u>670,046</u>	<u>4,894,601</u>	<u>22,803,723</u>	<u>2,528,881</u>	<u>30,227,205</u>
Total Liabilities	<u>4,755,293</u>	<u>1,909,178</u>	<u>6,664,471</u>	<u>24,906,465</u>	<u>3,088,619</u>	<u>34,659,555</u>
Deferred Inflows of Resources						
Deferred other postemployment benefit resources	8,196	15,839	24,035	9,094	4,048	37,177
Deferred pension resources	99,508	297,774	397,282	133,710	111,298	642,290
Total Deferred Inflows of Resources	<u>107,704</u>	<u>313,613</u>	<u>421,317</u>	<u>142,804</u>	<u>115,346</u>	<u>679,467</u>
Net Position						
Net investment in capital assets	5,559,460	11,303,606	16,863,066	1,574,904	3,296,105	21,734,075
Unrestricted	4,591,178	8,717,608	13,308,786	8,237,298	1,355,754	22,901,838
Total Net Position	<u>\$ 10,150,638</u>	<u>\$ 20,021,214</u>	<u>\$ 30,171,852</u>	<u>\$ 9,812,202</u>	<u>\$ 4,651,859</u>	<u>\$ 44,635,913</u>

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

City of New Prague, Minnesota
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2025

	Business-type Activities - Enterprise Funds			Business-type Activities - Enterprise Funds		
	604	605	Total Public Utilities	602	Total Nonmajor Funds	Totals
	Water Utility	Electric Utility	Commission	Sewer Utility		
Operating Revenues						
Sales	\$ -	\$ -	\$ -	\$ -	\$ 567,493	\$ 567,493
Cost of sales	-	-	-	-	(271,872)	(271,872)
Gross profit	-	-	-	-	295,621	295,621
Charges for services	1,954,357	11,007,763	12,962,120	3,688,867	1,450,656	18,101,643
Miscellaneous	-	-	-	-	15,927	15,927
Total Operating Revenues	<u>1,954,357</u>	<u>11,007,763</u>	<u>12,962,120</u>	<u>3,688,867</u>	<u>1,762,204</u>	<u>18,413,191</u>
Operating Expenses						
Purchases and generation	118,220	7,305,737	7,423,957	-	-	7,423,957
Transmission and distribution	403,623	195,290	598,913	-	-	598,913
Administration and general	415,129	1,472,634	1,887,763	-	-	1,887,763
Salaries and benefits	-	-	-	677,171	857,666	1,534,837
Supplies	-	-	-	295,120	247,763	542,883
Other services and charges	-	-	-	160,359	175,177	335,536
Insurance	-	-	-	59,207	17,149	76,356
Utilities	-	-	-	392,189	83,668	475,857
Depreciation	542,713	745,782	1,288,495	1,644,806	425,386	3,358,687
Total Operating Expenses	<u>1,479,685</u>	<u>9,719,443</u>	<u>11,199,128</u>	<u>3,228,852</u>	<u>1,806,809</u>	<u>16,234,789</u>
Operating Income (Loss)	<u>474,672</u>	<u>1,288,320</u>	<u>1,762,992</u>	<u>460,015</u>	<u>(44,605)</u>	<u>2,178,402</u>
Nonoperating Revenues (Expenses)						
Intergovernmental	-	-	-	-	195,506	195,506
Investment income	105,429	215,162	320,591	281,003	63,588	665,182
Miscellaneous income	11,445	129,128	140,573	329	-	140,902
Water meter sales	6,666	-	6,666	-	-	6,666
Refunds and reimbursements	-	-	-	4,066	-	4,066
Gain on disposal of capital assets	17,018	1,093	18,111	24,450	10,000	52,561
Bond issuance expense	(17,942)	-	(17,942)	-	(15,467)	(33,409)
Interest expense	(144,486)	(3,109)	(147,595)	(890,380)	(101,596)	(1,139,571)
Amortization of bond premium	36,974	-	36,974	25,154	21,823	83,951
Total Nonoperating Revenues (Expenses)	<u>15,104</u>	<u>342,274</u>	<u>357,378</u>	<u>(555,378)</u>	<u>173,854</u>	<u>(24,146)</u>
Income (Loss) Before Contributions and Transfers	<u>489,776</u>	<u>1,630,594</u>	<u>2,120,370</u>	<u>(95,363)</u>	<u>129,249</u>	<u>2,154,256</u>
Capital Contributions						
Hookup charges	89,730	-	89,730	375,951	-	465,681
Special assessments	370,598	-	370,598	276,667	-	647,265
Other entities	-	149,668	149,668	-	-	149,668
Total Capital Contributions	<u>460,328</u>	<u>149,668</u>	<u>609,996</u>	<u>652,618</u>	<u>-</u>	<u>1,262,614</u>
Transfers In	-	-	-	-	29,819	29,819
Transfers Out	-	(40,000)	(40,000)	-	(207,567)	(247,567)
Total Transfers	<u>-</u>	<u>(40,000)</u>	<u>(40,000)</u>	<u>-</u>	<u>(177,748)</u>	<u>(217,748)</u>
Change in Net Position	950,104	1,740,262	2,690,366	557,255	(48,499)	3,199,122
Net Position, January 1	<u>9,200,534</u>	<u>18,280,952</u>	<u>27,481,486</u>	<u>9,254,947</u>	<u>4,700,358</u>	<u>41,436,791</u>
Net Position, December 31	<u>\$ 10,150,638</u>	<u>\$ 20,021,214</u>	<u>\$ 30,171,852</u>	<u>\$ 9,812,202</u>	<u>\$ 4,651,859</u>	<u>\$ 44,635,913</u>

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

City of New Prague, Minnesota
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2025

	Business-type Activities - Enterprise Funds			Business-type Activities - Enterprise Funds		
	604	605	Total Public Utilities	602	Total Nonmajor Funds	Totals
	Water Utility	Electric Utility	Commission	Sewer Utility		
Cash Flows from Operating Activities						
Receipts from customers	\$ 1,922,803	\$ 10,678,502	\$ 12,601,305	\$ 3,699,211	\$ 2,017,215	\$ 18,317,731
Payments to suppliers and vendors	(333,896)	(7,181,831)	(7,515,727)	(820,201)	(782,934)	(9,118,862)
Payments to and on behalf of employees	(654,385)	(1,493,317)	(2,147,702)	(698,690)	(876,371)	(3,722,763)
Other receipts	11,445	129,128	140,573	4,395	14,230	159,198
Net Cash Provided (Used) by Operating Activities	945,967	2,132,482	3,078,449	2,184,715	372,140	5,635,304
Cash Flows from Noncapital Financing Activities						
Grants received	-	-	-	-	195,506	195,506
Transfers from other funds	-	-	-	-	29,819	29,819
Transfers to other funds	-	(40,000)	(40,000)	-	(207,567)	(247,567)
Net Cash Provided (Used) by Noncapital Financing Activities	-	(40,000)	(40,000)	-	17,758	(22,242)
Cash Flows from Capital Financing Activities						
Special assessment receipts	133,248	-	133,248	87,967	-	221,215
Capital contributions from other entities	-	149,668	149,668	-	-	149,668
Proceeds from debt instruments, net of discounts/premiums	525,967	-	525,967	-	524,009	1,049,976
Acquisition and construction of capital assets	(865,934)	(1,882,331)	(2,748,265)	(1,011,959)	(813,869)	(4,574,093)
Proceeds from the disposal of capital assets	17,018	1,093	18,111	24,450	10,000	52,561
Principal paid on bonds	(323,552)	-	(323,552)	(1,474,775)	(204,207)	(2,002,534)
Interest paid on bonds and notes	(140,687)	(3,109)	(143,796)	(909,072)	(99,804)	(1,152,672)
Issuance costs paid on debt instruments	(17,942)	-	(17,942)	-	(15,467)	(33,409)
Hookup charges	89,730	-	89,730	375,951	-	465,681
Net Cash Provided (Used) by Capital Financing Activities	(582,152)	(1,734,679)	(2,316,831)	(2,907,438)	(599,338)	(5,823,607)
Cash Flows From Investing Activities						
Interest received	105,429	215,162	320,591	281,003	63,588	665,182
Net Increase (Decrease) in Cash and Cash Equivalents	469,244	572,965	1,042,209	(441,720)	(145,852)	454,637
Cash and Cash Equivalents, January 1,	3,278,062	7,381,309	10,659,371	8,686,268	1,937,623	21,283,262
Cash and Cash Equivalents, December 31,	\$ 3,747,306	\$ 7,954,274	\$ 11,701,580	\$ 8,244,548	\$ 1,791,771	\$ 21,737,899
Cash and Cash Equivalents						
Undesignated	\$ 3,747,306	\$ 5,350,210	\$ 9,097,516	\$ 7,194,548	\$ 1,791,771	\$ 18,083,835
Designated	-	2,604,064	2,604,064	1,050,000	-	3,654,064
Total Cash and Cash Equivalents	\$ 3,747,306	\$ 7,954,274	\$ 11,701,580	\$ 8,244,548	\$ 1,791,771	\$ 21,737,899
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities						
Operating income (loss)	\$ 474,672	\$ 1,288,320	\$ 1,762,992	\$ 460,015	\$ (44,605)	\$ 2,178,402
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities						
Other income related to operations	18,111	129,128	147,239	4,395	-	151,634
Depreciation	542,713	745,782	1,288,495	1,644,806	425,386	3,358,687
(Increase) decrease in assets						
Accounts receivable	(38,491)	(330,358)	(368,849)	9,358	(7,336)	(366,827)
Intergovernmental	271	1,097	1,368	986	(27)	2,327
Inventories	(33,731)	213,521	179,790	-	9,512	189,302
Prepaid items	-	(236)	(236)	-	-	(236)
(Increase) decrease in deferred outflows of resources						
Deferred other postemployment benefit resources	1,163	2,657	3,820	1,452	903	6,175
Deferred pension resources	(4,124)	(10,618)	(14,742)	(313)	787	(14,268)
Increase (decrease) in liabilities						
Accounts payable	7,358	103,648	111,006	85,125	3,415	199,546
Due to other governments	10,859	1,442	12,301	(1,906)	(232)	10,163
Accrued wages payable	892	9,304	10,196	5,721	4,939	20,856
Accrued compensated absences payable	(7,613)	80,177	72,564	(573)	10,745	82,736
Customer deposits payable	1,406	3,173	4,579	3,455	3,661	11,695
Unearned revenue	-	-	-	-	1,071	1,071
Other postemployment benefits payable	8	(3,188)	(3,180)	(1,258)	(2,577)	(7,015)
Net pension liability	(17,679)	(61,690)	(79,369)	(16,496)	(23,021)	(118,886)
Increase (decrease) in deferred inflows of resources						
Deferred other postemployment benefit resources	3,283	5,473	8,756	3,298	920	12,974
Deferred pension resources	(13,131)	(45,150)	(58,281)	(13,350)	(11,401)	(83,032)
Net Cash Provided (Used) by Operating Activities	\$ 945,967	\$ 2,132,482	\$ 3,078,449	\$ 2,184,715	\$ 372,140	\$ 5,635,304
Noncash Investing, Capital and Financing Activities						
Amortization of bond (premium) discount	\$ (36,974)	\$ -	\$ (36,974)	\$ (25,154)	\$ (21,823)	\$ (83,951)
Bond premium issued	\$ 40,967	\$ -	\$ 40,967	\$ -	\$ 32,173	\$ 73,140

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

City of New Prague, Minnesota
Notes to the Financial Statements
December 31, 2025

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

The City of New Prague (the City) operates under a home rule charter form of government. The City is governed by an elected Mayor and a four-member Council. The Council exercises legislative authority and determines all matters of policy. The Council appoints personnel responsible for the proper administration of all affairs relating to the City. The City 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. As required by accounting principles generally accepted in the United States of America, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The following is a brief review of each potential component unit addressed in defining the government's reporting entity.

Included within the reporting entity:

City of New Prague Utilities Commission (PUC). The Commission's governing board is appointed by the City Council. Bond issuance authorizations also are approved by the City and the legal liability for the general obligation portion of the Commission's debt remains with the City. The PUC is not considered a component unit and its Water Utility and Electric Utility funds are reported as enterprise funds of the City.

City of New Prague Housing and Redevelopment Authority (HRA). The HRA was created by the City to carry out housing and redevelopment projects. The governing board is appointed by the City Council, the Council reviews and approves HRA tax levies and the City provides major community development financing for HRA activities. Debt issued for HRA activities are general obligations of the City. The HRA is a blended component unit reported as a Debt Service fund of the City.

City of New Prague Economic Development Authority (EDA). The EDA was created by the City to carry out economic development projects. Two of the seven-member board of commissioners are a City Council member and the Mayor while all other members are appointed by the Council. The EDA's governing body does not have substantively the same board as the City, has no outstanding debt issued through the City, and does not provide services entirely to the City. Therefore, the EDA is a discretely presented component unit presented as governmental activities.

B. Government-wide and Fund Financial Statements

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

City of New Prague, Minnesota
Notes to the Financial Statements
December 31, 2025

Note 1: Summary of Significant Accounting Policies (Continued)

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. Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

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

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

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

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

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

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

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are also recorded as unearned revenue.

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.

City of New Prague, Minnesota
Notes to the Financial Statements
December 31, 2025

Note 1: Summary of Significant Accounting Policies (Continued)

The City reports the following major governmental funds:

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

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

The *CIP 2025 fund* is used to account for the funding sources, including bond proceeds, and expenditures related to the completion of 2025 CIP projects.

The *Police Facility fund* is used to account for the funding sources, including bond proceeds, and expenditures related to the completion of the Police Facility project.

The City reports the following major proprietary funds:

The *Water Utility enterprise fund* accounts for costs associated with the City's water system to ensure that user charges are sufficient to pay for those costs.

The *Sewer Utility enterprise fund* accounts for the costs associated with the City's sewer system to ensure that user charges are sufficient to pay for those costs.

The *Electric Utility enterprise fund* accounts for the costs associated with the City's electric utility system to ensure that user charges are sufficient to pay for those costs.

As a general rule the effect of interfund activity has been eliminated from government-wide financial statements. Exceptions to this general rule are transactions that would be treated as revenues, expenditures or expenses if they involved external organizations, such as buying goods and services or payment in lieu of taxes, are similarly treated when they involve other funds of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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

Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. The proprietary funds' portion in the government-wide cash and temporary investments pool is considered to be cash and cash equivalents for purposes of the statements of cash flows.

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

City of New Prague, Minnesota
Notes to the Financial Statements
December 31, 2025

Note 1: Summary of Significant Accounting Policies (Continued)

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

1. Direct obligations or obligations guaranteed by the United States or its agencies.
2. Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, rated in one of the two highest rating categories by a statistical rating agency, and have a final maturity of thirteen months or less.
3. General obligations of a state or local government with taxing powers rated "A" or better; revenue obligations rated "AA" or better.
4. General obligations of the Minnesota Housing Finance Agency rated "A" or better.
5. Obligations of a school district with an original maturity not exceeding 13 months and (i) rated in the highest category by a national bond rating service or (ii) enrolled in the credit enhancement program pursuant to statute section 126C.55.
6. Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.
7. Commercial paper issued by United States, banks, corporations, or their Canadian subsidiaries, of the highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less.
8. Repurchase or reverse repurchase agreements and securities lending agreements with financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.
9. Guaranteed investment contracts (GIC's) issued or guaranteed by a United States commercial bank, a domestic branch of a foreign bank, a United States insurance company, or its Canadian subsidiary, whose similar debt obligations were rated in one of the top two rating categories by a nationally recognized rating agency.

Broker money market funds operate in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the shares.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. 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; Level 3 inputs are significant unobservable inputs. The City's recurring fair value measurements are listed in detail on page 53 and are valued using quoted market prices (Level 1 inputs).

Investment Policy

The City's investment policy incorporates Minnesota statutes as described above which reduces the City's exposure to credit, custodial credit and interest rate risks. Specific risk information for the City is as follows:

- *Credit Risk.* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Ratings are provided by various credit rating agencies and where applicable, indicate associated credit risk. Minnesota statutes and the City's investment policy limit the City's investments to the list above.
- *Custodial Credit Risk.* Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City's investment policy does not address custodial credit risk but typically limits its exposure by purchasing insured or registered investments.

City of New Prague, Minnesota
Notes to the Financial Statements
December 31, 2025

Note 1: Summary of Significant Accounting Policies (Continued)

- *Concentration of Credit Risk.* Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City limits investments in any one institution, other than the U.S. Government or its agencies, to not more than \$2,000,000 or 30 percent of the total portfolio. The City has no concentrations greater than their own requirements in any one issuer.
- *Interest Rate Risk.* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the City requires at least 5 percent of the City's investment portfolio to be available on a daily basis without loss of principal. Also, no more than 30 percent of the portfolio should have maturities exceeding 3 years.

Property Taxes

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

Delinquent taxes receivable include the past six years' uncollected taxes. Delinquent taxes have been offset by a deferred inflow of resources for delinquent taxes not received within 60 days after year end in the governmental fund financial statements.

Accounts Receivable

Accounts receivable include amounts billed for services provided before year end. Unbilled utility enterprise fund receivables are also included for services provided in 2025. All trade receivables are considered collectible and thus no allowance for uncollectible accounts exists.

Special Assessments

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

Interfund Receivables and Payables

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

Certain advances between funds, as reported in the fund financial statements, are offset by a fund balance nonspendable account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable financial resources.

Inventories

Inventories of the proprietary funds are stated at the lower of cost or market with cost determined on a first-in, first-out basis.

City of New Prague, Minnesota
Notes to the Financial Statements
December 31, 2025

Note 1: Summary of Significant Accounting Policies (Continued)

Prepaid Items

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

Interfund Transactions

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

All other interfund transactions, except quasi-external transactions and reimbursement are reported as transfers. Transfers were made when necessary to close various capital projects in accordance with the resolutions.

Land Held for Resale

Land is acquired by the City for subsequent resale for development purposes. Land held for resale is reported as an asset at lower of cost or market value in the fund that acquired it.

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 and Commission as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. 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. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

In the case of initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the historical costs have been accumulated beginning with the year-ended December 31, 1981. The City was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the actual cost of the infrastructure to be capitalized by using available records). As the City constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. Donated assets with an individual cost greater than \$5,000 and a useful life of greater than one year are recognized as capital assets.

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

Property, plant and equipment are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Infrastructure	15 - 20
Buildings and Improvements	7 - 40
Water and Sewer System	50
Furniture, Machinery and Equipment	5 - 15

City of New Prague, Minnesota
Notes to the Financial Statements
December 31, 2025

Note 1: Summary of Significant Accounting Policies (Continued)

Deferred Outflows of Resources

In addition to assets, the statements of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category. Accordingly, the items, deferred pension resources and deferred other postemployment benefit (OPEB) resources, are reported only in the statement of net position. The deferred pension resources result from actuarial calculations and current year pension contributions made subsequent to the measurement date. The deferred OPEB resources are current year OPEB contributions made subsequent to the measurement date.

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation, compensatory time and sick pay benefits. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The City also records sick time liability based on estimated future usage of sick hours. Compensated absences liability at year end is shown in the chart below for governmental and business-type activities:

	Governmental activities	Business-type activities	Total
Compensated absences	\$ 506,479	\$ 380,716	\$ 887,195

Other Postemployment Benefits

Under Minnesota statute 471.61, subdivision 2b, public employers must allow retirees and their dependents to continue coverage indefinitely in an employer-sponsored health care plan, under the following conditions: 1) Retirees must be receiving (or eligible to receive) an annuity from a Minnesota public pension plan, 2) Coverage must continue in a group plan until age 65, and retirees must pay no more than the group premium, and 3) Retirees are able to add dependent coverage during an open enrollment period or a qualifying life event prior to retirement. All premiums are funded on a pay-as-you-go basis. The liability was determined, in accordance with GASB Statement No. 75, at January 1, 2025. The General fund is typically used to liquidate governmental other postemployment benefits payable.

Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the interest rate method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as an expense in the period incurred.

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

City of New Prague, Minnesota
Notes to the Financial Statements
December 31, 2025

Note 1: Summary of Significant Accounting Policies (Continued)

Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA except that PERA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The General fund is typically used to liquidate the governmental net pension liability.

The total pension expense for the General Employee Plan (GERP), Police and Fire Plan (PEPFP), DCP and the New Prague Fire Relief Association is as follows:

	<u>GERP</u>	<u>PEPFP</u>	<u>PEDCP</u>	<u>FRA</u>	<u>Total</u>
City's proportionate share	\$ (74,958)	\$ 229,834	\$ 901	\$ (168,081)	\$ (12,304)
Proportionate share of State's contribution	(5,684)	15,846	-	-	10,162
Total pension expense	<u>\$ (80,642)</u>	<u>\$ 245,680</u>	<u>\$ 901</u>	<u>\$ (168,081)</u>	<u>\$ (2,142)</u>

Deferred Inflows of Resources

In addition to liabilities, the statements of net position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises only under a modified accrual basis of accounting that qualifies as needing to be reported in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from four sources: property taxes, special assessments, grants and lease receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

The City has an additional item which qualifies for reporting in this category. The item, deferred pension resources, is reported only in the statements of net position and results from actuarial calculations.

Fund Balance

In the fund financial statements, fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of resources reported in the governmental funds. These classifications are defined as follows:

Nonspendable - Amounts that cannot be spent because they are not in spendable form, such as prepaid items.

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

Committed - Amounts constrained for specific purposes that are internally imposed by formal action (resolution) of the City Council (the Council), which is the City's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the Council modifies or rescinds the commitment by resolution.

City of New Prague, Minnesota
Notes to the Financial Statements
December 31, 2025

Note 1: Summary of Significant Accounting Policies (Continued)

Assigned - Amounts constrained for specific purposes that are internally imposed. In governmental funds other than the General fund, assigned fund balance represents all remaining amounts that are not classified as nonspendable and are neither restricted nor committed. In the General fund, assigned amounts represent intended uses established by the Council itself or by an official to which the governing body delegates the authority. The Council has adopted a fund balance policy which delegates the authority to assign amounts for specific purposes to the Finance Director.

Unassigned - The residual classification for the General fund and also negative residual amounts in other funds. The City considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The City has formally adopted a fund balance policy for the General fund. The City's policy is to maintain a minimum unassigned fund balance of 50 percent of budgeted operating expenditures for cash-flow timing needs.

Net Position

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

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

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

Note 2: Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General fund and the Development Revolving Loan, 2016 Small Cities, 2017 Small Cities, and Crime Prevention special revenue funds. All annual appropriations lapse at fiscal year-end. The City does not use encumbrance accounting.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The City Administrator submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is legally enacted through passage of a resolution.
4. The City Council may authorize transfer of budgeted amounts between departments within any fund.

City of New Prague, Minnesota
Notes to the Financial Statements
December 31, 2025

Note 2: Stewardship, Compliance and Accountability (Continued)

5. Formal budgetary integration is employed as a management control device during the year for the General and special revenue funds. Budgetary control is maintained at the object of expenditure category level within each activity and in compliance with City Charter requirements. Also, inherent in this controlling function is the management philosophy that the existence of a particular item or appropriation in the approved budget does not automatically mean that it will be spent. The budget process has flexibility in that, where need has been properly demonstrated, an adjustment can be made within the department budget by the City Administrator, or between departments by the City Council. Therefore, there is a constant review process and expenditures are not approved until it has been determined that: (1) adequate funds are appropriated; (2) the expenditure is still necessary; (3) funds are available.
6. Budgeted amounts are as originally adopted, or as amended by the Council. There were no budget amendments made during the year.

B. Deficit Fund Balance

The following funds had fund balance deficits at December 31, 2025:

Fund	Amount
CIP 2026	\$ 14,285

The above deficit will be eliminated through future revenues, including long-term debt financing.

Note 3: Detailed Notes on All Funds

A. Deposits and Investments

Deposits

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

Minnesota Statutes require that all City deposits be protected by insurance, surety bond or collateral. The fair value of collateral pledged must equal 110 percent of the deposits not covered by insurance, bonds, or irrevocable standby letters of credit from Federal Home Loan Banks.

Authorized collateral in lieu of a corporate surety bond includes:

- United States government Treasury bills, Treasury notes, Treasury bonds;
- Issues of United States government agencies and instrumentalities as quoted by a recognized industry quotation service available to the government entity;
- General obligation securities of any state or local government with taxing powers which is rated “A” or better by a national bond rating service, or revenue obligation securities of any state or local government with taxing powers which is rated “AA” or better by a national bond rating service;
- General obligation securities of a local government with taxing powers may be pledged as collateral against funds deposited by that same local government entity;

City of New Prague, Minnesota
Notes to the Financial Statements
December 31, 2025

Note 3: Detailed Notes on All Funds (Continued)

- Irrevocable standby letters of credit issued by Federal Home Loan Banks to a municipality accompanied by written evidence that the bank's public debt is rated "AA" or better by Moody's Investors Service, Inc., or Standard & Poor's Corporation; and
- Time deposits that are fully insured by any federal agency.

Minnesota statutes require that all collateral shall be placed in safekeeping in a restricted account at a 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 selection should be approved by the City.

At year end, the City's carrying amount of deposits, bank balance, FDIC coverage and pledged collateral are shown in the chart below.

Carrying amount of deposits	\$ 12,603,071
Bank balance	\$ 12,806,187
Covered by FDIC	(12,600,598)
Collateralized with securities pledged in City's name	\$ 205,589

Investments

As of December 31, 2025, the City had the following investments that are insured or registered, or securities held by the City's agent in the City's name:

Types of Investments	Credit Quality/ Ratings (1)	Segmented Time Distribution (2)	Amount	Fair Value Measurement Using	
				Level 1	Level 2
Pooled Investments at Amortized Cost					
Broker Money Market Funds	N/A	less than 1 year	\$ 23,398,505		
Non-pooled Investments at Amortized Cost					
Money Market Funds	N/A	1 to 5 years	2,282,235		
Non-pooled Investments at Fair Value					
Government Agency Securities	AAA	less than 1 year	296,755	\$ 296,755	
Government Agency Securities	AAA	1 to 5 years	1,006,281	1,006,281	
Government Agency Securities	AAA	more than 5 years	599,252	599,252	
Municipal Securities	A1	1 to 5 years	101,143	101,143	
Municipal Securities	AA1	1 to 5 years	288,640	288,640	
Municipal Securities	AA2	less than 1 year	24,962	24,962	
Municipal Securities	AA2	1 to 5 years	255,502	255,502	
Municipal Securities	AA3	1 to 5 years	290,555	290,555	
Municipal Securities	AAA	1 to 5 years	201,678	201,678	
Municipal Securities	N/A	1 to 5 years	403,128	403,128	
U.S Treasury Notes	N/A	less than 1 year	5,497,182	-	\$ 5,497,182
Negotiable certificates of deposit	N/A	less than 1 year	634,430	-	634,430
Total Investments			\$ 35,280,248	\$ 3,467,896	\$ 6,131,612

(1) Ratings are provided by various credit rating agencies where applicable to indicate associated credit risk.

(2) Interest rate risk is disclosed using the segmented time distribution method.

N/A Indicates not applicable or available

City of New Prague, Minnesota
Notes to the Financial Statements
December 31, 2025

Note 3: Detailed Notes on All Funds (Continued)

There were no investments measured at Level 3.

A reconciliation of cash and investments as shown on the statement of net position for the City follows:

	Primary Government	Component Unit - EDA	Total
Deposits	\$ 11,679,788	\$ 923,283	\$ 12,603,071
Investments	35,280,248	-	35,280,248
Cash on Hand	2,400	-	2,400
Total Cash and Temporary Investments	\$ 46,962,436	\$ 923,283	\$ 47,885,719

Designated Cash and Investments

During 1991, the Commission designated cash and investments of \$1,400,000 for future capital projects. Each year the Commission intends to increase the accumulated reserve account by 3 percent. Designated investments as of December 31, 2025 are shown in the charts below. The 3 percent increase will only occur when there are sufficient funds in undesignated cash.

The Commission has also designated the Electric enterprise fund cash and investments for the following:

Electric Fund Designated Cash	
Future Capital Improvements	\$ 2,604,064

The City has also designated the Sewer Utility enterprise fund cash and investments for the following:

Sewer Utility Fund Designated Cash	
Membrane Cartage Replacement	\$ 1,050,000

City of New Prague, Minnesota
Notes to the Financial Statements
December 31, 2025

Note 3: Detailed Notes on All Funds (Continued)

B. Notes Receivable

Primary Government

Notes receivable at December 31, 2025 consist of:

Primary Government

4.0 to 4.25 percent note receivable from the Rural Fire Department, payable in semiannual installments that are based on the City's 2007C CIP Plan Bonds through June 12, 2022. Annual obligations under this schedule vary between \$98,333 and \$121,667 per year. \$ 353,333

The City has made various economic development loans to businesses. These loans are receivable over 10 year period with interest at 2 percent. 22,325

The City issued loans under the Small Cities Development Program Grant through the Minnesota Department of Trade and Economic Development, these loans are made eligible business owners. These loans will be forgiven after five years as long as the owners remain in compliance with the loan terms.

Loan receivable balance	21,840
Allowance	<u>(21,840)</u>

Total Notes Receivable	<u><u>\$ 375,658</u></u>
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City of New Prague, Minnesota
Notes to the Financial Statements
December 31, 2025

Note 3: Detailed Notes on All Funds (Continued)

C. Capital Assets

Primary Government

Capital asset activity for the City for the year ended December 31, 2025 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets not Being Depreciated				
Land	\$ 2,060,359	\$ -	\$ -	\$ 2,060,359
Construction in progress	5,192,202	7,789,633	(4,892,867)	8,088,968
Total Capital Assets not Being Depreciated	<u>7,252,561</u>	<u>7,789,633</u>	<u>(4,892,867)</u>	<u>10,149,327</u>
Capital Assets Being Depreciated				
Infrastructure	34,277,345	4,879,490	-	39,156,835
Land improvements	1,425,320	-	-	1,425,320
Buildings and improvements	8,065,512	-	-	8,065,512
Furniture and equipment	5,966,940	375,894	(119,704)	6,223,130
Total Capital Assets Being Depreciated	<u>49,735,117</u>	<u>5,255,384</u>	<u>(119,704)</u>	<u>54,870,797</u>
Less Accumulated Depreciation for				
Infrastructure	(23,028,811)	(1,390,821)	-	(24,419,632)
Land improvements	(779,704)	(57,627)	-	(837,331)
Buildings and improvements	(3,702,640)	(177,911)	-	(3,880,551)
Furniture and equipment	(4,098,222)	(340,113)	119,704	(4,318,631)
Total Accumulated Depreciation	<u>(31,609,377)</u>	<u>(1,966,472)</u>	<u>119,704</u>	<u>(33,456,145)</u>
Total Capital Assets Being Depreciated, Net	<u>18,125,740</u>	<u>3,288,912</u>	<u>-</u>	<u>21,414,652</u>
Governmental Activities Capital Assets, Net	<u>\$ 25,378,301</u>	<u>\$ 11,078,545</u>	<u>\$ (4,892,867)</u>	<u>\$ 31,563,979</u>

City of New Prague, Minnesota
Notes to the Financial Statements
December 31, 2025

Note 3: Detailed Notes on All Funds (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital Assets not Being Depreciated				
Land	\$ 178,148	\$ -	\$ -	\$ 178,148
Construction in progress	755,291	3,781,136	(930,644)	3,605,783
Total Capital Assets not Being Depreciated	<u>933,439</u>	<u>3,781,136</u>	<u>(930,644)</u>	<u>3,783,931</u>
Capital Assets Being Depreciated				
Land improvements	910,290	-	-	910,290
Building and improvements	44,577,222	75,313	-	44,652,535
Infrastructure	44,057,941	747,032	-	44,804,973
Furniture and equipment	18,508,385	819,506	(184,637)	19,143,254
Total Capital Assets Being Depreciated	<u>108,053,838</u>	<u>1,641,851</u>	<u>(184,637)</u>	<u>109,511,052</u>
Less Accumulated Depreciation for				
Land improvements	(905,033)	(1,564)	-	(906,597)
Building and improvements	(24,285,136)	(942,333)	-	(25,227,469)
Infrastructure	(20,044,958)	(1,402,376)	-	(21,447,334)
Furniture and equipment	(12,028,894)	(1,012,414)	184,637	(12,856,671)
Total Accumulated Depreciation	<u>(57,264,021)</u>	<u>(3,358,687)</u>	<u>184,637</u>	<u>(60,438,071)</u>
Total Capital Assets Being Depreciated, Net	<u>50,789,817</u>	<u>(1,716,836)</u>	<u>-</u>	<u>49,072,981</u>
Business-type Activities Capital Assets, Net	<u>\$ 51,723,256</u>	<u>\$ 2,064,300</u>	<u>\$ (930,644)</u>	<u>\$ 52,856,912</u>

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

Governmental Activities		
General government		\$ 64,212
Public safety		225,786
Public works		1,466,311
Culture and recreation		<u>210,163</u>
Total Depreciation Expense - Governmental Activities		<u>\$ 1,966,472</u>
Business-type Activities		
Water utility		\$ 542,713
Sewer utility		1,644,806
Storm utility		287,379
Electric utility		745,782
Golf		<u>138,007</u>
Total Depreciation Expense - Business-type Activities		<u>\$ 3,358,687</u>

City of New Prague, Minnesota
Notes to the Financial Statements
December 31, 2025

Note 3: Detailed Notes on All Funds (Continued)

Discretely Presented Component Units

Capital asset activity for the EDA for the year ended December 31, 2025 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital Assets Being Depreciated Infrastructure	\$ 756,556	\$ -	\$ -	\$ 756,556
Less Accumulated Depreciation for Infrastructure	(14,312)	(24,037)	-	(38,349)
Business-type Activities Capital Assets, Net	<u>\$ 742,244</u>	<u>\$ (24,037)</u>	<u>\$ -</u>	<u>\$ 718,207</u>

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

Business-type Activities	
Economic Development	<u>\$ 24,037</u>

D. Interfund Receivables, Payables and Transfers

The composition of interfund transfers for the year ended December 31, 2025 is as follows:

Funds	Transfer In				Total
	General	Debt Service	Nonmajor Governmental	Nonmajor Enterprise	
Transfer Out					
General	\$ -	\$ -	\$ -	\$ 29,819	\$ 29,819
Debt Service	-	-	17,363	-	17,363
Nonmajor					
Governmental	40,304	347,210	401,185	-	788,699
Enterprise					
Electric Utility	40,000	-	-	-	40,000
Nonmajor Enterprise	207,567	-	-	-	207,567
Total Transfers Out	<u>\$ 287,871</u>	<u>\$ 347,210</u>	<u>\$ 418,548</u>	<u>\$ 29,819</u>	<u>\$ 1,083,448</u>

During the year, the following unbudgeted transfers were made:

- From the nonmajor enterprise to the General fund to close the Ambulance fund
- From the nonmajor governmental funds to other nonmajor governmental funds to close the T.H. 19/11th Ave. Street capital project fund and 2009 CIP debt service fund
- Excess funding from the CIP 2022 capital project fund, nonmajor governmental fund, to the CIP 2020-2021 debt service fund
- Excess funding from the T.H. 19 Project capital project fund (nonmajor governmental) to the General Projects capital project fund (nonmajor governmental)

City of New Prague, Minnesota
Notes to the Financial Statements
December 31, 2025

Note 3: Detailed Notes on All Funds (Continued)

E. Long-term Debt

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. These bonds are reported in the proprietary funds if they are expected to be repaid from proprietary fund revenues. In addition, general obligation bonds have been issued to refund special assessments related bonds.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. These obligations are being funded through ad valorem tax levies. General obligation bonds currently outstanding are as follows:

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Refunding Bonds of 2013B	\$ 4,185,000	2.00 - 2.55 %	08/21/13	12/01/28	<u>\$ 1,060,000</u>

The annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending December 31,	General Obligation Bonds Governmental Activities		
	Principal	Interest	Total
2026	\$ 345,000	\$ 25,470	\$ 370,470
2027	350,000	17,708	367,708
2028	365,000	9,308	374,308
Total	<u>\$ 1,060,000</u>	<u>\$ 52,485</u>	<u>\$ 1,112,485</u>

City of New Prague, Minnesota
Notes to the Financial Statements
December 31, 2025

Note 3: Detailed Notes on All Funds (Continued)

G.O. Special Assessment (Improvement) Bonds

The following bonds were issued to finance various improvements and will be repaid primarily from special assessments levied on the properties benefiting from the improvements. Some issues, however, are partly financed by ad valorem tax levies. All special assessment debt is backed by the full faith and credit of the City. Each year the combined assessment and tax levy equals 105 percent of the amount required for debt service. The excess of 5 percent is to cover any delinquencies in tax or assessment payments.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Improvement Bonds of 2011	\$ 746,331	2.00 - 3.63 %	07/01/11	02/01/27	\$ 13,888
G.O. Improvement Bonds of 2014A	1,270,000	2.00 - 3.00	10/17/14	02/01/30	430,000
G.O. Improvement Bonds of 2015A	755,000	0.75 - 3.00	07/07/15	02/01/31	180,000
G.O. Improvement Bonds of 2019A	2,310,000	3.00 - 5.00	08/15/19	02/01/35	1,365,000
G.O. Refunding Bonds of 2020A	1,016,597	5.00	11/24/20	02/01/29	453,394
G.O. Improvement Bond 2021A	2,005,000	5.00	09/02/21	09/02/37	1,660,000
G.O. Improvement Bond 2022A	260,000	3.00 - 5.00	07/07/22	02/01/23	200,000
G.O. Improvement Bonds of 2023A	2,135,000	4.00 - 5.00	06/29/23	02/01/39	2,015,000
G.O. Improvement Bonds of 2024A	2,170,000	4.00 - 5.00	02/01/26	02/01/40	2,170,000
G.O. Improvement Bonds 2025B	3,685,000	4.00 - 5.00	05/22/25	02/01/41	3,685,000
EDA Lease 2025C	10,040,000	4.00 - 5.00	10/30/25	02/01/55	10,040,000
Total G.O. Special Assessment Bonds					<u>\$ 22,212,282</u>

The annual debt service requirements to maturity for general obligation special assessment bonds are as follows:

Year Ending December 31,	G.O. Special Assessment Bonds Governmental Activities		
	Principal	Interest	Total
2026	\$ 897,023	\$ 874,778	\$ 1,771,801
2027	1,017,691	906,719	1,924,410
2028	1,156,188	854,460	2,010,648
2029	1,156,380	800,321	1,956,701
2030	1,100,000	748,886	1,848,886
2031 - 2035	5,245,000	3,081,138	8,326,138
2036 - 2040	4,550,000	2,031,554	6,581,554
2040 - 2045	2,095,000	1,326,856	3,421,856
2046 - 2050	2,225,000	882,309	3,107,309
2051 - 2055	2,770,000	322,650	3,092,650
Total	<u>\$ 22,212,282</u>	<u>\$ 11,829,671</u>	<u>\$ 34,041,953</u>

City of New Prague, Minnesota
Notes to the Financial Statements
December 31, 2025

Note 3: Detailed Notes on All Funds (Continued)

G.O. Revenue Bonds

The following bonds were issued to finance capital improvements in the enterprise funds. They will be retired from net revenues of the enterprise funds.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Sewer Revenue					
Bonds of 2008 (PFA)	\$ 32,280,687	3.13 %	11/20/08	08/24/38	\$ 20,950,000
G.O. Improvement Bonds of 2011	488,669	2.00 - 3.625	07/01/11	02/01/27	76,112
G.O. Refunding Bonds of 2013B	680,000	2.00 - 2.55	08/21/13	12/01/28	40,000
G.O. Improvement Bonds of 2014A	430,000	2.00 - 3.00	10/17/14	02/01/30	175,000
G.O. Improvement Bonds of 2015A	245,000	0.75 - 3.00	07/07/15	02/01/31	110,000
G.O. Improvement Bonds of 2016A	160,000	2.05	10/20/16	02/01/27	35,000
G.O. Improvement Bonds of 2019A	520,000	3.00 - 5.00	08/15/19	02/01/35	390,000
G.O. Refunding Bonds of 2020A	1,228,403	5.00	11/24/20	02/01/29	491,603
G.O. Improvement Bonds of 2021A	3,460,000	5.00	09/02/21	09/02/37	2,940,000
G.O. Improvement Bonds of 2022A	625,000	3.00 - 5.00	07/07/22	02/01/28	520,000
G.O. Improvement Bonds of 2023A	1,310,000	4.00 - 5.00	06/29/23	02/01/39	1,250,000
G.O. Improvement Bonds of 2024A	2,000,000	4.00 - 5.00	06/06/24	02/01/40	2,000,000
G.O. Improvement Bonds 2025B	870,000	4.00 - 5.00	05/22/25	02/01/41	870,000
Total G.O. Revenue Bonds					<u>\$ 29,847,715</u>

The annual debt service requirements to maturity for general obligation revenue bonds are as follows:

Year Ending December 31,	G.O. Revenue Bonds		
	Business-type Activities		
	Principal	Interest	Total
2026	\$ 2,075,977	\$ 1,083,318	\$ 3,159,295
2027	2,084,310	993,641	3,077,951
2028	2,105,812	910,559	3,016,371
2029	2,129,620	827,365	2,956,985
2030	2,129,000	744,866	2,873,866
2031 - 2035	11,437,000	2,562,580	13,999,580
2036 - 2040	7,806,000	604,029	8,410,029
2041	79,996	1,600	81,596
Total	<u>\$ 29,847,715</u>	<u>\$ 7,727,958</u>	<u>\$ 37,575,673</u>

City of New Prague, Minnesota
Notes to the Financial Statements
December 31, 2025

Note 3: Detailed Notes on All Funds (Continued)

Revenue Bonds

The following bonds were issued to finance capital improvements in the enterprise funds. They will be retired from net revenues of these funds.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Golf Club Revenue Bonds Series 2016A	\$ 74,000	2.05 %	10/20/16	02/01/26	\$ 9,000
Golf Club Revenue Bonds Series 2022A	210,000	3.00 - 5.00	07/07/22	02/01/28	130,000
Golf Club Revenue Bonds Series 2024A	175,000	5.00	06/06/24	02/01/30	175,000
Golf Club Revenue Bonds Series 2025B	100,000	4.00 - 5.00	05/22/25	02/01/31	<u>100,000</u>
Total Revenue Bonds					<u><u>\$ 414,000</u></u>

The annual debt service requirements to maturity for revenue bonds are as follows:

Year Ending December 31,	Revenue Bonds		
	Business-type Activities		
	Principal	Interest	Total
2026	\$ 79,000	\$ 19,551	\$ 98,551
2027	100,000	14,250	114,250
2028	100,000	9,250	109,250
2029	55,000	5,375	60,375
2030	60,000	2,500	62,500
2031	20,000	500	20,500
Total	<u><u>\$ 414,000</u></u>	<u><u>\$ 51,426</u></u>	<u><u>\$ 465,426</u></u>

Annual revenues from charges for services, principal and interest payments, and percentage of revenue required to cover principal and interest payments for the year ended December 31, 2025 are as follows:

	Water	Sewer	Storm Sewer	Golf
Revenues	\$ 2,555,243	\$ 4,651,333	\$ 481,492	\$ 1,324,124
Principal and Interest	464,239	2,383,847	227,003	77,008
Percentage of Revenues	18.2%	51.3%	47.1%	5.8%

City of New Prague, Minnesota
Notes to the Financial Statements
December 31, 2025

Note 3: Detailed Notes on All Funds (Continued)

Indenture of Trust Payable (HRA)

The City's Housing and Redevelopment Authority (HRA) has participated in the financing of Phillip Square Apartment Project along with Scott County CDA. As part of the joint powers agreement in Section 2.2, the City HRA had pledged an annual payment of \$70,176 to the Phillip Square project commencing July 1, 2003 through January 1, 2036 to assist in the payment of the bonds issued by Scott County for the project. In 2020, \$593,232 of these bonds were refinanced and annual payments are now \$11,000.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Scott County CDA Indenture of Trust	\$ 165,000	- %	10/21/20	12/01/35	<u>\$ 110,000</u>

The annual debt service requirements to maturity for indenture of trust payable (HRA) are as follows:

Year Ending December 31,	Indenture of Trust Governmental Activities		
	Principal	Interest	Total
2026	\$ 11,000	\$ -	\$ 11,000
2027	11,000	-	11,000
2028	11,000	-	11,000
2029	11,000	-	11,000
2030	11,000	-	11,000
2031 - 2035	<u>55,000</u>	-	<u>55,000</u>
Total	<u>\$ 110,000</u>	<u>\$ -</u>	<u>\$ 110,000</u>

City of New Prague, Minnesota
Notes to the Financial Statements
December 31, 2025

Note 3: Detailed Notes on All Funds (Continued)

Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2025 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
Bonds Payable					
General obligation bonds	\$ 1,400,000	\$ -	\$ (340,000)	\$ 1,060,000	\$ 345,000
General obligation special assessment bonds	9,292,749	13,725,000	(805,467)	22,212,282	897,023
Bond premiums	897,569	481,510	(107,946)	1,271,133	-
Total Bonds Payable	<u>11,590,318</u>	<u>14,206,510</u>	<u>(1,253,413)</u>	<u>24,543,415</u>	<u>1,242,023</u>
Indenture of Trust	121,000	-	(11,000)	110,000	11,000
Compensated Absences*	307,651	198,828	-	506,479	146,716
	<u>\$ 12,018,969</u>	<u>\$ 14,405,338</u>	<u>\$ (1,264,413)</u>	<u>\$ 25,159,894</u>	<u>\$ 1,399,739</u>
	Ending Balance	Increases	Decreases	Ending Balance	Due Within One Year
Business-type Activities					
Bonds Payable					
General obligation revenue bonds	\$ 30,921,249	\$ 870,000	\$ (1,943,534)	\$ 29,847,715	\$ 2,075,976
Revenue bonds	373,000	100,000	(59,000)	414,000	79,000
Bond premiums	865,097	79,976	(83,951)	861,122	-
Total Bonds Payable	<u>32,159,346</u>	<u>1,049,976</u>	<u>(2,086,485)</u>	<u>31,122,837</u>	<u>2,154,976</u>
Compensated Absences*	305,136	75,580	-	380,716	110,478
	<u>\$ 32,464,482</u>	<u>\$ 1,125,556</u>	<u>\$ (2,086,485)</u>	<u>\$ 31,503,553</u>	<u>\$ 2,265,454</u>

*The City is presenting the change in compensated absences as a net change.

F. Segment Information for Enterprise Funds

The City maintains six enterprise funds which provide services to City residents. Segment information for the three nonmajor funds for the year ended December 31, 2025 is as follows:

	Ambulance	Golf	Storm Water Utility	Total
Operating Revenues	\$ 15,427	\$ 1,310,208	\$ 436,569	\$ 1,762,204
Depreciation Expense	-	138,007	287,379	425,386
Operating Income (Loss)	3,328	(88,406)	40,473	(44,605)
Income (Loss) Before Transfers and Contributions	8,077	(82,227)	203,399	129,249
Transfers in (Out)	-	29,819	-	29,819
Capital Asset Additions	-	322,305	491,564	813,869
Total Assets	-	1,491,907	6,323,931	7,815,838
Net Working Capital	-	(50,013)	1,389,646	1,339,633
Noncurrent Liabilities	-	478,473	2,050,408	2,528,881
Total Net Position	-	587,273	4,064,586	4,651,859

City of New Prague, Minnesota
Notes to the Financial Statements
December 31, 2025

Note 4: Defined Benefit Pension Plans - Statewide

A. Plan Description

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

General Employees Retirement Plan (General Plan)

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

Public Employees Police and Fire Plan (Police and Fire Plan)

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

B. Benefits Provided

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

General Employee Plan Benefits

General Employees Plan requires three years of service to vest. Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for General Plan members. Members hired prior to July 1, 1989, receive the higher of the Step or Level formulas. Only the Level formula is used for members hired after June 30, 1989. Under the Step formula, General Plan members receive 1.2% of the highest average salary for each of the first 10 years of service and 1.7% for each additional year. Under the Level formula, General Plan members receive 1.7% 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 .25% for each month under age 65. Members with 30 or more years of service can retire at any age with a reduction of .25% for each month the member is younger than age 62. The Level formula allows General Plan members to receive a full retirement benefit at age 65 if they were first hired before July 1, 1989 or at age 66 if they were hired on or after July 1, 1989. Early retirement begins at age 55 with an actuarial reduction applied to the benefit.

City of New Prague, Minnesota
Notes to the Financial Statements
December 31, 2025

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. The 2025 annual increase was 1.25%. 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.

Police and Fire Plan Benefits

Benefits for Police and Fire Plan members hired before July 1, 2010, are vested after three years of service. Members hired on or after July 1, 2010, are 50% vested after five years of service and 100% vested after ten years. After five years, vesting increase by 10% each full year of service until members are 100% vested after ten years. Police and Fire Plan members receive 3% 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% each month members are younger than age 55.

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

C. Contributions

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

General Employees Fund Contributions

General Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2025 and the City was required to contribute 7.50% for General Plan members. The City's contributions to the General Employees Fund for the year ended December 31, 2025, were \$323,841. The City's contributions were equal to the required contributions as set by state statute.

Police and Fire Fund Contributions

Police and Fire Plan members were required to contribute 11.80% of their annual covered salary in fiscal year 2025 and the City was required to contribute 17.70% for Police and Fire Plan members. The City's contributions to the Police and Fire Fund for the year ended December 31, 2025, were \$232,453. The City's contributions were equal to the required contributions as set by state statute.

City of New Prague, Minnesota
Notes to the Financial Statements
December 31, 2025

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

D. Pension Costs

General Employees Fund Pension Costs

At December 31, 2025, the City reported a liability of \$1,536,135 for its proportionate share of the General Employees Fund's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$37,056.

City's proportionate share of the net pension liability	\$	1,536,135
State of Minnesota's proportionate share of the net pension liability associated with the City		37,056
Total	\$	1,573,191

The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2024 through June 30, 2025, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0463% at the end of the measurement period and 0.0477% for the beginning of the period.

For the year ended December 31, 2025, the City recognized pension expense of negative \$74,958 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized an additional negative \$5,684 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

At December 31, 2025, 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	\$ 146,361	\$ -
Changes in actuarial assumptions	37,012	353,460
Net difference between projected and actual investment earnings	-	611,243
Changes in proportion	68,290	133,662
Employer contributions subsequent to the measurement date	163,730	-
Total	\$ 415,393	\$ 1,098,365

City of New Prague, Minnesota
Notes to the Financial Statements
December 31, 2025

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

The \$163,730 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2026. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2026		\$	(169,351)
2027			(337,366)
2028			(230,795)
2029			(109,190)

Police and Fire Fund Pension Costs

At December 31, 2025, the City reported a liability of \$944,738 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2024 through June 30, 2025, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0806% at the end of the measurement period and 0.0758% for the beginning of the period.

The State of Minnesota contributed \$18 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2025. The contribution consisted of \$9 million in direct state aid that meets the definition of a special funding situation and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. The \$9 million direct state aid was paid on October 1, 2024. The direct state aid payment will increase by \$17.7 million which was paid on October 1, 2025. Thereafter, by October 1 of each year, the state will pay \$26.7 million to the Police and Fire Fund until the fund is 110% funded for a minimum of three consecutive years (on an actuarial value of assets basis). The \$9 million in supplemental state aid will continue until the fund and the State Patrol Plan (administered by the Minnesota State Retirement System) are 100% funded for three consecutive years (on an actuarial value of assets basis). The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$32,749.

City's proportionate share of the net pension liability	\$	944,738
State of Minnesota's proportionate share of the net pension liability associated with the City		32,749
Total	\$	977,487

For the year ended December 31, 2025, the City recognized pension expense of \$229,834 for its proportionate share of the Police and Fire Plan's pension expense. The City recognized \$15,846 as grant revenue and pension expense for its proportionate share of the State of Minnesota's contribution of \$9 million to the Police and Fire special funding situation.

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in supplemental state aid because this contribution was not considered to meet the definition of a special funding situation. The City recognized \$7,257 for the year ended December 31, 2025 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund.

City of New Prague, Minnesota
Notes to the Financial Statements
December 31, 2025

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

At December 31, 2025, 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	\$ 436,499	\$ -
Changes in actuarial assumptions	716,414	1,183,717
Net difference between projected and actual earnings on investments	-	421,650
Changes in proportion	101,502	28,131
Employer contributions subsequent to the measurement date	117,695	-
Total	\$ 1,372,110	\$ 1,633,498

The \$117,695 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2026	\$ 237,095
2027	(188,446)
2028	(448,504)
2029	(17,727)
2030	38,499

E. Long-term Expected Return on Investment

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

Asset Class	Target Allocation	Long-term Expected Return on Investment
Domestic Equity	33.5 %	5.10 %
International Equity	16.5	5.30
Fixed Income	25.0	0.75
Private Markets	25.0	5.90
Total	100.0 %	

City of New Prague, Minnesota
Notes to the Financial Statements
December 31, 2025

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

F. Actuarial Assumptions

The total pension liability for each of the cost-sharing defined benefit plans was determined by an actuarial valuation as of June 30, 2025, using the entry age normal actuarial cost method. The long-term rate of return on pension plan investments used to determine the total liability is 7%. The 7% assumption is based on a review of inflation and investment return assumptions from a number of national investment consulting firms. The review provided a range of investment return rates considered reasonable by the actuary. An investment return of 7% is within that range.

- Inflation is assumed to be 2.25% for the General Employees Plan, and Police & Fire Plan.
- Benefit increases after retirement are assumed to be 1.50% for the General Employees Plan and 1% for the Police & Fire Plan

Salary growth assumptions in the General Employees Plan range in annual increments from 11.5% after one year of service to 3% after 27 years of service. In the Police & Fire Plan, salary growth assumptions range in annual increments from 10.75% after one year of service to 3% after 23 years of service.

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

Actuarial assumptions for the General Employees Plan are reviewed every four years. The General Employees Plan was last reviewed in 2022. The assumption changes were adopted by the board and became effective with the July 1, 2023 actuarial valuation. The Police & Fire Plan was reviewed in 2024. The assumption changes were adopted by the board and became effective with the July 1, 2025 actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2025:

General Employees Fund

Changes in Actuarial Assumptions:

- The combined service annuity loading factors increased from 15% to 19% for vested, terminated members and from 3% to 44% for non-vested, terminated members.
- The assumed post-retirement benefit increase changed from 1.25% to 1.5%.

Changes in Plan Provisions:

- The post-retirement benefit increase formula changed to 100% of the Social Security annual increase, between 1% and 1.75%, beginning January 1, 2026. If the funded ratio (on a market value of assets basis) is less than 85% for the last two consecutive annual valuations or is less than 80% in the most recent actuarial valuation, the maximum is reduced to 1.5%. Previously, the benefit increase was 50% of the Social Security annual increase, between 1% and 1.5%.
- The 1% additional employer contribution is eliminated when the plan reaches 98% funded status (on an actuarial value of assets basis); this contribution was previously scheduled to stop when the plan reached 100% funded status.

City of New Prague, Minnesota
Notes to the Financial Statements
December 31, 2025

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

Police and Fire Fund

Changes in Actuarial Assumptions:

- Assumed rates of salary increases were reduced slightly.
- Assumed rates of retirement were adjusted, resulting in an overall increase in unreduced (full) retirements and an overall increase in reduced (early) retirements.
- Assumed rates of withdrawal were modified; the new rates will increase predicted terminations, especially in the first few years of employment.
- Assumed rates of disabled retirement were significantly increased, especially for ages over age 30.
- Continued use of Pub-2010 Public Safety Mortality Table with rates adjusted to better fit observed experience.
- Percent married assumption for female retirees lowered from 70% to 65%.
- Minor changes were made to form of payment assumptions for retirees.
- Minor changes were made to assumptions made with respect to missing participant data.
- The combined service annuity load changed from 33% to 13% for vested, terminated members and from 2% to 38% for non-vested, terminated members.

Changes in Plan Provisions:

- The period of time needed for benefit recipients to receive their first benefit increase was reduced by one year (from 36 months to 24 months for a full increase).
- The January 1, 2026 benefit increase changed from 1% to 3%; subsequent January 1 increases will be 1%.
- The threshold to end the \$9 million annual state aid contribution changed from the earlier of July 1, 2048 or 90% funded for both PERA Police & Fire and MSRS State Patrol for three consecutive years to 100% funded for both PERA Police & Fire and MSRS State Patrol for three consecutive years (on an actuarial value of assets basis).
- The threshold to end the additional \$9 million annual state aid contribution changed from the earlier of July 1, 2024 or 100% funded for a minimum of three consecutive years to 110% funded for a minimum of three consecutive years (on an actuarial value of assets basis).
- An additional \$17.7 million in direct state aid will be paid annually each October 1 beginning October 1, 2025 through June 30, 2048.
- Joint and survivor actuarial equivalent factors were updated to reflect changes in assumptions.

G. Discount Rate

The discount rate used to measure the total pension liability in 2025 was 7.00%. 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 and Police and Fire Plans were projected to be available to make all projected future benefit payments of current plan members. The long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

City of New Prague, Minnesota
Notes to the Financial Statements
December 31, 2025

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

H. Pension Liability Sensitivity

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

	1 Percent Decrease (6.00%)	Current (7.00%)	1 Percent Increase (8.00%)
General Employees Fund	\$ 3,731,031	\$ 1,536,135	\$ (244,419)
Police and Fire Fund	2,475,413	944,738	(312,188)

I. Pension Plan Fiduciary Net Position

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

City of New Prague, Minnesota
Notes to the Financial Statements
December 31, 2025

Note 5: Public Employees Defined Contribution Plan

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

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. *Minnesota Statutes*, Chapter 353D.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes five percent of salary which is matched by the elected official's employer. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2.0 percent of employer contributions and twenty-five hundredths of 1.0 percent (0.25 percent) of the assets in each member's account annually.

Total contributions made by the City during the fiscal year 2025 were:

Contribution Amount		Percentage of Covered Payroll		Required Rate
Employee	Employer	Employee	Employer	
\$ 901	\$ 901	5.00%	5.00%	5.00%

Note 6: Defined Benefit Pension Plans - Fire Relief Association

A. Plan Description

All members of the New Prague Fire Department (the Department) are covered by a defined benefit plan administered by the New Prague Fire Department Relief Association (the Association). As of December 31, 2024, the plan covered 30 active firefighters and 6 vested terminated fire fighters whose pension benefits are deferred. The plan is a single employer retirement plan and is established and administered in accordance with Minnesota statute, chapter 69.

The Association maintains a separate Special fund to accumulate assets to fund the retirement benefits earned by the Department's membership. Funding for the Association is derived from an insurance premium tax in accordance with the Volunteer Firefighter's Relief Association Financing Guidelines Act of 1971 (chapter 261 as amended by chapter 509 of Minnesota statutes 1980). Funds are also derived from investment income.

B. Benefits Provided

A firefighter who completes at least 20 years as an active member of the Department is entitled, after age 50, to a full-service pension upon retirement.

The bylaws of the Association also provide for an early vested service pension for a retiring member who has completed fewer than 20 years of service. The reduced pension, available to members with 10 years of service, shall be equal to 60 percent of the pension as prescribed by the bylaws. This percentage increases 4 percent per year so that at 20 years of service, the full amount prescribed is paid. Members who retire with less than 20 years of service and have reached the age of 50 years and have completed at least 10 years of active membership are entitled to a reduced service pension not to exceed the amount calculated by multiplying the member's service pension for the completed years of service times the applicable non-forfeitable percentage of pension.

City of New Prague, Minnesota
Notes to the Financial Statements
December 31, 2025

Note 6: Defined Benefit Pension Plans - Fire Relief Association (Continued)

C. Contributions

Minnesota Statutes, chapters 424 and 424A authorize pension benefits for volunteer fire relief associations. The plan is funded by fire state aid, investment earnings and, if necessary, employer contributions as specified in Minnesota statutes and voluntary City contributions (if applicable). The State of Minnesota contributed \$148,549 in fire state aid to the plan on behalf of the City Fire Department for the year ended December 31, 2025, which was recorded as a revenue. Required employer contributions are calculated annually based on statutory provisions. The City's statutorily-required contributions to the plan for the year ended December 31, 2025 were \$148,549. The City's contributions were equal to the required contributions as set by State Statute. The City made no voluntary contributions to the plan. Furthermore, the firefighter has no obligation to contribute to the plan.

D. Pension Costs

At December 31, 2025, the City reported a net pension liability (asset) of (\$540,189) for the plan. The net pension liability (asset) was measured as of January 1, 2025. The total pension liability used to calculate the net pension liability (asset) in accordance with GASB 68 was determined by USI Consulting Group, applying an actuarial formula to specific census data certified by the Department as of January 1, 2025. The following table presents the changes in net pension liability (asset) during the year:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a-b)
Beginning Balance January 1, 2025	\$ 1,070,660	\$ 1,372,611	\$ (301,951)
Changes for the Year			
Service cost	57,138	-	57,138
Interest cost	64,650	-	64,650
Assumption Changes	(20,710)	-	(20,710)
Nonemployer contributions	-	179,878	(179,878)
Projected investment return	-	84,734	(84,734)
Gain or loss	(26,495)	48,234	(74,729)
Benefit payments	(100,600)	(100,600)	-
Administrative costs	-	(25)	25
Total Net Changes	<u>(26,017)</u>	<u>212,221</u>	<u>(238,238)</u>
Ending Balance December 31, 2025	<u>\$ 1,044,643</u>	<u>\$ 1,584,832</u>	<u>\$ (540,189)</u>

For the year ended December 31, 2025, the City recognized negative pension expense of \$168,081.

City of New Prague, Minnesota
Notes to the Financial Statements
December 31, 2025

Note 6: Defined Benefit Pension Plans - Fire Relief Association (Continued)

At December 31, 2025, the City reported deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 745	\$ 62,863
Changes in Actuarial Assumptions	4,244	49,370
Net Difference Between Projected and Actual Earnings on Plan Investments	9,142	-
Changes in proportion	-	-
State Aid to City Subsequent to the Measurement Date	148,549	-
Total	\$ 162,680	\$ 112,233

Deferred outflows of resources totaling \$148,549 related to pensions resulting from the City's contributions to the plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2026. Other amounts reported as deferred outflows and inflows of resources related to the plan will be recognized in pension expense as follows:

2026	\$ 2,581
2027	11,763
2028	(39,668)
2029	(25,372)
2030	(14,317)
Thereafter	(33,089)

E. Actuarial Assumptions

The total pension liability at December 31, 2025 was determined using the entry age normal actuarial cost method and the following actuarial assumptions:

Retirement eligibility at 100 percent service pension at age 50 and 20 years of service, early vested retirement at age 50 with 10 years of service vested at 60 percent and increased by 4 percent for each additional year of service up to 20 and eligibility for deferred service pension payable at age 50 and 20 years of service.

Salary Increases	2.50% per year
Investment Rate of Return	6.50%
20-Year Municipal Bond Yield	N/A

The following assumption changes were made: the discount rate changed from 6.00% to 6.50%.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimates for expected future real rates of return (expected returns, net of inflation) were developed for each asset class using the plan's target investment allocation along with long-term return expectations by asset class. Inflation expectations were applied to derive the nominal rate of return for the portfolio.

City of New Prague, Minnesota
Notes to the Financial Statements
December 31, 2025

Note 6: Defined Benefit Pension Plans - Fire Relief Association (Continued)

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Cash	7.00 %	3.30 %
Fixed Income	35.00	4.70
Equities	58.00	8.00
Total	<u>100.00 %</u>	

F. Discount Rate

The discount rate used to measure the total pension liability was 6.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions to the plan will be made as specified in statute. Based on that assumption and considering the funding ratio of the plan, the fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive 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.

G. Pension Liability Sensitivity

The following presents the City's net pension liability (asset) for the plan, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate one percent lower or one percent higher than the current discount rate:

	City Proportionate Share of NPL		
	1 Percent Decrease (5.50%)	Current (6.50%)	1 Percent Increase (7.50%)
Defined Benefit Plan	\$ (498,305)	\$ (540,189)	\$ (580,189)

H. Pension Plan Fiduciary Net Position

The Association issues a publicly available financial report. The report may be obtained by writing to the New Prague Fire Department Relief Association, New Prague, MN 56044.

City of New Prague, Minnesota
Notes to the Financial Statements
December 31, 2025

Note 7: Postemployment Benefits Other Than Pensions

A. Plan Description

The City operates a single-employer retiree benefit plan ("the Plan") that provides health, life and dental insurance to eligible employees and their families through the City's health insurance plan. The full cost of the benefits is covered by the retirees. Benefit and eligibility provisions are established through negotiations between the City and various unions representing City employees and are renegotiated each two-year bargaining period. The Plan does not issue a publicly available report.

At December 31, 2025, the following employees were covered by the benefit terms:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	1
Active Plan Members	56
	56
Total Plan Members	57

B. Funding Policy

Contribution requirements are also negotiated between the City and union representatives. The City does not make any contributions to eligible retired plan members and their spouses.

For the year ended December 31, 2025, the City's average contribution rate was 3.41 percent of covered-employee payroll. For the fiscal year 2025, the City did not directly contribute to the plan, while implicit contributions totaled \$9,336. The General fund is typically used to liquidate the governmental portion of the net OPEB obligation.

C. Actuarial Methods and Assumptions

The City's total OPEB liability of \$179,775 was measured as of January 1, 2025, and the OPEB liability was determined by an actuarial valuation as of January 1, 2025.

The total OPEB liability in the January 1, 2025 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate		4.20%
20-Year Municipal Bond Yield		4.20%
Inflation Rate		2.50%
Salary Increases		Service graded table
Medical Trend Rate	6.50% as of January 1, 2025 grading to 5.00% over 6 years and then to 4.00% over the next 48 years	

Assets were projected using expected benefit payments and expected asset returns. Expected benefit payments by year were discounted using the expected asset return assumption for years in which the assets were sufficient to pay all benefit payments. Any remaining benefit payments after the trust fund is exhausted are discounted at the 20-year municipal bond rate. The equivalent single rate is the discount rate.

Mortality rates were based on the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2021 Generational Improvement Scale.

The actuarial assumptions used in the valuation were 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.

City of New Prague, Minnesota
Notes to the Financial Statements
December 31, 2025

Note 7: Postemployment Benefits Other Than Pensions (Continued)

D. Changes in the Total OPEB Liability

	Total OPEB Liability
Balances at December 31, 2024	\$ 210,660
Changes for the Year	
Service Costs	19,572
Interest Costs	8,960
Assumption Changes	(13,118)
Differences between expected and actual experience	(33,704)
Benefit Payment	(12,595)
Net Changes	(30,885)
 Balances at December 31, 2025	 \$ 179,775

Since the prior measurement date, the following assumptions changed:

- 2025 - The health care trends were updated. The retirement, withdrawal, and salary increase rates for non-police were updated to reflect the latest experience study. The discount rate was changed from 4.00% to 4.20%.

Since the prior measurement date, the following plan provisions changed:

- None

Since the prior measurement date, the following benefit terms changed:

- None

E. Sensitivity of the Net OPEB Liability

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

1 Percent Decrease 3.2%	Discount Rate Current 4.2%	1 Percent Increase 5.2%
\$ 193,164	\$ 179,775	\$ 167,244

The following presents the City's net OPEB liability, as well as what the City's net OPEB liability would be if it were calculated using a healthcare cost trend rate one percentage point lower or one percentage point higher than the current healthcare cost trend rate:

1 Percent Decrease 5.5% Decreasing to 4.0% then 3.0%	Healthcare Cost Trend Rates 6.5% Decreasing to 5.0% then 4.0%	1 Percent Increase 7.5% Decreasing to 6.0% then 5.0%
\$ 161,533	\$ 179,775	\$ 201,137

City of New Prague, Minnesota
Notes to the Financial Statements
December 31, 2025

Note 7: Postemployment Benefits Other Than Pensions (Continued)

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

For the year ended December 31, 2025, the City recognized OPEB expense of \$8,841. At December 31, 2025, 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 Economic Experience	\$ -	\$ 56,834
Changes in Actuarial Assumptions	2,044	24,623
Contributions Paid to OPEB Subsequent to the Measurement Date	9,336	-
Total	\$ 11,380	\$ 81,457

Deferred outflows of resources totaling \$9,336 related to OPEB resulting from the City's contributions to OPEB subsequent to the measurement date will be recognized as a reduction of the OPEB liability as of December 31, 2025. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in pension expense as follows:

2026	\$ (21,588)
2027	(21,587)
2028	(11,432)
2029	(11,429)
2030	(6,689)
Thereafter	(6,688)

City of New Prague, Minnesota
Notes to the Financial Statements
December 31, 2025

Note 8: Other Information

A. Risk Management

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

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

B. Contingent Liabilities

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

C. Commitments and Contingencies

The PUC, together with 17 other member utilities, purchases power from Southern Minnesota Municipal Power Agency (SMMPA) under a Power Sales Contract which extends to April 1, 2050. In addition, on November 1, 1997, the PUC entered into a Capacity Purchase Agreement with SMMPA, whereby SMMPA is entitled to the exclusive use of the net electric generating capability of the Diesel Generating Facilities and the electric energy associated therewith. The agreement is cancelable by either party upon a five-year written notice. The first date of notice can be given by the SMMPA at any time. The first date of notice can be given by the PUC at any time after November 1, 2000. Under the terms of the agreement, SMMPA is responsible for all costs associated with operations, maintenance, repairs, and other liabilities of operating the diesel generating facilities.

The PUC has entered into an Amended and Restated Capacity Purchase Agreement dated December 1, 2000, with SMMPA under which the City operated the Plant for the benefit of and upon the direction of SMMPA. Such contract was an amendment and an extension of an earlier 1996 contract. Under the terms of these contracts, certain capital improvements to the Plant (the "SMMPA additions") have been and will be made and owned by SMMPA. Since 1995, SMMPA additions totaling \$3,390,873 have been made by SMMPA, the depreciated value of which is \$799,217. If the contract is terminated by the PUC, the PUC is obligated to purchase the SMMPA additions from SMMPA at their then depreciated cost and to pay SMMPA for the then depreciated value of Unit #6 of the Plant, as scheduled in the contract. Otherwise, SMMPA has the right, but not the obligation, to remove the SMMPA additions at the termination of the contract.

D. Legal Debt Margin

In accordance with Minnesota statutes, the City may not incur or be subject to net debt in excess of three percent of the 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. As of December 31, 2025, the City is under the legal debt margin.

City of New Prague, Minnesota
Notes to the Financial Statements
December 31, 2025

Note 8: Other Information (Continued)

E. Agreement with the New Prague Public Utilities Commission (PUC)

During 1990, an agreement between the PUC and the City Council states that the PUC shall transfer \$40,000 to the City, which represents payment in lieu of taxes. In addition, the PUC incurred the following costs for various departments of the City:

	2025	2024
Maintaining Street Lights and Signals	\$ 38,620	\$ 45,660
Capital - Street Lighting	29,126	58,720
Other Services	12,924	4,333
 Total Costs	 \$ 80,670	 \$ 108,713

F. Joint Venture - SCALE

The City and all Scott County cities have joined with Scott County to create a public safety training facility. The facility is to be located at the former alternative county jail site north of Jordan. The City's annual obligation toward the facility is \$8,982.

G. Tax Increment Districts

The City's tax increment districts are subject to review by the State of Minnesota Office of the State Auditor (OSA). Any disallowed claims or misuse of tax increments could become a liability of the applicable fund. Management has indicated that they are not aware of any instances of noncompliance which would have a material effect on the financial statements.

H. Concentrations

The City receives a significant amount of its annual General fund revenues from the State of Minnesota from the Local Government Aid (LGA). The amount received in 2025 was \$1,185,369. This accounted for 16 percent of General fund revenues.

I. Joint Powers Agreement

The City and the Independent School District No. 721 (the District) amended and restated their joint powers agreement on September 17, 2018 regarding the construction and operation of the indoor pool and Fitness Center facility located at the Central Education Campus; along with the operations of the outdoor pool facility on Lexington and the operations of the summer recreation program. Per the agreement, the City will be invoiced for half of any operating losses for the prior fiscal year. In 2025 the City paid their portion of the loss totaling \$171,685.

J. Service Territory Agreement

The PUC entered into Service Territory Agreement with Minnesota Valley Electric Cooperative (MVEC) to provide electric service to all customers within the City limits, of which, some were previously served by MVEC. The PUC purchased the facilities in 2018 and will annually pay MVEC a loss of revenue payment of \$0.02716 times each kilowatt hour of electric energy sold by the PUC. The payment made in fiscal year 2025 to MVEC was \$421,338.

City of New Prague, Minnesota
Notes to the Financial Statements
December 31, 2025

Note 9: Adjustments to and Restatements of Beginning Balances

Change within Major and Nonmajor Fund Reporting

During 2025, the 2024 CIP fund was determined to be a nonmajor fund while the 2025 CIP and Police Facility fund were determined to be major. The effects of the changes within the financial reporting entity are shown in the financial statements above.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NEW PRAGUE
NEW PRAGUE, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2025

City of New Prague, Minnesota
Required Supplementary Information
For the Year Ended December 31, 2025

Schedule of Employer's Share of PERA Net Pension Liability - General Employees Fund

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
6/30/2025	0.0464 %	\$ 1,536,135	\$ 37,056	\$ 1,573,191	\$ 4,198,229	36.6 %	90.8 %
6/30/2024	0.0477	1,765,010	45,640	1,810,650	4,040,713	43.7	86.7
6/30/2023	0.0496	2,773,577	76,358	2,849,935	3,925,371	70.7	83.1
6/30/2022	0.0462	3,659,055	107,149	3,766,204	3,454,201	105.9	76.7
6/30/2021	0.0448	1,913,161	58,591	1,971,752	3,355,684	57.0	87.0
6/30/2020	0.0430	2,578,047	79,451	2,657,498	2,940,549	87.7	79.1
6/30/2019	0.0413	2,283,384	70,997	2,354,381	2,920,424	78.2	80.2
6/30/2018	0.0422	2,341,083	76,820	2,417,903	2,838,209	82.5	79.5
6/30/2017	0.0415	2,649,332	-	2,649,332	2,678,131	98.9	75.9
6/30/2016	0.0413	3,353,355	-	3,353,355	2,556,248	131.2	68.9

Schedule of Employer's PERA Contributions - General Employees Fund

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/2025	\$ 323,841	\$ 323,841	\$ -	\$ 4,317,878	7.50 %
12/31/2024	306,174	306,174	-	4,082,322	7.50
12/31/2023	296,153	296,153	-	3,948,712	7.50
12/31/2022	271,681	271,681	-	3,622,406	7.50
12/31/2021	258,977	258,977	-	3,453,031	7.50
12/31/2020	236,832	236,832	-	3,157,764	7.50
12/31/2019	227,229	227,229	-	3,029,706	7.50
12/31/2018	214,780	214,780	-	2,863,722	7.50
12/31/2017	205,361	205,361	-	2,738,159	7.50
12/31/2016	197,159	197,159	-	2,628,794	7.50

City of New Prague, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2025

Notes to the Required Supplementary Information - General Employee Retirement Fund

Changes in Actuarial Assumptions

2025 - The combined service annuity loading factors increased from 15% to 19% for vested terminated members and from 3% to 44% for non-vested, terminated members. The assumed post-retirement benefit increase changed from 1.25% to 1.5%.

2024 - The following changes in assumptions are effective with the July 1, 2024 valuation, as recommended in the most recent experience study (dated June 29, 2023): Rates of merit and seniority were adjusted, resulting in slightly higher rates. Assumed rates of retirement were adjusted as follows: increase the rate of assumed unreduced retirements, slight adjustments to Rule of 90 retirement rates, and slight adjustments to early retirement rates for Tier 1 and Tier 2 members. Minor increase in assumed withdrawals for males and females. Lower rates of disability. Continued use of Pub-2010 general mortality table with slight rate adjustments as recommended in the most recent experience study. Minor changes to form of payment assumptions for male and female retirees. Minor changes to assumptions made with respect to missing participant data.

2023 - The investment return and single discount rates were changed from 6.5 percent to 7.0 percent.

2022 - The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

2021 - The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes. The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

2020 - The price inflation assumption was decreased from 2.50% to 2.25%. The payroll growth assumption was decreased from 3.25% to 3.00%. Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates. Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements. Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter. Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females. The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments. The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019. The assumed spouse age difference was changed from two years older for females to one year older. The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

2019 - The mortality projection scale was changed from MP-2017 to MP-2018.

2018 - 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.

2017 - The Combined Service Annuity (CSA) loads were changed from 0.8 percent for active members and 60 percent for vested and non-vested deferred members. The revised CSA loads are now 0.0 percent for active member liability, 15.0 percent for vested deferred member liability and 3.0 percent for non-vested deferred member liability. The assumed post-retirement benefit increase rate was changed from 1.0 percent per year for all years to 1.0 percent per year through 2044 and 2.5 percent per year thereafter.

2016 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2035 and 2.5 percent per year thereafter to 1.0 percent per year for all future years. The assumed investment return was changed from 7.9 percent to 7.5 percent. The single discount rate was changed from 7.9 percent to 7.5 percent. Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

City of New Prague, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2025

Notes to the Required Supplementary Information - General Employee Retirement Fund (Continued)

Changes in Plan Provisions

2025 - The post-retirement benefit increase formula changed to 100% of the Social Security annual increase, between 1% and 1.75% , beginning January 1, 2026. If the funded ratio (on a market value of assets basis) is less than 85% for the last two consecutive annual valuations or is less than 80% in the most recent actuarial valuation, the maximum is reduced to 1.5%. Previously, the benefit increase was 50% of the Social Security annual increase, between 1% and 1.5%. The 1% additional employer contribution is eliminated when the plan reaches 98% funded status (on an actuarial value of assets basis); this contribution was previously scheduled to stop when the plan reached 100% funded status.

2024 - The workers' compensation offset for disability benefits was eliminated. The actuarial equivalent factors updated to reflect the changes in assumptions.

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

2022 - There were no changes in plan provisions since the previous valuation.

2021 - There were no changes in plan provisions since the previous valuation.

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

2019 - 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.

2018 - 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 4.0 percent to 3.0 percent, beginning July 1, 2018. Deferred augmentation was changed to 0.0 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply. Contribution stabilizer provisions were repealed. Postretirement benefit increases were changed from 1.0 percent per year with a provision to increase to 2.5 percent upon attainment of 90.0 percent funding ratio to 50.0 percent of the Social Security Cost of Living Adjustment, not less than 1.0 percent and not more than 1.5 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 - The State's contribution for the Minneapolis Employees Retirement Fund equals \$16,000,000 in 2017 and 2018, and \$6,000,000 thereafter. The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21,000,000 to \$31,000,000 in calendar years 2019 to 2031. The state's contribution changed from \$16,000,000 to \$6,000,000 in calendar years 2019 to 2031.

2016 - There were no changes in plan provisions since the previous valuation.

City of New Prague, Minnesota
 Required Supplementary Information (Continued)
 For the Year Ended December 31, 2025

Schedule of Employer's Share of PERA Net Pension Liability - Police and Fire Fund

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
6/30/2025	0.0806 %	\$ 944,738	\$ 32,749	\$ 977,487	\$ 1,223,733	77.2 %	91.8 %
6/30/2024	0.0758	997,701	38,032	1,035,733	1,050,127	95.0	90.2
6/30/2023	0.0777	1,341,778	54,095	1,395,873	1,020,876	131.4	86.5
6/30/2022	0.0754	3,281,110	143,348	3,424,458	916,031	358.2	70.5
6/30/2021	0.0721	556,536	25,007	581,543	885,240	62.9	93.7
6/30/2020	0.0741	976,717	23,026	999,743	803,664	121.5	87.2
6/30/2019	0.0713	759,061	-	759,061	752,686	100.8	89.3
6/30/2018	0.0690	735,469	-	735,469	727,088	101.2	88.8
6/30/2017	0.0720	972,086	-	972,086	741,712	131.1	85.4
6/30/2016	0.0680	2,728,958	-	2,728,958	657,659	415.0	63.9

Schedule of Employer's PERA Contributions - Police and Fire Fund

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/2025	\$ 232,453	\$ 232,453	\$ -	\$ 1,313,293	17.70 %
12/31/2024	196,692	196,692	-	1,111,254	17.70
12/31/2023	177,395	177,395	-	1,002,233	17.70
12/31/2022	170,146	170,146	-	961,276	17.70
12/31/2021	159,948	159,948	-	903,663	17.70
12/31/2020	150,077	150,077	-	847,891	17.70
12/31/2019	134,539	134,539	-	793,738	16.95
12/31/2018	118,485	118,485	-	731,387	16.20
12/31/2017	120,459	120,459	-	743,572	16.20
12/31/2016	113,183	113,183	-	698,658	16.20

City of New Prague, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2025

Notes to the Required Supplementary Information - Police and Fire Fund

Changes in Actuarial Assumptions

2025 - Assumed rates of salary increases were reduced slightly. Assumed rates of retirement were adjusted, resulting in an overall increase in unreduced (full) retirements and an overall increase in reduced (early) retirements. Assumed rates of withdrawal were modified; the new rates will increase predicted terminations, especially in the first few years of employment. Assumed rates of disabled retirement were significantly increased, especially for ages over age 30. Continued use of Pub-2010 Public Safety Mortality Table with rates adjusted to better fit observed experience. Percent married assumption for female retirees lowered from 70% to 65%. Minor changes were made to form of payment assumptions for retirees. Minor changes were made to assumptions made with respect to missing participant data. The combined service annuity load changed from 33% to 13% for vested, terminated members and from 2% to 38% for non-vested, terminated members.

2024 - There were no changes in actuarial assumptions since the previous valuation.

2023 - The investment return assumption was changed from 6.5 percent to 7.0 percent. The single discount rate changed from 5.4 percent to 7.0 percent.

2022 - The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021. The single discount rate changed from 6.50 percent to 5.40 percent.

2021 - The investment return and single discount rates were changed from 7.5 percent to 6.5 percent, for financial reporting purposes. The inflation assumption was changed from 2.5 percent to 2.25 percent. The payroll growth assumption was changed from 3.25 percent to 3.0 percent. The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MN-2020. The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020). Assumed rates of salary increase were modified as recommended in the July 14, 2020 experience study. The overall impact is a decrease in gross salary increase rates. Assumed rates of retirement were changed as recommended in the July 14, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements. 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 60.0 percent to 70.0 percent. Minor changes to form of payment assumptions were applied.

2020 - The mortality projection scale was changed from MP-2018 to MP-2019.

2019 - The mortality projection scale was changed from MP-2017 to MP-2018.

2018 - The mortality projection scale was changed from MP-2016 to MP-2017.

2017 - Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates. Assumed rates of retirement were changed, resulting in fewer retirements. The Combined Service Annuity (CSA) load was 30 percent for vested and non-vested deferred members. The CSA has been changed to 33 percent for vested members and 2 percent for non-vested members. The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees. Assumed termination rates were decreased to 3.0 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 percent to 60 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 1.0 percent for all years to 1.0 percent per year through 2064 and 2.5 percent thereafter. The single discount rate was changed from 5.6 percent to 7.5 percent.

2016 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2037 and 2.5 percent per year thereafter to 1.0 percent per year for all future years. The assumed investment return was changed from 7.9 percent to 7.5 percent. The single discount rate was changed from 7.9 percent to 5.6 percent. The assumed future salary increases, payroll growth and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.5 percent for inflation.

City of New Prague, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2025

Notes to the Required Supplementary Information - Police and Fire Fund (Continued)

Changes in Plan Provisions

2025 - The period of time needed for benefit recipients to receive their first benefit increase was reduced by one year (from 36 months to 24 months for a full increase). The January 1, 2026 benefit increase changed from 1% to 3%; subsequent January 1 increases will be 1%.

The threshold to end the \$9 million annual state aid contribution changed from the earlier of July 1, 2048 or 90% funded for both PERA Police & Fire and MSRS State Patrol for three consecutive years to 100% funded for both PERA Police & Fire and MSRS State Patrol for three consecutive years (on an actuarial value of assets basis). The threshold to end the additional \$9 million annual state aid contribution changed from the earlier of July 1, 20248 or 100% funded for a minimum of three consecutive years to 110% funded for a minimum of three consecutive years (on an actuarial value of assets basis). An additional \$17.7 million in direct state aid will be paid annually each October 1 beginning October 1, 2025 through June 30, 2048. Joint and survivor actuarial equivalent factors were updated to reflect changes in assumptions.

2024 - 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 90.0 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 90.0 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 - An additional one-time direct state aid contribution of \$19.4 million will be contributed to the Plan on October 1, 2023. The vesting requirement for new hires after June 30, 2014 was changed from a graded 20-year vesting schedule to a graded 10-year vesting schedule, with 50 percent vesting after five years increasing incrementally to 100 percent after 10 years. A one-time non-compounding benefit increase of 3.0 percent will be payable in a lump sum for calendar year 2024 by March 31, 2024. Psychological treatment is required effective July 1, 2023 prior to approval for a duty disability benefit for a psychological condition relating to the member's occupation. The total and permanent duty disability was increased, effective July 1, 2023.

2022 - There were no changes in plan provisions since the previous valuation.

2021 - There were no changes in plan provisions since the previous valuation.

2020 - There were no changes in plan provisions since the previous valuation.

2019 - There were no changes in plan provisions since the previous valuation.

2018 - As set by statute, the assumed post-retirement benefit increase was changed from 1.0 percent per year through 2064 and 2.5 percent per year, thereafter, to 1.0 percent for all years, with no trigger. An end date of July 1, 2048 was added to the existing \$9 million state contribution. New annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9 million thereafter until the plan reaches 100 percent funding, or July 1, 2048, if earlier. Member contributions were changed from 10.8 percent to 11.3 percent of pay, effective January 1, 2019 and 11.8 percent of pay, effective January 1, 2020. Employer contributions were changed from 16.2 percent to 16.95 percent of pay, effective January 1, 2019 and 17.7 percent of pay, effective January 1, 2020. Interest credited on member contributions decreased from 4.0 percent to 3.0 percent, beginning July 1, 2018. Deferred augmentation was changed to 0.0 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 - Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates. Assumed rates of retirement were changed, resulting in fewer retirements. The combined service annuity (CSA) load was 30.0 percent for vested and non-vested, deferred members. The CSA has been changed to 33.0 percent for vested members and 2.0 percent for non-vested members. The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees. Assumed termination rates were decreased to 3.0 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 65.0 percent to 60.0 percent. Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females. The assumed percentage of female members electing joint and survivor annuities was increased. The assumed postretirement benefit increase rate was changed from 1.0 percent for all years to 1.0 percent per year through 2064 and 2.5 percent thereafter. The single discount rate was changed from 5.6 percent per annum to 7.5 percent per annum.

2016 - There were no changes in plan provisions since the previous valuation.

City of New Prague, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2025

Schedule of Changes in the Fire Relief Association's Net Pension Liability (Asset) and Related Ratios

	2025 (Fire Relief Report Date 2024)	2024 (Fire Relief Report Date 2023)	2023 (Fire Relief Report Date 2022)	2022 (Fire Relief Report Date 2021)	2021 (Fire Relief Report Date 2020)	2020 (Fire Relief Report Date 2019)	2019 (Fire Relief Report Date 2018)	2018 (Fire Relief Report Date 2017)	2017 (Fire Relief Report Date 2016)	2016 (Fire Relief Report Date 2015)
Total Pension Liability										
Service cost	\$ 57,138	\$ 55,744	\$ 59,794	\$ 52,713	\$ 57,911	\$ 56,499	\$ 58,185	\$ 56,766	\$ 49,482	\$ 50,930
Interest cost	64,650	62,981	56,420	46,357	44,169	46,208	41,189	43,689	49,553	43,697
Assumption changes	(20,710)	-	(20,948)	-	(17,732)	-	(17,603)	-	42,449	-
Plan changes	-	-	-	88,063	-	-	-	-	-	-
Changes of benefit terms	-	-	-	-	-	-	-	-	90,272	-
Gain or loss	(26,495)	-	(25,362)	-	(36,864)	-	2,054	-	(11,693)	-
Benefit payments, including refunds of employee contributions	(100,600)	(84,000)	-	(22,472)	(143,174)	(146,600)	-	(314,875)	-	(75,250)
Net Change in Total Pension Liability	(26,017)	34,725	69,904	164,661	(95,690)	(43,893)	83,825	(214,420)	220,063	19,377
Total Pension Liability - January 1	1,070,660	1,035,935	966,031	801,370	897,060	940,953	857,128	1,071,548	851,485	832,108
Total Pension Liability - December 31 (A)	\$ 1,044,643	\$ 1,070,660	\$ 1,035,935	\$ 966,031	\$ 801,370	\$ 897,060	\$ 940,953	\$ 857,128	\$ 1,071,548	\$ 851,485
Plan Fiduciary Net Position										
Nonemployer contributions	\$ 179,878	\$ 117,174	\$ 103,406	\$ 96,262	\$ 94,261	\$ 87,728	\$ 82,430	\$ 84,276	\$ 80,395	\$ 79,903
Contributions - employee	-	-	-	-	-	-	-	-	-	-
Projected investment return	84,734	72,720	73,040	61,416	50,641	46,039	43,673	43,128	54,623	52,893
Gain or Loss	48,234	71,450	(257,167)	61,346	40,914	100,036	(105,168)	43,225	-	-
Net investment income	-	-	-	-	-	-	-	-	(14,114)	(63,941)
Benefit payments, including refunds of employee contributions	(100,600)	(84,000)	-	(22,472)	(143,174)	(146,600)	-	(314,875)	-	(75,250)
Administrative expense	(25)	(290)	(25)	(25)	(267)	(30)	-	(306)	-	(44)
Net Change in Plan Fiduciary Net Position	212,221	177,054	(80,746)	196,527	42,375	87,173	20,935	(144,552)	120,904	(6,439)
Plan Fiduciary Net Position - January 1	1,372,611	1,195,557	1,276,303	1,079,776	1,037,401	950,228	929,293	1,073,845	952,941	959,380
Plan Fiduciary Net Position - December 31 (B)	\$ 1,584,832	\$ 1,372,611	\$ 1,195,557	\$ 1,276,303	\$ 1,079,776	\$ 1,037,401	\$ 950,228	\$ 929,293	\$ 1,073,845	\$ 952,941
Fire Relief's Net Pension Liability (Asset) - December 31 (A-B)	\$ (540,189)	\$ (301,951)	\$ (159,622)	\$ (310,272)	\$ (278,406)	\$ (140,341)	\$ (9,275)	\$ (72,165)	\$ (2,297)	\$ (101,456)
Plan Fiduciary Net Position As a Percentage of the total pension liability (b/a)	151.71%	128.20%	115.41%	132.12%	134.74%	115.64%	100.99%	108.42%	100.21%	111.92%
Covered-Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fire Relief's Net Pension Liability (Asset) As a Percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Note: Schedule is intended to show 10-year trend.

City of New Prague, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2025

Notes to the Required Supplementary Information – Fire Relief Association

Changes in Actuarial Assumptions

2025 - The discount rate changed from 6.00% to 6.50%

2024 - None

2023 – The discount rate changed from 5.50% to 6.00%

2022 - None

2021 - The discount Rate changed from 5.00% to 5.50%

2020 - None

2019 – The discount Rate changed from 4.50% to 5.00%

2018 - None

2017 - None

2016 - None

Changes in Plan Provisions

2025 - None

2024 - None

2023 - None

2022 - None

2021 - None

2020 - None

2019 - None

2018 - None

2017 - None

2016 - None

City of New Prague, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2025

Schedule of Changes in the City's OPEB Liability and Related Ratios

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability									
Service Costs	\$ 19,572	\$ 17,414	\$ 16,907	\$ 18,569	\$ 18,028	\$ 15,170	\$ 14,728	12,262	11,905
Interest Costs	8,960	8,275	4,581	4,420	10,740	10,533	7,270	6,880	6,560
Assumption Changes	(13,118)	-	(23,414)	-	7,159	-	583	-	-
Differences between expected and actual experience	(33,704)	-	(9,784)	-	(78,250)	-	78,064	-	-
Benefit Payment	(12,595)	(8,917)	(12,991)	(13,593)	(25,913)	(20,378)	(10,154)	(12,523)	(8,319)
Net Change in Total OPEB Liability	(30,885)	16,772	(24,701)	9,396	(68,236)	5,325	90,491	6,619	10,146
Total OPEB Liability - Beginning	210,660	193,888	218,589	209,193	277,429	272,104	181,613	174,994	164,848
Total OPEB Liability - Ending	<u>\$ 179,775</u>	<u>\$ 210,660</u>	<u>\$ 193,888</u>	<u>\$ 218,589</u>	<u>\$ 209,193</u>	<u>\$ 277,429</u>	<u>\$ 272,104</u>	<u>\$ 181,613</u>	<u>\$ 174,994</u>
Covered - Employee Payroll	\$ 5,269,139	\$ 4,553,007	\$ 4,420,395	\$ 4,135,624	\$ 4,014,878	\$ 3,581,627	\$ 3,477,308	\$ 3,337,280	\$ 3,240,078
City's total OPEB liability as a percentage of covered employee payroll	3.41 %	4.63 %	4.39 %	5.29 %	5.21 %	7.75 %	7.83 %	5.44	5.40 %

Changes in assumptions:

2025 - The health care trends were updated. The retirement, withdrawal, and salary increase rates for non-police were updated to reflect the latest experience study. The discount rate was changed from 4.00% to 4.20%.

2024 - None

2023 - The health care trend rates and mortality tables were updated. The retirement, withdrawal, and salary increase rates for public safety employees were updated. The inflation rate was changed from 2.00% to 2.50%. The discount rate was changed from 2.00% to 4.00%.

2022 - None

2021 - The health care trend rates were changed to better anticipate short term and long term medical increases. The mortality tables were updated from the RP-2014 Mortality Tables (Blue Collar for Public Safety, White Collar for Others) with MP-2018 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2020 Generational Improvement Scale. The salary increase rates were changed from a flat 3.00% per year for all employees to rates which vary by service and contract group. The retirement and withdrawal rates for non-public safety employees were updated. The inflation rate was changed from 2.50% to 2.00%. The discount rate was changed from 3.80% to 2.00%.

2020 - None

2019 - The health care trend rates were changed to better anticipate short term and long term medical increases. The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2016 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire Personnel) to the RP-2014 White Collar Mortality Tables with MP-2018

2018 - Generational Improvement Scale (with Blue Collar adjustment for Police and Fire Personnel). The retirement and withdrawal tables for Police and Fire Personnel were updated.

Changes in Plan Provisions:

• None

Changes in benefits:

• None

City of New Prague, Minnesota
 Required Supplementary Information (Continued)
 For the Year Ended December 31, 2025

Notes to the Required Supplementary Information – Fire Relief Association (Continued)

Schedule of Employer's Fire Relief Association Contributions

Year Ending	Actuarial Determined Contribution (a)	Actual Contributions Paid (b)	Contribution Deficiency (Excess) (a-b)
12/31/25	\$ 148,549	\$ 148,549	\$ -
12/31/24	128,878	128,878	-
12/31/23	116,174	116,174	-
12/31/22	103,406	103,406	-
12/31/21	95,262	95,262	-
12/31/20	91,261	91,261	-
12/31/19	85,728	85,728	-
12/31/18	82,430	82,430	-
12/31/17	80,276	80,276	-
12/31/16	79,903	79,903	-

Note: Schedule is intended to show 10-year trend.

City of New Prague, Minnesota
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended December 31, 2025

	<u>Budgeted Amounts</u> <u>Original and Final</u>	<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
Revenues			
Taxes	\$ 4,328,585	\$ 4,323,122	\$ (5,463)
Special assessments	-	14,126	14,126
Licenses and permits	255,680	419,147	163,467
Intergovernmental	1,650,965	1,823,777	172,812
Charges for services	118,767	130,011	11,244
Fines and forfeits	25,000	15,361	(9,639)
Interest earnings	89,145	522,494	433,349
Miscellaneous	269,500	148,725	(120,775)
Total Revenues	<u>6,737,642</u>	<u>7,396,763</u>	<u>659,121</u>
Expenditures			
Current			
General government	1,386,927	1,308,663	78,264
Public safety	2,957,525	2,973,203	(15,678)
Public works	1,118,546	979,425	139,121
Culture and recreation	831,421	803,426	27,995
Miscellaneous	57,000	201,720	(144,720)
Capital outlay			
General government	135,000	192,487	(57,487)
Public safety	106,000	187,070	(81,070)
Public works	265,000	78,447	186,553
Culture and recreation	123,626	111,425	12,201
Total Expenditures	<u>6,981,045</u>	<u>6,835,866</u>	<u>145,179</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(243,403)</u>	<u>560,897</u>	<u>804,300</u>
Other Financing Sources (Uses)			
Sale of assets	-	3,807	3,807
Insurance recoveries	5,000	70,817	65,817
Transfers in	80,304	287,871	207,567
Transfers out	(29,819)	(29,819)	-
Total Other Financing Sources (Uses)	<u>55,485</u>	<u>332,676</u>	<u>277,191</u>
Net Change in Fund Balances	(187,918)	893,573	1,081,491
Fund Balances, January 1	<u>6,122,325</u>	<u>6,122,325</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 5,934,407</u>	<u>\$ 7,015,898</u>	<u>\$ 1,081,491</u>

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

City of New Prague, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2025

Notes to the Required Supplementary Information – Budgetary Reporting

A. Budgetary Comparison Schedule

The budgetary comparison schedule presents the comparison of the original and legally amended budget with actual amounts on a departmental level for the General fund. The departmental level budgets are adopted on a basis consistent with generally accepted accounting principles. The fund balance reports revenues in the period in which they become measurable and available.

B. Summary of Significant Budget Variances

The General fund revenues and expenditures varied significantly from final budget amounts as noted below:

Revenues

- Licenses and permits exceeded final budgets due to revenue received from the Bohemia Flats license and permits received in 2025.
- State grants exceeded final budget amounts due to police training aid coming in over budget.
- Interest earnings exceeded final budget due to conservative budgeting based on market uncertainty.

Expenditures

- Expenditures for the fire department came in over budget due to grant-related expenditures.
- Public works expenditures came in under budget due to reduced personnel and snow removal costs.
- Miscellaneous expenditures were over budget due to a payment to Le Sueur County for development costs.

C. Budgetary Compliance

There were no budgetary compliance violations for the fiscal year ending December 31, 2025.

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COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES

CITY OF NEW PRAGUE
NEW PRAGUE, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2025

City of New Prague, Minnesota
 Nonmajor Governmental Funds
 Combining Balance Sheet
 December 31, 2025

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
Assets			
Cash and temporary investments	\$ 1,209,187	\$ 3,490,209	\$ 4,699,396
Receivables			
Accounts	1,332	-	1,332
Notes	22,325	-	22,325
Special assessments	-	259,868	259,868
Intergovernmental	-	274,365	274,365
	<u>\$ 1,232,844</u>	<u>\$ 4,024,442</u>	<u>\$ 5,257,286</u>
Liabilities			
Accounts payable	\$ -	\$ 130,433	\$ 130,433
Unearned revenue	-	28,080	28,080
Total Liabilities	<u>-</u>	<u>158,513</u>	<u>158,513</u>
Deferred Inflows of Resources			
Unavailable revenue - special assessments	-	259,868	259,868
Unavailable revenue - grants	-	274,365	274,365
Total Deferred Inflows of Resources	<u>-</u>	<u>534,233</u>	<u>534,233</u>
Fund Balances			
Restricted for			
Economic development	1,094,705	-	1,094,705
Park improvements	-	9,836	9,836
Committed for			
Upgrades	-	70,451	70,451
Assigned for			
Economic development	78,155	-	78,155
Crime prevention	59,984	-	59,984
Capital projects	-	2,766,226	2,766,226
Equipment	-	160,924	160,924
Park improvements	-	338,544	338,544
Unassigned	-	(14,285)	(14,285)
Total Fund Balances	<u>1,232,844</u>	<u>3,331,696</u>	<u>4,564,540</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances			
	<u>\$ 1,232,844</u>	<u>\$ 4,024,442</u>	<u>\$ 5,257,286</u>

City of New Prague, Minnesota
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2025

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
Revenues			
Taxes	\$ -	\$ 40,304	\$ 40,304
Charges for services	7,753	121,143	128,896
Fines and forfeits	49	-	49
Investment earnings	28,003	175,989	203,992
Miscellaneous	499	-	499
Total Revenues	<u>36,304</u>	<u>337,436</u>	<u>373,740</u>
Expenditures			
Current			
Public safety	10,128	-	10,128
Public works	-	2,162	2,162
Capital outlay			
Public works	-	238,845	238,845
Culture and recreation	-	5,000	5,000
Total Expenditures	<u>10,128</u>	<u>246,007</u>	<u>256,135</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>26,176</u>	<u>91,429</u>	<u>117,605</u>
Other Financing Sources (Uses)			
Transfers in	-	418,548	418,548
Transfers out	-	(788,699)	(788,699)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(370,151)</u>	<u>(370,151)</u>
Net Change in Fund Balances	<u>26,176</u>	<u>(278,722)</u>	<u>(252,546)</u>
Fund Balances, January 1 as Previously Reported	1,206,668	2,898,654	4,105,322
Change within Financial Reporting Entity (Note 9)			
Change from major to nonmajor fund	-	202,980	202,980
Change from nonmajor to major fund	-	508,784	508,784
Fund Balances, January 1 as Adjusted	<u>1,206,668</u>	<u>3,610,418</u>	<u>4,817,086</u>
Fund Balances, December 31	<u>\$ 1,232,844</u>	<u>\$ 3,331,696</u>	<u>\$ 4,564,540</u>

City of New Prague, Minnesota
Nonmajor Proprietary Funds
Combining Statement of Net Position
December 31, 2025

	Business-type Activities - Enterprise Funds			Totals
	651 Ambulance	603 Golf	606 Storm Water Utility	
Assets				
Current Assets				
Cash and temporary investments	\$ -	\$ 241,495	\$ 1,550,276	\$ 1,791,771
Receivables				
Accounts	-	8,857	33,723	42,580
Intergovernmental	-	-	2,204	2,204
Inventories	-	62,816	-	62,816
Total Current Assets	<u>-</u>	<u>313,168</u>	<u>1,586,203</u>	<u>1,899,371</u>
Noncurrent Assets				
Capital assets				
Land improvements	-	910,290	-	910,290
Buildings and structures	-	1,094,511	-	1,094,511
Infrastructure	-	-	8,777,601	8,777,601
Machinery and equipment	-	1,978,476	29,296	2,007,772
Construction in progress	-	-	515,439	515,439
Less accumulated depreciation	-	(2,804,538)	(4,584,608)	(7,389,146)
Total capital assets	<u>-</u>	<u>1,178,739</u>	<u>4,737,728</u>	<u>5,916,467</u>
Total Assets	<u>-</u>	<u>1,491,907</u>	<u>6,323,931</u>	<u>7,815,838</u>
Deferred Outflows of Resources				
Deferred other postemployment benefit resources	-	409	158	567
Deferred pension resources	-	32,270	7,149	39,419
Total Deferred Outflows of Resources	<u>-</u>	<u>32,679</u>	<u>7,307</u>	<u>39,986</u>
Liabilities				
Current Liabilities				
Accounts payable	-	27,619	1,397	29,016
Due to other governments	-	3,080	-	3,080
Accrued interest payable	-	8,847	37,427	46,274
Accrued wages payable	-	10,187	2,155	12,342
Accrued compensated absences payable	-	9,616	-	9,616
Customer deposits payable	-	70,253	-	70,253
Unearned revenue	-	154,164	-	154,164
Other postemployment benefits	-	415	159	574
Bonds payable - current	-	79,000	155,419	234,419
Total Current Liabilities	<u>-</u>	<u>363,181</u>	<u>196,557</u>	<u>559,738</u>
Noncurrent Liabilities				
Accrued compensated absences payable	-	9,196	-	9,196
Bonds payable - net of current portion	-	363,244	2,022,699	2,385,943
Net pension liability	-	99,987	25,394	125,381
Other postemployment benefits	-	6,046	2,315	8,361
Total Noncurrent Liabilities	<u>-</u>	<u>478,473</u>	<u>2,050,408</u>	<u>2,528,881</u>
Total Liabilities	<u>-</u>	<u>841,654</u>	<u>2,246,965</u>	<u>3,088,619</u>
Deferred Inflows of Resources				
Deferred other postemployment benefit resources	-	2,928	1,120	4,048
Deferred pension resources	-	92,731	18,567	111,298
Total Deferred Inflows of Resources	<u>-</u>	<u>95,659</u>	<u>19,687</u>	<u>115,346</u>
Net Position				
Net investment in capital assets	-	736,495	2,559,610	3,296,105
Unrestricted	-	(149,222)	1,504,976	1,355,754
Total Net Position	<u>\$ -</u>	<u>\$ 587,273</u>	<u>\$ 4,064,586</u>	<u>\$ 4,651,859</u>

City of New Prague, Minnesota
 Nonmajor Proprietary Funds
 Combining Statement of Revenues, Expenses and Changes in Fund Net Position
 For the Year Ended December 31, 2025

	Business-type Activities - Enterprise Funds			Totals
	651	603	606	
	Ambulance	Golf	Storm Water Utility	
Operating Revenues				
Sales	\$ -	\$ 567,493	\$ -	\$ 567,493
Cost of sales	-	(271,872)	-	(271,872)
Gross profit	-	295,621	-	295,621
Charges for services	-	1,014,087	436,569	1,450,656
Miscellaneous	15,427	500	-	15,927
Total Operating Revenues	<u>15,427</u>	<u>1,310,208</u>	<u>436,569</u>	<u>1,762,204</u>
Operating Expenses				
Salaries and benefits	-	767,742	89,924	857,666
Supplies	390	246,784	589	247,763
Other services and charges	8,908	148,065	18,204	175,177
Insurance	2,801	14,348	-	17,149
Utilities	-	83,668	-	83,668
Depreciation	-	138,007	287,379	425,386
Total Operating Expenses	<u>12,099</u>	<u>1,398,614</u>	<u>396,096</u>	<u>1,806,809</u>
Operating Income (Loss)	<u>3,328</u>	<u>(88,406)</u>	<u>40,473</u>	<u>(44,605)</u>
Nonoperating Revenues (Expenses)				
Intergovernmental	-	-	195,506	195,506
Investment income	4,749	13,916	44,923	63,588
Gain (loss) on disposal of capital assets	-	10,000	-	10,000
Amortization of bond premium	-	4,576	17,247	21,823
Bond issuance costs	-	(2,513)	(12,954)	(15,467)
Interest expense	-	(19,800)	(81,796)	(101,596)
Total Nonoperating Revenues (Expenses)	<u>4,749</u>	<u>6,179</u>	<u>162,926</u>	<u>173,854</u>
Income (Loss) Before Transfers	8,077	(82,227)	203,399	129,249
Transfers In	-	29,819	-	29,819
Transfers Out	<u>(207,567)</u>	<u>-</u>	<u>-</u>	<u>(207,567)</u>
Change in Net Position	(199,490)	(52,408)	203,399	(48,499)
Net Position, January 1	<u>199,490</u>	<u>639,681</u>	<u>3,861,187</u>	<u>4,700,358</u>
Net Position, December 31	<u>\$ -</u>	<u>\$ 587,273</u>	<u>\$ 4,064,586</u>	<u>\$ 4,651,859</u>

City of New Prague, Minnesota
Nonmajor Proprietary Funds
Combining Statement of Cash Flows (Continued on the Following Page)
For the Year Ended December 31, 2025

	Business-type Activities - Enterprise Funds			Totals
	651 Ambulance	603 Golf	606 Storm Water Utility	
Cash Flows from Operating Activities				
Receipts from customers	\$ -	\$ 1,585,631	\$ 431,584	\$ 2,017,215
Payments to suppliers and vendors	(12,652)	(751,999)	(18,283)	(782,934)
Payments to and on behalf of employees	-	(788,208)	(88,163)	(876,371)
Other receipts	13,730	500	-	14,230
Net Cash Provided (Used) by Operating Activities	<u>1,078</u>	<u>45,924</u>	<u>325,138</u>	<u>372,140</u>
Cash Flows from Noncapital Financing Activities				
State grants received	-	-	195,506	195,506
Transfers in from other funds	-	29,819	-	29,819
Transfers out from other funds	(207,567)	-	-	(207,567)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(207,567)</u>	<u>29,819</u>	<u>195,506</u>	<u>17,758</u>
Cash Flows from Capital Financing Activities				
Acquisition and construction of capital assets	-	(322,305)	(491,564)	(813,869)
Proceeds from the disposal of capital assets	-	10,000	-	10,000
Proceeds from debt instruments, net of discounts/premiums	-	106,836	417,173	524,009
Principal paid on debt instruments	-	(59,000)	(145,207)	(204,207)
Interest paid on debt instruments	-	(18,008)	(81,796)	(99,804)
Issuance costs paid on debt instruments	-	(2,513)	(12,954)	(15,467)
Net Cash Provided (Used) by Capital Financing Activities	<u>-</u>	<u>(284,990)</u>	<u>(314,348)</u>	<u>(599,338)</u>
Cash Flows from Investing Activities				
Interest received	<u>4,749</u>	<u>13,916</u>	<u>44,923</u>	<u>63,588</u>
Net Increase (Decrease) In Cash and Cash Equivalents	(201,740)	(195,331)	251,219	(145,852)
Cash and Cash Equivalents, January 1	<u>201,740</u>	<u>436,826</u>	<u>1,299,057</u>	<u>1,937,623</u>
Cash and Cash Equivalents, December 31	<u>\$ -</u>	<u>\$ 241,495</u>	<u>\$ 1,550,276</u>	<u>\$ 1,791,771</u>

City of New Prague, Minnesota
Nonmajor Proprietary Funds
Combining Statements of Cash Flows (Continued)
For the Year Ended December 31, 2025

	Business-type Activities - Enterprise Funds			
	651	603	606	Totals
	Ambulance	Golf	Storm Water Utility	
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	\$ 3,328	\$ (88,406)	\$ 40,473	\$ (44,605)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation	-	138,007	287,379	425,386
(Increase) decrease in assets				
Accounts receivable	-	(2,378)	(4,958)	(7,336)
Due from other governments	-	-	(27)	(27)
Inventories	-	9,512	-	9,512
(Increase) decrease in deferred outflows of resources				
Deferred other postemployment benefit resources	-	663	240	903
Deferred pension resources	-	448	339	787
Increase (decrease) in liabilities				
Accounts payable	(49)	2,954	510	3,415
Due to other governments	(504)	272	-	(232)
Accrued wages payable	-	3,813	1,126	4,939
Accrued compensated absences payable	-	3,589	7,156	10,745
Customer deposits payable	-	3,661	-	3,661
Unearned revenue	(1,697)	2,768	-	1,071
Other postemployment benefit resources	-	(1,937)	(640)	(2,577)
Net pension liability	-	(19,240)	(3,781)	(23,021)
Increase (decrease) in deferred inflows of resources				
Deferred other postemployment benefit resources	-	646	274	920
Deferred pension resources	-	(8,448)	(2,953)	(11,401)
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,078</u>	<u>\$ 45,924</u>	<u>\$ 325,138</u>	<u>\$ 372,140</u>
Noncash Financing Activities				
Amortization of bond (premium) discount	<u>\$ -</u>	<u>\$ (4,576)</u>	<u>\$ (17,247)</u>	<u>\$ (21,823)</u>
Bond premium issued	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,173</u>	<u>\$ 32,173</u>

City of New Prague, Minnesota
 Nonmajor Special Revenue Funds
 Combining Balance Sheet
 December 31, 2025

	203	204	206	207
	Development Revolving Loan	Small Cities Grant	Economic Development	2016 Small Cities Project
Assets				
Cash and temporary investments	\$ 178,155	\$ 32,732	\$ 243,668	\$ 180,868
Receivables				
Accounts	-	1,332	-	-
Notes	-	-	-	22,325
Total Assets	<u>\$ 178,155</u>	<u>\$ 34,064</u>	<u>\$ 243,668</u>	<u>\$ 203,193</u>
Fund Balances				
Restricted for				
Economic development	\$ 100,000	\$ 34,064	\$ 243,668	\$ 203,193
Assigned for				
Economic development	78,155	-	-	-
Crime prevention	-	-	-	-
Total Fund Balances	<u>\$ 178,155</u>	<u>\$ 34,064</u>	<u>\$ 243,668</u>	<u>\$ 203,193</u>

208	233	
<u>2017 Small Cities Project</u>	<u>Crime Prevention</u>	<u>Total Nonmajor</u>
\$ 513,780	\$ 59,984	\$ 1,209,187
-	-	1,332
<u>-</u>	<u>-</u>	<u>22,325</u>
<u>\$ 513,780</u>	<u>\$ 59,984</u>	<u>\$ 1,232,844</u>
\$ 513,780	\$ -	\$ 1,094,705
-	-	78,155
<u>-</u>	<u>59,984</u>	<u>59,984</u>
<u>\$ 513,780</u>	<u>\$ 59,984</u>	<u>\$ 1,232,844</u>

City of New Prague, Minnesota
 Nonmajor Special Revenue Funds
 Combining Statement of Revenues, Expenditures and
 Changes in Fund Balances
 For the Year Ended December 31, 2025

	203	204	206	207
	Development Revolving Loan	Small Cities Grant	Economic Development	2016 Small Cities Project
Revenues				
Charges for services				
Public safety	\$ -	\$ -	\$ -	\$ -
Fines and forfeits	-	-	-	-
Investment earnings	4,679	179	2,896	1,805
Miscellaneous				
Other	-	-	-	499
Total Revenues	<u>4,679</u>	<u>179</u>	<u>2,896</u>	<u>2,304</u>
Expenditures				
Current				
Public safety	-	-	-	-
Net Change in Fund Balances	4,679	179	2,896	2,304
Fund Balances, January 1	<u>173,476</u>	<u>33,885</u>	<u>240,772</u>	<u>200,889</u>
Fund Balances, December 31	<u><u>\$ 178,155</u></u>	<u><u>\$ 34,064</u></u>	<u><u>\$ 243,668</u></u>	<u><u>\$ 203,193</u></u>

208	233	
<u>2017 Small Cities Project</u>	<u>Crime Prevention</u>	<u>Total Nonmajor</u>
\$ -	\$ 7,753	\$ 7,753
-	49	49
17,720	724	28,003
-	-	499
<u>17,720</u>	<u>8,526</u>	<u>36,304</u>
-	10,128	10,128
17,720	(1,602)	26,176
<u>496,060</u>	<u>61,586</u>	<u>1,206,668</u>
<u><u>\$ 513,780</u></u>	<u><u>\$ 59,984</u></u>	<u><u>\$ 1,232,844</u></u>

City of New Prague, Minnesota
 Development Revolving Loan Special Revenue Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget and Actual
 For the Year Ended December 31, 2025

	<u>Budgeted Amounts</u> <u>Original and Final</u>	<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
Revenues			
Investment earnings	\$ 100	\$ 4,679	\$ 4,579
Fund Balances, January 1	<u>173,476</u>	<u>173,476</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 173,576</u>	<u>\$ 178,155</u>	<u>\$ 4,579</u>

City of New Prague, Minnesota
 2016 Small Cities Project Special Revenue Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget and Actual
 For the Year Ended December 31, 2025

	<u>Budgeted Amounts</u> <u>Original and Final</u>	<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
Revenues			
Investment earnings	\$ 100	\$ 1,805	\$ 1,705
Miscellaneous			
Other	700	499	(201)
Total Revenues	<u>800</u>	<u>2,304</u>	<u>1,504</u>
Fund Balances, January 1	<u>200,889</u>	<u>200,889</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 201,689</u>	<u>\$ 203,193</u>	<u>\$ 1,504</u>

City of New Prague, Minnesota
 2017 Small Cities Project Special Revenue Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget and Actual
 For the Year Ended December 31, 2025

	<u>Budgeted Amounts</u> <u>Original and Final</u>	<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
Revenues			
Investment earnings	\$ 450	\$ 17,720	\$ 17,270
Fund Balances, January 1	<u> 496,060</u>	<u> 496,060</u>	<u> -</u>
Fund Balances, December 31	<u><u> \$ 496,510</u></u>	<u><u> \$ 513,780</u></u>	<u><u> \$ 17,270</u></u>

City of New Prague, Minnesota
 Crime Prevention Special Revenue Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget and Actual
 For the Year Ended December 31, 2025

	2025		Variance with Final Budget
	Budgeted Amounts Original and Final	Actual Amounts	
Revenues			
Charges for services			
Public safety	\$ 3,000	\$ 7,753	\$ 4,753
Fines and forfeits	-	49	49
Investment earnings	300	724	424
Total Revenues	<u>3,300</u>	<u>8,526</u>	<u>5,226</u>
Expenditures			
Current			
Public safety			
Supplies	6,000	6,470	(470)
Other services and charges	6,000	3,658	2,342
Total Expenditures	<u>12,000</u>	<u>10,128</u>	<u>1,872</u>
Net Change in Fund Balances	(8,700)	(1,602)	7,098
Fund Balances, January 1	<u>61,586</u>	<u>61,586</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 52,886</u>	<u>\$ 59,984</u>	<u>\$ 7,098</u>

City of New Prague, Minnesota
 Nonmajor Capital Projects Funds
 Combining Balance Sheet
 December 31, 2025

	228 Park Dedication Fees	230 Park Improvements	235 Sidewalk	236 Sirens	455 Trunk Sewer	472 T.H. 19/ 11th Ave. Street
Assets						
Cash and temporary investments	\$ 248,931	\$ 127,529	\$ 42,683	\$ 27,768	\$ 2,401,528	\$ -
Receivables						
Special assessments	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Total Assets	<u>\$ 248,931</u>	<u>\$ 127,529</u>	<u>\$ 42,683</u>	<u>\$ 27,768</u>	<u>\$ 2,401,528</u>	<u>\$ -</u>
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unearned revenue	28,080	-	-	-	-	-
Total Liabilities	<u>28,080</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources						
Unavailable revenue - special assessments	-	-	-	-	-	-
Unavailable revenue - grants	-	-	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances						
Restricted for						
Park improvements	9,836	-	-	-	-	-
Committed for						
Upgrades	-	-	42,683	27,768	-	-
Assigned for						
Capital projects	-	-	-	-	2,401,528	-
Equipment	-	-	-	-	-	-
Park improvements	211,015	127,529	-	-	-	-
Unassigned	-	-	-	-	-	-
Total Fund Balances	<u>220,851</u>	<u>127,529</u>	<u>42,683</u>	<u>27,768</u>	<u>2,401,528</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 248,931</u>	<u>\$ 127,529</u>	<u>\$ 42,683</u>	<u>\$ 27,768</u>	<u>\$ 2,401,528</u>	<u>\$ -</u>

498	499	418	421	422	423	426	
Equipment Fund	General Projects	T.H. 19 Project	CIP 2022	CIP 2023	CIP 2024	CIP 2026	Total Nonmajor
\$ 160,924	\$ 268,967	\$ -	\$ -	\$ 62,456	\$ 163,708	\$ (14,285)	\$ 3,490,209
-	259,868	-	-	-	-	-	259,868
-	274,365	-	-	-	-	-	274,365
<u>\$ 160,924</u>	<u>\$ 803,200</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 62,456</u>	<u>\$ 163,708</u>	<u>\$ (14,285)</u>	<u>\$ 4,024,442</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 130,433	\$ -	\$ 130,433
-	-	-	-	-	-	-	28,080
-	-	-	-	-	130,433	-	158,513
-	259,868	-	-	-	-	-	259,868
-	274,365	-	-	-	-	-	274,365
-	534,233	-	-	-	-	-	534,233
-	-	-	-	-	-	-	9,836
-	-	-	-	-	-	-	70,451
-	268,967	-	-	62,456	33,275	-	2,766,226
160,924	-	-	-	-	-	-	160,924
-	-	-	-	-	-	-	338,544
-	-	-	-	-	-	(14,285)	(14,285)
<u>160,924</u>	<u>268,967</u>	<u>-</u>	<u>-</u>	<u>62,456</u>	<u>33,275</u>	<u>(14,285)</u>	<u>3,331,696</u>
<u>\$ 160,924</u>	<u>\$ 803,200</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 62,456</u>	<u>\$ 163,708</u>	<u>\$ (14,285)</u>	<u>\$ 4,024,442</u>

City of New Prague, Minnesota
 Nonmajor Capital Projects Funds
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 For the Year Ended December 31, 2025

	228 Park Dedication Fees	230 Park Improvements	235 Sidewalk	236 Sirens	455 Trunk Sewer	472 T.H. 19/ 11th Ave. Street
Revenues						
Taxes						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Connection charges	-	-	-	-	109,606	-
Charges for services	9,111	2,426	-	-	-	-
Investment earnings	3,934	1,055	573	396	72,600	1,957
Total Revenues	<u>13,045</u>	<u>3,481</u>	<u>573</u>	<u>396</u>	<u>182,206</u>	<u>1,957</u>
Expenditures						
Current						
Public works	-	-	-	-	-	-
Capital outlay						
Public works	-	-	-	-	-	-
Culture and recreation	-	5,000	-	-	-	-
Total Expenditures	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>13,045</u>	<u>(1,519)</u>	<u>573</u>	<u>396</u>	<u>182,206</u>	<u>1,957</u>
Other Financing Sources (Uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(164,306)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(164,306)</u>
Net Change in Fund Balances	<u>13,045</u>	<u>(1,519)</u>	<u>573</u>	<u>396</u>	<u>182,206</u>	<u>(162,349)</u>
Fund Balances, January 1 as Previously Reported	207,806	129,048	42,110	27,372	2,219,322	162,349
Change within Financial Reporting Entity (Note 9)						
Change from major to nonmajor fund	-	-	-	-	-	-
Change from nonmajor to major fund	-	-	-	-	-	-
Fund Balances, January 1 as Adjusted	<u>207,806</u>	<u>129,048</u>	<u>42,110</u>	<u>27,372</u>	<u>2,219,322</u>	<u>162,349</u>
Fund Balances, December 31	<u>\$ 220,851</u>	<u>\$ 127,529</u>	<u>\$ 42,683</u>	<u>\$ 27,768</u>	<u>\$ 2,401,528</u>	<u>\$ -</u>

498	499	418	421	422	Formerly Major 423	Formerly Nonmajor 424	Formerly Nonmajor 425	426	Total Nonmajor
Equipment Fund	General Projects	T.H. 19 Project	CIP 2022	CIP 2023	CIP 2024	CIP 2025	Police Station	CIP 2026	
\$ 40,304	\$ -	\$ -	\$ -	\$ -	\$ -			\$ -	\$ 40,304
-	-	-	-	-	-			-	109,606
-	-	-	-	-	-			-	11,537
2,189	13,294	-	46,165	-	33,826			-	175,989
<u>42,493</u>	<u>13,294</u>	<u>-</u>	<u>46,165</u>	<u>-</u>	<u>33,826</u>		<u>-</u>	<u>-</u>	<u>337,436</u>
-	2,162	-	-	-	-			-	2,162
-	-	-	-	21,029	203,531			14,285	238,845
-	-	-	-	-	-			-	5,000
-	<u>2,162</u>	<u>-</u>	<u>-</u>	<u>21,029</u>	<u>203,531</u>	<u>-</u>	<u>-</u>	<u>14,285</u>	<u>246,007</u>
<u>42,493</u>	<u>11,132</u>	<u>-</u>	<u>46,165</u>	<u>(21,029)</u>	<u>(169,705)</u>	<u>-</u>	<u>-</u>	<u>(14,285)</u>	<u>91,429</u>
-	181,669	236,879	-	-	-			-	418,548
<u>(40,304)</u>	<u>(236,879)</u>	<u>-</u>	<u>(347,210)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(788,699)</u>
<u>(40,304)</u>	<u>(55,210)</u>	<u>236,879</u>	<u>(347,210)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(370,151)</u>
2,189	(44,078)	236,879	(301,045)	(21,029)	(169,705)	-	-	(14,285)	(278,722)
158,735	313,045	(236,879)	301,045	83,485	-	(107,265)	(401,519)	-	2,898,654
-	-	-	-	-	202,980	-	-	-	202,980
-	-	-	-	-	-	107,265	401,519	-	508,784
<u>158,735</u>	<u>313,045</u>	<u>(236,879)</u>	<u>301,045</u>	<u>83,485</u>	<u>202,980</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,610,418</u>
<u>\$ 160,924</u>	<u>\$ 268,967</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 62,456</u>	<u>\$ 33,275</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (14,285)</u>	<u>\$ 3,331,696</u>

City of New Prague, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Continued on the Following Pages)
For the Year Ended December 31, 2025

	<u>Budgeted Amounts</u> <u>Original and Final</u>	<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
Revenues			
Taxes			
Property taxes	\$ 4,238,585	\$ 4,238,838	\$ 253
Franchise taxes	90,000	84,284	(5,716)
Total taxes	<u>4,328,585</u>	<u>4,323,122</u>	<u>(5,463)</u>
Special assessments	-	14,126	14,126
Licenses and permits			
Business	45,850	62,969	17,119
Nonbusiness	209,830	356,178	146,348
Total licenses and permits	<u>255,680</u>	<u>419,147</u>	<u>163,467</u>
Intergovernmental			
Federal			
Police federal aid	-	9,477	9,477
State			
Local government aid	1,185,369	1,185,369	-
Property tax credits and aids	-	195	195
Highway aid	120,000	177,074	57,074
Police state aid	100,000	140,895	40,895
Fire state aid	120,000	148,549	28,549
Other state aid	61,000	147,216	86,216
Total state	<u>1,586,369</u>	<u>1,799,298</u>	<u>212,929</u>
County			
Other County grants	64,596	15,002	(49,594)
Total intergovernmental	<u>1,650,965</u>	<u>1,823,777</u>	<u>172,812</u>
Charges for services			
General government	11,000	10,182	(818)
Public safety	102,500	106,764	4,264
Public works	1,000	2,092	1,092
Culture and recreation	4,267	10,973	6,706
Total charges for services	<u>118,767</u>	<u>130,011</u>	<u>11,244</u>
Fines and forfeits	25,000	15,361	(9,639)
Interest earnings	89,145	522,494	433,349
Miscellaneous			
Contributions and donations	500	21,620	21,120
Other	269,000	127,105	(141,895)
Total miscellaneous	<u>269,500</u>	<u>148,725</u>	<u>(120,775)</u>
Total Revenues	<u>6,737,642</u>	<u>7,396,763</u>	<u>659,121</u>

City of New Prague, Minnesota
 General Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget and Actual (Continued)
 For the Year Ended December 31, 2025

	<u>Budgeted Amounts</u> <u>Original and Final</u>	<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
Expenditures			
Current			
General government			
Mayor and council			
Personal services	\$ 23,849	\$ 23,117	\$ 732
Supplies	400	357	43
Other services and charges	46,691	38,066	8,625
Total mayor and council	<u>70,940</u>	<u>61,540</u>	<u>9,400</u>
City clerk/administration			
Personal services	420,411	470,161	(49,750)
Supplies	3,105	2,683	422
Other services and charges	85,152	71,218	13,934
Total city clerk/administration	<u>508,668</u>	<u>544,062</u>	<u>(35,394)</u>
Technical network			
Supplies	67,000	85,204	(18,204)
Other services and charges	50,421	54,342	(3,921)
Total technical network	<u>117,421</u>	<u>139,546</u>	<u>(22,125)</u>
Elections			
Personal services	-	72	(72)
Supplies	-	7	(7)
Other services and charges	1,350	2,400	(1,050)
Total elections	<u>1,350</u>	<u>2,479</u>	<u>(1,129)</u>
Assessing			
Other services and charges	48,000	47,730	270
Legal			
Other services and charges	80,000	63,209	16,791
Planning and zoning			
Personal services	377,852	290,984	86,868
Supplies	2,539	1,535	1,004
Other services and charges	98,066	60,902	37,164
Total planning and zoning	<u>478,457</u>	<u>353,421</u>	<u>125,036</u>
General government building			
Personal services	12,226	12,171	55
Supplies	5,700	3,751	1,949
Other services and charges	64,165	80,754	(16,589)
Total general government building	<u>82,091</u>	<u>96,676</u>	<u>(14,585)</u>
Total general government	<u>1,386,927</u>	<u>1,308,663</u>	<u>78,264</u>

City of New Prague, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Continued)
For the Year Ended December 31, 2025

	<u>Budgeted Amounts</u> <u>Original and Final</u>	<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
Expenditures (Continued)			
Current (continued)			
Public safety			
Police			
Personal services	\$ 2,085,979	\$ 2,052,007	\$ 33,972
Supplies	45,531	47,795	(2,264)
Other services and charges	167,608	227,328	(59,720)
Total police	<u>2,299,118</u>	<u>2,327,130</u>	<u>(28,012)</u>
Fire			
Personal services	195,172	204,953	(9,781)
Supplies	23,500	39,049	(15,549)
Other services and charges	47,950	41,174	6,776
Total fire	<u>266,622</u>	<u>285,176</u>	<u>(18,554)</u>
Building inspection			
Personal services	344,044	330,711	13,333
Supplies	4,631	2,108	2,523
Other services and charges	24,069	16,597	7,472
Total building inspection	<u>372,744</u>	<u>349,416</u>	<u>23,328</u>
Emergency management			
Supplies	-	369	(369)
Other services and charges	18,941	11,112	7,829
Total emergency management	<u>18,941</u>	<u>11,481</u>	<u>7,460</u>
Animal control			
Other services and charges	100	-	100
Total public safety	<u>2,957,525</u>	<u>2,973,203</u>	<u>(15,678)</u>
Public works			
Streets and highways			
Personal services	775,163	728,455	46,708
Supplies	88,567	72,216	16,351
Other services and charges	161,450	113,309	48,141
Total streets and highways	<u>1,025,180</u>	<u>913,980</u>	<u>111,200</u>
Engineering			
Other services and charges	15,000	3,905	11,095
Street lighting			
Other services and charges	78,366	61,540	16,826
Total public works	<u>1,118,546</u>	<u>979,425</u>	<u>139,121</u>

City of New Prague, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Continued)
For the Year Ended December 31, 2025

	<u>Budgeted Amounts</u> <u>Original and Final</u>	<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
Expenditures (Continued)			
Current (continued)			
Culture and recreation			
Parks			
Personal services	\$ 443,971	\$ 404,539	\$ 39,432
Supplies	73,700	64,619	9,081
Other services and charges	277,723	303,919	(26,196)
Total parks	<u>795,394</u>	<u>773,077</u>	<u>22,317</u>
Library			
Supplies	2,400	2,530	(130)
Other services and charges	33,627	27,819	5,808
Total library	<u>36,027</u>	<u>30,349</u>	<u>5,678</u>
Total culture and recreation	<u>831,421</u>	<u>803,426</u>	<u>27,995</u>
Unallocated			
Other services and charges	57,000	201,720	(144,720)
Total current	<u>6,351,419</u>	<u>6,266,437</u>	<u>84,982</u>
Capital outlay			
General government			
Technology network	90,000	48,814	41,186
Elections	25,000	18,616	6,384
Planning	20,000	21,830	(1,830)
Government buildings	-	103,227	(103,227)
Public safety			
Police	64,000	111,031	(47,031)
Fire	42,000	76,039	(34,039)
Public works	265,000	78,447	186,553
Culture and recreation			
Parks	123,626	111,425	12,201
Total capital outlay	<u>629,626</u>	<u>569,429</u>	<u>60,197</u>
Total Expenditures	<u>6,981,045</u>	<u>6,835,866</u>	<u>145,179</u>
Excess (Deficiency) of			
Revenues Over (Under) Expenditures	<u>(243,403)</u>	<u>560,897</u>	<u>804,300</u>
Other Financing Sources (Uses)			
Sale of assets	-	3,807	3,807
Insurance recoveries	5,000	70,817	65,817
Transfers in	80,304	287,871	207,567
Transfers out	(29,819)	(29,819)	-
Total Other Financing Sources (Uses)	<u>55,485</u>	<u>332,676</u>	<u>277,191</u>
Net Change in Fund Balances	(187,918)	893,573	1,081,491
Fund Balances, January 1	<u>6,122,325</u>	<u>6,122,325</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 5,934,407</u>	<u>\$ 7,015,898</u>	<u>\$ 1,081,491</u>

City of New Prague, Minnesota
Debt Service Funds
Combining Balance Sheet
December 31, 2025

	380 HRA - Senior Housing	395 2009 CIP	311 2011 CIP	315 2013B Refunding Bonds	316 2014 CIP	317 2015 CIP
Assets						
Cash and temporary investments	\$ 12,348	\$ -	\$ 312,552	\$ 534,906	\$ 214,333	\$ 127,883
Receivables						
Notes	-	-	-	353,333	-	-
Special assessments	-	-	6,576	-	68,557	40,326
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 12,348</u>	<u>\$ -</u>	<u>\$ 319,128</u>	<u>\$ 888,239</u>	<u>\$ 282,890</u>	<u>\$ 168,209</u>
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred Inflows of Resources						
Unavailable revenue - special assessments	-	-	6,576	-	68,557	40,326
Fund Balances						
Restricted for Debt service	<u>12,348</u>	<u>-</u>	<u>312,552</u>	<u>888,239</u>	<u>214,333</u>	<u>127,883</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 12,348</u>	<u>\$ -</u>	<u>\$ 319,128</u>	<u>\$ 888,239</u>	<u>\$ 282,890</u>	<u>\$ 168,209</u>

318 TIF New Prague Senior Housing	319 2019 CIP	320 2020A Refunding Bonds	321 CIP 2020 - 2021	322 CIP 2022	323 CIP 2023	324 CIP 2024	325 CIP 2025	Totals
\$ 58,560	\$ 778,531	\$ 1,464,798	\$ 168,273	\$ 652,522	\$ 220,816	\$ 223,755	\$ 263,433	\$ 5,032,710
-	-	-	-	-	-	-	-	353,333
-	490,214	139,438	427,280	338,899	278,987	570,207	759,105	3,119,589
<u>\$ 58,560</u>	<u>\$ 1,268,745</u>	<u>\$ 1,604,236</u>	<u>\$ 595,553</u>	<u>\$ 991,421</u>	<u>\$ 499,803</u>	<u>\$ 793,962</u>	<u>\$ 1,022,538</u>	<u>\$ 8,505,632</u>
\$ 56,481	\$ -	\$ 3,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 59,481
-	490,214	139,438	427,280	338,899	278,987	570,207	759,105	3,119,589
2,079	778,531	1,461,798	168,273	652,522	220,816	223,755	263,433	5,326,562
<u>\$ 58,560</u>	<u>\$ 1,268,745</u>	<u>\$ 1,604,236</u>	<u>\$ 595,553</u>	<u>\$ 991,421</u>	<u>\$ 499,803</u>	<u>\$ 793,962</u>	<u>\$ 1,022,538</u>	<u>\$ 8,505,632</u>

City of New Prague, Minnesota
Debt Service Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
(Continued on the Following Pages)
For the Year Ended December 31, 2025

	380 HRA - Senior Housing	395 2009 CIP	311 2011 CIP	315 2013B Refunding Bonds	316 2014 CIP	317 2015 CIP
Revenues						
Taxes						
Property taxes	\$ 11,550	\$ -	\$ -	\$ 269,247	\$ 61,397	\$ 2,624
Tax increment district taxes	-	-	-	-	-	-
Special assessments	-	-	7,128	-	27,825	10,015
Investment earnings	89	2,119	10,042	22,411	4,956	4,741
Miscellaneous						
Loan interest	-	-	-	10,927	-	-
Total Revenues	<u>11,639</u>	<u>2,119</u>	<u>17,170</u>	<u>302,585</u>	<u>94,178</u>	<u>17,380</u>
Expenditures						
Current						
Economic development	-	-	-	-	-	-
Debt service						
Principal	11,000	37,474	3,625	340,000	90,000	30,000
Interest and other	-	787	3,347	33,957	14,677	9,777
Bond issue costs and fees	-	-	-	-	-	-
Total Expenditures	<u>11,000</u>	<u>38,261</u>	<u>6,972</u>	<u>373,957</u>	<u>104,677</u>	<u>39,777</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>639</u>	<u>(36,142)</u>	<u>10,198</u>	<u>(71,372)</u>	<u>(10,499)</u>	<u>(22,397)</u>
Other Financing Sources (Uses)						
Transfers in	-	-	-	-	-	-
Debt issued	-	-	-	-	-	-
Transfers out	-	(17,363)	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(17,363)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	639	(53,505)	10,198	(71,372)	(10,499)	(22,397)
Fund Balances, January 1	<u>11,709</u>	<u>53,505</u>	<u>302,354</u>	<u>959,611</u>	<u>224,832</u>	<u>150,280</u>
Fund Balances, December 31	<u>\$ 12,348</u>	<u>\$ -</u>	<u>\$ 312,552</u>	<u>\$ 888,239</u>	<u>\$ 214,333</u>	<u>\$ 127,883</u>

318 TIF New Prague Senior Housing	319 2019 CIP	320 2020A Refunding Bonds	321 CIP 2020 - 2021	322 CIP 2022	323 CIP 2023	324 CIP 2024	325 CIP 2025	Totals
\$ -	\$ 189,639	\$ 101,458	\$ 23,717	\$ 21,030	\$ 135,872	\$ 143,161	\$ -	\$ 959,695
118,907	-	-	-	-	-	-	-	118,907
-	73,652	54,680	58,851	33,782	38,750	70,196	140,433	515,312
-	6,720	46,586	4,879	-	-	-	-	102,543
-	-	-	-	-	-	-	-	10,927
<u>118,907</u>	<u>270,011</u>	<u>202,724</u>	<u>87,447</u>	<u>54,812</u>	<u>174,622</u>	<u>213,357</u>	<u>140,433</u>	<u>1,707,384</u>
118,907	-	-	-	-	-	-	-	118,907
-	230,000	139,368	125,000	30,000	120,000	-	-	1,156,467
-	56,727	29,581	49,543	9,750	92,650	115,912	-	416,708
-	750	750	727	727	726	1,226	428	5,334
<u>118,907</u>	<u>287,477</u>	<u>169,699</u>	<u>175,270</u>	<u>40,477</u>	<u>213,376</u>	<u>117,138</u>	<u>428</u>	<u>1,697,416</u>
-	(17,466)	33,025	(87,823)	14,335	(38,754)	96,219	140,005	9,968
-	-	-	-	347,210	-	-	-	347,210
-	-	-	-	-	-	-	123,428	123,428
-	-	-	-	-	-	-	-	(17,363)
-	-	-	-	<u>347,210</u>	-	-	<u>123,428</u>	<u>453,275</u>
-	(17,466)	33,025	(87,823)	361,545	(38,754)	96,219	263,433	463,243
<u>2,079</u>	<u>795,997</u>	<u>1,428,773</u>	<u>256,096</u>	<u>290,977</u>	<u>259,570</u>	<u>127,536</u>	-	<u>4,863,319</u>
<u>\$ 2,079</u>	<u>\$ 778,531</u>	<u>\$ 1,461,798</u>	<u>\$ 168,273</u>	<u>\$ 652,522</u>	<u>\$ 220,816</u>	<u>\$ 223,755</u>	<u>\$ 263,433</u>	<u>\$ 5,326,562</u>

City of New Prague, Minnesota
Discretely Presented Component Unit
Economic Development Authority
Combining Balance Sheet
December 31, 2025

	680	681	
	Economic Development Authority	Economic Development Authority Industrial Park	Totals
Assets			
Cash and temporary investments	\$ 507,936	\$ 415,347	\$ 923,283
Receivables			
Intergovernmental	198	-	198
Land held for resale	-	302,882	302,882
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 508,134</u>	<u>\$ 718,229</u>	<u>\$ 1,226,363</u>
Liabilities			
Accounts payable	9,478	-	9,478
Accrued wages payable	1,228	-	1,228
Total Liabilities	<u>10,706</u>	<u>-</u>	<u>10,706</u>
Fund Balances			
Unrestricted	<u>497,428</u>	<u>718,229</u>	<u>1,215,657</u>
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 508,134</u>	<u>\$ 718,229</u>	<u>\$ 1,226,363</u>
Total Fund Balances - Governmental Funds			\$ 1,215,657

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

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the funds.	718,207
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Net pension liability	(13,418)
Other postemployment benefit liability	(693)
Governmental funds do not report long-term amounts related to pensions.	
Deferred outflows of resources	3,777
Deferred inflows of resources	(9,810)
Governmental funds do not report long-term amounts related to other postemployment benefits.	
Deferred inflows of other postemployment benefit resources	44
Deferred outflows of other postemployment benefit resources	<u>(314)</u>
Total Net Position - Governmental Activities	<u>\$ 1,913,450</u>

City of New Prague, Minnesota
Discretely Presented Component Unit
Economic Development Authority
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2025

	680	681	
	Economic Development Authority	Economic Development Authority Industrial Park	Totals
Revenues			
Taxes	\$ 74,766	\$ -	\$ 74,766
Investment earnings	10,414	4,617	15,031
Miscellaneous	31	61,983	62,014
Total Revenues	85,211	66,600	151,811
Expenditures			
Current			
Economic development	63,345	432	63,777
Net Change in Fund Balances	21,866	66,168	88,034
Fund Balances, January 1	475,562	652,061	1,127,623
Fund Balances, December 31	\$ 497,428	\$ 718,229	\$ 1,215,657

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

Net change in fund balances - governmental funds	\$ 88,034
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Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense.

Depreciation expense	(24,037)
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Long-term pension activity is not reported in governmental funds.

Pension expense	7,470
Direct aid contributions	(49)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Other postemployment benefit costs	128
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Change in Net Position - Governmental Activities	\$ 71,546
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OTHER REQUIRED REPORTS

CITY OF NEW PRAGUE
NEW PRAGUE, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2025

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**INDEPENDENT AUDITOR'S REPORT ON
MINNESOTA LEGAL COMPLIANCE**

Honorable Mayor and City Council
City of New Prague, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of 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 New Prague, Minnesota, (the City) as of and for the year ended December 31, 2025, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 5, 2026.

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

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



Abdo
Mankato, Minnesota
May 5, 2026

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

Honorable Mayor and City Council
City of New Prague, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of New Prague, Minnesota (the City), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 5, 2026.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did identify one deficiency in internal control that we consider to be a material weakness described in the accompanying Schedule of Findings and Responses as item 2025-001.

Report on Compliance and Other Matters

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

Responses to Findings

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

Purpose of this Report

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



Abdo
Mankato, Minnesota
May 5, 2026



City of New Prague, Minnesota
Schedule of Findings and Responses
For the Year Ended December 31, 2025

<u>Finding</u>	<u>Description</u>
2025-001	Material Audit Adjustments
<i>Condition:</i>	The financial statements required adjustments to accurately reflect capital asset additions, disposals, and project activity, including some material corrections to project-related accounts payable. These challenges suggest the staff should enhance their understanding in the available software tools for preparing capital asset information and that year-end invoices weren't always reviewed closely enough to ensure work performed before year-end was recorded in the right period.
<i>Criteria:</i>	The financial statements are the responsibility of the City's management.
<i>Cause:</i>	The financial statements required material audit adjustments to be reasonably stated.
<i>Effect:</i>	This indicated that it would be likely that a misstatement may occur and not be detected by the City's system of internal control. The audit firm cannot serve as a compensating control over this deficiency.
<i>Recommendation:</i>	We recommend that management attend trainings on capital asset preparation and review year-end invoices closely to ensure work performed prior to year-end is recorded in the appropriate period.
<i>Management response:</i>	The City will review the adjustments necessary and work to eliminate these entries in the future.

OPERATIONAL STATISTICS AND
SUPPLEMENTARY SCHEDULES (UNAUDITED)

CITY OF NEW PRAGUE
NEW PRAGUE, MINNESOTA

FOR THE YEARS ENDED
DECEMBER 31, 2025 AND 2024

New Prague Utilities Commission
New Prague, Minnesota
Electric Utility Fund
Schedules of Operating Revenues
(Unaudited)
For the Years Ended December 31, 2025 and 2024

Type of Service	2025			2024		
	K.W.H. Sold	Income	Average Income Per K.W.H. Sold	K.W.H. Sold	Income	Average Income Per K.W.H. Sold
Residential	27,760,415	\$ 4,409,734	\$ 0.15885	26,654,741	\$ 4,220,675	\$ 0.15835
Commercial phase 1	1,977,394	757,989	0.38333	1,965,305	659,330	0.33548
Commercial phase 3	2,673,486	-	-	2,021,256	-	-
Commercial interruptible	136,800	21,641	0.15819	89,400	8,990	0.10056
Small industrial	15,334,753	1,968,101	0.12834	14,839,544	1,892,282	0.12752
Industrial	21,573,260	2,491,662	0.11550	21,451,340	2,489,544	0.11606
Other departments	1,033,967	24,747	0.02393	1,067,624	125,246	0.11731
Street lights	301,576	60,811	-	292,720	53,588	0.18307
Security lights	-	5,263	-	-	5,300	-
Unbilled revenue	-	100,735	-	-	31,671	-
Total Sales	70,791,651	\$ 9,840,683	\$ 0.13901	68,381,930	\$ 9,486,626	\$ 0.13873
Total K.W.H. - Generated	1,414,600			956,100		
Total K.W.H. - Purchases	73,628,709			71,117,207		
Total K.W.H.	75,043,309			72,073,307		
Distribution Lost	4,251,658			3,691,377		
Percentage of Distribution Lost	5.7%			5.1%		
Cost of Power Purchased	\$ 6,244,432			\$ 6,297,477		
Average Cost Per K.W.H. Purchased	\$ 0.08481			\$ 0.08855		

New Prague Utilities Commission
New Prague, Minnesota
Water Fund
Schedules of Operations Statement Per 1,000 Gallons
(Unaudited)
For the Years Ended December 31, 2025 and 2024

	2025	2024
Operating Revenues		
Water sales		
Residential	\$ 6.59139	\$ 5.67094
Commercial	2.24346	2.06843
Other departments	0.00347	0.04690
Unbilled revenue	0.08116	0.01400
Other operating revenues	0.08159	0.07625
Total Operating Revenues	9.00107	7.87652
Operating Expenses		
Power for pumping	0.54448	0.48346
Maintenance - wells, pumps, and storage facilities	0.01600	0.09472
Maintenance - water main	0.04173	0.02025
Purification	0.24821	0.25076
Distribution	1.55300	1.36583
Salaries	0.88310	0.76204
General expenses	0.27068	0.24001
Professional fees	0.07002	0.16463
Insurance	0.09769	0.17611
Employee pension and benefits	0.49457	0.22267
Maintenance - general property	0.09588	0.20731
Depreciation	2.49954	2.29617
Total Operating Expenses	6.81490	6.28396
Operating Income	2.18617	1.59256
Nonoperating Income (Expenses)		
Investment income	0.48557	0.53401
Other income	0.05271	0.05748
Water meter income	0.03070	0.02585
Hookup fees	0.41326	0.20683
Gain (loss) on disposal of capital assets	0.07838	-
Special assessments	1.70684	1.36895
Intergovernmental	-	0.13248
Interest expense	(0.66545)	(0.55947)
Bond issuance costs	(0.08263)	(0.07412)
Amortization expense	0.17029	0.15291
Total Nonoperating Income (Expenses)	2.18967	1.84492
Change in Net Position	\$ 4.37584	\$ 3.43748
1,000 Gallons Sold	217,125	225,136

New Prague Utilities Commission
New Prague, Minnesota
Electric Utility Fund
Schedule of Plant Assets and Accumulated Depreciation
(Unaudited)
For the Year Ended December 31, 2025

	Cost				Balance December 31, 2025
	Balance December 31, 2024	Asset Transferred from City	Additions	Disposals	
Land	\$ 41,648	\$ -	\$ -	\$ -	\$ 41,648
Construction in progress	579,472	-	1,659,577	670,690	1,568,359
Production plant					
Structures and improvements	3,792,791	-	32,618	-	3,825,409
Boilers and generators	5,527,534	-	-	-	5,527,534
Total Production Plant	<u>9,320,325</u>	<u>-</u>	<u>32,618</u>	<u>-</u>	<u>9,352,943</u>
Transmission and distribution system					
Transmission station equipment	601,833	-	-	-	601,833
Overhead conductors, poles and fixtures	87,734	-	-	-	87,734
Distribution station equipment	832,234	-	-	-	832,234
Poles, towers, and fixtures	204,140	-	-	-	204,140
Overhead conductors and devices	678,998	-	807	-	679,805
Underground conductors and devices	6,130,180	-	350,344	-	6,480,524
Line transformers	2,104,995	-	154,053	-	2,259,048
Services	432,135	-	116,390	-	548,525
Electric meters	1,072,841	-	31,673	-	1,104,514
Fiber Optic	98,856	-	572	-	99,428
Street lighting	1,719,958	-	85,619	-	1,805,577
Load management	104,473	-	-	-	104,473
SCADA system	123,865	-	-	-	123,865
Total transmission and distribution system	<u>14,192,242</u>	<u>-</u>	<u>739,458</u>	<u>-</u>	<u>14,931,700</u>
General plant					
Structures and improvement	224,059	-	-	-	224,059
Office furniture and fixtures	89,730	-	11,906	-	101,636
Transportation equipment	1,920,137	-	84,943	-	2,005,080
Shop equipment	56,994	-	-	-	56,994
Tools and work equipment	237,583	-	-	-	237,583
Miscellaneous work equipment	97,109	-	-	-	97,109
Total general plant	<u>2,625,612</u>	<u>-</u>	<u>96,849</u>	<u>-</u>	<u>2,722,461</u>
Total Electric Plant Assets	<u>\$ 26,759,299</u>	<u>\$ -</u>	<u>\$ 2,528,502</u>	<u>\$ 670,690</u>	<u>\$ 28,617,111</u>

Accumulated Depreciation

Balance December 31, 2024	Asset Transferred from City	Current Year Depreciation	Disposals	Balance December 31, 2025	Depreciated Value December 31, 2025
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 41,648
-	-	-	-	-	1,568,359
1,338,855	-	84,806	-	1,423,661	2,401,748
5,476,406	-	10,570	-	5,486,976	40,558
<u>6,815,261</u>	<u>-</u>	<u>95,376</u>	<u>-</u>	<u>6,910,637</u>	<u>2,442,306</u>
523,806	-	13,031	-	536,837	64,996
87,252	-	-	-	87,252	482
686,436	-	22,071	-	708,507	123,727
197,640	-	1,381	-	199,021	5,119
599,562	-	16,517	-	616,079	63,726
3,389,684	-	214,271	-	3,603,955	2,876,569
924,124	-	67,890	-	992,014	1,267,034
140,894	-	13,643	-	154,537	393,988
516,216	-	60,342	-	576,558	527,956
4,733	-	3,295	-	8,028	91,400
643,816	-	70,665	-	714,481	1,091,096
75,575	-	10,930	-	86,505	17,968
114,557	-	1,477	-	116,034	7,831
<u>7,904,295</u>	<u>-</u>	<u>495,513</u>	<u>-</u>	<u>8,399,808</u>	<u>6,531,892</u>
192,460	-	3,538	-	195,998	28,061
78,317	-	6,867	-	85,184	16,452
1,219,381	-	139,458	-	1,358,839	646,241
56,994	-	-	-	56,994	-
237,193	-	275	-	237,468	115
63,822	-	4,755	-	68,577	28,532
<u>1,848,167</u>	<u>-</u>	<u>154,893</u>	<u>-</u>	<u>2,003,060</u>	<u>719,401</u>
<u>\$ 16,567,723</u>	<u>\$ -</u>	<u>\$ 745,782</u>	<u>\$ -</u>	<u>\$ 17,313,505</u>	<u>\$ 11,303,606</u>

New Prague Utilities Commission
New Prague, Minnesota
Water Utility Fund
Schedule of Plant Assets and Accumulated Depreciation
(Unaudited)
For the Year Ended December 31, 2025

	Cost				Balance December 31, 2025
	Balance December 31, 2024	Asset Transferred from City	Additions	Disposals	
Land	\$ 79,520	\$ -	\$ -	\$ -	\$ 79,520
Construction in progress	51,632	-	800,108	-	851,740
Production plant					
Wells, pumps and pump house	2,197,186	-	42,695	-	2,239,881
Building	2,454,933	-	-	-	2,454,933
Water treatment building	68,117	-	-	-	68,117
Water treatment equipment	1,253,269	-	-	-	1,253,269
Total Production Plant	<u>5,973,505</u>	<u>-</u>	<u>42,695</u>	<u>-</u>	<u>6,016,200</u>
Distribution system					
Elevated storage tank	1,988,570	-	-	-	1,988,570
Reservoirs	732,530	-	-	-	732,530
Distribution system	8,099,391	-	-	-	8,099,391
Water meters	1,127,278	-	7,575	-	1,134,853
PRU valves	903	-	-	-	903
Main Street water treatment upgrade	215,848	-	-	-	215,848
SCADA system	351,946	-	-	-	351,946
Total Distribution System	<u>12,516,466</u>	<u>-</u>	<u>7,575</u>	<u>-</u>	<u>12,524,041</u>
General plant					
Building improvements - office	5,534	-	-	-	5,534
Office furniture and fixtures	29,980	-	5,556	-	35,536
Transportation equipment	266,272	10,000	-	11,573	264,699
Miscellaneous equipment	39,308	-	-	-	39,308
Unearned maintenance	24,794	-	-	-	24,794
Shop equipment	1,418	-	-	-	1,418
Total General Plant	<u>367,306</u>	<u>10,000</u>	<u>5,556</u>	<u>11,573</u>	<u>371,289</u>
Total Water Plant Assets	<u>\$ 18,988,429</u>	<u>\$ 10,000</u>	<u>\$ 855,934</u>	<u>\$ 11,573</u>	<u>\$ 19,842,790</u>

Accumulated Depreciation

Balance December 31, 2024	Asset Transferred from City	Current Year Depreciation	Disposals	Balance December 31, 2025	Depreciated Value December 31, 2025
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 79,520
-	-	-	-	-	851,740
2,043,352	-	33,917	-	2,077,269	162,612
1,141,318	-	83,030	-	1,224,348	1,230,585
39,334	-	2,025	-	41,359	26,758
1,175,233	-	40,081	-	1,215,314	37,955
<u>4,399,237</u>	<u>-</u>	<u>159,053</u>	<u>-</u>	<u>4,558,290</u>	<u>1,457,910</u>
1,205,294	-	60,258	-	1,265,552	723,018
478,714	-	23,905	-	502,619	229,911
2,012,050	-	199,644	-	2,211,694	5,887,697
594,867	-	56,740	-	651,607	483,246
622	-	35	-	657	246
189,035	-	5,959	-	194,994	20,854
189,387	-	18,019	-	207,406	144,540
<u>4,669,969</u>	<u>-</u>	<u>364,560</u>	<u>-</u>	<u>5,034,529</u>	<u>7,489,512</u>
4,078	-	140	-	4,218	1,316
26,154	-	1,312	-	27,466	8,070
201,185	-	16,575	11,573	206,187	58,512
38,235	-	1,073	-	39,308	-
24,794	-	-	-	24,794	-
1,418	-	-	-	1,418	-
<u>295,864</u>	<u>-</u>	<u>19,100</u>	<u>11,573</u>	<u>303,391</u>	<u>67,898</u>
<u>\$ 9,365,070</u>	<u>\$ -</u>	<u>\$ 542,713</u>	<u>\$ 11,573</u>	<u>\$ 9,896,210</u>	<u>\$ 9,946,580</u>