



Annual Financial Report

City of New Prague

New Prague, Minnesota

For the year ended December 31, 2023



Edina Office

5201 Eden Avenue, Ste 250
Edina, MN 55436
P 952.835.9090

Mankato Office

100 Warren Street, Ste 600
Mankato, MN 56001
P 507.625.2727

Scottsdale Office

14500 N Northsight Blvd, Ste 233
Scottsdale, AZ 85260
P 480.864.5579

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INTRODUCTORY SECTION

CITY OF NEW PRAGUE
NEW PRAGUE, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2023

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City of New Prague, Minnesota
Elected and Appointed Officials
For the Year Ended December 31, 2023

Elected Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Duane Jirik	Mayor	12/31/2024
Maggie Bass	Council	12/31/2026
Rik Seiler	Council	12/31/2026
Bruce Wolf	Council	12/31/2024
Shawn Ryan	Council	12/31/2024

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, 2023

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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, 2023, 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, 2023, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the General fund 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; this includes 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.

Other Matters

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, and the Schedule of Changes in the City's Total OPEB Liability and Related Ratios starting on page 88 be 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 who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Supplementary Information

Our audit was conducted for the purpose of forming opinion 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, 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 statement 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 April 30, 2024 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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Mankato, Minnesota
April 30, 2024



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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, 2023.

Financial Highlights

- The assets and deferred outflows or resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year as shown in the summary of net position on the following pages. The unrestricted net position may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased as shown in the summary of changes in net assets table on the following pages. This increase was due to an increase in charges for services in the business-type activities and decreased public works expenditures due some larger capital projects coming to a close.
- As of the close of the current fiscal year, the City's governmental funds fund balances are shown in the Financial Analysis of the City's funds section of the MD&A. The total fund balance increased in comparison with the prior year. This increase was mainly due to the issuance of General Obligation Bonds, Series 2023A to cover ongoing project costs. The total of assigned and unassigned fund balance as shown in the governmental fund balance table is available for spending at the City's discretion.
- Unassigned fund balance in the General Fund, as shown in the financial analysis of the City's funds section, decreased from the prior year.
- The City's total bonded debt increase during the year. The increase was due to the issuance of General Obligation Bonds, Series 2023A.

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 explains and supports 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

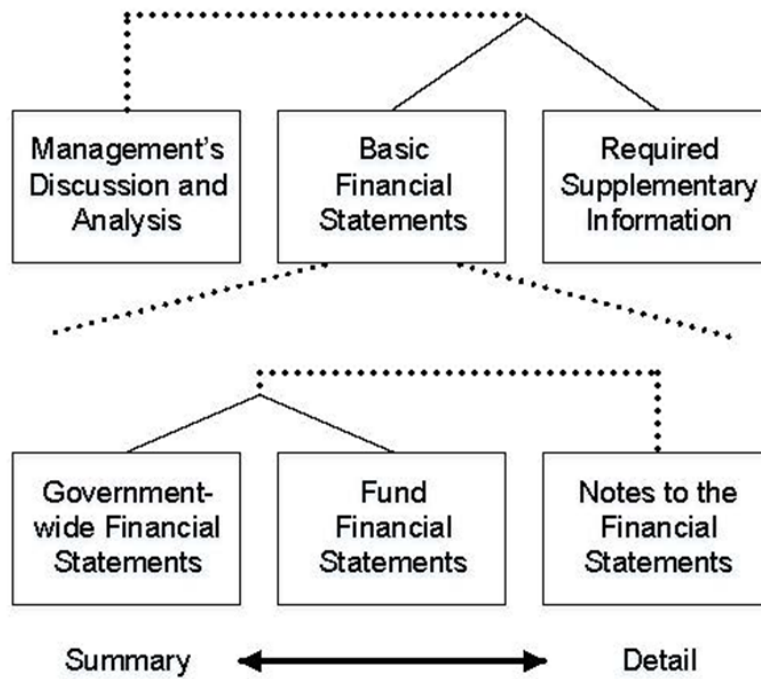


Figure 2 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the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

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

	Government-wide Statements	Fund Financial 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, Debt Service funds and the CIP 2023 fund, 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 funds 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 43 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 49 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 benefits 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 88 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 at 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

	Governmental Activities			Business-type Activities		
	2023	2022	Increase (Decrease)	2023	2022	Increase (Decrease)
Assets						
Current and other assets	\$ 19,434,599	\$ 19,649,828	\$ (215,229)	\$ 22,890,773	\$ 20,622,196	\$ 2,268,577
Capital assets	23,667,404	19,965,174	3,702,230	51,747,280	51,777,827	(30,547)
Total Assets	<u>43,102,003</u>	<u>39,615,002</u>	<u>3,487,001</u>	<u>74,638,053</u>	<u>72,400,023</u>	<u>2,238,030</u>
Deferred Outflows of Resources	<u>2,687,547</u>	<u>2,933,368</u>	<u>(245,821)</u>	<u>463,061</u>	<u>743,634</u>	<u>(280,573)</u>
Liabilities						
Long-term liabilities						
outstanding	13,264,941	14,361,293	(1,096,352)	33,667,198	34,232,013	(564,815)
Other liabilities	1,029,932	1,893,861	(863,929)	2,138,019	1,911,474	226,545
Total Liabilities	<u>14,294,873</u>	<u>16,255,154</u>	<u>(1,960,281)</u>	<u>35,805,217</u>	<u>36,143,487</u>	<u>(338,270)</u>
Deferred Inflows of Resources	<u>2,440,138</u>	<u>268,449</u>	<u>2,171,689</u>	<u>538,453</u>	<u>54,606</u>	<u>483,847</u>
Net Position						
Net investment in						
capital assets	13,597,101	10,774,937	2,822,164	19,996,938	20,253,591	(256,653)
Restricted	8,981,063	7,881,407	1,099,656	-	-	-
Unrestricted	<u>6,476,375</u>	<u>7,368,423</u>	<u>(892,048)</u>	<u>18,760,506</u>	<u>16,691,973</u>	<u>2,068,533</u>
Total Net Position	<u>\$ 29,054,539</u>	<u>\$ 26,024,767</u>	<u>\$ 3,029,772</u>	<u>\$ 38,757,444</u>	<u>\$ 36,945,564</u>	<u>\$ 1,811,880</u>
Net Position as a Percent of Total						
Net investment in						
capital assets	46.8 %	41.4 %		51.6 %	54.8 %	
Restricted	30.9	30.3		-	-	
Unrestricted	<u>22.3</u>	<u>28.3</u>		<u>48.4</u>	<u>45.2</u>	
	<u>100.0 %</u>	<u>100.0 %</u>		<u>100.0 %</u>	<u>100.0 %</u>	

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. Governmental activities increased the City's net position, as shown below. This increase was mainly due to a decrease in public works expenses. Key elements of this increase are as follows:

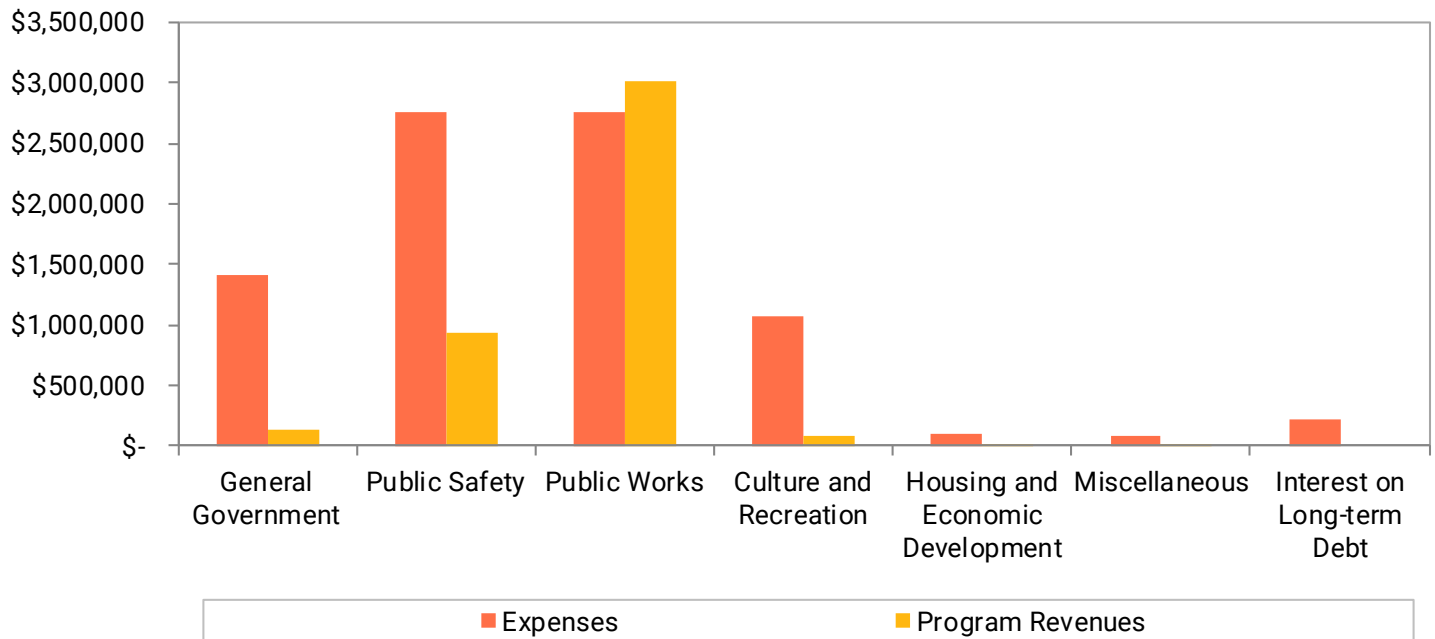
City of New Prague's Changes in Net Position

	Governmental Activities			Business-type Activities		
	2023	2022	Increase (Decrease)	2023	2022	Increase (Decrease)
Revenues						
Program Revenues						
Charges for services	\$ 566,661	\$ 611,044	\$ (44,383)	\$ 17,570,505	\$ 16,278,637	\$ 1,291,868
Operating grants and contributions	774,529	369,697	404,832	-	-	-
Capital grants and contributions	2,874,352	3,250,969	(376,617)	341,666	342,437	(771)
General Revenues						
Property taxes/tax increments	4,853,414	4,739,933	113,481	-	-	-
Franchise taxes	94,949	98,409	(3,460)	-	-	-
Grants and contributions not restricted to specific programs	1,532,098	971,119	560,979	199	9,646	(9,447)
Investment earnings	696,255	130,968	565,287	612,568	(206,809)	819,377
Other	67,298	31,202	36,096	-	-	-
Gain on sale of capital assets	73,602	-	73,602	23,945	30,000	(6,055)
Total Revenues	<u>11,533,158</u>	<u>10,203,341</u>	<u>1,329,817</u>	<u>18,548,883</u>	<u>16,453,911</u>	<u>2,094,972</u>
Expenses						
General government	1,409,875	1,290,362	119,513	-	-	-
Public safety	2,764,556	2,591,794	172,762	-	-	-
Public works	2,757,709	4,728,591	(1,970,882)	-	-	-
Culture and recreation	1,067,252	992,550	74,702	-	-	-
Economic development	109,139	128,858	(19,719)	-	-	-
Miscellaneous	86,379	26,694	59,685	-	-	-
Interest on long-term debt	227,206	232,507	(5,301)	-	-	-
Water utility	-	-	-	1,484,765	1,510,608	(25,843)
Sewer utility	-	-	-	4,010,713	3,831,411	179,302
Storm water utility	-	-	-	404,204	382,057	22,147
Electric utility	-	-	-	9,406,677	8,534,062	872,615
Golf	-	-	-	1,498,240	1,309,955	188,285
Ambulance	-	-	-	13,674	14,188	(514)
Total Expenses	<u>8,422,116</u>	<u>9,991,356</u>	<u>(1,569,240)</u>	<u>16,818,273</u>	<u>15,582,281</u>	<u>1,235,992</u>
Increase (Decrease) in Net Position Before Transfers and Contributions	3,111,042	211,985	2,899,057	1,730,610	871,630	858,980
Capital contributions	-	-	-	-	-	-
Transfers	<u>(81,270)</u>	<u>(81,270)</u>	<u>-</u>	<u>81,270</u>	<u>81,270</u>	<u>-</u>
Change in Net Position	3,029,772	130,715	2,899,057	1,811,880	952,900	858,980
Net Position - January 1	<u>26,024,767</u>	<u>25,894,052</u>	<u>130,715</u>	<u>36,945,564</u>	<u>35,992,664</u>	<u>952,900</u>
Net Position - December 31	<u>\$ 29,054,539</u>	<u>\$ 26,024,767</u>	<u>\$ 3,029,772</u>	<u>\$ 38,757,444</u>	<u>\$ 36,945,564</u>	<u>\$ 1,811,880</u>

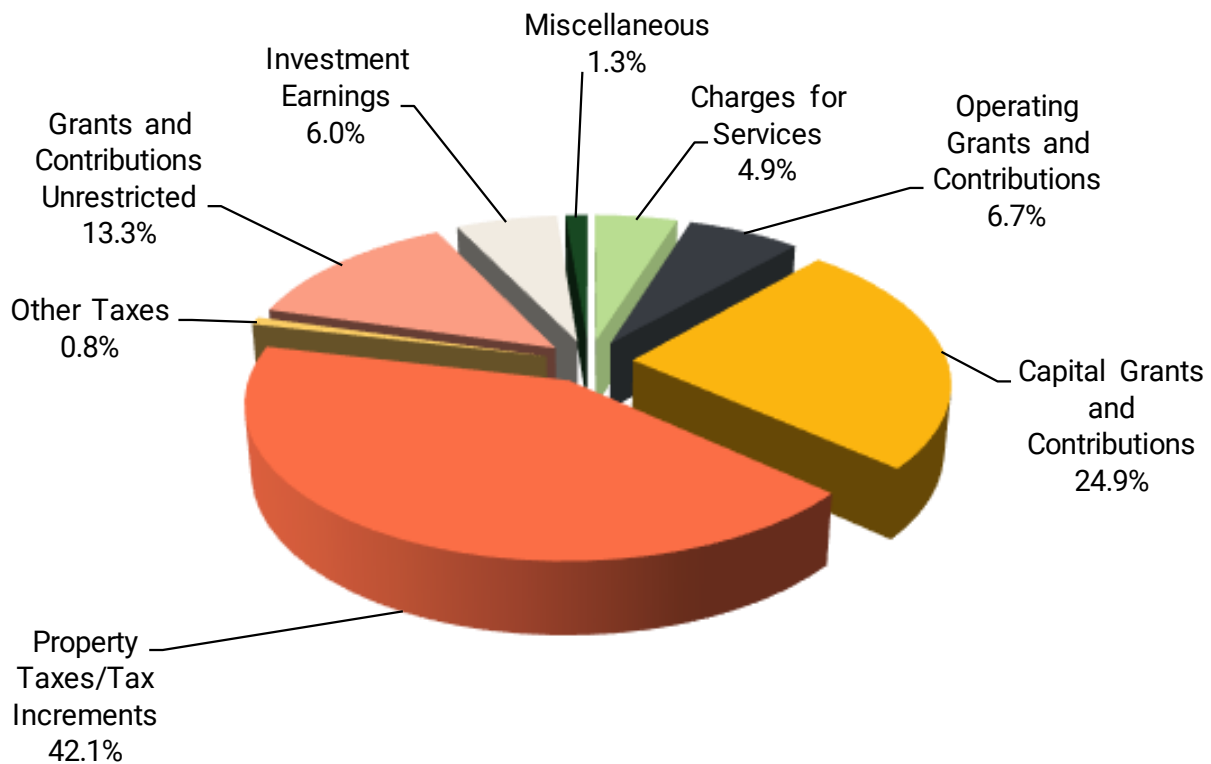
The decrease in capital grants and contributions and public works expenses relate to the completion of the 2022 street project that was in conjunction with MNDOT.

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

Expenses and Program Revenues - Governmental Activities



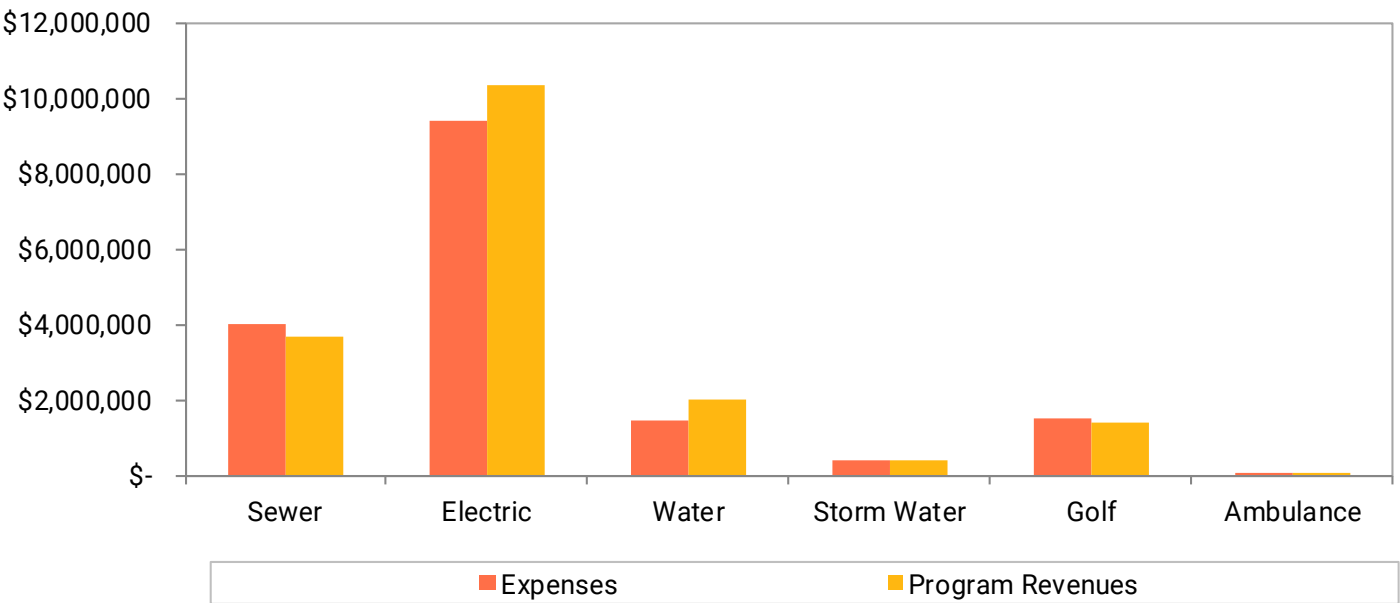
Revenues by Source - Governmental Activities



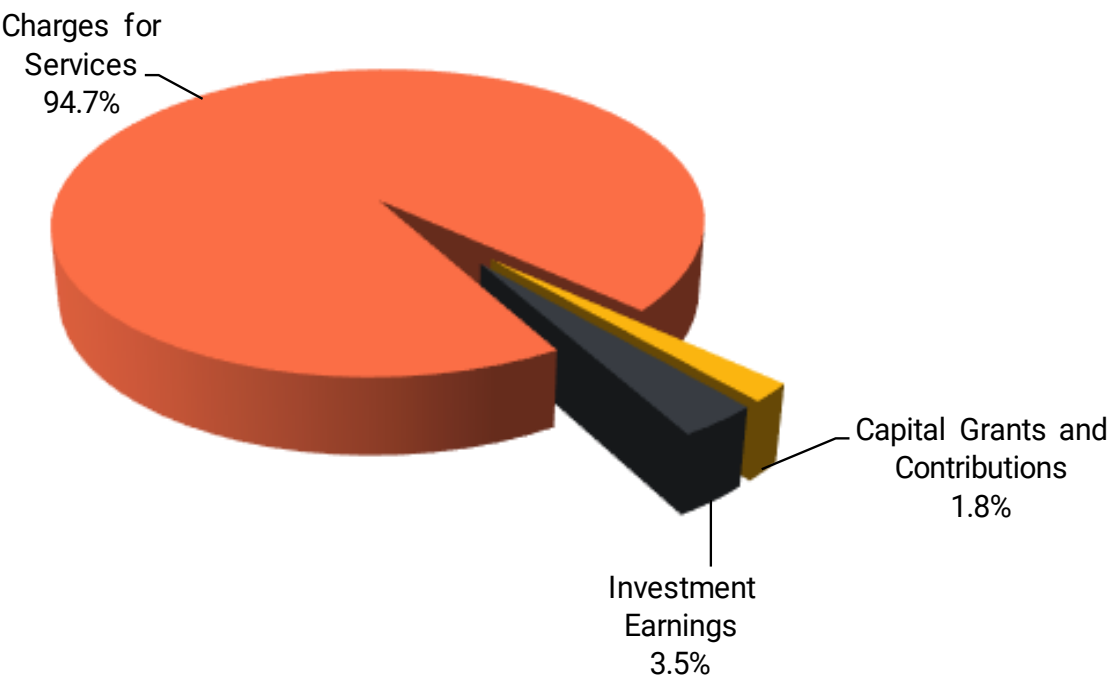
Business-type Activities. Business-type activities increased the City’s net position as shown in the changes in net position table in the pages above. Key factors for the increase are as follows:

- Charges for services for business-type activities increased due to increases in rates and usage during the year.
- Total expenses for business-type activities increased due to rising costs for materials.
- Investment earnings increased due to rising interest rates.

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, 2023:

	General Fund	Debt Service Fund	CIP 2023	Other Governmental Funds	Total	Prior Year Total	Increase/ (Decrease)
Fund Balances							
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,650	\$ (3,650)
Restricted	359,753	4,878,058	-	1,538,008	6,775,819	5,895,229	880,590
Committed	743,987	-	-	-	743,987	743,987	-
Assigned	1,198,162	-	-	2,844,393	4,042,555	4,859,572	(817,017)
Unassigned	3,189,952	-	258,309	(401,689)	3,046,572	2,670,709	375,863
	<u>\$ 5,491,854</u>	<u>\$ 4,878,058</u>	<u>\$ 258,309</u>	<u>\$ 3,980,712</u>	<u>\$ 14,608,933</u>	<u>\$ 14,173,147</u>	<u>\$ 435,786</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 51 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	\$ -	\$ 3,650	\$ (3,650)
Restricted	359,753	-	359,753
Committed	743,987	743,987	-
Assigned	1,198,162	1,954,814	(756,652)
Unassigned	<u>3,189,952</u>	<u>3,225,620</u>	<u>(35,668)</u>
	<u>\$ 5,491,854</u>	<u>\$ 5,928,071</u>	<u>\$ (436,217)</u>
General Fund expenditures	\$ 7,565,722	\$ 5,454,082	
Unassigned as a percent of expenditures	42.2%	59.1%	
Total Fund Balance as a percent of expenditures	72.6%	108.7%	

The fund balance of the City's General Fund decreased during the current fiscal year as shown in the table above. The decrease was due to increased capital outlay in the parks department related to the purchase of a building.

Other major governmental analysis is shown below:

	December 31, 2023	December 31, 2022	Increase (Decrease)
Debt Service fund	\$ 4,878,058	\$ 4,553,537	\$ 324,521
<i>The Debt Service fund increase in fund balance during the year was due to increased investment earnings during the current year.</i>			
CIP 2023	\$ 258,309	\$ (102,185)	\$ 360,494
<i>The CIP 2023 total fund balance increased during the due to the issuance of General Obligation Bonds, Series 2023A 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, 2023	December 31, 2022	Increase (Decrease)
Water Utility	\$ 8,426,635	\$ 7,787,863	\$ 638,772
<i>The Water Utility fund increase in fund balance during the year was due to increased charges for services revenue during the current year.</i>			
Electric Utility	\$ 16,850,237	\$ 15,688,321	\$ 1,161,916
<i>The Electric Utility fund increase in fund balance during the year was due to increased charges for services revenue during the current year.</i>			
Sewer Utility	\$ 9,067,046	\$ 9,152,471	\$ (85,425)
<i>The Sewer Utility total fund balance decreased during the due to increased supply expenses incurred in the current year.</i>			

General Fund Budgetary Highlights

	Original Budgeted Amounts	Budget Amendments	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues	\$ 6,084,690	\$ 31,400	\$ 6,116,090	\$ 7,009,688	\$ 893,598
Expenditures	6,383,455	1,191,000	7,574,455	7,565,722	8,733
Excess of Revenues Over Expenditures	(298,765)	(1,159,600)	(1,458,365)	(556,034)	902,331
Other Financing Sources (Uses)					
Sale of capital assets	-	-	-	11,102	11,102
Transfers in	225,385	(400)	224,985	229,985	5,000
Transfers out	(121,270)	-	(121,270)	(121,270)	-
Total Other Financing Sources (Uses)	104,115	(400)	103,715	119,817	16,102
Net Change in Fund Balances	(194,650)	(1,160,000)	(1,354,650)	(436,217)	918,433
Fund Balances, January 1	5,928,071	-	5,928,071	5,928,071	-
Fund Balances, December 31	<u>\$ 5,733,421</u>	<u>\$ (1,160,000)</u>	<u>\$ 4,573,421</u>	<u>\$ 5,491,854</u>	<u>\$ 918,433</u>

The City's overall budget was amended during the year as shown above. The budget amendment increased revenues relating to ARPA funds and increased expenses related to parks capital outlay. Actual revenues and expenditures were under the final budget amounts as shown above.

The City's overall budget was amended during the year as shown above. The budget amendment increased revenues relating to ARPA funds and increased expenses related to parks capital outlay. Actual revenues and expenditures were under the final budget amounts 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, 2023, 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
 - Sidewalk machine
 - Parks garage
 - Toro Z-master lawn mower
- Street Department
 - Freightliner plow truck and sander
 - F-550 pickup with dump box
- Police Department
 - 4 squad SUV's
- Fire Department
 - 2 Chief's vehicles
- Enterprise Funds – Electric
 - Forklift
 - 2 Chevy Silverado pickup trucks
 - F-550 dump truck
- 2023 CIP road construction project – Sunrise and Sunset Ave

Additional information on the City's capital assets can be found in Note 3C starting on page 62 of this report.

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

	Governmental Activities			Business-type Activities			Total		
	2023	2022	Increase (Decrease)	2023	2022	Increase (Decrease)	2023	2022	Increase (Decrease)
Land	\$ 2,013,415	\$ 2,013,415	\$ -	\$ 178,148	\$ 178,148	\$ -	\$ 2,191,563	\$ 2,191,563	\$ -
Land Improvements	669,187	535,193	133,994	6,820	8,383	(1,563)	676,007	543,576	132,431
Buildings and Improvements	3,255,463	3,402,025	(146,562)	20,992,742	18,619,877	2,372,865	24,248,205	22,021,902	2,226,303
Infrastructure	12,459,048	9,804,574	2,654,474	23,153,533	18,593,095	4,560,438	35,612,581	28,397,669	7,214,912
Furniture and Equipment	1,993,263	1,584,551	408,712	7,035,351	7,400,778	(365,427)	9,028,614	8,985,329	43,285
Construction in Progress	3,277,028	2,625,416	651,612	380,686	6,977,546	(6,596,860)	3,657,714	9,602,962	(5,945,248)
Total	\$ 23,667,404	\$ 19,965,174	\$ 3,702,230	\$ 51,747,280	\$ 51,777,827	\$ (30,547)	\$ 75,414,684	\$ 71,743,001	\$ 3,671,683
Percent increase (decrease)			18.5%			-0.1%			5.1%

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		
	2023	2022	Increase (Decrease)	2023	2022	Increase (Decrease)
General Obligation Bonds	\$ 1,730,000	\$ 2,135,000	\$ (405,000)	\$ -	\$ -	\$ -
G.O. Improvement Bonds	7,797,846	6,276,160	1,521,686	-	-	-
General Obligation Revenue Bonds	-	-	-	30,741,154	30,643,840	97,314
Revenue Bonds	-	-	-	262,000	365,000	(103,000)
Indenture of Trust	132,000	143,000	(11,000)	-	-	-
Total	\$ 9,659,846	\$ 8,554,160	\$ 1,105,686	\$ 31,003,154	\$ 31,008,840	\$ (5,686)
Percent increase (decrease)			12.9%			0.0%

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 General Obligation Bonds, Series 2023A.

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 \$30,547,392 which is in excess of the City's outstanding general obligation debt of \$1,730,000.

Additional information on the City's long-term debt can be found in Note 3E starting on page 65 of this report.

Economic Factors and Next Year's Budgets and Rates

The unemployment rate for Scott County is currently 2.3 percent, which is a decrease from a rate of 2.4 percent a year ago. The rate for Le Sueur County is currently at 4.4 percent, which is a decrease from a rate of 5.3 percent a year ago. These rates can be compared to the State's average unemployment rate of 2.7 percent and the national average rate of 3.7 percent.

All of these factors were considered in preparing the City's budget for the 2024 fiscal year.

- The City's adopted 2024 General fund expenditure budget totaled \$6,419,640, which is a \$82,135 or 1.28 percent decrease over the 2023 amended budget of \$6,501,775.
- New single family residential homes constructed in 2023 totaled 11. This was lower than the total of 14 new homes constructed in 2022.
- The rate increases for utility operations for 2024 are as follows:
 - Electric: 2 percent for residential rates, 1 percent on commercial rates and 2.3 percent on industrial and demand rates. No change to customer base charges.
 - Water: No change to base rates but an introduction to a seasonal rate change for June-September
 - Sewer: 3.5 percent
 - Storm Sewer: No change

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, 2023

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City of New Prague, Minnesota
Statement of Net Position
December 31, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Economic Development Authority
Assets				
Cash and temporary investments	\$ 14,510,217	\$ 18,739,928	\$ 33,250,145	\$ 630,793
Receivables				
Interest	126,574	-	126,574	-
Delinquent taxes	28,049	-	28,049	-
Accounts, net of allowance	174,774	2,080,245	2,255,019	11,134
Notes, net of allowance	608,592	-	608,592	-
Special assessments	2,552,126	738,547	3,290,673	-
Intergovernmental	1,274,645	95,542	1,370,187	421
Inventories	-	1,234,267	1,234,267	-
Prepaid items	-	2,244	2,244	-
Land held for resale	-	-	-	453,940
Net pension asset	159,622	-	159,622	-
Capital assets				
Nondepreciable	5,290,443	558,834	5,849,277	667,880
Depreciable, net of accumulated depreciation	18,376,961	51,188,446	69,565,407	76,137
Total Assets	<u>43,102,003</u>	<u>74,638,053</u>	<u>117,740,056</u>	<u>1,840,305</u>
Deferred Outflows of Resources				
Deferred other post employment benefit resources	23,685	14,796	38,481	174
Deferred pension resources	2,663,862	448,265	3,112,127	8,406
Total Deferred Outflows of Resources	<u>2,687,547</u>	<u>463,061</u>	<u>3,150,608</u>	<u>8,580</u>
Liabilities				
Accounts and contracts payable	459,552	1,228,633	1,688,185	6,444
Due to other governments	27,723	33,286	61,009	-
Accrued interest payable	120,225	408,012	528,237	-
Accrued wages payable	55,734	48,860	104,594	746
Deposits payable	27,948	300,565	328,513	-
Unearned revenue	338,750	118,663	457,413	-
Noncurrent liabilities				
Due within one year				
Long-term liabilities	1,126,896	1,944,162	3,071,058	-
Due in more than one year				
Long-term liabilities	9,536,369	30,043,206	39,579,575	-
Net pension liability	2,482,873	1,605,615	4,088,488	26,867
Other postemployment benefits liability	118,803	74,215	193,018	870
Total Liabilities	<u>14,294,873</u>	<u>35,805,217</u>	<u>50,100,090</u>	<u>34,927</u>
Deferred Inflows of Resources				
Deferred other post employment benefit resources	44,834	28,008	72,842	329
Deferred pension resources	2,395,304	510,445	2,905,749	8,588
Total Deferred Inflows of Resources	<u>2,440,138</u>	<u>538,453</u>	<u>2,978,591</u>	<u>8,917</u>
Net Position				
Net investment in capital assets	13,597,101	19,996,938	33,594,039	744,017
Restricted for				
Debt service	6,923,680	-	6,923,680	-
Capital projects	398,119	-	398,119	-
Net pension asset	159,622	-	159,622	-
Economic development	1,037,865	-	1,037,865	-
Upgrades	67,188	-	67,188	-
Park improvements	34,836	-	34,836	-
Public safety aid	359,753	-	359,753	-
Unrestricted	6,476,375	18,760,506	25,236,881	1,061,024
Total Net Position	<u>\$ 29,054,539</u>	<u>\$ 38,757,444</u>	<u>\$ 67,811,983</u>	<u>\$ 1,805,041</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, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 1,409,875	\$ 129,116	\$ 5,000	\$ -
Public safety	2,764,556	335,245	606,267	-
Public works	2,757,709	32,437	117,161	2,874,352
Culture and recreation	1,067,252	46,681	46,101	-
Economic development	109,139	15,982	-	-
Miscellaneous	86,379	7,200	-	-
Interest on long-term debt	227,206	-	-	-
Total Governmental Activities	<u>8,422,116</u>	<u>566,661</u>	<u>774,529</u>	<u>2,874,352</u>
Business-type activities				
Sewer utility	4,010,713	3,487,456	-	183,963
Electric utility	9,406,677	10,343,883	-	26,795
Water utility	1,484,765	1,901,337	-	130,908
Storm water utility	404,204	406,643	-	-
Golf	1,498,240	1,411,236	-	-
Ambulance	13,674	19,950	-	-
Total Business-type Activities	<u>16,818,273</u>	<u>17,570,505</u>	<u>-</u>	<u>341,666</u>
Total Primary Government	<u>\$ 25,240,389</u>	<u>\$ 18,137,166</u>	<u>\$ 774,529</u>	<u>\$ 3,216,018</u>
Component Unit				
Economic development	<u>\$ 89,472</u>	<u>\$ 11,219</u>	<u>\$ 3</u>	<u>\$ -</u>

General Revenues
 Property taxes, levied for general purposes
 Property taxes, levied for debt service
 Tax increments
 Franchise taxes
 Grants and contributions not restricted to specific programs
 Unrestricted investment earnings (loss)
 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			
			Component Unit
Primary Government			Economic Development Authority
Governmental Activities	Business-type Activities	Total	
\$ (1,275,759)	\$ -	\$ (1,275,759)	
(1,823,044)	-	(1,823,044)	
266,241	-	266,241	
(974,470)	-	(974,470)	
(93,157)	-	(93,157)	
(79,179)	-	(79,179)	
(227,206)	-	(227,206)	
<u>(4,206,574)</u>	<u>-</u>	<u>(4,206,574)</u>	
-	\$ (339,294)	(339,294)	
-	964,001	964,001	
-	547,480	547,480	
-	2,439	2,439	
-	(87,004)	(87,004)	
-	6,276	6,276	
<u>-</u>	<u>1,093,898</u>	<u>1,093,898</u>	
			\$ (78,250)
3,751,497	-	3,751,497	74,653
992,778	-	992,778	-
109,139	-	109,139	-
94,949	-	94,949	-
1,532,098	199	1,532,297	-
696,255	612,568	1,308,823	18,861
67,298	-	67,298	53,315
73,602	23,945	97,547	-
(81,270)	81,270	-	-
<u>7,236,346</u>	<u>717,982</u>	<u>7,954,328</u>	<u>146,829</u>
3,029,772	1,811,880	4,841,652	68,579
<u>26,024,767</u>	<u>36,945,564</u>	<u>62,970,331</u>	<u>1,736,462</u>
<u>\$ 29,054,539</u>	<u>\$ 38,757,444</u>	<u>\$ 67,811,983</u>	<u>\$ 1,805,041</u>

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, 2023

City of New Prague, Minnesota
Balance Sheet
Governmental Funds
December 31, 2023

	General	Debt Service	CIP 2023	Other Governmental Funds	Totals
Assets					
Cash and temporary investments	\$ 5,464,567	\$ 4,347,721	\$ 293,760	\$ 4,404,169	\$ 14,510,217
Receivables					
Interest	126,574	-	-	-	126,574
Delinquent taxes	28,049	-	-	-	28,049
Accounts	149,774	-	-	25,000	174,774
Notes, net of allowance	-	576,666	-	31,926	608,592
Special assessments	4,505	2,297,847	-	249,774	2,552,126
Intergovernmental	92,471	6,012	-	1,176,162	1,274,645
Total Assets	\$ 5,865,940	\$ 7,228,246	\$ 293,760	\$ 5,887,031	\$ 19,274,977
Liabilities					
Accounts and contracts payable	\$ 240,419	\$ 52,341	\$ 35,451	\$ 131,341	\$ 459,552
Due to other governments	26,931	-	-	792	27,723
Accrued wages payable	55,734	-	-	-	55,734
Deposits payable	18,173	-	-	9,775	27,948
Unearned revenue	275	-	-	338,475	338,750
Total Liabilities	341,532	52,341	35,451	480,383	909,707
Deferred Inflows of Resources					
Unavailable revenue - property taxes	28,049	-	-	-	28,049
Unavailable revenue - special assessments	4,505	2,297,847	-	249,774	2,552,126
Unavailable revenue - grants	-	-	-	1,176,162	1,176,162
Total Deferred Inflows of Resources	32,554	2,297,847	-	1,425,936	3,756,337
Fund Balances					
Restricted for					
Debt service	-	4,878,058	-	-	4,878,058
Economic development	-	-	-	1,037,865	1,037,865
Upgrades	-	-	-	67,188	67,188
Capital projects	-	-	-	398,119	398,119
Park improvements	-	-	-	34,836	34,836
Public safety aid	359,753	-	-	-	359,753
Committed for					
Emergency weather/disaster purposes	100,000	-	-	-	100,000
Future athletic field	143,987	-	-	-	143,987
Public facilities and infrastructure	500,000	-	-	-	500,000
Assigned for					
Acquisition of equipment and vehicles	330,059	-	-	-	330,059
ARPA	-	-	-	29,924	29,924
Renovation/replacement of public facilities	834,002	-	-	-	834,002
Capital projects	-	-	-	2,390,699	2,390,699
Equipment	-	-	-	10,232	10,232
Economic development	-	-	-	67,295	67,295
Crime prevention	-	-	-	43,640	43,640
Park improvements	-	-	-	302,603	302,603
Rental house	34,101	-	-	-	34,101
Unassigned	3,189,952	-	258,309	(401,689)	3,046,572
Total Fund Balances	5,491,854	4,878,058	258,309	3,980,712	14,608,933
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 5,865,940	\$ 7,228,246	\$ 293,760	\$ 5,887,031	\$ 19,274,977

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, 2023

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

Total Fund Balances - Governmental Funds	\$ 14,608,933
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.	159,622
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	23,667,404
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	(202,653)
Bonds payable	(9,527,846)
Indenture of trust payable (HRA)	(132,000)
Bond premiums, net of amortization	(800,766)
Other post employment benefits	(118,803)
Net pension liability	(2,482,873)
Long-term assets are not available to pay current-period expenditures and, therefore, are unavailable in the funds.	
Delinquent property taxes receivable	28,049
Special assessments receivable	2,552,126
Grants receivable	1,176,162
Governmental funds do not report long-term amounts related to pensions.	
Deferred outflows of resources - pension resources	2,663,862
Deferred inflows of resources - pension resources	(2,395,304)
Governmental funds do not report long-term amounts related to other post employment benefits.	
Deferred outflows of other post employment benefit resources	23,685
Deferred inflows of other post employment benefit resources	(44,834)
Governmental funds do not report a liability for accrued interest until due and payable.	<u>(120,225)</u>
Total Net Position - Governmental Activities	<u><u>\$ 29,054,539</u></u>

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, 2023

	General	Debt Service	CIP 2023	Other Governmental Funds	Totals
Revenues					
Taxes	\$ 3,839,128	\$ 901,700	\$ -	\$ 205,421	\$ 4,946,249
Special assessments	-	553,519	-	1,339	554,858
Licenses and permits	321,635	-	-	-	321,635
Intergovernmental	2,319,968	-	-	339,777	2,659,745
Charges for services	71,430	-	-	49,996	121,426
Fines and forfeits	26,319	-	-	-	26,319
Investment earnings	347,250	121,842	-	227,163	696,255
Miscellaneous	83,958	15,442	-	51,697	151,097
Total Revenues	<u>7,009,688</u>	<u>1,592,503</u>	<u>-</u>	<u>875,393</u>	<u>9,477,584</u>
Expenditures					
Current					
General government	1,285,787	-	-	-	1,285,787
Public safety	2,329,320	-	-	8,996	2,338,316
Public works	1,098,943	-	-	1,528	1,100,471
Culture and recreation	856,231	-	-	-	856,231
Economic development	-	109,139	-	-	109,139
Miscellaneous	86,379	-	-	-	86,379
Capital outlay					
Public safety	244,393	-	-	-	244,393
Public works	265,438	-	1,908,550	295,801	2,469,789
Culture and recreation	1,399,231	-	-	-	1,399,231
Debt service					
Principal	-	1,029,314	-	-	1,029,314
Interest and other	-	284,622	-	-	284,622
Bond issuance costs and fees	-	37,002	18,428	-	55,430
Total Expenditures	<u>7,565,722</u>	<u>1,460,077</u>	<u>1,926,978</u>	<u>306,325</u>	<u>11,259,102</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(556,034)</u>	<u>132,426</u>	<u>(1,926,978)</u>	<u>569,068</u>	<u>(1,781,518)</u>
Other Financing Sources (Uses)					
Sale of assets	11,102	-	-	-	11,102
Transfers in	229,985	192,095	-	-	422,080
Debt issued	-	-	2,135,000	-	2,135,000
Premium on bonds issued	-	-	152,472	-	152,472
Transfers out	(121,270)	-	-	(382,080)	(503,350)
Total Other Financing Sources (Uses)	<u>119,817</u>	<u>192,095</u>	<u>2,287,472</u>	<u>(382,080)</u>	<u>2,217,304</u>
Net Change in Fund Balances	(436,217)	324,521	360,494	186,988	435,786
Fund Balances, January 1	<u>5,928,071</u>	<u>4,553,537</u>	<u>(102,185)</u>	<u>3,793,724</u>	<u>14,173,147</u>
Fund Balances, December 31	<u>\$ 5,491,854</u>	<u>\$ 4,878,058</u>	<u>\$ 258,309</u>	<u>\$ 3,980,712</u>	<u>\$ 14,608,933</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, 2023

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

Net change in fund balances - governmental funds	\$ 435,786
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.	
Capital outlay	3,748,297
Depreciation expense	(1,701,397)
Book value of traded in assets added to new asset	62,500
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to increase (decrease) net position.	
Contribution of capital assets to business-type activities	1,592,830
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.	
Principal repayments	1,029,314
Debt issued or incurred	(2,135,000)
Premiums on bonds issued, net of amortization	(21,689)
Long-term pension activity is not reported in governmental funds.	
Pension expense	(324,437)
Direct aid contributions	3,876
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.	
	(17,937)
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.	
Compensated absences	(27,052)
Other post employment benefits	(4,320)
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.	
Property taxes	2,114
Special assessments	65,481
Grants	321,406
Change in Net Position - Governmental Activities	<u><u>\$ 3,029,772</u></u>

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
Budget and Actual
General Fund
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	\$ 3,828,128	\$ 3,828,128	\$ 3,839,128	\$ 11,000
Licenses and permits	240,780	240,780	321,635	80,855
Intergovernmental	1,812,876	1,844,276	2,319,968	475,692
Charges for services	158,406	158,406	71,430	(86,976)
Fines and forfeits	20,000	20,000	26,319	6,319
Interest earnings	10,000	10,000	347,250	337,250
Miscellaneous	14,500	14,500	83,958	69,458
Total Revenues	<u>6,084,690</u>	<u>6,116,090</u>	<u>7,009,688</u>	<u>893,598</u>
Expenditures				
Current				
General government	1,315,665	1,315,665	1,285,787	29,878
Public safety	2,444,892	2,444,892	2,329,320	115,572
Public works	1,042,787	1,042,787	1,098,943	(56,156)
Culture and recreation	790,490	790,490	856,231	(65,741)
Miscellaneous	64,421	64,421	86,379	(21,958)
Capital outlay				
Public safety	194,200	194,200	244,393	(50,193)
Streets and highways	107,000	268,000	265,438	2,562
Culture and recreation	424,000	1,454,000	1,399,231	54,769
Total Expenditures	<u>6,383,455</u>	<u>7,574,455</u>	<u>7,565,722</u>	<u>8,733</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(298,765)</u>	<u>(1,458,365)</u>	<u>(556,034)</u>	<u>902,331</u>
Other Financing Sources (Uses)				
Sale of assets	-	-	11,102	11,102
Transfers in	225,385	224,985	229,985	5,000
Transfers out	(121,270)	(121,270)	(121,270)	-
Total Other Financing Sources (Uses)	<u>104,115</u>	<u>103,715</u>	<u>119,817</u>	<u>16,102</u>
Net Change in Fund Balances	(194,650)	(1,354,650)	(436,217)	918,433
Fund Balances, January 1	<u>5,928,071</u>	<u>5,928,071</u>	<u>5,928,071</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 5,733,421</u>	<u>\$ 4,573,421</u>	<u>\$ 5,491,854</u>	<u>\$ 918,433</u>

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, 2023

	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	\$ 2,657,056	\$ 3,611,086	\$ 6,268,142	\$ 8,223,860	\$ 1,654,191	\$ 16,146,193
Designated	-	2,383,735	2,383,735	210,000	-	2,593,735
Receivables						
Accounts, net of allowance	208,297	1,554,895	1,763,192	276,133	40,920	2,080,245
Special assessments - current portion	479,215	812	480,027	258,520	-	738,547
Intergovernmental	3,665	78,527	82,192	10,961	2,389	95,542
Inventories	49,666	1,126,713	1,176,379	-	57,888	1,234,267
Prepaid items	-	2,244	2,244	-	-	2,244
Total Current Assets	<u>3,397,899</u>	<u>8,758,012</u>	<u>12,155,911</u>	<u>8,979,474</u>	<u>1,755,388</u>	<u>22,890,773</u>
Noncurrent Assets						
Capital assets						
Land	79,520	41,648	121,168	56,980	-	178,148
Construction in progress	133,434	247,252	380,686	-	-	380,686
Land improvements	-	-	-	-	910,290	910,290
Buildings	5,952,857	9,314,677	15,267,534	27,964,822	1,094,511	44,326,867
Infrastructure	11,492,127	14,206,486	25,698,613	7,897,920	8,282,527	41,879,060
Machinery and equipment	367,306	2,321,987	2,689,293	13,906,584	1,589,834	18,185,711
Less accumulated depreciation	(8,848,119)	(15,837,772)	(24,685,891)	(22,636,107)	(6,791,484)	(54,113,482)
Total Capital Assets (net of accumulated depreciation)	<u>9,177,125</u>	<u>10,294,278</u>	<u>19,471,403</u>	<u>27,190,199</u>	<u>5,085,678</u>	<u>51,747,280</u>
Total Assets	<u>12,575,024</u>	<u>19,052,290</u>	<u>31,627,314</u>	<u>36,169,673</u>	<u>6,841,066</u>	<u>74,638,053</u>
Deferred Outflows of Resources						
Deferred other post employment benefit resources	3,872	5,538	9,410	3,889	1,497	14,796
Deferred pension resources	75,379	185,794	261,173	101,203	85,889	448,265
Total Deferred Outflows of Resources	<u>79,251</u>	<u>191,332</u>	<u>270,583</u>	<u>105,092</u>	<u>87,386</u>	<u>463,061</u>
Liabilities						
Current Liabilities						
Accounts and contracts payable	5,525	1,112,539	1,118,064	32,087	78,482	1,228,633
Due to other governments	7,215	-	7,215	22,959	3,112	33,286
Accrued interest payable	45,129	-	45,129	337,861	25,022	408,012
Accrued wages payable	8,699	21,431	30,130	12,744	5,986	48,860
Accrued compensated absences payable	15,925	27,467	43,392	10,151	6,718	60,261
Customer deposits payable	32,775	139,042	171,817	63,037	65,711	300,565
Unearned revenue	-	-	-	-	118,663	118,663
Current portion of bonds payable	290,976	-	290,976	1,418,577	174,348	1,883,901
Total Current Liabilities	<u>406,244</u>	<u>1,300,479</u>	<u>1,706,723</u>	<u>1,897,416</u>	<u>478,042</u>	<u>4,082,181</u>
Noncurrent Liabilities						
Accrued compensated absences payable	37,489	94,918	132,407	19,815	4,488	156,710
Bonds payable - net of current portion	3,367,777	-	3,367,777	24,836,756	1,681,963	29,886,496
Net pension liability	293,737	723,987	1,017,724	323,468	264,423	1,605,615
Other post employment benefits	19,420	27,780	47,200	19,506	7,509	74,215
Total Noncurrent Liabilities	<u>3,718,423</u>	<u>846,685</u>	<u>4,565,108</u>	<u>25,199,545</u>	<u>1,958,383</u>	<u>31,723,036</u>
Total Liabilities	<u>4,124,667</u>	<u>2,147,164</u>	<u>6,271,831</u>	<u>27,096,961</u>	<u>2,436,425</u>	<u>35,805,217</u>
Deferred Inflows of Resources						
Deferred other post employment benefit resources	7,329	10,484	17,813	7,361	2,834	28,008
Deferred pension resources	95,644	235,737	331,381	103,397	75,667	510,445
Total Deferred Inflows of Resources	<u>102,973</u>	<u>246,221</u>	<u>349,194</u>	<u>110,758</u>	<u>78,501</u>	<u>538,453</u>
Net Position						
Net investment in capital assets	5,518,967	10,294,278	15,813,245	934,866	3,248,827	19,996,938
Unrestricted	2,907,668	6,555,959	9,463,627	8,132,180	1,164,699	18,760,506
Total Net Position	<u>\$ 8,426,635</u>	<u>\$ 16,850,237</u>	<u>\$ 25,276,872</u>	<u>\$ 9,067,046</u>	<u>\$ 4,413,526</u>	<u>\$ 38,757,444</u>

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

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

	Business-type Activities - Enterprise Funds			Business-type Activities - Enterprise Funds		
	604	605	Total Public Utilities Commission	602	Total Nonmajor Funds	Totals
	Water Utility	Electric Utility		Sewer Utility		
Operating Revenues						
Sales	\$ -	\$ -	\$ -	\$ -	\$ 512,000	\$ 512,000
Cost of sales	-	-	-	-	(235,609)	(235,609)
Gross profit	-	-	-	-	276,391	276,391
Charges for services	1,878,048	10,150,856	12,028,904	3,476,553	1,304,579	16,810,036
Miscellaneous	-	-	-	-	21,233	21,233
Total Operating Revenues	1,878,048	10,150,856	12,028,904	3,476,553	1,602,203	17,107,660
Operating Expenses						
Purchases and generation	131,814	7,130,071	7,261,885	-	-	7,261,885
Transmission and distribution	420,890	180,945	601,835	-	-	601,835
Administration and general	407,828	1,395,282	1,803,110	-	-	1,803,110
Salaries and benefits	-	-	-	659,944	775,657	1,435,601
Supplies	-	-	-	311,751	195,429	507,180
Other services and charges	-	-	-	143,262	177,616	320,878
Insurance	-	-	-	56,763	17,189	73,952
Utilities	-	-	-	369,254	119,636	488,890
Depreciation	433,405	695,512	1,128,917	1,546,781	338,034	3,013,732
Total Operating Expenses	1,393,937	9,401,810	10,795,747	3,087,755	1,623,561	15,507,063
Operating Income (Loss)	484,111	749,046	1,233,157	388,798	(21,358)	1,600,597
Nonoperating Revenues (Expenses)						
Intergovernmental	36	90	126	40	33	199
Investment income (loss)	91,256	218,175	309,431	253,829	49,308	612,568
Miscellaneous income	16,537	193,027	209,564	8,815	-	218,379
Water meter income	6,752	-	6,752	-	-	6,752
Refunds and reimbursements	-	-	-	2,088	-	2,088
Gain (loss) on disposal of capital assets	-	19,650	19,650	-	4,295	23,945
Bond issuance expense	(15,057)	-	(15,057)	(9,497)	(18,039)	(42,593)
Interest expense	(106,812)	(4,867)	(111,679)	(936,174)	(57,048)	(1,104,901)
Amortization of bond premium	31,041	-	31,041	22,713	18,156	71,910
Total Nonoperating Revenues (Expenses)	23,753	426,075	449,828	(658,186)	(3,295)	(211,653)
Income (Loss) Before Contributions and Transfers	507,864	1,175,121	1,682,985	(269,388)	(24,653)	1,388,944
Capital Contributions						
Hookup charges	33,896	-	33,896	111,753	-	145,649
Special assessments	92,960	-	92,960	72,210	-	165,170
Water access charges	4,052	-	4,052	-	-	4,052
Other entities	-	26,795	26,795	-	-	26,795
Total Capital Contributions	130,908	26,795	157,703	183,963	-	341,666
Transfers In	-	-	-	-	121,270	121,270
Transfers Out	-	(40,000)	(40,000)	-	-	(40,000)
Total Transfers	-	(40,000)	(40,000)	-	121,270	81,270
Change in Net Position	638,772	1,161,916	1,800,688	(85,425)	96,617	1,811,880
Net Position, January 1	7,787,863	15,688,321	23,476,184	9,152,471	4,316,909	36,945,564
Net Position, December 31	<u>\$ 8,426,635</u>	<u>\$ 16,850,237</u>	<u>\$ 25,276,872</u>	<u>\$ 9,067,046</u>	<u>\$ 4,413,526</u>	<u>\$ 38,757,444</u>

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

City of New Prague, Minnesota
Statement of Cash Flows (Continued on the Following Pages)
Proprietary Funds
For the Year Ended December 31, 2023

	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	\$ 1,874,589	\$ 10,001,071	\$ 11,875,660	\$ 3,441,653	\$ 1,819,234	\$ 17,136,547
Payments to suppliers and vendors	(331,984)	(7,443,251)	(7,775,235)	(874,792)	(677,127)	(9,327,154)
Payments to and on behalf of employees	(598,183)	(1,228,924)	(1,827,107)	(613,137)	(725,787)	(3,166,031)
Other receipts	16,537	193,027	209,564	10,903	21,233	241,700
Net Cash Provided (Used) by Operating Activities	960,959	1,521,923	2,482,882	1,964,627	437,553	4,885,062
Cash Flows from Noncapital Financing Activities						
State grants received	36	90	126	40	33	199
Transfers from other funds	-	-	-	-	121,270	121,270
Transfers to other funds	-	(40,000)	(40,000)	-	-	(40,000)
Net Cash Provided (Used) by Noncapital Financing Activities	36	(39,910)	(39,874)	40	121,303	81,469
Cash Flows from Capital Financing Activities						
Special assessment receipts	28,880	-	28,880	5,500	-	34,380
Capital contributions from other entities	-	26,795	26,795	-	-	26,795
Payments on advances from other funds	-	-	-	-	(23,187)	(23,187)
Proceeds from bonds issued, net of discount/premiums	492,636	-	492,636	326,742	583,548	1,402,926
Acquisition and construction of capital assets	(1,062,214)	(799,938)	(1,862,152)	(389,922)	(776,589)	(3,028,663)
Proceeds from the disposal of capital assets	-	19,650	19,650	-	4,295	23,945
Principal paid on bonds	(234,710)	-	(234,710)	(883,360)	(197,616)	(1,315,686)
Interest paid on bonds and notes	(102,676)	(4,867)	(107,543)	(943,194)	(59,287)	(1,110,024)
Issuance costs paid on bonds	(15,057)	-	(15,057)	(9,497)	(18,039)	(42,593)
Hookup charges	33,856	-	33,856	111,753	-	145,609
Water access charges	4,052	-	4,052	-	-	4,052
Net Cash Provided (Used) by Capital Financing Activities	(855,233)	(758,360)	(1,613,593)	(1,781,978)	(486,875)	(3,882,446)
Cash Flows From Investing Activities						
Interest received	91,256	218,175	309,431	253,829	49,308	612,568
Net Increase (Decrease) in Cash and Cash Equivalents	197,018	941,828	1,138,846	436,518	121,289	1,696,653
Cash and Cash Equivalents, January 1,	2,460,038	5,052,993	7,513,031	7,997,342	1,532,902	17,043,275
Cash and Cash Equivalents, December 31,	<u>\$ 2,657,056</u>	<u>\$ 5,994,821</u>	<u>\$ 8,651,877</u>	<u>\$ 8,433,860</u>	<u>\$ 1,654,191</u>	<u>\$ 18,739,928</u>
Cash and Cash Equivalents						
Undesignated	\$ 2,657,056	\$ 3,611,086	\$ 6,268,142	\$ 8,223,860	\$ 1,654,191	\$ 16,146,193
Designated	-	2,383,735	2,383,735	210,000	-	2,593,735
Total Cash and Cash Equivalents	<u>\$ 2,657,056</u>	<u>\$ 5,994,821</u>	<u>\$ 8,651,877</u>	<u>\$ 8,433,860</u>	<u>\$ 1,654,191</u>	<u>\$ 18,739,928</u>

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

City of New Prague, Minnesota
Statements of Cash Flows (Continued)
Proprietary Funds
For the Year Ended December 31, 2023

	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		
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities						
Operating income (loss)	\$ 484,111	\$ 749,046	\$ 1,233,157	\$ 388,798	\$ (21,358)	\$ 1,600,597
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities						
Other income related to operations	23,289	193,027	216,316	10,903	-	227,219
Depreciation	433,405	695,512	1,128,917	1,546,781	338,034	3,013,732
(Increase) decrease in assets						
Accounts receivable	(9,521)	(140,787)	(150,308)	(32,089)	9,293	(173,104)
Intergovernmental	(690)	(8,998)	(9,688)	(2,811)	(2,389)	(14,888)
Inventories	25,649	(252,486)	(226,837)	-	(8,183)	(235,020)
Prepaid items	1,094	2,298	3,392	1,381	332	5,105
(Increase) decrease in deferred outflows of resources						
Deferred other post employment benefit resources	1,869	2,958	4,827	1,160	734	6,721
Deferred pension resources	74,530	139,158	213,688	23,153	37,011	273,852
Increase (decrease) in liabilities						
Accounts and contracts payable	(987)	192,554	191,567	(19,214)	73,091	245,444
Due to other governments	53	(5,219)	(5,166)	22,959	3,112	20,905
Accrued wages payable	726	3,777	4,503	4,782	(184)	9,101
Accrued compensated absences payable	9,179	18,082	27,261	(653)	6,522	33,130
Customer deposits payable	834	(2,628)	(1,794)	1,112	7,821	7,139
Unearned revenue	-	-	-	-	(12,070)	(12,070)
Other post employment benefits payable	(2,212)	(4,233)	(6,445)	479	(896)	(6,862)
Net pension liability	(171,313)	(284,089)	(455,402)	(81,779)	(62,605)	(599,786)
Increase (decrease) in deferred inflows of resources						
Deferred other post employment benefit resources	1,798	2,298	4,096	2,496	685	7,277
Deferred pension resources	89,145	221,653	310,798	97,169	68,603	476,570
Net Cash Provided (Used) by Operating Activities	<u>\$ 960,959</u>	<u>\$ 1,521,923</u>	<u>\$ 2,482,882</u>	<u>\$ 1,964,627</u>	<u>\$ 437,553</u>	<u>\$ 4,885,062</u>
Noncash Investing, Capital and Financing Activities						
Amortization of bond (premium) discount	<u>\$ (31,041)</u>	<u>\$ -</u>	<u>\$ (31,041)</u>	<u>\$ (22,713)</u>	<u>\$ (18,156)</u>	<u>\$ (71,910)</u>
Bond premium issued	<u>\$ 32,636</u>	<u>\$ -</u>	<u>\$ 32,636</u>	<u>\$ 21,742</u>	<u>\$ 38,548</u>	<u>\$ 92,926</u>

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

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City of New Prague, Minnesota
Notes to the Financial Statements
December 31, 2023

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 a governmental activities.

Excluded from the reporting entity:

New Prague Fire Department Relief Association. The association is organized as a non-profit organization by its members to provide pension and other benefits to members in accordance with Minnesota statutes. The Board of Directors is appointed by the membership of the Association. All funding is conducted in accordance with Minnesota statutes, whereby state aids flow to the association, tax levies are determined by the Association and are only reviewed by the City and the Association pays benefits directly to its members.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and 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, 2023

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 is 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 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 revenue, 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, entitlement 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, 2023

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 2023 fund* is used to account for the expenditures related to the completion of 2023 CIP projects.

The City reports the following major proprietary funds:

The *Water Utility enterprise fund* accounts for costs associated with the City's water system and 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 and 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 and 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, 2023

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. Obligation 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 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 52 and are valued using quoted market prices (Level 1 inputs).

City of New Prague, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

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.
- *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 2023. All trade receivables are shown net of an allowance for uncollectible accounts. The allowance for uncollectible accounts at December 31, 2023 was \$10,000 in the Electric Utility enterprise fund and \$4,000 the Water Utility enterprise fund.

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.

City of New Prague, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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.

City of New Prague, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

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:

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

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 position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category. Accordingly, the items, deferred pension resources and deferred other post-employment benefit resources (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 total amount of compensated absences accrued as of December 31, 2023 was \$419,624. The General fund is typically used to liquidate governmental compensated absences payable.

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 open enrollment period or 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, 2023. The General fund is typically used to liquidate governmental other postemployment benefits payable.

City of New Prague, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

Long-term Obligations

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

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:

	GERP	PEPFP	PEDCP	FRA	Total
City's proportionate share	\$579,349	\$421,291	\$1,035	\$67,269	\$1,068,944
Proportionate share of State's contribution	343	(3,258)	-	-	(2,915)
Total pension expense	<u>\$579,692</u>	<u>\$418,033</u>	<u>\$1,035</u>	<u>\$67,269</u>	<u>\$1,066,029</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 position 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.

City of New Prague, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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 do 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.

City of New Prague, Minnesota
Notes to the Financial Statements
December 31, 2023

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 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.
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 budget amendments made during the year.

B. Excess of Expenditures over Appropriations

For the year ended December 31, 2023, expenditures exceeded appropriations in the following funds:

Fund	Budget	Actual	Excess of Expenditures Over Appropriations
Special Revenue			
Crime Prevention	\$ 8,900	\$ 8,996	\$ 96

These excess expenditures were funded by excess fund balance.

City of New Prague, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 2: Stewardship, Compliance and Accountability (Continued)

C. Deficit Fund Balance

The following funds had fund balance deficits at December 31, 2023:

Fund	Amount
Capital Projects	
Nonmajor	
10th Ave Federal Grant	\$ 16,677
T.H. 19 Project	203,625
CIP 2024	181,171
CIP 2025	216

The above deficits will be eliminated through future revenues, including long-term debt financing and other revenue sources.

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;
- 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.

City of New Prague, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 3: Detailed Notes on All Funds (Continued)

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 was \$11,135,269, including \$630,793 reported in the component unit. The bank balance was \$11,295,898. Of the bank balance, \$11,107,313 was covered by federal depository insurance and the remaining was collateralized with securities held by the pledging of financial institution's trust department in the City's name.

Investments

As of December 31, 2023, 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
Pooled Investments at Amortized Cost				
Broker Money Market Funds	N/A	less than 1 year	\$ 8,376,990	
Non-pooled Investments at Amortized Cost				
Money Market Funds	N/A	1 to 5 years	2,839	
Non-pooled Investments at Fair Value				
Government Agency Securities	AAA	less than 1 year	99,023	\$ 99,023
Government Agency Securities	AAA	1 to 5 years	879,782	879,782
Government Agency Securities	AAA	more than 5 years	699,889	699,889
Government Agency Securities	AA+	1 to 5 years	96,950	96,950
Government Agency Securities	AA3	1 to 5 years	90,318	90,318
Government Agency Securities	AA3	more than 5 years	87,470	87,470
Government Agency Securities	AA2	less than 1 year	14,857	14,857
Government Agency Securities	AA2	1 to 5 years	326,407	326,407
Government Agency Securities	AA2	more than 5 years	99,446	99,446
Government Agency Securities	AA1	less than 1 year	73,430	73,430
Government Agency Securities	AA1	1 to 5 years	233,781	233,781
Government Agency Securities	AA1	more than 5 years	87,451	87,451
Government Agency Securities	AA	less than 1 year	49,160	49,160
Government Agency Securities	AA	1 to 5 years	100,474	100,474
Government Agency Securities	AA	more than 5 years	100,380	100,380
Government Agency Securities	AA-	more than 5 years	97,293	97,293
Government Agency Securities	N/A	less than 1 year	6,171,492	6,171,492
Negotiable certificates of deposit	N/A	less than 1 year	1,905,303	1,905,303
Negotiable certificates of deposit	N/A	1 to 5 years	3,150,334	3,150,334
Total Investments			<u>\$ 22,743,069</u>	<u>\$ 14,363,240</u>

(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, 2023

Note 3: Detailed Notes on All Funds (Continued)

There were no investments measured at Level 2 or 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	\$ 10,504,476	\$ 630,793	\$ 11,135,269
Investments	22,743,069	-	22,743,069
Cash on Hand	2,600	-	2,600
	<u>\$ 33,250,145</u>	<u>\$ 630,793</u>	<u>\$ 33,880,938</u>
Total Cash and Temporary Investments			

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, 2023 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	<u>\$ 2,383,735</u>

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

Sewer Utility Fund Designated Cash	
Membrane Cartage Replacement	<u>\$ 210,000</u>

City of New Prague, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 3: Detailed Notes on All Funds (Continued)

B. Notes Receivable

Primary Government

Notes receivable at December 31, 2023 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 \$135,000 and \$147,000 per year. \$ 576,667

The City has made various economic development loans to businesses. These loans are receivable over 10 year period with interest at 2 percent. 31,925

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	15,844
Allowance	<u>(15,844)</u>
 Total Notes Receivable	 <u><u>\$ 608,592</u></u>

C. Capital Assets

Primary Government

Capital asset activity for the City for the year ended December 31, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets not Being Depreciated				
Land	\$ 2,013,415	\$ -	\$ -	\$ 2,013,415
Construction in progress	2,625,416	3,142,852	(2,491,240)	3,277,028
Total Capital Assets not Being Depreciated	<u>4,638,831</u>	<u>3,142,852</u>	<u>(2,491,240)</u>	<u>5,290,443</u>
Capital Assets Being Depreciated				
Infrastructure	30,457,978	3,786,114	-	34,244,092
Land improvements	1,208,079	183,450	-	1,391,529
Buildings and improvements	6,811,541	-	-	6,811,541
Furniture and equipment	5,223,527	782,451	(265,442)	5,740,536
Total Capital Assets Being Depreciated	<u>43,701,125</u>	<u>4,752,015</u>	<u>(265,442)</u>	<u>48,187,698</u>
Less Accumulated Depreciation for				
Infrastructure	(20,653,404)	(1,131,640)	-	(21,785,044)
Land improvements	(672,886)	(49,456)	-	(722,342)
Buildings and improvements	(3,409,516)	(146,562)	-	(3,556,078)
Furniture and equipment	(3,638,976)	(373,739)	265,442	(3,747,273)
Total Accumulated Depreciation	<u>(28,374,782)</u>	<u>(1,701,397)</u>	<u>265,442</u>	<u>(29,810,737)</u>
Total Capital Assets Being Depreciated, Net	<u>15,326,343</u>	<u>3,050,618</u>	<u>-</u>	<u>18,376,961</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 19,965,174</u></u>	<u><u>\$ 6,193,470</u></u>	<u><u>\$ (2,491,240)</u></u>	<u><u>\$ 23,667,404</u></u>

City of New Prague, Minnesota
Notes to the Financial Statements
December 31, 2023

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	6,977,546	2,324,459	(8,921,319)	380,686
Total Capital Assets not Being Depreciated	<u>7,155,694</u>	<u>2,324,459</u>	<u>(8,921,319)</u>	<u>558,834</u>
Capital Assets Being Depreciated				
Land improvements	910,290	-	-	910,290
Building and improvements	41,083,310	3,243,557	-	44,326,867
Infrastructure	36,141,611	5,737,449	-	41,879,060
Furniture and equipment	17,691,471	599,039	(104,799)	18,185,711
Total Capital Assets Being Depreciated	<u>95,826,682</u>	<u>9,580,045</u>	<u>(104,799)</u>	<u>105,301,928</u>
Less Accumulated Depreciation for				
Land improvements	(901,907)	(1,563)	-	(903,470)
Building and improvements	(22,463,433)	(870,692)	-	(23,334,125)
Infrastructure	(17,548,516)	(1,177,011)	-	(18,725,527)
Furniture and equipment	(10,290,693)	(964,466)	104,799	(11,150,360)
Total Accumulated Depreciation	<u>(51,204,549)</u>	<u>(3,013,732)</u>	<u>104,799</u>	<u>(54,113,482)</u>
Total Capital Assets Being Depreciated, Net	<u>44,622,133</u>	<u>6,566,313</u>	<u>-</u>	<u>51,188,446</u>
Business-type Activities Capital Assets, Net	<u>\$ 51,777,827</u>	<u>\$ 8,890,772</u>	<u>\$ (8,921,319)</u>	<u>\$ 51,747,280</u>

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

Governmental Activities

General government	\$ 81,333
Public safety	206,587
Public works	1,241,551
Culture and recreation	<u>171,926</u>

Total Depreciation Expense - Governmental Activities \$ 1,701,397

Business-type Activities

Water utility	\$ 433,405
Sewer utility	1,546,781
Storm utility	239,317
Electric utility	695,512
Golf	<u>98,717</u>

Total Depreciation Expense - Business-type Activities \$ 3,013,732

City of New Prague, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 3: Detailed Notes on All Funds (Continued)

Discretely Presented Component Units

Capital asset activity for the EDA for the year ended December 31, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital assets not being depreciated				
Construction in progress	\$ -	\$ 667,880	\$ -	\$ 667,880
Capital Assets Being Depreciated				
Infrastructure	88,676	-	-	88,676
Less Accumulated Depreciation for Infrastructure	(10,766)	(1,773)	-	(12,539)
Total capital assets being depreciated, net	77,910	(1,773)	-	76,137
Business-type Activities Capital Assets, Net	<u>\$ 77,910</u>	<u>\$ 666,107</u>	<u>\$ -</u>	<u>\$ 744,017</u>

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

Business-type Activities	
Economic Development	<u>\$ 667,880</u>

D. Interfund Receivables, Payables and Transfers

The composition of interfund transfers for the year ended December 31, 2023 is as follows:

Funds	Transfer In			Total
	General	Debt Service	Nonmajor Enterprise	
Transfer Out				
General	\$ -	\$ -	\$ 121,270	\$ 121,270
Nonmajor				
Governmental	189,985	192,095	-	382,080
Enterprise				
Electric Utility	40,000	-	-	40,000
Total Transfers Out	<u>\$ 229,985</u>	<u>\$ 192,095</u>	<u>\$ 121,270</u>	<u>\$ 543,350</u>

During the year, transfers are used to 1) move revenues from the enterprise funds to the governmental funds to help reduce the tax levy and 2) move General fund resources to provide an annual subsidy to other funds.

City of New Prague, Minnesota
Notes to the Financial Statements
December 31, 2023

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>\$ 1,730,000</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
2024	\$ 330,000	\$ 39,380	\$ 369,380
2025	340,000	32,780	372,780
2026	345,000	25,470	370,470
2027	350,000	17,708	367,708
2028	<u>365,000</u>	<u>9,308</u>	<u>374,308</u>
Total	<u>\$ 1,730,000</u>	<u>\$ 124,645</u>	<u>\$ 1,854,645</u>

City of New Prague, Minnesota
Notes to the Financial Statements
December 31, 2023

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 2009	\$ 521,227	3.00 - 4.20 %	08/01/09	02/01/25	\$ 74,948
G.O. Improvement Bonds of 2011	746,331	2.00 - 3.63	07/01/11	02/01/27	22,079
G.O. Improvement Bonds of 2014A	1,270,000	2.00 - 3.00	10/17/14	02/01/30	605,000
G.O. Improvement Bonds of 2015A	755,000	0.75 - 3.00	07/07/15	02/01/31	240,000
G.O. Improvement Bonds of 2019A	2,310,000	3.00 - 5.00	08/15/19	02/01/35	1,815,000
G.O. Refunding Bonds of 2020A	1,016,597	5.00	11/24/20	02/01/29	740,819
G.O. Refunding Bond 2021A	2,005,000	5.00	09/02/21	09/02/37	1,905,000
G.O. Refunding Bond 2022A	260,000	3.00 - 5.00	07/07/22	02/01/23	260,000
G.O. Improvement Bonds of 2023A	2,135,000	4.00 - 5.00	06/29/23	02/01/39	2,135,000
Total G.O. Special Assessment Bonds					<u>\$ 7,797,846</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
2024	\$ 675,099	\$ 252,899	\$ 927,998
2025	805,467	260,603	1,066,070
2026	767,023	223,107	990,130
2027	627,690	190,025	817,715
2028	636,187	160,516	796,703
2029 - 2033	2,501,380	471,583	2,972,963
2034 - 2038	1,615,000	155,740	1,770,740
2039	170,000	6,800	176,800
Total	<u>\$ 7,797,846</u>	<u>\$ 1,721,273</u>	<u>\$ 9,519,119</u>

City of New Prague, Minnesota
Notes to the Financial Statements
December 31, 2023

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	\$ 23,411,000
G.O. Improvement Bonds of 2009	243,773	2.40 - 4.50	08/01/08	12/01/23	35,052
G.O. Improvement Bonds of 2011	488,669	2.00 - 3.625	07/01/11	02/01/27	147,921
G.O. Refunding Bonds of 2013B	680,000	2.00 - 2.55	08/21/13	12/01/28	115,000
G.O. Improvement Bonds of 2014A	430,000	2.00 - 3.00	10/17/14	02/01/30	235,000
G.O. Improvement Bonds of 2015A	245,000	0.75 - 3.00	07/07/15	02/01/31	140,000
G.O. Improvement Bonds of 2016A	160,000	2.05	10/20/16	02/01/27	95,000
G.O. Improvement Bonds of 2019A	520,000	3.00 - 5.00	08/15/19	02/01/35	455,000
G.O. Refunding Bonds of 2020A	1,228,403	5.00	11/24/20	02/01/29	847,181
G.O. Refunding Bonds of 2021A	3,460,000	5.00	09/02/21	09/02/37	3,325,000
G.O. Refunding Bonds of 2022A	625,000	3.00 - 5.00	07/07/22	02/01/28	625,000
G.O. Refunding Bonds of 2023A	1,310,000	4.00 - 5.00	06/29/23	02/01/39	1,310,000
Total G.O. Revenue Bonds					<u>\$ 30,741,154</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
2024	\$ 1,819,900	\$ 1,065,962	\$ 2,885,862
2025	1,943,534	1,019,425	2,962,959
2026	1,980,980	944,003	2,924,983
2027	1,944,310	868,241	2,812,551
2028	1,955,810	792,409	2,748,219
2029 - 2033	10,169,620	2,871,546	13,041,166
2034 - 2038	10,812,000	1,123,194	11,935,194
2039	115,000	4,600	119,600
Total	<u>\$ 30,741,154</u>	<u>\$ 8,689,380</u>	<u>\$ 39,430,534</u>

City of New Prague, Minnesota
Notes to the Financial Statements
December 31, 2023

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 2014	\$ 50,000	2.00 - 2.50 %	10/17/14	02/01/24	\$ 5,000
Golf Club Revenue Bonds Series 2015	85,000	0.75 - 2.50	07/07/15	02/01/25	20,000
Golf Club Revenue Bonds Series 2016A	74,000	2.05	10/20/16	02/01/26	27,000
Golf Club Revenue Refunding Bonds Series 2022A	210,000	3.00 - 5.00	07/07/22	02/01/28	210,000
Total Revenue Bonds					<u>\$ 262,000</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
2024	\$ 64,000	\$ 10,399	\$ 74,399
2025	59,000	7,902	66,902
2026	49,000	5,592	54,592
2027	45,000	3,375	48,375
2028	45,000	1,125	46,125
Total	<u>\$ 262,000</u>	<u>\$ 28,393</u>	<u>\$ 290,393</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, 2023 are as follows:

	Water	Sewer	Storm Sewer	Golf
Revenues	\$ 2,123,537	\$ 3,925,288	\$ 438,843	\$ 1,187,296
Principal and Interest	337,386	1,826,554	138,799	118,104
Percentage of Revenues	15.9%	46.5%	31.6%	9.9%

City of New Prague, Minnesota
Notes to the Financial Statements
December 31, 2023

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>\$ 132,000</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
2024	\$ 11,000	\$ -	\$ 11,000
2025	11,000	-	11,000
2026	11,000	-	11,000
2027	11,000	-	11,000
2028	11,000	-	11,000
2029 - 2033	55,000	-	55,000
2034 - 2035	22,000	-	22,000
Total	<u>\$ 132,000</u>	<u>\$ -</u>	<u>\$ 132,000</u>

City of New Prague, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 3: Detailed Notes on All Funds (Continued)

Changes in Long-term Liabilities

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

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
Bonds Payable					
General obligation bonds	\$ 2,135,000	\$ -	\$ (405,000)	\$ 1,730,000	\$ 330,000
General obligation special assessment bonds	6,276,160	2,135,000	(613,314)	7,797,846	675,099
Bond premiums	779,077	152,472	(130,783)	800,766	-
Total Bonds Payable	9,190,237	2,287,472	(1,149,097)	10,328,612	1,005,099
Indenture of Trust	143,000	-	(11,000)	132,000	11,000
Compensated Absences	175,601	184,127	(157,075)	202,653	110,797
Governmental Activities Long-term Liabilities	<u>\$ 9,508,838</u>	<u>\$ 2,471,599</u>	<u>\$ (1,317,172)</u>	<u>\$ 10,663,265</u>	<u>\$ 1,126,896</u>
Business-type Activities					
Bonds Payable					
General obligation revenue bonds	\$ 30,643,840	\$ 1,310,000	\$ (1,212,686)	\$ 30,741,154	\$ 1,819,900
Revenue bonds	365,000	-	(103,000)	262,000	64,000
Bond premiums	746,227	92,926	(71,910)	767,243	-
Total Bonds Payable	31,755,067	1,402,926	(1,387,596)	31,770,397	1,883,900
Compensated Absences	190,468	168,592	(142,089)	216,971	60,262
Business-type Activities Long-term Liabilities	<u>\$ 31,945,535</u>	<u>\$ 1,571,518</u>	<u>\$ (1,529,685)</u>	<u>\$ 31,987,368</u>	<u>\$ 1,944,162</u>

E. 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, 2023 is as follows:

	Ambulance	Golf	Storm Water Utility	Total
Operating Revenues	\$ 19,950	\$ 1,175,627	\$ 406,626	\$ 1,602,203
Depreciation Expense	-	98,717	239,317	338,034
Operating Income (Loss)	6,276	(77,412)	49,778	(21,358)
Income (Loss) Before Transfers and Contributions	11,725	(71,040)	34,662	(24,653)
Transfers in (Out)	-	121,270	-	121,270
Capital Asset Additions	-	232,642	543,947	776,589
Total Assets	187,004	1,260,249	5,393,813	6,841,066
Net Working Capital	186,394	117,162	973,790	1,277,346
Noncurrent Liabilities	-	448,434	1,509,949	1,958,383
Total Net Position	186,394	478,374	3,748,758	4,413,526

City of New Prague, Minnesota
Notes to the Financial Statements
December 31, 2023

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

General Employees Retirement Plan

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

Public Employees Police and Fire Plan

The Police and Fire Plan, originally established for police officers and firefighters not covered by a local relief association, now covers all police officers and firefighters hired since 1980. Effective July 1, 1999, the Police and Fire Plan also covers police officers and firefighters belonging to a local relief association that elected to merge with and transfer assets and administration to PERA.

B. Benefits Provided

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

General Employee Plan Benefits

General Employees Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2 percent of average salary for each of the first 10 years of service and 1.7 percent of average salary for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7 percent for average salary for all years of service. For members hired prior to July 1, 1989 a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989 normal retirement age is the age for unreduced Social Security benefits capped at 66.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. In 2023, legislation repealed the statute delaying increases for members retiring before full retirement age.

City of New Prague, Minnesota
Notes to the Financial Statements
December 31, 2023

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

Police and Fire Plan Benefits

Benefits for Police and Fire Plan members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50 percent after five years up to 100 percent after ten years of credited service. Benefits for Police and Fire Plan members first hired after June 30, 2014 vest on a prorated basis from 50 percent after ten years up to 100 percent after twenty years of credited service. The annuity accrual rate is 3 percent of average salary for each year of service. For Police and Fire Plan members who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

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

C. Contributions

Minnesota statutes, chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature.

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2023 and the City was required to contribute 7.50 percent for Coordinated Plan members. The City's contributions to the General Employees Fund for the years ending December 31, 2023, 2022, and 2021 were \$296,153, \$271,681 and \$258,977, respectively. The City's contributions were equal to the required contributions for each year as set by state statute.

Police and Fire Fund Contributions

Police and Fire Plan members were required to contribute 11.80 percent of their annual covered salary in fiscal year 2023 and the City was required to contribute 17.70 percent for Police and Fire Plan members. The City's contributions to the Police and Fire Fund for the years ending December 31, 2023, 2022 and 2021 were \$177,395, \$170,146 and \$159,948, respectively. The City's contributions were equal to the required contributions for each year as set by state statute.

City of New Prague, Minnesota
Notes to the Financial Statements
December 31, 2023

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

D. Pension Costs

General Employees Fund Pension Costs

At December 31, 2023, the City reported a liability of \$2,773,577 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 \$76,358. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's 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, 2022 through June 30, 2023 relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0496 percent at the end of the measurement period and 0.0462 percent for the beginning of the period.

City Proportionate Share of the Net Pension Liability	\$ 2,773,577
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the City	<u>76,358</u>
Total	<u><u>\$ 2,849,935</u></u>

For the year ended December 31, 2023, the City recognized pension expense of \$579,349 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized \$343 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Economic Experience	\$ 89,584	\$ 17,257
Changes in Actuarial Assumptions	406,058	760,213
Net Difference Between Projected and Actual Investment Earnings	976	-
Changes in Proportion	165,428	90,476
Contributions Paid to PERA Subsequent to the Measurement Date	<u>151,636</u>	<u>15,840</u>
Total	<u><u>\$ 813,682</u></u>	<u><u>\$ 883,786</u></u>

City of New Prague, Minnesota
Notes to the Financial Statements
December 31, 2023

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

The \$151,636 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2024	\$ 123,689
2025	(325,666)
2026	40,405
2027	(60,168)
2028	-
Thereafter	-

Police and Fire Fund Pension Costs

At December 31, 2023, the City reported a liability of \$1,341,778 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's 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, 2022 through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0777 percent at the end of the measurement period and 0.0754 percent 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, 2023. The contribution consisted of \$9 million in direct state aid that does meet 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 was paid on October 1, 2022. Thereafter, by October 1 of each year, the state will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90 percent funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later.

The State of Minnesota is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$9 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the State of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended December 31, 2023, the City recognized pension expense of \$421,291 for its proportionate share of the Police and Fire Plan's pension expense. In addition, the City recognized an additional -\$3,258 as pension expense (grant revenue) for its proportionate share of the State of Minnesota's contribution of \$9 million to the Police and Fire Fund.

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. The City recognized \$6,993 for the year ended December 31, 2023 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, 2023

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

At December 31, 2023, the City reported its proportionate share of the Police and Fire Plan's deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 362,973	\$ -
Changes in Actuarial Assumptions	1,488,472	1,886,047
Net Difference Between Projected and Actual Investment Earnings	-	41,234
Changes in Proportion	101,798	8,787
Contributions Paid to PERA Subsequent to the Measurement Date	91,023	-
	<u>\$ 2,044,266</u>	<u>\$ 1,936,068</u>
Total		

The \$91,023 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2024	\$ 80,725
2025	32,566
2026	318,073
2027	(81,286)
2028	(332,903)
Thereafter	-

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 Real Rate of Return
Domestic Equity	33.5 %	5.10 %
International Equity	16.5	5.30
Fixed Income	25.0	0.75
Private Markets	25.0	5.90
	<u>100.0 %</u>	
Total		

City of New Prague, Minnesota
Notes to the Financial Statements
December 31, 2023

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

F. Actuarial Assumptions

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

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

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

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. Mortality rates for the Police and Fire Plan is 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 most recent four-year experience study for the General Employees Plan was completed in 2022. The assumption changes were adopted by the Board and became effective with the July 1, 2023 actuarial valuation. The most recent four-year experience study for the Police and Fire Plan was adopted by the Board and became effective with the July 1, 2021 actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2023:

General Employees Fund

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

City of New Prague, Minnesota
Notes to the Financial Statements
December 31, 2023

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

Police and Fire Fund

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- 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 benefit was increased, effective July 1, 2023.

G. Discount Rate

The discount rate used to measure the total pension liability in 2023 was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota statutes. Based on these assumptions, the fiduciary net position of the General Employees and Police and Fire Funds were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

H. Pension Liability Sensitivity

The following 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	\$ 4,906,679	\$ 2,773,577	\$ 1,019,018
Police and Fire Fund	2,662,248	1,341,778	256,174

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, 2023

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

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 2023 were:

Contribution Amount		Percentage of Covered Payroll		Required Rate
Employee	Employer	Employee	Employer	
\$ 1,035	\$ 1,035	5.00%	5.00%	5.00%

Note 5: 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, 2022, the plan covered 30 active firefighters and 5 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 fire fighter 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.

City of New Prague, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 5: Defined Benefit Pension Plans - Fire Relief Association (Continued)

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.

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 \$116,174 in fire state aid to the plan on behalf of the City Fire Department for the year ended December 31, 2022, 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, 2023 were \$116,174. 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, 2023, the City reported a net pension liability (asset) of (\$159,622) for the plan. The net pension liability (asset) was measured as of January 1, 2022. 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, 2022. 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, 2022	\$ 966,031	\$ 1,276,303	\$ (310,272)
Changes for the Year			
Service cost	59,794	-	59,794
Interest cost	56,420	-	56,420
Assumption changes	(20,948)	-	(20,948)
Nonemployer contributions	-	103,406	(103,406)
Projected investment return	-	73,040	(73,040)
Gain or loss	(25,362)	(257,167)	231,805
Administrative costs	-	(25)	25
Total Net Changes	69,904	(80,746)	150,650
Ending Balance December 31, 2022	<u>\$ 1,035,935</u>	<u>\$ 1,195,557</u>	<u>\$ (159,622)</u>

For the year ended December 31, 2023, the City recognized pension expense of \$196,774.

City of New Prague, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 5: Defined Benefit Pension Plans - Fire Relief Association (Continued)

At December 31, 2023, 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	\$ 1,119	\$ 53,136
Changes in Actuarial Assumptions	12,734	41,347
Net Difference Between Projected and Actual Earnings on Plan Investments	132,558	-
State Aid to City Subsequent to the Measurement Date	116,174	-
	<u>\$ 262,585</u>	<u>\$ 94,483</u>
Total		

Deferred outflows of resources totaling \$116,174 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, 2024. Other amounts reported as deferred outflows and inflows of resources related to the plan will be recognized in pension expense as follows:

2024	\$ 3,042
2025	23,047
2026	31,239
2027	40,421
2028	(11,010)
Thereafter	(34,811)

E. Actuarial Assumptions

The total pension liability at December 31, 2023 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	6.00%
20-Year Municipal Bond Yield	N/A

There were no changes in actuarial assumptions in 2023.

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, 2023

Note 5: 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	14.00 %	2.00 %
Fixed Income	32.00	3.90
Equities	54.00	8.10
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 (5.00%)	Current (6.00%)	1 Percent Increase (7.00%)
Defined Benefit Plan	\$ (117,284)	\$ (159,622)	\$ (200,171)

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, 2023

Note 6: 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, 2023, the following employees were covered by the benefit terms:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	2
Active Plan Members	53
	<hr/>
Total Plan Members	55
	<hr/> <hr/>

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, 2023, the City's average contribution rate was 7.75 percent of covered-employee payroll. For 2023, the City contributed \$12,991 to the Plan.

C. Actuarial Methods and Assumptions

The City's total OPEB liability of \$193,888 was measured as of January 1, 2023, and the total OPEB liability was determined by an actuarial valuation as of January 1, 2023.

The total OPEB liability in the January 1, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	4.00%
20-Year Municipal Bond Yield	4.00%
Inflation Rate	2.50%
Salary Increases	Service graded table
Medical Trend Rate	6.50% as of January 1, 2023 grading to 5.00% over 6 years and then to 4.00% over the next 48 years

The discount rate used to measure the total OPEB liability was 4.00 percent. 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 December 31, 2023 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, 2023

Note 6: Postemployment Benefits Other Than Pensions (Continued)

D. Changes in the Total OPEB Liability

	Total OPEB Liability (a)
Balances at December 31, 2022	\$ 218,589
Changes for the Year:	
Service cost	16,907
Interest cost	4,581
Assumption changes	(23,414)
Differences between expected and actual experience	(9,784)
Benefit payments	(12,991)
Net Changes	(24,701)
Balances at December 31, 2023	<u>\$ 193,888</u>

E. Sensitivity of the Total OPEB Liability

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.00 percent) or one percentage-point higher 5.00 percent) than the current discount rate:

1 Percent Decrease (3.00%)	Current (4.00%)	1 Percent Increase (5.00%)
\$ 207,361	\$ 193,888	\$ 181,198

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a Healthcare Cost Trend Rates that is one percentage point lower (5.50 percent decreasing to 4.00 percent then 3.00 percent) or one percentage-point higher (7.50 percent decreasing to 6.00 percent then 5.00 percent) than the current cost trend rate:

1 Percent Decrease (5.50% Decreasing to 4.00% then 3.00%)	Healthcare Cost Trend Rates (6.50% Decreasing to 5.00% then 4.00%)	1 Percent Increase (7.50% Decreasing to 6.00% then 5.00%)
\$ 175,729	\$ 193,888	\$ 214,934

City of New Prague, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 6: 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, 2023, the City recognized OPEB expense of \$11,931. At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 22,304	\$ 53,102
Changes in Actuarial Assumptions	4,253	20,069
Contributions to OPEB Subsequent to the Measurement Date	12,098	-
Total	<u>\$ 38,655</u>	<u>\$ 73,171</u>

Deferred outflows of resources totaling \$12,098 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 in the year ended December 31, 2024. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31	
2024	\$ (3,663)
2025	(3,668)
2026	(14,899)
2027	(14,898)
2028	(4,743)
Thereafter	(4,743)

Note 7: 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.

City of New Prague, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 7: Other Information (Continued)

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 \$3,135,581 have been made by SMMPA, the depreciated value of which is \$707,277. 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, 2023, the City is under the legal debt margin.

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:

	2023	2022
Maintaining Street Lights and Signals	\$ 29,354	\$ 25,038
Capital - Street Lighting	10,291	62,124
Other Services	6,387	12,027
Total Costs	<u>\$ 46,032</u>	<u>\$ 99,189</u>

City of New Prague, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 7: Other Information (Continued)

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 \$8,497.

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) and Market Value Homestead Credit (MVHC) programs. The amount received in 2023 was \$985,808 and \$181 for LGA and MVHC, respectively. This accounted for 14.1 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 2023 the City paid their portion of the loss totaling \$127,095.

J. Service Territory Agreement

The PUC entered into Service Territory Agreement with Minnesota Valley Electric Cooperative (MVEC) to provide electric service to all customers with 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 2023 to MVEC was \$382,707.

Note 8: Prior Period Adjustment

A prior period adjustment was required to properly state beginning balances of the discretely presented component unit that was previously reported as an enterprise fund and is more accurately presented as governmental.

The following schedule reconciles the previously reported December 31, 2022 balances to the January 1, 2023 financial statement balances.

	Net Position December 31, 2022 as Previously Reported	Prior Period Adjustment	Net Position January 1, 2023 As Restated
Governmental Activities			
Discretely Presented Component Unit Funds			
Economic Development Authority	\$ 403,676	\$ 14,199	\$ 417,875
Economic Development Authority Industrial Park	1,332,786	(77,910)	1,254,876
Total Discretely Presented Component Unit Funds	<u>\$ 1,736,462</u>	<u>\$ (63,711)</u>	<u>\$ 1,672,751</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NEW PRAGUE
NEW PRAGUE, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2023

City of New Prague, Minnesota
Required Supplementary Information
For the Year Ended December 31, 2023

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-Employee Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/23	0.0496 %	\$ 2,773,577	\$ 76,358	\$ 2,849,935	\$ 3,925,371	70.7 %	83.1 %
06/30/22	0.0462	3,659,054	107,149	3,766,203	3,454,201	105.9 %	76.7
06/30/21	0.0448	1,913,161	58,591	1,971,752	3,355,684	57.0	87.0
06/30/20	0.0430	2,578,047	79,451	2,657,498	2,940,549	87.7	79.0
06/30/19	0.0413	2,283,384	70,997	2,354,381	2,920,424	78.2	80.2
06/30/18	0.0422	2,341,083	76,820	2,417,903	2,838,209	82.5	79.5
06/30/17	0.0415	2,649,332	43,754	2,693,086	2,678,131	98.9	75.9
06/30/16	0.0413	3,353,357	-	3,353,357	2,556,248	131.2	68.9
06/30/15	0.0418	2,166,293	-	2,166,293	2,453,947	88.3	78.2

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

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)
12/31/23	\$ 296,153	\$ 296,153	\$ -	\$ 3,948,712	7.5 %
12/31/22	271,681	271,681	-	3,622,406	7.5
12/31/21	258,977	258,977	-	3,453,031	7.5
12/31/20	236,832	236,832	-	3,157,764	7.5
12/31/19	227,229	227,229	-	3,029,706	7.5
12/31/18	214,780	214,780	-	2,863,722	7.5
12/31/17	205,361	205,361	-	2,738,159	7.5
12/31/16	197,159	197,159	-	2,628,794	7.5
12/31/15	186,002	186,002	-	2,480,031	7.5

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

City of New Prague, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2023

Notes to the Required Supplementary Information - General Employees Fund

Changes in Actuarial Assumptions

2023 - The investment return assumption and single discount rate were changed from 6.5 percent to 7.00 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.

2015 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2030 and 2.5 percent per year thereafter to 1.0 percent per year through 2035 and 2.5 percent per year thereafter.

City of New Prague, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2023

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

Changes in Plan Provisions

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 4.00 percent to 3.00 percent, beginning July 1, 2018. Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply. Contribution stabilizer provisions were repealed. Postretirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90.00 percent funding ratio to 50.00 percent of the Social Security Cost of Living Adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019. For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors. Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 - 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.

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

City of New Prague, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2023

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
06/30/23	0.0777 %	\$ 1,341,778	\$ 54,095	\$ 1,395,873	\$ 1,020,876	131.4 %	86.5 %
06/30/22	0.0754	3,281,110	143,348	3,424,458	916,031	358.2	70.5
06/30/21	0.0721	556,536	25,007	581,543	885,240	62.9	93.7
06/30/20	0.0741	976,717	23,026	999,743	840,095	116.3	87.2
06/30/19	0.0713	759,061	-	759,061	752,686	100.8	89.3
06/30/18	0.0690	735,469	-	735,469	727,088	101.2	88.8
06/30/17	0.0720	972,086	-	972,086	741,712	131.1	85.4
06/30/16	0.0680	2,728,958	-	2,728,958	658,689	414.3	63.9
06/30/15	0.0740	840,813	-	840,813	681,114	123.4	86.6

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

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)
12/31/23	\$ 177,395	\$ 177,395	\$ -	\$ 1,002,233	17.70 %
12/31/22	170,146	170,146	-	961,276	17.70
12/31/21	159,948	159,948	-	903,663	17.70
12/31/20	150,077	150,077	-	885,409	16.95
12/31/19	134,539	134,539	-	793,738	16.95
12/31/18	118,485	118,485	-	731,387	16.20
12/31/17	120,459	120,459	-	743,572	16.20
12/31/16	113,183	113,183	-	698,658	16.20
12/31/15	108,510	108,510	-	669,815	16.20

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

City of New Prague, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2023

Notes to the Required Supplementary Information - Police and Fire Fund

Changes in Actuarial Assumptions

2023 - The investment return assumption was changed from 6.5 percent to 7.00 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 7.50 percent to 6.50 percent, for financial reporting purposes. The inflation assumption was changed from 2.50 percent to 2.25 percent. The payroll growth assumption was changed from 3.25 percent to 3.00 percent. The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MN-2020. The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020). Assumed rates of salary increase were modified as recommended in the July 14, 2020 experience study. The overall impact is a decrease in gross salary increase rates. Assumed rates of retirement were changed as recommended in the July 14, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements. Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations. Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities. Assumed percent married for active female members was changed from 60 percent to 70 percent. Minor changes to form of payment assumptions were applied.

2020 - 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 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter. The single discount rate was changed from 5.6 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 2.50 percent for inflation.

City of New Prague, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2023

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

2015 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2030 and 2.5 percent per year thereafter to 1.0 percent per year through 2037 and 2.5 percent per year thereafter.

Changes in Plan Provisions

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

2022 - 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 \$9.0 million state contribution. New annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9.0 million thereafter until the plan reaches 100 percent funding, or July 1, 2048, if earlier. Member contributions were changed from 10.80 percent to 11.30 percent of pay, effective January 1, 2019 and 11.80 percent of pay, effective January 1, 2020. Employer contributions were changed from 16.20 percent to 16.95 percent of pay, effective January 1, 2019 and 17.70 percent of pay, effective January 1, 2020. Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018. Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply. Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

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 30.00 percent for vested and non-vested, deferred members. The CSA has been changed to 33.00 percent for vested members and 2.00 percent for non-vested members. The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees. Assumed termination rates were decreased to 3.00 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall. Assumed percentage of married female members was decreased from 65.00 percent to 60.00 percent. Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females. The assumed percentage of female members electing joint and survivor annuities was increased. The assumed postretirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter. The single discount rate was changed from 5.60 percent per annum to 7.50 percent per annum.

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

2015 - The post-retirement benefit increase to be paid after attainment of the 90 percent funding threshold was changed, from inflation up to 2.5 percent, to a fixed rate of 2.5 percent.

City of New Prague, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2023

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

	2023 (Fire Relief Report Date 2021)	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)	2015 (Fire Relief Report Date 2014)
Total Pension Liability									
Service cost	\$ 59,794	\$ 52,713	\$ 57,911	\$ 56,499	\$ 58,185	\$ 56,766	\$ 49,482	\$ 50,930	\$ 49,688
Interest cost	56,420	46,357	44,169	46,208	41,189	43,689	49,553	43,697	43,111
Assumption changes	(20,948)	-	(17,732)	-	(17,603)	-	42,449	-	-
Plan changes	-	88,063	-	-	-	-	-	-	-
Changes of benefit terms	-	-	-	-	-	-	90,272	-	-
Gain or loss	(25,362)	-	(36,864)	-	2,054	-	(11,693)	-	-
Benefit payments, including refunds of employee contributions	-	(22,472)	(143,174)	(146,600)	-	(314,875)	-	(75,250)	-
Net Change in Total Pension Liability	69,904	164,661	(95,690)	(43,893)	83,825	(214,420)	220,063	19,377	92,799
Total Pension Liability - January 1	966,031	801,370	897,060	940,953	857,128	1,071,548	851,485	832,108	739,309
Total Pension Liability - December 31 (A)	<u>\$ 1,035,935</u>	<u>\$ 966,031</u>	<u>\$ 801,370</u>	<u>\$ 897,060</u>	<u>\$ 940,953</u>	<u>\$ 857,128</u>	<u>\$ 1,071,548</u>	<u>\$ 851,485</u>	<u>\$ 832,108</u>
Plan Fiduciary Net Position									
Nonemployer contributions	\$ 103,406	\$ 96,262	\$ 94,261	\$ 87,728	\$ 82,430	\$ 84,276	\$ 80,395	\$ 79,903	\$ 104,264
Projected investment return	73,040	61,416	50,641	46,039	43,673	43,128	54,623	52,893	-
Gain or Loss	(257,167)	61,346	40,914	100,036	(105,168)	43,225	-	-	-
Net investment income	-	-	-	-	-	-	(14,114)	(63,941)	35,160
Benefit payments, including refunds of employee contributions	-	(22,472)	(143,174)	(146,600)	-	(314,875)	-	(75,250)	-
Administrative expense	(25)	(25)	(267)	(30)	-	(306)	-	(44)	(5,493)
Net Change in Plan Fiduciary Net Position	(80,746)	196,527	42,375	87,173	20,935	(144,552)	120,904	(6,439)	133,931
Plan Fiduciary Net Position - January 1	1,276,303	1,079,776	1,037,401	950,228	929,293	1,073,845	952,941	959,380	825,449
Plan Fiduciary Net Position - December 31 (B)	<u>\$ 1,195,557</u>	<u>\$ 1,276,303</u>	<u>\$ 1,079,776</u>	<u>\$ 1,037,401</u>	<u>\$ 950,228</u>	<u>\$ 929,293</u>	<u>\$ 1,073,845</u>	<u>\$ 952,941</u>	<u>\$ 959,380</u>
Fire Relief's Net Pension Liability (Asset) - December 31 (A-B)	<u>\$ (159,622)</u>	<u>\$ (310,272)</u>	<u>\$ (278,406)</u>	<u>\$ (140,341)</u>	<u>\$ (9,275)</u>	<u>\$ (72,165)</u>	<u>\$ (2,297)</u>	<u>\$ (101,456)</u>	<u>\$ (127,272)</u>
Plan Fiduciary Net Position As a Percentage of the total pension liability (b/a)	115.41%	132.12%	134.74%	115.64%	100.99%	108.42%	100.21%	111.92%	115.30%
Covered-Employee Payroll	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

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

City of New Prague, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2023

Notes to the Required Supplementary Information – Fire Relief Association

Changes in Actuarial Assumptions

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

2015 - None

Changes in Plan Provisions

2023 - None

2022 - None

2021 - None

2020 - None

2019 - None

2018 - None

2017 - None

2016 - None

2015 - None

City of New Prague, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2023

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)
12/31/23	\$ 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	-
12/31/15	104,264	104,264	-

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

City of New Prague, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2023

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

	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability							
Service cost	\$ 16,907	\$ 18,569	\$ 18,028	\$ 15,170	\$ 14,728	\$ 12,262	\$ 11,905
Interest cost	4,581	4,420	10,740	10,533	7,270	6,880	6,560
Differences between expected and actual experience	(9,784)	-	(78,250)	-	78,064	-	-
Assumption changes	(23,414)	-	7,159	-	583	-	-
Benefit payments	(12,991)	(13,593)	(25,913)	(20,378)	(10,154)	(12,523)	(8,319)
Net Change in Total OPEB Liability	(24,701)	9,396	(68,236)	5,325	90,491	6,619	10,146
Total Opeb Liability - Beginning	218,589	209,193	277,429	272,104	181,613	174,994	164,848
Total OPEB Liability - Ending	<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	\$ 4,420,395	\$ 4,135,324	\$ 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	4.39 %	5.29 %	5.21 %	7.75 %	7.83 %	5.44 %	5.40 %

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

Notes to the Required Supplementary Information – Other Postemployment Benefits

Changes in Benefits:

2023 - None

2022 - None

2021 - None

2020 - None

2019 - None

2018 - None

City of New Prague, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2023

Notes to the Required Supplementary Information – Other Postemployment Benefits (Continued)

Changes in Assumptions:

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

2017 - None

COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES

CITY OF NEW PRAGUE
NEW PRAGUE, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2023

City of New Prague, Minnesota
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2023

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
Assets			
Cash and temporary investments	\$ 1,477,978	\$ 2,926,191	\$ 4,404,169
Receivables			
Accounts	-	25,000	25,000
Notes, net of allowance	31,926	-	31,926
Special assessments	-	249,774	249,774
Intergovernmental	-	1,176,162	1,176,162
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 1,509,904</u>	<u>\$ 4,377,127</u>	<u>\$ 5,887,031</u>
Liabilities			
Accounts and contracts payable	\$ 360	\$ 130,981	\$ 131,341
Deposits payable	9,775	-	9,775
Due to other governments	792	-	792
Unearned revenue	320,253	18,222	338,475
Total Liabilities	<u>331,180</u>	<u>149,203</u>	<u>480,383</u>
Deferred Inflows of Resources			
Unavailable revenue - special assessments	-	249,774	249,774
Unavailable revenue - grants	-	1,176,162	1,176,162
Total Deferred Inflows of Resources	<u>-</u>	<u>1,425,936</u>	<u>1,425,936</u>
Fund Balances			
Restricted for			
Debt service	-	-	-
Economic development	1,037,865	-	1,037,865
Upgrades	-	67,188	67,188
Capital project	-	398,119	398,119
Park improvements	-	34,836	34,836
Assigned for			
ARPA	29,924	-	29,924
Economic development	67,295	-	67,295
Crime prevention	43,640	-	43,640
Capital projects	-	2,390,699	2,390,699
Equipment	-	10,232	10,232
Park improvements	-	302,603	302,603
Unassigned	-	(401,689)	(401,689)
Total Fund Balances	<u>1,178,724</u>	<u>2,801,988</u>	<u>3,980,712</u>
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,509,904</u>	<u>\$ 4,377,127</u>	<u>\$ 5,887,031</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, 2023

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
Revenues			
Taxes	\$ -	\$ 205,421	\$ 205,421
Special assessments	-	1,339	1,339
Intergovernmental	-	339,777	339,777
Charges for services	4,910	45,086	49,996
Investment earnings	59,495	167,668	227,163
Miscellaneous	19,166	32,531	51,697
Total Revenues	<u>83,571</u>	<u>791,822</u>	<u>875,393</u>
Expenditures			
Current			
Public safety	8,996	-	8,996
Public works	-	1,528	1,528
Capital outlay			
Public works	-	295,801	295,801
Total Expenditures	<u>8,996</u>	<u>297,329</u>	<u>306,325</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	74,575	494,493	569,068
Other Financing Sources (Uses)			
Transfers out	<u>-</u>	<u>(382,080)</u>	<u>(382,080)</u>
Net Change in Fund Balances	74,575	112,413	186,988
Fund Balances, January 1	<u>1,104,149</u>	<u>2,689,575</u>	<u>3,793,724</u>
Fund Balances, December 31	<u><u>\$ 1,178,724</u></u>	<u><u>\$ 2,801,988</u></u>	<u><u>\$ 3,980,712</u></u>

City of New Prague, Minnesota
Nonmajor Proprietary Funds
Combining Statement of Net Position
December 31, 2023

	Business-type Activities - Enterprise Funds			Totals
	651 Ambulance	603 Golf	606 Storm Water Utility	
Assets				
Current Assets				
Cash and temporary investments	\$ 187,004	\$ 391,365	\$ 1,075,822	\$ 1,654,191
Receivables				
Accounts	-	11,108	29,812	40,920
Intergovernmental	-	-	2,389	2,389
Inventories	-	57,888	-	57,888
Total Current Assets	<u>187,004</u>	<u>460,361</u>	<u>1,108,023</u>	<u>1,755,388</u>
Noncurrent Assets				
Capital assets				
Land improvements	-	910,290	-	910,290
Buildings and structures	-	1,094,511	-	1,094,511
Infrastructure	-	-	8,282,527	8,282,527
Machinery and equipment	-	1,560,538	29,296	1,589,834
Less accumulated depreciation	-	(2,765,451)	(4,026,033)	(6,791,484)
Total capital assets	<u>-</u>	<u>799,888</u>	<u>4,285,790</u>	<u>5,085,678</u>
Total Assets	<u>187,004</u>	<u>1,260,249</u>	<u>5,393,813</u>	<u>6,841,066</u>
Deferred Outflows of Resources				
Deferred other post employment benefit resources	-	872	625	1,497
Deferred pension resources	-	71,391	14,498	85,889
Total Deferred Outflows of Resources	<u>-</u>	<u>72,263</u>	<u>15,123</u>	<u>87,386</u>
Liabilities				
Current Liabilities				
Accounts and contracts payable	51	77,733	698	78,482
Due to other governments	559	2,553	-	3,112
Accrued interest payable	-	3,152	21,870	25,022
Accrued wages payable	-	4,669	1,317	5,986
Accrued compensated absences payable	-	6,718	-	6,718
Customer deposits payable	-	65,711	-	65,711
Unearned revenue	-	118,663	-	118,663
Bonds payable - current	-	64,000	110,348	174,348
Total Current Liabilities	<u>610</u>	<u>343,199</u>	<u>134,233</u>	<u>478,042</u>
Noncurrent Liabilities				
Accrued compensated absences payable	-	4,488	-	4,488
Bonds payable - net of current portion	-	221,487	1,460,476	1,681,963
Net pension liability	-	218,084	46,339	264,423
Other post employment benefits	-	4,375	3,134	7,509
Total Noncurrent Liabilities	<u>-</u>	<u>448,434</u>	<u>1,509,949</u>	<u>1,958,383</u>
Total Liabilities	<u>610</u>	<u>791,633</u>	<u>1,644,182</u>	<u>2,436,425</u>
Deferred Inflows of Resources				
Deferred other post employment benefit resources	-	1,651	1,183	2,834
Deferred pension resources	-	60,854	14,813	75,667
Total Deferred Inflows of Resources	<u>-</u>	<u>62,505</u>	<u>15,996</u>	<u>78,501</u>
Net Position				
Net investment in capital assets	-	514,401	2,734,426	3,248,827
Unrestricted	<u>186,394</u>	<u>(36,027)</u>	<u>1,014,332</u>	<u>1,164,699</u>
Total Net Position	<u>\$ 186,394</u>	<u>\$ 478,374</u>	<u>\$ 3,748,758</u>	<u>\$ 4,413,526</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, 2023

	Business-type Activities - Enterprise Funds			
	651	603	606	
	Ambulance	Golf	Storm Water Utility	Totals
Operating Revenues				
Sales	\$ -	\$ 512,000	\$ -	\$ 512,000
Cost of sales	-	(235,609)	-	(235,609)
Gross profit	-	276,391	-	276,391
Charges for services	-	897,953	406,626	1,304,579
Miscellaneous	19,950	1,283	-	21,233
Total Operating Revenues	19,950	1,175,627	406,626	1,602,203
Operating Expenses				
Salaries and benefits	-	679,541	96,116	775,657
Supplies	152	193,842	1,435	195,429
Other services and charges	10,776	146,860	19,980	177,616
Insurance	2,746	14,443	-	17,189
Utilities	-	119,636	-	119,636
Depreciation	-	98,717	239,317	338,034
Total Operating Expenses	13,674	1,253,039	356,848	1,623,561
Operating Income (Loss)	6,276	(77,412)	49,778	(21,358)
Nonoperating Revenues (Expenses)				
Intergovernmental	-	27	6	33
Investment income	5,449	11,642	32,217	49,308
Gain (loss) on disposal of capital assets	-	4,295	-	4,295
Amortization of bond premium	-	6,433	11,723	18,156
Bond issuance costs	-	(3,160)	(14,879)	(18,039)
Interest expense	-	(12,865)	(44,183)	(57,048)
Total Nonoperating Revenues (Expenses)	5,449	6,372	(15,116)	(3,295)
Income (Loss) Before Transfers	11,725	(71,040)	34,662	(24,653)
Transfers In	-	121,270	-	121,270
Change in Net Position	11,725	50,230	34,662	96,617
Net Position, January 1	174,669	428,144	3,714,096	4,316,909
Net Position, December 31	\$ 186,394	\$ 478,374	\$ 3,748,758	\$ 4,413,526

City of New Prague, Minnesota
Nonmajor Proprietary Funds
Combining Statement of Cash Flows (Continued on the Following Page)
For the Year Ended December 31, 2023

	Business-type Activities - Enterprise Funds			
	651	603	606	
	Ambulance	Golf	Storm Water Utility	Totals
Cash Flows from Operating Activities				
Receipts from customers	\$ -	\$ 1,413,931	\$ 405,303	\$ 1,819,234
Payments to suppliers and vendors	(13,580)	(661,030)	(2,517)	(677,127)
Payments to and on behalf of employees	-	(642,797)	(82,990)	(725,787)
Other receipts	19,950	1,283	-	21,233
Net Cash Provided (Used) by Operating Activities	6,370	111,387	319,796	437,553
Cash Flows from Noncapital Financing Activities				
State grants received	-	27	6	33
Transfers from other funds	-	121,270	-	121,270
Net Cash Provided (Used) by Noncapital Financing Activities	-	121,297	6	121,303
Cash Flows from Capital Financing Activities				
Payments on advances from other funds	-	(23,187)	-	(23,187)
Acquisition and construction of capital assets	-	(232,642)	(543,947)	(776,589)
Proceeds from the disposal of capital assets	-	4,295	-	4,295
Proceeds from debt instruments, net of discounts/premiums	-	-	583,548	583,548
Principal paid on debt instruments	-	(103,000)	(94,616)	(197,616)
Interest paid on debt instruments	-	(15,104)	(44,183)	(59,287)
Issuance costs paid on debt instruments	-	(3,160)	(14,879)	(18,039)
Net Cash Provided (Used) by Capital Financing Activities	-	(372,798)	(114,077)	(486,875)
Cash Flows from Investing Activities				
Interest received	5,449	11,642	32,217	49,308
Net Increase (Decrease) In Cash and Cash Equivalents	11,819	(128,472)	237,942	121,289
Cash and Cash Equivalents, January 1	175,185	519,837	837,880	1,532,902
Cash and Cash Equivalents, December 31	<u>\$ 187,004</u>	<u>\$ 391,365</u>	<u>\$ 1,075,822</u>	<u>\$ 1,654,191</u>

City of New Prague, Minnesota
Nonmajor Proprietary Funds
Combining Statements of Cash Flows (Continued)
For the Year Ended December 31, 2023

	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)	\$ 6,276	\$ (77,412)	\$ 49,778	\$ (21,358)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation	-	98,717	239,317	338,034
(Increase) decrease in assets				
Accounts receivable	-	8,227	1,066	9,293
Due from other governments	-	-	(2,389)	(2,389)
Inventories	-	(8,183)	-	(8,183)
Prepaid items	-	178	154	332
(Increase) decrease in deferred outflows of resources				
Deferred other post employment benefit resources	-	401	333	734
Deferred pension resources	-	33,788	3,223	37,011
Increase (decrease) in liabilities				
Accounts and contracts payable	(465)	54,812	18,744	73,091
Due to other governments	559	2,553	-	3,112
Accrued wages payable	-	(825)	641	(184)
Accrued compensated absences payable	-	(105)	6,627	6,522
Customer deposits payable	-	7,821	-	7,821
Unearned revenue	-	(12,070)	-	(12,070)
Other post employment benefit resources	-	(421)	(475)	(896)
Net pension liability	-	(51,197)	(11,408)	(62,605)
Increase (decrease) in deferred inflows of resources				
Deferred other post employment benefit resources	-	425	260	685
Deferred pension resources	-	54,678	13,925	68,603
Net Cash Provided (Used) by Operating Activities	<u>\$ 6,370</u>	<u>\$ 111,387</u>	<u>\$ 319,796</u>	<u>\$ 437,553</u>
Noncash Financing Activities				
Amortization of bond (premium) discount	<u>\$ -</u>	<u>\$ (6,433)</u>	<u>\$ (11,723)</u>	<u>\$ (18,156)</u>
Bond premium issued	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,548</u>	<u>\$ 38,548</u>

City of New Prague, Minnesota
Nonmajor Special Revenue Funds
Combining Balance Sheet
December 31, 2023

	203 Development Revolving Loan	204 Small Cities Grant	206 Economic Development	207 2016 Small Cities Project
Assets				
Cash and temporary investments	\$ 167,295	\$ 32,947	\$ 232,977	\$ 162,852
Receivables				
Notes, net of allowance	-	-	-	31,926
Total Assets	<u><u>\$ 167,295</u></u>	<u><u>\$ 32,947</u></u>	<u><u>\$ 232,977</u></u>	<u><u>\$ 194,778</u></u>
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Deposits payable	-	-	-	-
Due to other governments	-	-	-	-
Unearned revenue	-	-	-	-
Total Liabilities	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
Fund Balances				
Restricted for				
Economic development	100,000	32,947	232,977	194,778
Assigned for				
ARPA	-	-	-	-
Economic development	67,295	-	-	-
Crime prevention	-	-	-	-
Total Fund Balances	<u><u>167,295</u></u>	<u><u>32,947</u></u>	<u><u>232,977</u></u>	<u><u>194,778</u></u>
Total Liabilities and Fund Balances	<u><u>\$ 167,295</u></u>	<u><u>\$ 32,947</u></u>	<u><u>\$ 232,977</u></u>	<u><u>\$ 194,778</u></u>

208	209	233	
2017 Small Cities Project	American Rescue Aid	Crime Prevention	Total Nonmajor
\$ 477,163	\$ 350,177	\$ 54,567	\$ 1,477,978
-	-	-	31,926
<u>\$ 477,163</u>	<u>\$ 350,177</u>	<u>\$ 54,567</u>	<u>\$ 1,509,904</u>
\$ -	\$ -	\$ 360	\$ 360
-	-	9,775	9,775
-	-	792	792
-	320,253	-	320,253
-	320,253	10,927	331,180
477,163	-	-	1,037,865
-	29,924	-	29,924
-	-	-	67,295
-	-	43,640	43,640
<u>477,163</u>	<u>29,924</u>	<u>43,640</u>	<u>1,178,724</u>
<u>\$ 477,163</u>	<u>\$ 350,177</u>	<u>\$ 54,567</u>	<u>\$ 1,509,904</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, 2023

	203 Development Revolving Loan	204 Small Cities Grant	206 Economic Development	207 2016 Small Cities Project
Revenues				
Charges for services				
Public safety	\$ -	\$ -	\$ -	\$ -
Investment earnings	5,039	838	6,748	4,668
Miscellaneous				
Other	-	18,477	-	689
Total Revenues	<u>5,039</u>	<u>19,315</u>	<u>6,748</u>	<u>5,357</u>
Expenditures				
Current				
Public safety	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	5,039	19,315	6,748	5,357
Fund Balances, January 1	<u>162,256</u>	<u>13,632</u>	<u>226,229</u>	<u>189,421</u>
Fund Balances, December 31	<u><u>\$ 167,295</u></u>	<u><u>\$ 32,947</u></u>	<u><u>\$ 232,977</u></u>	<u><u>\$ 194,778</u></u>

208	209	233	
<u>2017 Small Cities Project</u>	<u>American Rescue Aid</u>	<u>Crime Prevention</u>	<u>Total Nonmajor</u>
\$ -	\$ -	\$ 4,910	\$ 4,910
14,936	25,943	1,323	59,495
-	-	-	19,166
<u>14,936</u>	<u>25,943</u>	<u>6,233</u>	<u>83,571</u>
-	-	8,996	8,996
14,936	25,943	(2,763)	74,575
<u>462,227</u>	<u>3,981</u>	<u>46,403</u>	<u>1,104,149</u>
<u><u>\$ 477,163</u></u>	<u><u>\$ 29,924</u></u>	<u><u>\$ 43,640</u></u>	<u><u>\$ 1,178,724</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, 2023
(With Comparative Actual Amounts for the Year Ended December 31, 2022)

	2023				2022
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Investment earnings	\$ 100	\$ 100	\$ 5,039	\$ 4,939	\$ 619
Fund Balances, January 1	162,256	162,256	162,256	-	161,637
Fund Balances, December 31	<u>\$ 162,356</u>	<u>\$ 162,356</u>	<u>\$ 167,295</u>	<u>\$ 4,939</u>	<u>\$ 162,256</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, 2023
(With Comparative Actual Amounts for the Year Ended December 31, 2022)

	2023				2022
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Investment earnings	\$ 100	\$ 100	\$ 4,668	\$ 4,568	\$ 686
Miscellaneous					
Other	1,100	1,100	689	(411)	963
Total Revenues	1,200	1,200	5,357	4,157	1,649
Fund Balances, January 1	189,421	189,421	189,421	-	187,772
Fund Balances, December 31	<u>\$ 190,621</u>	<u>\$ 190,621</u>	<u>\$ 194,778</u>	<u>\$ 4,157</u>	<u>\$ 189,421</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, 2023
(With Comparative Actual Amounts for the Year Ended December 31, 2022)

	2023				2022
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Investment earnings	\$ 450	\$ 450	\$ 14,936	\$ 14,486	\$ 1,638
Fund Balances, January 1	<u>462,227</u>	<u>462,227</u>	<u>462,227</u>	<u>-</u>	<u>460,589</u>
Fund Balances, December 31	<u>\$ 462,677</u>	<u>\$ 462,677</u>	<u>\$ 477,163</u>	<u>\$ 14,486</u>	<u>\$ 462,227</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, 2023
(With Comparative Actual Amounts for the Year Ended December 31, 2022)

	2023				2022
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Charges for services					
Public safety	\$ 14,500	\$ 14,500	\$ 4,910	\$ (9,590)	\$ 19,481
Investment earnings	50	50	1,323	1,273	259
Total Revenues	<u>14,550</u>	<u>14,550</u>	<u>6,233</u>	<u>(8,317)</u>	<u>19,740</u>
Expenditures					
Current					
Public safety					
Supplies	4,000	4,000	4,812	(812)	15,033
Other services and charges	4,900	4,900	4,184	716	4,757
Capital outlay					
Public safety	-	-	-	-	5,005
Total Expenditures	<u>8,900</u>	<u>8,900</u>	<u>8,996</u>	<u>(96)</u>	<u>24,795</u>
Net Change in Fund Balances	5,650	5,650	(2,763)	(8,413)	(5,055)
Fund Balances, January 1	<u>46,403</u>	<u>46,403</u>	<u>46,403</u>	-	<u>51,458</u>
Fund Balances, December 31	<u>\$ 52,053</u>	<u>\$ 52,053</u>	<u>\$ 43,640</u>	<u>\$ (8,413)</u>	<u>\$ 46,403</u>

City of New Prague, Minnesota
Nonmajor Capital Projects Funds
Combining Balance Sheet
December 31, 2023

	210 10th Ave Federal Grant	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	\$ (16,677)	\$ 209,599	\$ 121,062	\$ 40,709	\$ 26,479	\$ 2,096,832	\$ 157,121
Receivables							
Accounts	-	25,000	-	-	-	-	-
Special assessments	-	-	-	-	-	-	137,778
Intergovernmental	-	-	-	-	-	-	-
Total Assets	<u><u>\$ (16,677)</u></u>	<u><u>\$ 234,599</u></u>	<u><u>\$ 121,062</u></u>	<u><u>\$ 40,709</u></u>	<u><u>\$ 26,479</u></u>	<u><u>\$ 2,096,832</u></u>	<u><u>\$ 294,899</u></u>
Liabilities							
Accounts and contracts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unearned revenue	-	18,222	-	-	-	-	-
Total Liabilities	<u><u>-</u></u>	<u><u>18,222</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
Deferred Inflows of Resources							
Unavailable revenue - special assessments	-	-	-	-	-	-	137,778
Unavailable revenue - grants	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>137,778</u></u>
Fund Balances							
Restricted for							
Upgrades	-	-	-	40,709	26,479	-	-
Capital projects	-	-	-	-	-	-	-
Park improvements	-	34,836	-	-	-	-	-
Assigned for							
Capital projects	-	-	-	-	-	2,096,832	157,121
Equipment	-	-	-	-	-	-	-
Park improvements	-	181,541	121,062	-	-	-	-
Unassigned	(16,677)	-	-	-	-	-	-
Total Fund Balances	<u><u>(16,677)</u></u>	<u><u>216,377</u></u>	<u><u>121,062</u></u>	<u><u>40,709</u></u>	<u><u>26,479</u></u>	<u><u>2,096,832</u></u>	<u><u>157,121</u></u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u><u>\$ (16,677)</u></u>	<u><u>\$ 234,599</u></u>	<u><u>\$ 121,062</u></u>	<u><u>\$ 40,709</u></u>	<u><u>\$ 26,479</u></u>	<u><u>\$ 2,096,832</u></u>	<u><u>\$ 294,899</u></u>

498	499	418	420	421	423	424	
Equipment Fund	General Projects	T.H. 19 Project	CIP 2019	CIP 2022	CIP 2024	CIP 2025	Total Nonmajor
\$ 10,232	\$ 299,280	\$ (203,625)	\$ -	\$ 258,088	\$ (72,693)	\$ (216)	\$ 2,926,191
-	-	-	-	-	-	-	25,000
-	111,996	-	-	-	-	-	249,774
-	1,176,162	-	-	-	-	-	1,176,162
<u>\$ 10,232</u>	<u>\$ 1,587,438</u>	<u>\$ (203,625)</u>	<u>\$ -</u>	<u>\$ 258,088</u>	<u>\$ (72,693)</u>	<u>\$ (216)</u>	<u>\$ 4,377,127</u>
\$ -	\$ -	\$ -	\$ -	\$ 22,503	\$ 108,478	\$ -	\$ 130,981
-	-	-	-	-	-	-	18,222
-	-	-	-	22,503	108,478	-	149,203
-	111,996	-	-	-	-	-	249,774
-	1,176,162	-	-	-	-	-	1,176,162
-	1,288,158	-	-	-	-	-	1,425,936
-	-	-	-	-	-	-	67,188
-	162,534	-	-	235,585	-	-	398,119
-	-	-	-	-	-	-	34,836
-	136,746	-	-	-	-	-	2,390,699
10,232	-	-	-	-	-	-	10,232
-	-	-	-	-	-	-	302,603
-	-	(203,625)	-	-	(181,171)	(216)	(401,689)
<u>10,232</u>	<u>299,280</u>	<u>(203,625)</u>	<u>-</u>	<u>235,585</u>	<u>(181,171)</u>	<u>(216)</u>	<u>2,801,988</u>
<u>\$ 10,232</u>	<u>\$ 1,587,438</u>	<u>\$ (203,625)</u>	<u>\$ -</u>	<u>\$ 258,088</u>	<u>\$ (72,693)</u>	<u>\$ (216)</u>	<u>\$ 4,377,127</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, 2023

	210 10th Ave Federal Grant	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-	-
Connection charges	-	-	-	-	-	22,889	-
Charges for services	-	9,111	5,586	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Investment earnings	-	6,178	3,385	1,208	738	65,050	4,529
Miscellaneous							
Contributions	-	-	27,099	-	-	-	-
Other	-	-	-	-	5,432	-	-
Total Revenues	<u>-</u>	<u>15,289</u>	<u>36,070</u>	<u>1,208</u>	<u>6,170</u>	<u>87,939</u>	<u>4,529</u>
Expenditures							
Current							
Public works	-	-	-	-	-	-	-
Capital outlay							
Public works	10,535	-	-	-	-	-	-
Total Expenditures	<u>10,535</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,535)	15,289	36,070	1,208	6,170	87,939	4,529
Other Financing Sources (Uses)							
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(10,535)	15,289	36,070	1,208	6,170	87,939	4,529
Fund Balances, January 1	<u>(6,142)</u>	<u>201,088</u>	<u>84,992</u>	<u>39,501</u>	<u>20,309</u>	<u>2,008,893</u>	<u>152,592</u>
Fund Balances, December 31	<u>\$ (16,677)</u>	<u>\$ 216,377</u>	<u>\$ 121,062</u>	<u>\$ 40,709</u>	<u>\$ 26,479</u>	<u>\$ 2,096,832</u>	<u>\$ 157,121</u>

498	499	418	420	421	423	424	
Equipment Fund	General Projects	T.H. 19 Project	CIP 2019	CIP 2022	CIP 2024	CIP 2025	Total Nonmajor
\$ 200,217	\$ 5,204	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 205,421
-	1,339	-	-	-	-	-	1,339
-	-	-	-	-	-	-	22,889
-	7,500	-	-	-	-	-	22,197
-	-	245,352	94,425	-	-	-	339,777
-	11,134	-	5,438	70,008	-	-	167,668
-	-	-	-	-	-	-	27,099
-	-	-	-	-	-	-	5,432
<u>200,217</u>	<u>25,177</u>	<u>245,352</u>	<u>99,863</u>	<u>70,008</u>	<u>-</u>	<u>-</u>	<u>791,822</u>
-	1,528	-	-	-	-	-	1,528
-	-	2,825	771	100,715	180,955	-	295,801
-	1,528	2,825	771	100,715	180,955	-	297,329
200,217	23,649	242,527	99,092	(30,707)	(180,955)	-	494,493
(189,985)	-	-	(192,095)	-	-	-	(382,080)
10,232	23,649	242,527	(93,003)	(30,707)	(180,955)	-	112,413
-	275,631	(446,152)	93,003	266,292	(216)	(216)	2,689,575
<u>\$ 10,232</u>	<u>\$ 299,280</u>	<u>\$ (203,625)</u>	<u>\$ -</u>	<u>\$ 235,585</u>	<u>\$ (181,171)</u>	<u>\$ (216)</u>	<u>\$ 2,801,988</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, 2023
(With Comparative Actual Amounts for the Year Ended December 31, 2022)

	2023				2022
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Taxes					
Property taxes	\$ 3,728,128	\$ 3,728,128	\$ 3,744,179	\$ 16,051	\$ 3,659,814
Franchise taxes	100,000	100,000	94,949	(5,051)	98,409
Total taxes	3,828,128	3,828,128	3,839,128	11,000	3,758,223
Licenses and permits					
Business	40,325	40,325	55,058	14,733	44,818
Nonbusiness	200,455	200,455	266,577	66,122	306,179
Total licenses and permits	240,780	240,780	321,635	80,855	350,997
Intergovernmental					
Federal					
ARPA	514,568	545,968	545,968	-	-
Police federal aid	-	-	8,309	8,309	-
Total federal	514,568	545,968	554,277	8,309	-
State					
Local government aid	985,808	985,808	985,808	-	964,655
Property tax credits and aids	-	-	181	181	183
Highway aid	100,000	100,000	107,135	7,135	109,758
Police state aid	92,000	92,000	106,172	14,172	97,660
Fire state aid	95,000	95,000	116,174	21,174	103,406
Other state aid	16,300	16,300	428,344	412,044	16,252
Total state	1,289,108	1,289,108	1,743,814	454,706	1,291,914
County					
Other County grants	4,200	4,200	16,877	12,677	6,187
Local					
Other Local grants	5,000	5,000	5,000	-	11,000
Total intergovernmental	1,812,876	1,844,276	2,319,968	475,692	1,309,101
Charges for services					
General government	11,500	11,500	10,799	(701)	10,567
Public safety	132,000	132,000	46,891	(85,109)	98,797
Streets and highways	1,000	1,000	1,655	655	4,954
Culture and recreation	4,306	4,306	4,885	579	5,709
Miscellaneous	9,600	9,600	7,200	(2,400)	9,200
Total charges for services	158,406	158,406	71,430	(86,976)	129,227
Fines and forfeits	20,000	20,000	26,319	6,319	22,063
Interest earnings	10,000	10,000	347,250	337,250	91,811
Miscellaneous					
Other	9,500	9,500	82,818	73,318	53,847
Contributions and donations	5,000	5,000	1,140	(3,860)	540
Total miscellaneous	14,500	14,500	83,958	69,458	54,387
Total Revenues	6,084,690	6,116,090	7,009,688	893,598	5,715,809

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, 2023
(With Comparative Actual Amounts for the Year Ended December 31, 2022)

	2023				2022
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Expenditures					
Current					
General government					
Mayor and council					
Personal services	\$ 23,852	\$ 23,852	\$ 25,149	\$ (1,297)	\$ 23,365
Supplies	500	500	72	428	4,677
Other services and charges	49,800	49,800	42,103	7,697	45,348
Total mayor and council	74,152	74,152	67,324	6,828	73,390
City clerk/administration					
Personal services	436,328	436,328	434,227	2,101	459,905
Supplies	3,196	3,196	2,953	243	2,284
Other services and charges	53,458	53,458	61,802	(8,344)	71,090
Total city clerk/administration	492,982	492,982	498,982	(6,000)	533,279
Technical network					
Supplies	67,000	67,000	63,954	3,046	56,744
Other services and charges	99,882	99,882	124,954	(25,072)	32,375
Total technical network	166,882	166,882	188,908	(22,026)	89,119
Elections					
Personal services	-	-	-	-	10,086
Supplies	5,120	5,120	2,208	2,912	3,461
Other services and charges	1,200	1,200	1,214	(14)	1,954
Total elections	6,320	6,320	3,422	2,898	15,501
Assessing					
Other services and charges	44,393	44,393	44,400	(7)	43,100
Legal					
Other services and charges	70,000	70,000	78,101	(8,101)	70,008
Planning and zoning					
Personal services	269,677	269,677	255,897	13,780	236,114
Supplies	2,313	2,313	1,723	590	2,420
Other services and charges	115,755	115,755	73,825	41,930	15,250
Total planning and zoning	387,745	387,745	331,445	56,300	253,784
General government building					
Personal services	15,653	15,653	13,061	2,592	15,366
Supplies	4,600	4,600	4,429	171	3,986
Other services and charges	52,938	52,938	55,715	(2,777)	67,362
Total general government building	73,191	73,191	73,205	(14)	86,714
Total general government	1,315,665	1,315,665	1,285,787	29,878	1,164,895

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, 2023
(With Comparative Actual Amounts for the Year Ended December 31, 2022)

	2023				2022
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (continued)					
Public safety					
Police					
Personal services	\$ 1,770,080	\$ 1,770,080	\$ 1,610,250	\$ 159,830	\$ 1,644,952
Supplies	34,250	34,250	36,204	(1,954)	31,241
Other services and charges	104,125	104,125	132,437	(28,312)	118,120
Total police	<u>1,908,455</u>	<u>1,908,455</u>	<u>1,778,891</u>	<u>129,564</u>	<u>1,794,313</u>
Fire					
Personal services	155,818	155,818	174,767	(18,949)	155,233
Supplies	18,000	18,000	16,379	1,621	13,666
Other services and charges	34,727	34,727	37,604	(2,877)	57,747
Total fire	<u>208,545</u>	<u>208,545</u>	<u>228,750</u>	<u>(20,205)</u>	<u>226,646</u>
Building inspection					
Personal services	288,991	288,991	282,210	6,781	264,440
Supplies	4,684	4,684	3,462	1,222	2,940
Other services and charges	15,817	15,817	22,568	(6,751)	20,064
Total building inspection	<u>309,492</u>	<u>309,492</u>	<u>308,240</u>	<u>1,252</u>	<u>287,444</u>
Emergency management					
Supplies	350	350	232	118	-
Other services and charges	17,900	17,900	13,207	4,693	14,820
Total emergency management	<u>18,250</u>	<u>18,250</u>	<u>13,439</u>	<u>4,811</u>	<u>14,820</u>
Animal control					
Other services and charges	150	150	-	150	87
Total public safety	<u>2,444,892</u>	<u>2,444,892</u>	<u>2,329,320</u>	<u>115,572</u>	<u>2,323,310</u>
Public works					
Streets and highways					
Personal services	719,303	719,303	738,767	(19,464)	726,602
Supplies	80,150	80,150	77,874	2,276	66,115
Other services and charges	155,916	155,916	206,546	(50,630)	234,872
Total streets and highways	<u>955,369</u>	<u>955,369</u>	<u>1,023,187</u>	<u>(67,818)</u>	<u>1,027,589</u>
Engineering					
Other services and charges	15,000	15,000	10,491	4,509	7,068
Street lighting					
Other services and charges	72,418	72,418	65,265	7,153	59,689
Total public works	<u>1,042,787</u>	<u>1,042,787</u>	<u>1,098,943</u>	<u>(56,156)</u>	<u>1,094,346</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, 2023
(With Comparative Actual Amounts for the Year Ended December 31, 2022)

	2023				2022
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (continued)					
Culture and recreation					
Parks					
Personal services	\$ 378,342	\$ 378,342	\$ 415,702	\$ (37,360)	\$ 366,234
Supplies	68,300	68,300	64,583	3,717	63,454
Other services and charges	293,095	293,095	329,847	(36,752)	254,769
Total parks	739,737	739,737	810,132	(70,395)	684,457
Library					
Supplies	2,300	2,300	732	1,568	1,193
Other services and charges	48,453	48,453	45,367	3,086	29,748
Total library	50,753	50,753	46,099	4,654	30,941
Total culture and recreation	790,490	790,490	856,231	(65,741)	715,398
Miscellaneous					
Rental property					
Other services and charges	2,950	2,950	35,555	(32,605)	4,868
Unallocated					
Other services and charges	61,471	61,471	50,824	10,647	21,826
Total miscellaneous	64,421	64,421	86,379	(21,958)	26,694
Total current	5,658,255	5,658,255	5,656,660	1,595	5,324,643
Capital outlay					
General government					
Elections	-	-	-	-	9,717
Government buildings	-	-	-	-	5
Public safety					
Police	194,200	194,200	242,641	(48,441)	7,841
Fire	-	-	1,752	(1,752)	12,685
Streets and highways	107,000	268,000	265,438	2,562	33,825
Culture and recreation					
Parks	424,000	1,454,000	1,399,231	54,769	65,366
Total capital outlay	725,200	1,916,200	1,909,062	7,138	129,439
Total Expenditures	6,383,455	7,574,455	7,565,722	8,733	5,454,082
Excess of Revenues					
Over Expenditures	(298,765)	(1,458,365)	(556,034)	902,331	261,727
Other Financing Sources (Uses)					
Sale of assets	-	-	11,102	11,102	-
Transfers in	225,385	224,985	229,985	5,000	122,000
Transfers out	(121,270)	(121,270)	(121,270)	-	(128,862)
Total Other Financing Sources (Uses)	104,115	103,715	119,817	16,102	(6,862)
Net Change in Fund Balances	(194,650)	(1,354,650)	(436,217)	918,433	254,865
Fund Balances, January 1	5,928,071	5,928,071	5,928,071	-	5,673,206
Fund Balances, December 31	\$ 5,733,421	\$ 4,573,421	\$ 5,491,854	\$ 918,433	\$ 5,928,071

City of New Prague, Minnesota
Debt Service Funds
Combining Balance Sheet
December 31, 2023

	380 HRA - Senior Housing	375 2007 CIP	395 2009 CIP	311 2011 CIP	315 2013B Refunding Bonds	316 2014 CIP	317 2015 CIP
Assets							
Cash and temporary investments	\$ 10,796	\$ 154,449	\$ 64,985	\$ 289,886	\$ 451,978	\$ 235,701	\$ 166,495
Receivables							
Notes	-	-	-	-	576,666	-	-
Special assessments	-	-	18,937	21,607	-	109,520	58,602
Intergovernmental	-	-	973	-	-	-	720
Total Assets	<u>\$ 10,796</u>	<u>\$ 154,449</u>	<u>\$ 84,895</u>	<u>\$ 311,493</u>	<u>\$ 1,028,644</u>	<u>\$ 345,221</u>	<u>\$ 225,817</u>
Liabilities							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred Inflows of Resources							
Unavailable revenue - special assessments	-	-	18,937	21,607	-	109,520	58,602
Fund Balances							
Restricted for							
Debt service	10,796	154,449	65,958	289,886	1,028,644	235,701	167,215
Unassigned	-	-	-	-	-	-	-
Total Fund Balances	<u>10,796</u>	<u>154,449</u>	<u>65,958</u>	<u>289,886</u>	<u>1,028,644</u>	<u>235,701</u>	<u>167,215</u>
Total Deferred Inflows of Resources and Fund Balances	<u>\$ 10,796</u>	<u>\$ 154,449</u>	<u>\$ 84,895</u>	<u>\$ 311,493</u>	<u>\$ 1,028,644</u>	<u>\$ 345,221</u>	<u>\$ 225,817</u>

318 TIF New Prague Senior Housing	319 2019 CIP	320 2020A Refunding Bonds	321 CIP 2020 - 2021	322 CIP 2022	323 CIP 2023	Totals
\$ 49,580	\$ 779,254	\$ 1,388,873	\$ 322,337	\$ 260,640	\$ 172,747	\$ 4,347,721
-	-	-	-	-	-	576,666
-	610,540	238,644	520,178	388,816	331,003	2,297,847
-	4,319	-	-	-	-	6,012
<u>\$ 49,580</u>	<u>\$ 1,394,113</u>	<u>\$ 1,627,517</u>	<u>\$ 842,515</u>	<u>\$ 649,456</u>	<u>\$ 503,750</u>	<u>\$ 7,228,246</u>
\$ 51,841	\$ -	\$ -	\$ -	\$ -	\$ 500	\$ 52,341
-	610,540	238,644	520,178	388,816	331,003	2,297,847
-	783,573	1,388,873	322,337	260,640	172,247	4,880,319
(2,261)	-	-	-	-	-	(2,261)
<u>(2,261)</u>	<u>783,573</u>	<u>1,388,873</u>	<u>322,337</u>	<u>260,640</u>	<u>172,247</u>	<u>4,878,058</u>
<u>\$ 49,580</u>	<u>\$ 1,394,113</u>	<u>\$ 1,627,517</u>	<u>\$ 842,515</u>	<u>\$ 649,456</u>	<u>\$ 503,750</u>	<u>\$ 7,228,246</u>

City of New Prague, Minnesota
Debt Service Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2023

	380 HRA - Senior Housing	375 2007 CIP	395 2009 CIP	311 2011 CIP	315 2013B Refunding Bonds	316 2014 CIP	317 2015 CIP
Revenues							
Taxes							
Property taxes	\$ 11,550	\$ -	\$ 16,681	\$ -	\$ 334,482	\$ 63,685	\$ 1,957
Tax increment district taxes	-	-	-	-	-	-	-
Special assessments	-	-	9,019	11,253	7,981	19,235	19,592
Investment earnings	158	3,128	1,865	8,963	18,749	6,135	5,078
Miscellaneous							
Other	-	-	-	-	-	-	-
Loan interest	-	-	-	-	15,293	-	-
Total Revenues	<u>11,708</u>	<u>3,128</u>	<u>27,565</u>	<u>20,216</u>	<u>376,505</u>	<u>89,055</u>	<u>26,627</u>
Expenditures							
Current							
Economic development	-	-	-	-	-	-	-
Debt service							
Principal	11,000	-	37,474	5,482	405,000	85,000	30,000
Interest and other	-	3,850	4,447	4,739	47,680	19,738	8,525
Bond issue costs and fees	-	-	-	-	-	-	-
Total Expenditures	<u>11,000</u>	<u>3,850</u>	<u>41,921</u>	<u>10,221</u>	<u>452,680</u>	<u>104,738</u>	<u>38,525</u>
Excess (Deficiency) of							
Revenues Over (Under) Expenditures	708	(722)	(14,356)	9,995	(76,175)	(15,683)	(11,898)
Other Financing Sources (Uses)							
Transfers in	-	-	-	-	-	-	-
Net Change in Fund Balances	708	(722)	(14,356)	9,995	(76,175)	(15,683)	(11,898)
Fund Balances, January 1	<u>10,088</u>	<u>155,171</u>	<u>80,314</u>	<u>279,891</u>	<u>1,104,819</u>	<u>251,384</u>	<u>179,113</u>
Fund Balances, December 31	<u>\$ 10,796</u>	<u>\$ 154,449</u>	<u>\$ 65,958</u>	<u>\$ 289,886</u>	<u>\$ 1,028,644</u>	<u>\$ 235,701</u>	<u>\$ 167,215</u>

318 TIF New Prague Senior Housing	319 2019 CIP	320 2020A Refunding Bonds	321 CIP 2020 - 2021	322 CIP 2022	323 CIP 2023	Totals
\$ -	\$ 186,027	\$ 122,976	\$ 24,991	\$ 30,212	\$ -	\$ 792,561
109,139	-	-	-	-	-	109,139
-	89,838	64,573	61,292	71,996	198,740	553,519
1,313	13,957	42,704	8,989	6,256	4,547	121,842
-	-	149	-	-	-	149
-	-	-	-	-	-	15,293
110,452	289,822	230,402	95,272	108,464	203,287	1,592,503
109,139	-	-	-	-	-	109,139
-	210,000	145,358	100,000	-	-	1,029,314
-	80,800	40,875	61,168	12,800	-	284,622
-	-	1,250	800	3,912	31,040	37,002
109,139	290,800	187,483	161,968	16,712	31,040	1,460,077
1,313	(978)	42,919	(66,696)	91,752	172,247	132,426
-	192,095	-	-	-	-	192,095
1,313	191,117	42,919	(66,696)	91,752	172,247	324,521
(3,574)	592,456	1,345,954	389,033	168,888	-	4,553,537
\$ (2,261)	\$ 783,573	\$ 1,388,873	\$ 322,337	\$ 260,640	\$ 172,247	\$ 4,878,058

City of New Prague, Minnesota
Discretely Presented Component Unit
Economic Development Authority
Combining Balance Sheet
December 31, 2023

	680	681	
	Economic Development Authority	Economic Development Authority Industrial Park	Totals
Assets			
Cash and temporary investments	\$ 432,248	\$ 198,545	\$ 630,793
Receivables			
Accounts	11,134	-	11,134
Intergovernmental	421	-	421
Land held for resale	-	453,940	453,940
	<u>\$ 443,803</u>	<u>\$ 652,485</u>	<u>\$ 1,096,288</u>
Total Current Assets			
Liabilities			
Accounts payable	\$ 158	\$ 6,286	\$ 6,444
Accrued wages payable	746	-	746
Total Current Liabilities	<u>904</u>	<u>6,286</u>	<u>7,190</u>
Fund Balances			
Unrestricted	<u>\$ 442,899</u>	<u>\$ 646,199</u>	<u>\$ 1,089,098</u>
Total Fund Balances - Governmental Funds			\$ 1,089,098
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.			
			744,017
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.			
Net pension liability			(26,867)
Other postemployment benefit liability			(870)
Governmental funds do not report long-term amounts related to pensions.			
Deferred outflows of resources			8,406
Deferred inflows of resources			(8,588)
Governmental funds do not report long-term amounts related to other postemployment benefits.			
Deferred inflows of other postemployment benefit resources			174
Deferred outflows of other postemployment benefit resources			<u>(329)</u>
Total Net Position - Governmental Activities			<u>\$ 1,805,041</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, 2023

	680	681	
	Economic Development Authority	Economic Development Authority Industrial Park	Totals
Revenues			
Taxes	\$ 74,653	\$ -	\$ 74,653
Investment earnings	12,973	5,888	18,861
Miscellaneous	11,219	53,315	64,534
Total Revenues	<u>98,845</u>	<u>59,203</u>	<u>158,048</u>
Expenditures			
Current			
Economic development	73,821	-	73,821
Capital outlay			
Economic development	-	667,880	667,880
Total Expenditures	<u>73,821</u>	<u>667,880</u>	<u>741,701</u>
Net Change in Fund Balances	<u>25,024</u>	<u>(608,677)</u>	<u>(583,653)</u>
Fund Balances, January 1	403,676	1,332,786	1,736,462
Prior Period Adjustment (Note 8)	<u>14,199</u>	<u>(77,910)</u>	<u>(63,711)</u>
Fund Balances, December 31	<u>\$ 442,899</u>	<u>\$ 646,199</u>	<u>\$ 1,089,098</u>

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

Net change in fund balances - governmental funds \$ (583,653)

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.

Capital outlay 667,880
Depreciation expense (1,773)

Long-term pension activity is not reported in governmental funds.

Pension expense (13,402)
Direct aid contributions 3

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 (476)

Change in Net Position - Governmental Activities \$ 68,579

City of New Prague, Minnesota
Summary Financial Report
Revenues and Expenditures for General Operations -
Governmental Funds
For the Years Ended December 31, 2023 and 2022

	Total		Percent Increase (Decrease)
	2023	2022	
Revenues			
Taxes	\$ 4,946,249	\$ 4,843,942	2.11 %
Special assessments	554,858	538,587	3.02
Licenses and permits	321,635	350,997	(8.37)
Intergovernmental	2,659,745	3,571,207	(25.52)
Charges for services	121,426	196,243	(38.12)
Fines and forfeits	26,319	22,063	19.29
Investment earnings	696,255	130,968	431.62
Miscellaneous	151,097	73,349	106.00
Total Revenues	<u>\$ 9,477,584</u>	<u>\$ 9,727,356</u>	(2.57) %
Per Capita	\$ 1,136	\$ 1,183	(3.96) %
Expenditures			
Current			
General government	\$ 1,285,787	\$ 1,164,895	10.38 %
Public safety	2,338,316	2,343,100	(0.20)
Public works	1,100,471	1,096,135	0.40
Culture and recreation	856,231	715,398	19.69
Economic development	109,139	128,858	(15.30)
Miscellaneous	86,379	26,694	223.59
Capital outlay			
General government	-	46,500	(100.00)
Public safety	244,393	25,531	857.24
Public works	2,469,789	2,409,148	2.52
Culture and recreation	1,399,231	66,810	1,994.34
Debt service			
Principal	1,029,314	983,273	4.68
Interest and other	284,622	299,092	(4.84)
Bond issuance costs and fees	55,430	8,607	544.01
Total Expenditures	<u>\$ 11,259,102</u>	<u>\$ 9,314,041</u>	20.88 %
Per Capita	\$ 1,350	\$ 1,133	19.16 %
Total long-term indebtedness	\$ 9,659,846	\$ 8,554,160	12.93 %
Per Capita	1,158	1,041	11.31
General fund balance - December 31	\$ 5,491,854	\$ 5,928,071	(7.36) %
Per Capita	659	721	(8.68)

The purpose of this report is to provide a summary of financial information concerning the City of New Prague to interested citizens. The complete financial statements may be examined at 118 Central Avenue North. Questions about this report should be directed to Joshua Tetzlaff, City Administrator at 952-758-4401.

OTHER REQUIRED REPORTS

CITY OF NEW PRAGUE
NEW PRAGUE, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2023

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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, the 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, 2023, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 30, 2024.

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
April 30, 2024

**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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 30, 2024.

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 material weaknesses described in the accompanying Schedule of Findings and Responses as item 2023-002, and item 2023-001 that we consider to be a significant deficiency.

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 response to the findings identified in our audit are described in the accompanying Schedule of Findings, and Responses. The City's responses are 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
April 30, 2024



City of New Prague, Minnesota
Schedule of Findings and Responses
For the Year Ended December 31, 2023

<u>Finding</u>	<u>Description</u>
2023-001	Segregation of Duties
<i>Condition:</i>	During our audit we reviewed internal control procedures over payroll, disbursements, cash receipts, utility billing and investments and found the City to have limited segregation of duties in these areas as noted below.
<i>Criteria:</i>	There are four general categories of duties: authorization, custody, record keeping and reconciliation. In an ideal system, different employees perform each of these four major functions. In other words, no one person has control of two or more of these responsibilities.
<i>Effect:</i>	The existence of this limited segregation of duties increases the risk of fraud.

Internal Control Over Payroll

<i>Cause:</i>	Currently, the Finance Director has control of payroll checks, sets up and maintains all employee records, issues checks to employees, initiates payroll transfers for direct deposit, and approves payroll. The Accounting Technician runs the payroll, posts activity to the general ledger and prepares the payroll tax returns. The Finance Director and Accounting Technician alternate the reconciliation of bank accounts.
<i>Recommendation:</i>	We recommend the City review the spreadsheet provided to see if any duties can be adjusted to properly segregate the four categories of duties. It is important that the Council is aware of this condition and monitors all financial information.

Management Response:

The City has already taken measures to attempt to comply even though they are relatively small and the number of clerical/bookkeeping staff they can employ is limited. The Council has addressed this circumstance by active participation in the City's affairs. This includes approval of expenditures, regular review of financial statements and budget comparisons.

Updated Progress from Prior Year:

No update from the prior year.

City of New Prague, Minnesota
Schedule of Findings and Responses (Continued)
For the Year Ended December 31, 2023

Finding

Description

2023-001

Segregation of Duties (Continued)

Internal Control Over Disbursements

Cause: The Accounting Technician maintains the signature plate, sets up and maintains vendors, posts to the general ledger, prepares checks, and maintains accounts payable records. The Planning Technician Receptionist opens mail and mails checks to vendors. The Purchase/Inventory Clerk matches invoices to purchase orders and maintains the purchase journal. The Finance Director and Accounting Technician alternate the reconciliation of the bank accounts.

Recommendation: We recommend the City review the spreadsheet provided to see if any duties can be adjusted to properly segregate the four categories of duties. It is important that the Council is aware of this condition and monitors all financial information.

Management Response:

The City has already taken measures to attempt to comply even though they are relatively small and the number of clerical/bookkeeping staff they can employ is limited. The Council has addressed this circumstance by active participation in the City's affairs. This includes approval of expenditures, regular review of financial statements, regular review of bank reconciliations and budget comparisons. The duties of setting up and maintain vendors, opening the mail, maintaining the general ledger, preparing checks, and mailing the checks have been separated as much as allowed with the limited number of staff.

Updated Progress from Prior Year:

No update from the prior year.

Internal Control Over Cash Receipts

Cause: The Planning Technician Receptionist opens mail and takes deposits to the bank. The Billing Clerk receives and endorses checks/currency and prepares the deposit.

Recommendation: We recommend the City review the spreadsheet provided to see if any duties can be adjusted to properly segregate the four categories of duties. It is important that the Council is aware of this condition and monitors all financial information.

Management Response:

The City has already taken measures to attempt to comply even though they are relatively small and the number of clerical/bookkeeping staff they can employ is limited. The Council has addressed this circumstance by active participation in the City's affairs. This includes review of deposits, regular review of financial statements, regular review of bank reconciliations and budget comparisons.

Updated Progress from Prior Year:

No update from the prior year.

City of New Prague, Minnesota
Schedule of Findings and Responses (Continued)
For the Year Ended December 31, 2023

<u>Finding</u>	<u>Description</u>
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2023-001	Segregation of Duties (Continued)
-----------------	--

Internal Control Over Utility Billing

Cause: The Billing Clerk sets up and maintains customers and rates, generates billing statements, mails billing statements, and prepares the deposit.

Recommendation: We recommend the City review the spreadsheet provided to see if any duties can be adjusted to properly segregate the four categories of duties. It is important that the Council is aware of this condition and monitors all financial information.

Management Response:

The City has already taken measures to attempt to comply even though they are relatively small and the number of clerical/bookkeeping staff they can employ is limited. The Council has addressed this circumstance by active participation in the City's affairs. This includes review of deposits, regular review of financial statements, regular review of bank reconciliations and budget comparisons.

Updated Progress from Prior Year:

No update from the prior year.

Internal Control Over Journal Entries

Cause: The accounting technician posts all journal entries, which have not been through an approval process.

Recommendation: SAS No. 145 required evaluating the design and implementation of certain controls including journal entries and other adjustments. Through our audit testing we determined there were lack of controls related to journal entries. We recommend implementing a formal approval process for all manual journal entries.

Management response:

The City will implement an approval process for manual journal entries going forward.

City of New Prague, Minnesota
Schedule of Findings and Responses (Continued)
For the Year Ended December 31, 2023

<u>Finding</u>	<u>Description</u>
2023-002	Material Audit Adjustments
<i>Condition:</i>	Adjustments were needed to record and adjust beginning EDA balances, the coding of bond proceeds coded to the incorrect fund, debt service fund tax revenues, and capital project activity.
<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 review bond proceed coding to ensure they are recorded in the proper project fund, review tax levy revenue recorded compared to the approved levy, and review large capital projects that are done in conjunction with outside agencies for portions owned by the City.
<i>Management response:</i>	
The City will review the adjustments necessary and try to eliminate these entries in the future.	

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OPERATIONAL STATISTICS AND
SUPPLEMENTARY SCHEDULES (UNAUDITED)

CITY OF NEW PRAGUE
NEW PRAGUE, MINNESOTA

FOR THE YEARS ENDED
DECEMBER 31, 2023 AND 2022

New Prague Utilities Commission
New Prague, Minnesota
Electric Utility Fund
Schedules of Operating Revenues
(Unaudited)
For the Years Ended December 31, 2023 and 2022

	2023		
Type of Service	K.W.H. Sold	Income	Average Income Per K.W.H. Sold
Residential	28,311,052	\$ 4,209,140	\$ 0.14867
Commercial phase 1	2,104,161	615,990	0.29275
Commercial phase 3	1,874,274	-	-
Commercial interruptible	123,000	11,623	0.09450
Small industrial	15,530,382	1,835,814	0.11821
Industrial	21,835,800	2,383,440	0.10915
Other departments	1,265,866	142,813	0.11282
Street lights	424,992	64,064	0.15074
Security lights	-	5,011	-
Unbilled revenue	-	(101,666)	-
Total Sales	<u>71,469,527</u>	<u>\$ 9,166,229</u>	<u>\$ 0.12825</u>
Total K.W.H. - Generated	807,700		
Total K.W.H. - Purchases	<u>72,260,959</u>		
Total K.W.H.	<u>73,068,659</u>		
Distribution Lost	<u>1,599,132</u>		
Percentage of Distribution Lost	<u>2.2%</u>		
Cost of Power Purchased	<u>\$ 6,638,267</u>		
Average Cost Per K.W.H. Purchased	<u>\$ 0.09187</u>		

2022		
K.W.H. Sold	Income	Average Income Per K.W.H. Sold
27,036,908	\$ 3,695,866	\$ 0.13670
2,028,451	524,872	0.25876
1,723,479	-	-
147,600	12,325	0.08350
15,095,979	1,675,374	0.11098
21,316,380	2,086,969	0.09790
1,134,476	127,921	0.11276
421,334	58,623	0.13914
-	4,204	-
-	183,486	-
<u>68,904,607</u>	<u>\$ 8,369,640</u>	<u>\$ 0.12147</u>
914,600		
<u>72,403,121</u>		
<u>73,317,721</u>		
<u>4,413,114</u>		
<u>6.0%</u>		
<u>\$ 6,025,681</u>		
<u>\$ 0.08322</u>		

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New Prague Utilities Commission
New Prague, Minnesota
Water Fund
Schedules of Operations Statement Per 1,000 Gallons
(Unaudited)
For the Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Operating Revenues		
Water sales		
Residential	\$ 4.34940	\$ 4.72787
Commercial	2.03273	2.25680
Other departments	0.00868	0.00857
Unbilled revenue	(0.03489)	0.08849
Other operating revenues	<u>0.06265</u>	<u>0.07443</u>
Total Operating Revenues	<u>6.41857</u>	<u>7.15615</u>
Operating Expenses		
Power for pumping	0.45050	0.49624
Maintenance - wells, pumps, and storage facilities	0.04559	0.05285
Maintenance - water main	0.08237	0.06494
Purification	0.23528	0.28387
Distribution	1.07523	1.06980
Salaries	0.60732	0.77069
General expenses	0.20082	0.23668
Professional fees	0.05838	0.16307
Insurance	0.07595	0.06625
Employee pension and benefits	0.38763	0.78470
Maintenance - general property	0.06373	0.09490
Depreciation	<u>1.48124</u>	<u>1.81048</u>
Total Operating Expenses	<u>4.76404</u>	<u>5.89447</u>
Operating Income	<u>1.65453</u>	<u>1.26168</u>
Nonoperating Income (Expenses)		
Investment income (loss)	0.31188	(0.24743)
State aid	0.00012	0.00854
Other income	0.05652	0.04896
Water meter income	0.02308	0.02969
Hookup fees	0.11585	0.10904
Water access charges	0.01385	-
Special assessments	0.31771	0.41832
Interest expense	(0.36505)	(0.43351)
Bond issuance costs	(0.05146)	(0.03101)
Amortization expense	<u>0.10609</u>	<u>0.00933</u>
Total Nonoperating Income (Expenses)	<u>0.52859</u>	<u>(0.08807)</u>
Change in Net Position	<u>\$ 2.18312</u>	<u>\$ 1.17361</u>
1,000 Gallons Sold	<u>292,596</u>	<u>237,904</u>

New Prague Utilities Commission
New Prague, Minnesota
Electric Utility Fund
Schedule of Plant Assets and Accumulated Depreciation
(Unaudited)
For the Year Ended December 31, 2023

	Cost				
	Balance December 31, 2022	Asset Transferred from City	Additions	Disposals	Balance December 31, 2023
Land	\$ 41,648	\$ -	\$ -	\$ -	\$ 41,648
Construction in progress	2,085,675	-	503,010	2,341,433	247,252
Production plant					
Structures and improvements	1,598,319	-	2,188,824	-	3,787,143
Boilers and generators	5,527,534	-	-	-	5,527,534
Total Production Plant	7,125,853	-	2,188,824	-	9,314,677
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	-	-	-	678,998
Underground conductors and devices	5,987,192	-	51,588	-	6,038,780
Line transformers	1,972,637	-	84,639	-	2,057,276
Services	347,612	-	31,590	-	379,202
Electric meters	1,058,755	-	14,898	-	1,073,653
Fiber Optic	32,520	-	57,240	-	89,760
Street lighting	1,717,000	-	237	-	1,717,237
Load management	94,738	-	2,977	-	97,715
SCADA system	123,865	-	-	-	123,865
Total transmission and distribution system	13,739,258	-	243,169	-	13,982,427
General plant					
Structures and improvement	224,059	-	-	-	224,059
Office furniture and fixtures	89,730	-	-	-	89,730
Transportation equipment	1,662,831	-	206,368	28,628	1,840,571
Shop equipment	56,994	-	-	-	56,994
Tools and work equipment	237,583	-	-	-	237,583
Miscellaneous work equipment	97,109	-	-	-	97,109
Total general plant	2,368,306	-	206,368	28,628	2,546,046
Total Electric Plant Assets	\$ 25,360,740	\$ -	\$ 3,141,371	\$ 2,370,061	\$ 26,132,050

Accumulated Depreciation					
Balance December 31, 2022	Asset Transferred from City	Current Year Depreciation	Disposals	Balance December 31, 2023	Depreciated Value December 31, 2023
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 41,648
-	-	-	-	-	247,252
1,223,946	-	30,403	-	1,254,349	2,532,794
5,455,266	-	10,570	-	5,465,836	61,698
6,679,212	-	40,973	-	6,720,185	2,594,492
497,744	-	13,031	-	510,775	91,058
86,888	-	182	-	87,070	664
641,196	-	22,620	-	663,816	168,418
194,801	-	1,424	-	196,225	7,915
564,944	-	17,417	-	582,361	96,637
2,966,171	-	211,735	-	3,177,906	2,860,874
795,216	-	64,556	-	859,772	1,197,504
119,089	-	10,918	-	130,007	249,195
397,410	-	59,403	-	456,813	616,840
2,566	-	1,084	-	3,650	86,110
496,370	-	75,469	-	571,839	1,145,398
48,523	-	13,526	-	62,049	35,666
111,603	-	1,477	-	113,080	10,785
6,922,521	-	492,842	-	7,415,363	6,567,064
184,995	-	3,830	-	188,825	35,234
45,815	-	16,251	-	62,066	27,664
990,396	-	136,586	28,628	1,098,354	742,217
56,994	-	-	-	56,994	-
236,643	-	275	-	236,918	665
54,312	-	4,755	-	59,067	38,042
1,569,155	-	161,697	28,628	1,702,224	843,822
<u>\$ 15,170,888</u>	<u>\$ -</u>	<u>\$ 695,512</u>	<u>\$ 28,628</u>	<u>\$ 15,837,772</u>	<u>\$ 10,294,278</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, 2023

	Cost				
	Balance December 31, 2022	Asset Transferred from City	Additions	Disposals	Balance December 31, 2023
Land	\$ 79,520	\$ -	\$ -	\$ -	\$ 79,520
Construction in progress	2,942,729	-	933,620	3,742,915	133,434
Production plant					
Wells, pumps and pump house	2,151,138	-	46,048	-	2,197,186
Building	1,440,600	-	1,008,685	-	2,449,285
Water treatment building	53,117	-	-	-	53,117
Water treatment equipment	1,253,269	-	-	-	1,253,269
Total Production Plant	4,898,124	-	1,054,733	-	5,952,857
Distribution system					
Elevated storage tank	1,988,570	-	-	-	1,988,570
Reservoirs	732,530	-	-	-	732,530
Distribution system	4,478,386	-	2,734,231	-	7,212,617
Water meters	1,079,174	-	43,973	-	1,123,147
PRU valves	903	-	-	-	903
Main Street water treatment upgrade	215,848	-	-	-	215,848
SCADA system	218,512	-	-	-	218,512
Total Distribution System	8,713,923	-	2,778,204	-	11,492,127
General plant					
Building improvements - office	5,534	-	-	-	5,534
Office furniture and fixtures	29,980	-	-	-	29,980
Transportation equipment	243,942	-	22,330	-	266,272
Miscellaneous equipment	39,308	-	-	-	39,308
Unearned maintenance	24,794	-	-	-	24,794
Shop equipment	1,418	-	-	-	1,418
Total General Plant	344,976	-	22,330	-	367,306
Total Water Plant Assets	\$ 16,979,272	\$ -	\$ 4,788,887	\$ 3,742,915	\$ 18,025,244

Accumulated Depreciation

Balance December 31, 2022	Asset Transferred from City	Current Year Depreciation	Disposals	Balance December 31, 2023	Depreciated Value December 31, 2023
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 79,520
-	-	-	-	-	133,434
1,967,084	-	37,635	-	2,004,719	192,467
1,000,753	-	57,674	-	1,058,427	1,390,858
36,786	-	1,274	-	38,060	15,057
1,085,017	-	45,108	-	1,130,125	123,144
4,089,640	-	141,691	-	4,231,331	1,721,526
1,084,774	-	60,260	-	1,145,034	843,536
430,901	-	23,907	-	454,808	277,722
1,724,170	-	112,917	-	1,837,087	5,375,530
485,237	-	54,815	-	540,052	583,095
550	-	36	-	586	317
177,119	-	5,958	-	183,077	32,771
180,039	-	4,674	-	184,713	33,799
4,082,790	-	262,567	-	4,345,357	7,146,770
3,802	-	138	-	3,940	1,594
23,530	-	1,312	-	24,842	5,138
156,980	-	24,460	-	181,440	84,832
31,760	-	3,237	-	34,997	4,311
24,794	-	-	-	24,794	-
1,418	-	-	-	1,418	-
242,284	-	29,147	-	271,431	95,875
\$ 8,414,714	\$ -	\$ 433,405	\$ -	\$ 8,848,119	\$ 9,177,125