

**CITY OF BROWERVILLE, MINNESOTA**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2023**

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## **INTRODUCTORY SECTION**

**CITY OF BROWERVILLE, MINNESOTA  
PRINCIPAL CITY OFFICIALS  
YEAR ENDED DECEMBER 31, 2023**

**Elected Officials**

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Position	Name	Term Expires
Mayor	Hannah Wieshalla	December 31, 2024
Councilperson	Sue Wiersgalla	December 31, 2026
Councilperson	Alan Fenner	December 31, 2024
Councilperson	Christopher Minor	December 31, 2026
Councilperson	Angela Johnson	December 31, 2024

**Appointed**

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City Administrator	Bobbi Jo Freie
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## **FINANCIAL SECTION**

# BRIAN D. KOEHN, CPA, PLLC

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## INDEPENDENT AUDITORS' REPORT

City Council  
City of Browerville, Minnesota

I have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Browerville 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 my 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, and each major fund, of the City of Browerville, as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

I conducted my 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. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the City of Browerville, and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Browerville'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

My 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 my 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 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*, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Browerville'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Browerville's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

## Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. My opinions on the basic financial statements are not affected by this missing information.

Accounting principles generally accepted in the United States of America require that budgetary comparison schedules, the schedule of proportionate share of the net pension liability, the schedule of employer contributions of the net pension liability, and the schedule of changes in the fire relief association's net pension Asset and related ratios and schedule of employer's fire relief association contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

## Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Browerville's basic financial statements. The combining fund financial statements 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 relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the combining fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The statement of revenues, expenses and changes in fund balance and combining financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 my opinion, the combining statement of revenues, expenses and changes in fund balance and combining debt service fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## Report on Other Legal and Regulatory Requirements

In accordance with Minnesota Statutes, I have also issued my report dated August 24, 2024, on my consideration of the City of Browerville's compliance with provisions of the *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to Minnesota Statute Section 6.65. The purpose of the report is to determine if the City has complied with Minnesota Laws and regulations. That report is an integral part of an audit performed in the State of Minnesota.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated August 24, 2024, on my consideration of the City of Browerville's internal control over financial reporting and on my 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 my 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 of Browerville'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 of Browerville's internal control over financial reporting and compliance.

 Brian D. Koehn, CPA, PLLC

**Brian D. Koehn, CPA, PLLC**

Parkers Prairie, Minnesota

August 24, 2024



## **BASIC FINANCIAL STATEMENTS**

## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**CITY OF BROWERVILLE, MINNESOTA  
STATEMENT OF NET POSITION  
DECEMBER 31, 2023**

<b>ASSETS</b>	Governmental Activities	Business-Type Activities	Total
Cash and Cash Equivalents	\$ 1,127,000	\$ 917,899	\$ 2,044,899
Time Deposits and Savings	749,143	1,307,588	2,056,731
Investments	176,234	278,725	454,959
Accounts Receivable	10,741	113,521	124,262
Inventory	-	52,480	52,480
Special Assessments Receivable	406,577	130,229	536,806
Taxes Receivable	5,827	137	5,964
Prepaid Expenses	16,316	14,422	30,738
Accrued Interest Receivable	-	1,116	1,116
Lease Receivable	84,236	-	84,236
Capital Assets			
Land	4,050	42,229	46,279
Construction In Process	174,803	-	174,803
Land Improvements	-	26,704	26,704
Machinery and Equipment	1,313,905	752,378	2,066,283
Buildings and Structures	507,414	4,645,013	5,152,427
Infrastructure	2,466,095	-	2,466,095
Mains and Lines	-	9,825,467	9,825,467
Accumulated Depreciation	<u>(2,203,676)</u>	<u>(7,605,615)</u>	<u>(9,809,291)</u>
Total Assets	4,838,665	10,502,293	15,340,958
<b>DEFERRED OUTFLOWS OF RESOURCES (DOR)</b>			
Fire Relief	71,464	-	71,464
Pensions	40,479	95,174	135,653
	<u>111,943</u>	<u>95,174</u>	<u>207,117</u>
 Total Assets and DOR	<u>4,950,608</u>	<u>10,597,467</u>	<u>15,548,075</u>
<b>LIABILITIES</b>			
Account Payable	20,530	42,034	62,564
Other Accrued Liabilities	11,420	21,281	32,701
Accrued Interest Payable	15,217	11,973	27,190
Net Pension Liability - PERA	70,084	164,776	234,860
Net Pension Asset - Fire	(136,221)	-	(136,221)
Bonds and Notes Payable			
Due Within One Year	82,437	338,562	420,999
Due in More than One Year	998,264	2,858,738	3,857,002
Total Liabilities	<u>1,061,731</u>	<u>3,437,364</u>	<u>4,499,095</u>
<b>DEFERRED INFLOWS OF RESOURCES (DIR)</b>			
Lease Receivable	84,236	-	84,236
Fire Relief	17,914	-	17,914
Pensions	37,909	89,125	127,034
	<u>140,059</u>	<u>89,125</u>	<u>229,184</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	1,166,673	4,488,876	5,655,549
Restricted	347,735	-	347,735
Unrestricted	2,234,410	2,582,102	4,816,512
Total Net Position	<u>\$ 3,748,818</u>	<u>\$ 7,070,978</u>	<u>\$ 10,819,796</u>

See accompanying notes to financial statements

**CITY OF BROWERVILLE, MINNESOTA  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2023**

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
<b>GOVERNMENTAL ACTIVITIES</b>							
General Government	\$ 109,452	\$ 28,815	\$ -	\$ 37,000	\$ (43,637)	\$ -	\$ (43,637)
Public Safety	185,952	46,702	41,241	2,200	(95,809)	-	(95,809)
Public Works	363,546	-	-	477	(363,069)	-	(363,069)
Culture and Recreation	21,329	-	-	-	(21,329)	-	(21,329)
Interest	35,901	-	-	-	(35,901)	-	(35,901)
Total Governmental Activities	716,180	75,517	41,241	39,677	(559,745)	-	(559,745)
<b>BUSINESS-TYPE ACTIVITIES</b>							
Water Enterprise	341,834	388,236	-	-	-	46,402	46,402
Sewer Enterprise	453,819	446,039	-	-	-	(7,780)	(7,780)
Storm Water Enterprise	34,391	44,056	-	-	-	9,665	9,665
Municipal Liquor Enterprise	626,757	659,944	-	-	-	33,187	33,187
Ambulance Enterprise	106,598	138,901	-	-	-	32,303	32,303
Refuse Enterprise	71,682	71,777	-	-	-	95	95
Total Business-Type Activities	1,635,081	1,748,953	-	-	-	113,872	113,872
Total Primary Government	<u>\$2,351,261</u>	<u>\$ 1,824,470</u>	<u>\$ 41,241</u>	<u>\$ 39,677</u>	(559,745)	113,872	(445,873)
<b>GENERAL REVENUES</b>							
Taxes:							
Property Taxes					209,309	-	209,309
Special Assessments					4,058	-	4,058
Intergovernmental					320,198	-	320,198
Interest Earnings					29,221	46,994	76,215
Miscellaneous					23,370	-	23,370
Transfers					10,850	(10,850)	-
Total General Revenues					<u>597,006</u>	<u>36,144</u>	<u>633,150</u>
<b>CHANGE IN NET POSITION</b>					37,261	150,016	187,277
Net Position - Beginning of Year					<u>3,711,557</u>	<u>6,920,962</u>	<u>10,632,519</u>
<b>NET POSITION - END OF YEAR</b>					<u>\$ 3,748,818</u>	<u>\$ 7,070,978</u>	<u>\$ 10,819,796</u>

See accompanying notes to financial statements

## **FUND FINANCIAL STATEMENTS**

**CITY OF BROWERVILLE, MINNESOTA  
BALANCE SHEET – GOVERNMENTAL FUNDS  
DECEMBER 31, 2023**

	General	Fire	Capital Projects	Debt Service	Total Governmental Funds
<b>ASSETS</b>					
Cash	\$ 781,802	\$ 173,511	\$ 5,847	\$ 165,840	\$ 1,127,000
Time Deposits and Savings	521,657	69,552	-	157,934	749,143
Investments	124,538	27,735	-	23,961	176,234
Accounts Receivable	4,549	6,192	-	-	10,741
Special Assessments Receivable	12,631	-	-	393,946	406,577
Taxes Receivable	5,475	88	264	-	5,827
Advances to Other Funds	136,735	-	-	-	136,735
Prepaid Expenses	9,790	6,526	-	-	16,316
Total Assets	<u>1,597,177</u>	<u>283,604</u>	<u>6,111</u>	<u>741,681</u>	<u>2,628,573</u>
<b>LIABILITIES</b>					
Accounts Payable	12,792	5,026	2,713	-	20,531
Accrued Wages	11,420	-	-	-	11,420
Advances from Other Funds	-	-	136,735	-	136,735
Total Liabilities	<u>24,212</u>	<u>5,026</u>	<u>139,448</u>	<u>-</u>	<u>168,686</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable Revenues - Prop Taxes	4,255	-	-	-	4,255
Unavailable Revenues - Spec Assess	12,631	-	-	393,946	406,577
Total Deferred Inflows of Resources	<u>16,886</u>	<u>-</u>	<u>-</u>	<u>393,946</u>	<u>410,832</u>
<b>FUND BALANCES</b>					
Nonspendable	9,790	6,526	-	-	16,316
Restricted for Specific Purposes	-	-	-	347,735	347,735
Assigned for Specific Purposes	-	272,052	-	-	272,052
Unassigned	1,546,289	-	(133,337)	-	1,412,952
Total Fund Balances	<u>1,556,079</u>	<u>278,578</u>	<u>(133,337)</u>	<u>347,735</u>	<u>2,049,055</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,597,177</u>	<u>\$ 283,604</u>	<u>\$ 6,111</u>	<u>\$ 741,681</u>	<u>\$ 2,628,573</u>

**CITY OF BROWERVILLE, MINNESOTA  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2023**

**Fund Balances - Total Governmental Funds** \$ 2,049,055

Amounts reported for governmental activities in the statements of net assets are different because:

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

Capital Assets	\$ 4,466,267	
Accumulated Depreciation	<u>(2,203,676)</u>	2,262,591

The net pension liability and related inflows/outflows represent the allocation of the pension obligations of the State-wide pensions plans to the City. Such Balances are not reported in the funds

Net Pension (Liability) Asset	66,137	
Deferred Outflows - Pensions	111,943	
Deferred Inflows - Pensions	<u>(55,823)</u>	122,257

Long-term liabilities 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:

Bonds and Notes Payable	(1,080,701)
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Delinquent taxes and special assessments receivable are earned, but not available in the current period. Therefore, they are recorded as a liability in the funds but are part of net assets.

410,832

Governmental funds do not report a liability for accrued interest until due and payable.

(15,216)

**Total Net Position - Governmental Activities** \$ 3,748,818

**CITY OF BROWERVILLE, MINNESOTA**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2023**

	General	Fire	Capital Projects	Debt Service	Total Governmental Funds
<b>REVENUES</b>					
Property Taxes	\$ 120,870	\$ 7,583	\$ 22,727	\$ 49,152	\$ 200,332
Special Assessments	-	-	-	50,839	50,839
Licenses and Permits	1,085	-	-	-	1,085
Intergovernmental Revenues	320,198	41,241	-	-	361,439
Charges for Services	22,458	46,538	-	-	68,996
Fines and Forfeits	1,827	-	-	-	1,827
Other Revenue	70,013	14,160	14,809	5,305	104,287
Total Revenue	<u>536,451</u>	<u>109,522</u>	<u>37,536</u>	<u>105,296</u>	<u>788,805</u>
<b>EXPENDITURES</b>					
General Government					
Current	89,166	-	-	-	89,166
Public Safety					
Current	40,542	108,140	-	-	148,682
Public Works					
Current	271,258	-	-	-	271,258
Capital Outlay	48,893	-	174,859	-	223,752
Culture and Recreation					
Current	21,329	-	-	-	21,329
Debt Service					
Principal	5,350	-	-	82,816	88,166
Interest	681	-	-	37,173	37,854
Total Expenditures	<u>\$ 477,219</u>	<u>\$ 108,140</u>	<u>\$ 174,859</u>	<u>\$ 119,989</u>	<u>\$ 880,207</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ 59,232</b>	<b>\$ 1,382</b>	<b>\$ (137,323)</b>	<b>\$ (14,693)</b>	<b>\$ (91,402)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from					
Governmental Fund	28,300	5,785	-	-	34,085
Enterprise Fund	23,383	2,550	48,175	-	74,108
Transfers to					
Governmental Fund	(5,785)	-	-	(71,558)	(77,343)
Enterprise Fund	(20,000)	-	-	-	(20,000)
Total Other Financing Sources (Uses)	<u>25,898</u>	<u>8,335</u>	<u>48,175</u>	<u>(71,558)</u>	<u>10,850</u>
<b>NET CHANGE IN FUND BALANCE</b>	<b>85,130</b>	<b>9,717</b>	<b>(89,148)</b>	<b>(86,251)</b>	<b>(80,552)</b>
Fund Balance - Beginning of Year	1,470,949	268,861	(44,189)	433,986	2,129,607
<b>FUND BALANCE - END OF YEAR</b>	<b><u>\$ 1,556,079</u></b>	<b><u>\$ 278,578</u></b>	<b><u>\$ (133,337)</u></b>	<b><u>\$ 347,735</u></b>	<b><u>\$ 2,049,055</u></b>



**CITY OF BROWERVILLE, MINNESOTA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2023**

**Net Change in Fund Balances - Total Governmental** \$ (80,552)

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

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period these amounts are:

Capital Outlay	\$ 223,696	
Depreciation Expense	<u>(150,458)</u>	73,238

Repayment of long-term debt is reported as an other financing use in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. In the current period this amount consists of:

Bond Principal Retirement	88,166	88,166
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Delinquent property taxes receivable and special assessments receivable will be collected, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds. The increase (decrease) in the current period is:

Delinquent Taxes	144	
Special Assessments	<u>(46,304)</u>	(46,160)

Net pension liability does not represent the impending use of current resources. Therefore the change in this liability and related deferrals is not reported in the governmental funds.

1,304

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

1,265

**Change in Net Position - Governmental Activities** \$ 37,261

**CITY OF BROWERVILLE, MINNESOTA**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**  
**DECEMBER 31, 2023**

	Water	Sewer	Municipal Liquor	Ambulance	Storm Water Utility	Refuse	Total
<b>ASSETS</b>							
<b>CURRENT ASSETS</b>							
Cash and Cash Equivalents	\$ 565,023	\$ 152,375	\$ 123,437	\$ 115,111	\$ (46,146)	\$ 8,099	\$ 917,899
Time Deposits and Savings	483,239	600,327	66,706	96,584	60,732	-	1,307,588
Investments	111,982	129,137	17,155	10,066	10,385	-	278,725
Accounts Receivable	1,679	27,975	-	82,287	374	1,206	113,521
Inventory	-	-	52,480	-	-	-	52,480
Property Tax Receivable	-	-	-	-	137	-	137
Special Assessments Receivable	94,401	22,412	-	-	13,416	-	130,229
Prepaid Expenses	1,334	1,548	5,191	6,349	-	-	14,422
Accrued Interest Receivable	-	-	1,116	-	-	-	1,116
Total Current Assets	<u>1,257,658</u>	<u>933,774</u>	<u>266,085</u>	<u>310,397</u>	<u>38,898</u>	<u>9,305</u>	<u>2,816,117</u>
<b>CAPITAL ASSETS</b>							
Land	-	41,029	1,200	-	-	-	42,229
Land Improvements	8,000	18,704	-	-	-	-	26,704
Machinery & Equipment	105,961	310,725	104,518	231,174	-	-	752,378
Buildings and Structures	1,105,846	3,323,235	215,932	-	-	-	4,645,013
Mains and Lines	4,220,884	4,418,689	-	-	1,185,894	-	9,825,467
Less: Accumulated Depreciation	<u>(2,534,678)</u>	<u>(4,228,899)</u>	<u>(224,461)</u>	<u>(118,110)</u>	<u>(499,467)</u>	<u>-</u>	<u>(7,605,615)</u>
Total Capital Assets	<u>2,906,013</u>	<u>3,883,483</u>	<u>97,189</u>	<u>113,064</u>	<u>686,427</u>	<u>-</u>	<u>7,686,176</u>
<b>DEFERRED OUTFLOWS OF RESOURCES (DOR)</b>							
Pensions	16,607	16,469	42,933	19,165	-	-	95,174
Total Assets and DOR	<u>\$ 4,180,278</u>	<u>\$ 4,833,726</u>	<u>\$ 406,207</u>	<u>\$ 442,626</u>	<u>\$ 725,325</u>	<u>\$ 9,305</u>	<u>\$ 10,597,467</u>

See accompanying notes to financial statements  
(10)

**CITY OF BROWERVILLE, MINNESOTA**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS (CONTINUED)**  
**DECEMBER 31, 2023**

	Water	Sewer	Municipal Liquor	Ambulance	Storm Water Utility	Refuse	Total
<b>LIABILITIES AND NET ASSETS</b>							
<b>CURRENT LIABILITIES</b>							
Accounts Payable	\$ 2,178	\$ 23,483	\$ 7,223	\$ 2,579	\$ -	\$ 6,571	\$ 42,034
Other Accrued Liabilities	5,656	5,337	9,383	905	-	-	21,281
Accrued Interest Payable	4,097	5,994	-	-	1,882	-	11,973
Current Portion of Long-Term Debt	125,128	167,550	-	-	45,884	-	338,562
Total Current Liabilities	137,059	202,364	16,606	3,484	47,766	6,571	413,850
<b>DEFERRED INFLOWS OF RESOURCES (DIR)</b>							
Pensions	15,552	15,422	40,204	17,947	-	-	89,125
<b>OTHER LIABILITIES</b>							
Net Pension Liability	28,753	28,512	74,330	33,181	-	-	164,776
Bonds and Notes Payable	1,428,684	1,491,144	-	-	277,472	-	3,197,300
Less: Current Portion	(125,128)	(167,550)	-	-	(45,884)	-	(338,562)
Total Other Liabilities	1,332,309	1,352,106	74,330	33,181	231,588	-	3,023,514
Total Liabilities and DIR	1,484,920	1,569,892	131,140	54,612	279,354	6,571	3,526,489
<b>NET POSITION</b>							
Net Investment in Capital Assets	1,477,329	2,392,339	97,189	113,064	408,955	-	4,488,876
Unrestricted	1,218,029	871,495	177,878	274,950	37,016	2,734	2,582,102
Total Net Position	<u>\$ 2,695,358</u>	<u>\$ 3,263,834</u>	<u>\$ 275,067</u>	<u>\$ 388,014</u>	<u>\$ 445,971</u>	<u>\$ 2,734</u>	<u>\$ 7,070,978</u>

See accompanying notes to financial statements  
(11)

**CITY OF BROWERVILLE, MINNESOTA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PROPRIETARY FUNDS**  
**DECEMBER 31, 2023**

	Water	Sewer	Municipal Liquor	Ambulance	Storm Water Utility	Refuse	Total
<b>SALES</b>	\$ 391,875	\$ 412,133	\$ 612,808	\$ 136,002	\$ 29,769	\$ 71,777	\$ 1,654,364
<b>COST OF SALES</b>	-	-	350,573	-	-	71,682	422,255
<b>GROSS PROFIT</b>	391,875	412,133	262,235	136,002	29,769	95	1,232,109
<b>OPERATING EXPENSES</b>							
Personal Services	57,784	54,931	181,275	62,360	-	-	356,350
Professional Fees	581	2,513	2,300	1,230	-	-	6,624
Depreciation	159,383	209,799	10,263	21,608	29,340	-	430,393
Supplies	21,919	5,498	16,295	13,723	-	-	57,435
Dues, Permits, and Fees	7,738	3,555	9,763	420	-	-	21,476
Maintenance and Repairs	33,812	75,452	15,652	3,173	-	-	128,089
Utilities	33,561	74,339	28,268	424	-	-	136,592
Insurance	-	5,393	7,341	1,020	-	-	13,754
Miscellaneous	6,940	1,149	5,027	2,640	-	-	15,756
Total Operating Expenses	321,718	432,629	276,184	106,598	29,340	-	1,166,469
<b>OPERATING INCOME</b>	70,157	(20,496)	(13,949)	29,404	429	95	65,640
<b>NONOPERATING REVENUE (EXPENSES)</b>							
Interest Income	20,310	19,790	2,483	2,647	1,754	10	46,994
Interest Expense	(20,116)	(21,190)	-	-	(5,051)	-	(46,357)
Other Income	(3,639)	33,906	47,136	2,899	14,287	-	94,589
Total Nonoperating Revenue (Expenses)	(3,445)	32,506	49,619	5,546	10,990	10	95,226
<b>NET INCOME (LOSS)</b>	\$ 66,712	\$ 12,010	\$ 35,670	\$ 34,950	\$ 11,419	\$ 105	\$ 160,866
<b>TRANSFERS</b>							
Transfers in from Other Funds	\$ -	\$ 20,000	\$ -	\$ -	\$ -	\$ -	\$ 20,000
Transfers out to Other Funds	-	-	(10,800)	(17,550)	-	(2,500)	(30,850)
Total Transfers	-	20,000	(10,800)	(17,550)	-	(2,500)	(10,850)
<b>CHANGE IN NET POSITION</b>	66,712	32,010	24,870	17,400	11,419	(2,395)	150,016
Net Position - Beginning of Year	2,628,646	3,231,824	250,197	370,614	434,552	5,129	6,920,962
<b>NET Position - END OF YEAR</b>	<u>\$ 2,695,358</u>	<u>\$ 3,263,834</u>	<u>\$ 275,067</u>	<u>\$ 388,014</u>	<u>\$ 445,971</u>	<u>\$ 2,734</u>	<u>\$ 7,070,978</u>

See accompanying notes to financial statements  
(12)

**CITY OF BROWERVILLE, MINNESOTA**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
**DECEMBER 31, 2023**

	Water	Sewer	Municipal Liquor	Ambulance	Storm Water Utility	Refuse	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
Cash Received from Customers	\$ 412,997	\$ 468,327	\$ 659,944	\$ 85,280	\$ 48,978	\$ 72,774	\$ 1,748,300
Cash Paid to Suppliers	(104,735)	(157,297)	(444,715)	(27,665)	-	(71,471)	(805,883)
Cash Paid to Employees	(55,576)	(53,743)	(179,834)	(62,862)	(455)	-	(352,470)
Net Cash Provided by Operating Activities	252,686	257,287	35,395	(5,247)	48,523	1,303	589,947
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>							
Cash Received from Other Funds	-	20,000	-	-	-	-	20,000
Cash Paid to Other Funds	-	-	(10,800)	(17,550)	-	(2,500)	(30,850)
Net Cash Provided by Noncapital Financing Activities	-	20,000	(10,800)	(17,550)	-	(2,500)	(10,850)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>							
Cash Paid for Capital Assets Additions	-	(18,678)	(12,850)	(22,656)	-	-	(54,184)
Bond and Note Principal Payments	(148,126)	(175,004)	-	-	(45,703)	-	(368,833)
Bond and Note Interest Payments	(20,116)	(21,190)	-	-	(5,051)	-	(46,357)
Net Cash Used by Capital and Related Financing Activities	(168,242)	(214,872)	(12,850)	(22,656)	(50,754)	-	(469,374)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
Investments Purchased							
Interest Received	20,310	19,791	1,367	2,647	1,755	10	45,880
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	104,754	82,206	13,112	(42,806)	(476)	(1,187)	155,603
Cash and Cash Equivalents - Beginning of Year	1,055,490	799,633	194,186	264,567	25,447	9,286	2,348,609
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 1,160,244</u>	<u>\$ 881,839</u>	<u>\$ 207,298</u>	<u>\$ 221,761</u>	<u>\$ 24,971</u>	<u>\$ 8,099</u>	<u>\$ 2,504,212</u>

**CITY OF BROWERVILLE, MINNESOTA**  
**STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2023**

	Water	Sewer	Municipal Liquor	Ambulance	Storm Water Utility	Refuse	Total
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>							
Operating Income	\$ 70,157	\$ (20,496)	\$ (13,949)	\$ 29,404	\$ 429	\$ 95	\$ 65,640
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities							
Depreciation	159,383	209,799	10,263	21,608	29,340	-	430,393
Other Nonoperating Income	(3,639)	33,906	47,136	2,899	14,287	-	94,589
(Increase) Decrease in:							
Accounts Receivable	325	15,155	-	(53,621)	227	997	(36,917)
Special Assessments Receivable	24,436	7,133	-	-	4,695	-	36,264
Inventories	-	-	(5,377)	-	-	-	(5,377)
Prepays	(958)	(1,036)	(3,584)	(6,241)	-	-	(11,819)
Increase (Decrease) in:							
Accounts Payable	774	11,638	(535)	1,206	-	211	13,294
Net Pension Liability and Deferrals	(532)	(527)	(1,372)	(615)	-	-	(3,046)
Other Accrued Expenses	2,740	1,715	2,813	113	(455)	-	6,926
Net Cash Provided by Operating Activities	<u>\$ 252,686</u>	<u>\$ 257,287</u>	<u>\$ 35,395</u>	<u>\$ (5,247)</u>	<u>\$ 48,523</u>	<u>\$ 1,303</u>	<u>\$ 589,947</u>

See accompanying notes to financial statements  
(14)

**CITY OF BROWERVILLE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Browerville is a Minnesota Charter city that was formed July 1, 1954 and operates pursuant to applicable Minnesota laws. The governing body consists of a four-member council and a mayor elected by voters of the City.

The City's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the City are discussed below.

**A. Financial Report Entity**

The financial reporting entity consists of the City (primary government). There is financial accountability if the Primary Government appoints a voting majority of an organization's governing body and has the ability to impose its will on that governing body; or there is the potential for the organization to provide specific financial benefits or to impose specific financial burdens on the Primary Government.

Based on these criteria, there is one organization considered to be a component unit of the City.

The Browerville Economic Development Authority (EDA) was organized for the purpose of preserving and creating jobs, enhancing the tax base, and promoting the general welfare of the people of the City of Browerville. Because the EDA is governed by a five-member board consisting of members of the City Council, the City is considered financially accountable and the EDA is a component unit of the City. The EDA data is presented as blended because it provides services almost exclusively to the City and because the EDA and the City have substantially identical boards. The EDA is included as a debt service fund of the City and separate financial statements are not prepared.

**B. Basic Financial Statements**

**1. Government-Wide Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information about the Primary Government. These statements include the financial activities of the overall City government. Eliminations have been made to minimize the double-counting of internal activities. 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 to external parties for support.

**CITY OF BROWERVILLE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

B. Basic Financial Statements (continued)

1. Government-Wide Statements (Continued)

In the government-wide statement of net position, both the governmental and business-type activities columns: (a) are presented on a consolidated basis by column; and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net position is reported in three parts: (1) Net investment in capital assets; (2) restricted; and (3) unrestricted.

The statement of activities demonstrates the degree to which the direct expenses of each function of the City's governmental activities and different business-type activity are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include: (1) fees, fines, and charges paid by the recipients of goods, services, or privileges provided by a given function or activity; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

2. Fund Financial Statements

The fund financial statements provide information about the City's funds. Separate statements for each fund category—governmental and proprietary—are presented. The emphasis of governmental and proprietary fund financial statements is on major individual governmental and enterprise funds, with each displayed as separate columns in the fund financial statements.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or incidental activities

The City reports the following major governmental funds:

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

Fire Special Revenue Fund – The fire fund is used to account for the proceeds of certain specific revenue sources that are legally restricted to expenditures for specified purposes.

Capital Project Fund –This fund is used to account for the construction costs related to various City Projects. There is detail included in supplementary information that is used for internal purposes.



**CITY OF BROWERVILLE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

Debt Service Fund– This fund is used to account for the accumulation of resources and payment of governmental principal, interest, and related costs of governmental funds. There is detail included in supplementary information that is used for internal purposes.

The City reports the following major proprietary funds:

Water Fund – The water enterprise fund accounts for the activities of the City's water operations.

Sewer Fund – The sewer enterprise fund accounts for the activities of the City's sewer operations.

Municipal Liquor Fund – The municipal liquor enterprise fund accounts for the activities of the City's on and off sale municipal liquor store operations.

Ambulance Fund – The ambulance enterprise fund accounts for the activities of the City's ambulance operations.

Storm Water Utility Fund – The storm water utility enterprise fund accounts for the activities of the City's storm water operations.

Refuse Fund – The refuse enterprise fund accounts for the activities of the City's refuse operations.

C. Measurement Focus and Basis of Accounting

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes 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. The City considers all revenues to be available if they are collected within 60 days after the end of the current period. Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues in 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 government.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt which are recognized as expenditures to the extent that they have matured. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

**CITY OF BROWERVILLE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

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.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues in 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 government.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

The 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 revenue of the City's enterprise fund is charges to customers for sales of goods and services. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**D. Assets, Liabilities, and Net Assets or Equity**

**1. Cash and Investments (Including Cash Equivalents)**

Cash balances are invested to the extent available in various certificates of deposit as authorized by Minnesota Statutes. Interest earnings are allocated to the respective funds on the basis of applicable cash balance participation by each fund.

For the purposes of the statement of cash flows of the proprietary funds cash and cash equivalents consists of checking, savings, and money market (including the Minnesota Municipal Money Market Fund Trust) accounts and time deposits.

Cash consists of checking, savings, and money market (including the Minnesota Municipal Money Market Fund Trust).

**2. Advances to and from Other Funds**

During the course of operations, funds sometimes have deficit cash balances. This receivable and payable is classified as "advances from other funds" or "advances to other funds" on the fund financial statements. There was no residual balance outstanding between the governmental activities and business-type activities to be reported in the government-wide financial statement.

**CITY OF BROWERVILLE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

3. Property Taxes Receivable

Current year property tax revenues represent the tax levy certified to the County Auditor in December of 2022 which was collected during the year ended December 31, 2023. Any adjustments or abatements to either the current, or any prior year, levy are adjusted through the current year general property tax revenues. Property taxes not collected by the County and remitted to the City within 60 days of year end are classified as delinquent and not considered measurable and available and are fully offset by unearned revenue in the governmental fund financial statements. Delinquent taxes receivable represents the past years of uncollected taxes. No allowance for uncollectible taxes has been provided because such amounts are not expected to be material.

4. Accounts Receivable

No substantial losses are anticipated from present receivable balances. Therefore, no allowance for uncollectible accounts is deemed appropriate. Any unpaid receivable balances are assessed to property owners in the subsequent years.

5. Lease Receivable

The City lease receivable is measured at the present value of future lease payments expected to be received during the lease terms on the Statement of Net Position. A deferred inflows of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. It is then amortized over the term of the lease receivable.

6. Special Assessments

Special assessments are levied against the benefited properties for the assessable costs of improvement projects in accordance with Minnesota Statutes. Assessments are collectible over a term of years at an interest rate established by the City Council upon adoption of each assessment roll. Any annual installments remaining unpaid as of November 30th of each year are certified to the County for collection with property taxes during the following year. Special assessments receivable represents current and delinquent uncollected special assessments. Property owners are allowed to prepay future installments without interest or prepayment penalties.

In the governmental fund financial statements, special assessment levies are recorded as a receivable and as unearned revenue at the time of the levy. Unearned revenue is recognized as current revenue as the annual assessment installments become measurable and available. Interest on special assessments is also recognized when it becomes measurable and available.

7. Prepaid Items

Payments made to vendors for services that will benefit future periods are recorded as prepaid items. In the governmental fund financial statements that portion of the relevant funds' balances equal to the prepaid items is reserved if the amounts are considered to be material, and if sufficient fund balance exists.

**CITY OF BROWERVILLE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

8. Inventory

Inventories of the Municipal Liquor Fund are based on an annual physical inventory count and are priced using an average cost method.

9. Capital Assets

Capital assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The City maintains a threshold level of \$10,000 or more for capitalizing capital assets. The system for accumulation of capital assets cost data does not provide the means to determine the percentage of assets valued at actual and those valued at estimated cost. The City has elected not to include infrastructure acquired prior to December 31, 2004.

Capital assets are recorded in the government-wide and enterprise financial statements, but are not reported in the governmental fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purpose by the City, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 20 to 50 years for land improvements and buildings, 3 to 20 years for equipment including vehicles, and 20 to 50 years for infrastructure including streets and underground lines. Capital assets not being depreciated include land and construction in progress, if any.

10. Vacation Pay

City employees earn vacation days based upon the number of years of service. Vacation time accrues at the end of each month. Employees are allowed to carry over to the following year up to one week of accrued vacation. Upon termination, employees shall be compensated for all hours of vacation accrued and unused as of the date of separation.

11. Sick leave

Sick leave is earned up to ten days per year and may accumulate to a maximum credit of 960 hours per employee. Once an employee accrues 960 hours of sick leave and does not use any sick leave in the next six (6) months he/she shall receive eight hours to be used in the same manner as vacation. Except as noted in the previous sentence, the City does not pay employees upon termination for any unused sick leave earned. Any accrued sick leave must be used prior to the date of separation.

**CITY OF BROWERVILLE, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

12. 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 deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

13. Fund Balance Classifications

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

*Non-spendable* - consists of amounts that are not in spendable form, such as inventory and prepaid items.

*Restricted* - consists of amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions.

*Committed* - consists of internally imposed constraints. These constraints are established by a Resolution of the City Council.

*Assigned* - consists of internally imposed constraints. These constraints reflect the specific purpose for which it is the City's intended use. These constraints are established by the City Council and/or management. Pursuant to Council Resolution, the City's Clerk is authorized to establish assignments of fund balance.

*Unassigned* – is the residual classification for the general fund and also reflects negative residual amounts in other funds.

**CITY OF BROWERVILLE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

E. Revenues, Expenditures, and Expenses

1. Revenues

In the fund financial statements, property taxes are recognized to the extent they are collected and received in the current period or within 60 days after year-end. Portions paid by the State in the form of market value credit aid, and other state tax credits are included in intergovernmental revenues. Delinquent property taxes receivable which have not been recognized as revenue are equally offset in the financial statements by unearned revenues.

Licenses and permits, charges for services, fines, forfeits, and miscellaneous revenues are recorded as revenues when measurable and available.

Special assessments principal and interest earnings are recorded as revenues in the same manner as property taxes.

**Property Tax Collection Calendar**

The City levies its property taxes for the subsequent year during the month of December. In Minnesota, the lien date and assessment date is January 2. The property tax is recorded as revenue when it becomes available. Todd County is the collecting agency for the levy and then remits the collections to the City. All taxes not collected as of December 31 are shown as delinquent taxes receivable.

The County Auditor prepares the tax list for all taxable property in the City, applying the applicable tax capacity rate to the tax capacity value of individual properties, to arrive at the actual tax for each property. The County Auditor also collects all special assessments, except for certain payments paid directly to the City.

The County Auditor provides a list of taxes and special assessments to be collected on each parcel of property to the County Treasurer in January of each year.

Property owners are required to pay one-half of their real estate taxes by May 15 and the balances by October 15.

Within 30 days after the May settlement, the County Treasurer is required to pay 70 percent of the estimated collections of taxes and special assessments to the City Treasurer. The County Treasurer must pay the balance to the City Treasurer within 60 days after the settlement, provided that after 45 days interest begins to accrue.

Within ten business days after November 15, the County Treasurer shall pay to each taxing district, except any school district, 100 percent of the estimated collections arising from taxes levied by and belonging to each taxing district from May 20 to November 20.

2. Expenditures

Expenditure recognition for governmental fund types includes only amounts represented by current liabilities. Since noncurrent liabilities do not affect net current assets, they are not recognized as governmental fund expenditures or liabilities. They are reported as liabilities on the statement of net assets.

**CITY OF BROWERVILLE, MINNESOTA  
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3. Expenses

Proprietary funds recognize expenses when they are incurred.

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budget**

The budget was prepared on the same basis and using the same accounting practices as are used to account and prepare financial reports for the funds. The budget presented in this report in the budget to actual is presented in accordance with generally accepted accounting principles. Budgets are adopted only for the general fund and fire fund.

**Excess of Expenditures Over Appropriations**

The general fund had an excess of expenditures over budgeted amounts of \$7,095, and the fire fund had an excess of expenditures over budgeted amounts of \$32,572. These overages were determined necessary by the council.

**NOTE 3 DEPOSITS / INVESTMENTS**

The City only uses two financial institutions which exposes them to custodial credit risk and concentration of credit risk. These risks are managed through the use of pledged collateral. It is the policy of the City to maintain collateral of at least 110% of the depository balance that is in excess of FDIC insurance.

In accordance with Minnesota Statutes, the City maintains deposits at those institutions authorized by the Council. All such depositories are members of the Federal Reserve System.

Minnesota Statutes require all City deposits be protected by insurance, surety bond or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or bonds.

Authorized collateral includes: a) United States government treasury bills, treasury notes, treasury bonds; b) issues of United States government agencies and instrumentalities as quoted by a recognized industry quotation service available to the government entity; c) general obligation securities of any state or local government with taxing powers rated "A" or better by a national bond rating service, or revenue obligation securities of any state or local government with taxing powers rated "AA" or better by a national bond rating service; d) unrated general obligation securities of a local government with taxing powers pledged as collateral against funds deposited by that same local government entity; e) irrevocable standby letters of credit issued by Federal Home Loan Banks to a municipality accompanied by written evidence that the Banks' public debt is rated "AA" or better by Moody's Investors Service, Inc., or Standard & Poor's Corporation; or f) time deposits fully insured by any federal agency.

Minnesota Statutes require that collateral be held 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 not owned or controlled by the depository. The selection shall be approved by the government entity.

**CITY OF BROWERVILLE, MINNESOTA  
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The City's investments are potentially subject to various risks including the following:

- Custodial credit risk - The risk that in the event of a failure of the counterparty to an investment transaction (typically a broker-dealer) the government would not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. Although the City does not have an investment policy that directly addresses custodial credit risks, it typically limits its exposure by purchasing insured or registered investments or by the control of who holds the securities.
- Credit risk - The risk that an issuer or other counterparty to an investment will not fulfill its obligations.
- Concentration risk - This is the risk associated with investing a significant portion of the City's investments (considered 5 percent or more) in the securities of a single issuer, excluding U.S. guaranteed investments (such as treasuries), investment pools, and mutual funds.
- Interest rate risk - The risk of potential variability in the fair value of fixed rate investments resulting from changes in interest rates (the longer the period for which an interest rate is fixed, the greater the risk).

The following table presents the City's deposit and investment balances at December 31, 2023, and information relating to potential investment risks:

Deposits / Investments	Carrying Value
Cash on Hand	\$ 2,876
Deposits	2,042,023
Other Time Deposits and Savings	1,368,586
Brokered CD's	688,145
Investments	454,959
Total	\$ 4,556,589

A reconciliation of cash and time deposits as shown on the Statement of Net Position for the City follows:

As Shown in the Statement of Net Assets

Cash and Cash Equivalents	\$ 2,044,899
Time Deposits and Savings	2,056,731
Investments	454,959
Total	\$ 4,556,589

At December 31, 2023, The City had the Following Investments held by its agent.

Investment Type	Credit Risk		Interest Risk – Maturity Duration in Years			Total
	Rating	Agency	Less than 1	1 to 5	5 to 10	
Cetera Cash, Money Funds, and FDIC Insured Sweep	N/A		N/A	N/A	N/A	\$ 12,392
Total Included in Time Deposits and Savings						12,392
Cetera Certificates of Deposit	N/A		x	N/A	N/A	688,145
Cetera Fixed Income - Gov't Bonds	Aaa	Moody	N/A	x	N/A	454,959
Total Investments						\$ 1,143,104



**CITY OF BROWERVILLE, MINNESOTA  
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**NOTE 4 OPERATING TRANSFERS**

The following transfers were considered necessary for operations by the City Council:

<u>Transfer out</u>	<u>Transfer In</u>	<u>Amount</u>	<u>Purpose</u>
Debt Service	General	\$ 23,383	Close Fund
Debt Service	Capital Project	48,175	Close Fund
Ambulance	Fire	2,550	Allocate New Asset Costs
Garbage	General	2,500	Operating Transfer
Liquor	General	10,800	Annual Transfers
Ambulance	General	15,000	Annual Transfers
General	Fire	5,785	City Share of Costs
General	Sewer	20,000	Levy Transfer
		<u>\$ 128,193</u>	

**NOTE 5 LEASE RECEIVABLE**

The City leases space to a business to install, operate, maintain, and remove radio equipment. This is a twenty-four-year lease that commenced in 2007 and matures in 2031. The details are shown below:

<u>Description</u>	<u>Issue Date</u>	<u>Discount Rate</u>	<u>Current Year Inflow of Resources</u>	<u>Balance at Year End</u>
Cellular Tower Lease	8/1/2007	3.0%	<u>7,060</u>	<u>84,236</u>
			<u>\$ 7,060</u>	<u>\$ 84,236</u>

The maturities are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Remaining</u>
2024	\$ 7,570	\$ 2,425	\$ 76,666
2025	8,104	2,190	68,562
2026	8,664	1,940	59,898
2027	9,250	1,672	50,648
2028	9,863	1,386	40,785
2029-2032	<u>40,785</u>	<u>2,322</u>	<u>-</u>
Total	<u>\$ 84,236</u>	<u>\$11,935</u>	<u>\$ -</u>

**CITY OF BROWERVILLE, MINNESOTA  
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**NOTE 5 CAPITAL ASSETS**

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

	Beginning Balance	Additions	Disposals	Ending Balance
<b>Governmental Activities</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 4,050	\$ -	\$ -	4,050
Construction in Process	-	174,803	-	174,803
Total Capital Assets Not Being Depreciated	<u>4,050</u>	<u>174,803</u>	<u>-</u>	<u>178,853</u>
Capital Assets, Being Depreciated:				
Buildings and Structures	507,414	-	-	507,414
Machinery and Equipment	1,313,905	-	-	1,313,905
Infrastructure	2,417,202	48,893	-	2,466,095
Total Capital Assets, Being Depreciated	<u>4,238,521</u>	<u>48,893</u>	<u>-</u>	<u>4,287,414</u>
Total Capital Assets	4,242,571	223,696	-	4,466,267
Less: Accumulated Depreciation	<u>(2,053,218)</u>	<u>(150,458)</u>	<u>-</u>	<u>(2,203,676)</u>
Governmental Activities Capital Assets, Net	<u>\$ 2,189,353</u>	<u>\$ 73,238</u>	<u>\$ -</u>	<u>\$ 2,262,591</u>
<b>Business-Type Activities</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 42,229	\$ -	\$ -	\$ 42,229
Capital Assets, Being Depreciated				
Land Improvements	26,704	-	-	26,704
Buildings and Structures	4,632,163	12,850	-	4,645,013
Machinery and Equipment	711,044	41,334	-	752,378
Mains and Lines	9,825,467	-	-	9,825,467
Total Capital Assets, Being Depreciated	<u>15,195,378</u>	<u>54,184</u>	<u>-</u>	<u>15,249,562</u>
Total Capital Assets	15,237,607	54,184	-	15,291,791
Less: Accumulated Depreciation	<u>(7,175,222)</u>	<u>(430,393)</u>	<u>-</u>	<u>(7,605,615)</u>
Business-Type Activities Capital Assets, Net	<u>\$ 8,062,385</u>	<u>\$ (376,209)</u>	<u>\$ -</u>	<u>\$ 7,686,176</u>

**CITY OF BROWERVILLE, MINNESOTA  
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Depreciation expense was charged to functions/programs as follows:

<b>Governmental Activities</b>	
General Government	\$ 18,638
Public Safety	37,270
Culture and Recreation	2,262
Public Works	92,288
Total Depreciation Expense, Governmental Activities	<u>\$ 150,458</u>
<b>Business-Type Activities</b>	
Ambulance	\$ 21,608
Liquor	10,263
Sewer	209,799
Storm Water	29,340
Water	159,383
Total Depreciation Expense, Business-Type Activities	<u>\$ 430,393</u>

**NOTE 6 LONG-TERM DEBT REQUIREMENTS**

The following is a summary of the long-term debt transactions of the city for the year ended December 31, 2023.

	Outstanding December 31, 2022	Issued in 2023	Paid in 2023	Outstanding December 31, 2023
General Obligation Bonds	\$ 340,000	\$ -	\$ 65,000	\$ 275,000
General Obligation Notes	40,000	-	40,000	-
General Obligation Revenue Notes	4,085,000	-	321,999	3,763,001
General Obligation Revenue Bonds	270,000	-	30,000	240,000
Total Indebtedness	<u>\$ 4,735,000</u>	<u>\$ -</u>	<u>\$ 456,999</u>	<u>\$ 4,278,001</u>

Long-term debt maturities are as follows:

Year	Governmental			Business-Type			Total		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 82,437	\$ 34,909	\$ 117,346	\$ 338,563	\$ 42,500	\$ 381,063	\$ 421,000	\$ 77,409	\$ 498,409
2025	85,437	32,107	117,544	317,563	36,908	354,471	403,000	69,015	472,015
2026	88,523	29,200	117,724	324,477	31,449	355,926	413,000	60,649	473,649
2027	91,610	26,188	117,797	327,391	25,904	353,295	419,000	52,092	471,092
2028	94,610	23,069	117,678	228,391	21,665	250,056	323,000	44,734	367,734
2029-2033	523,083	64,701	587,784	985,917	68,216	1,054,133	1,509,000	132,918	1,641,918
2034-2038	115,002	1,967	116,969	674,998	21,173	696,171	790,000	23,140	813,140
Total	<u>\$ 1,080,701</u>	<u>\$ 212,141</u>	<u>\$ 1,292,842</u>	<u>\$ 3,197,299</u>	<u>\$ 247,815</u>	<u>\$ 3,445,115</u>	<u>\$ 4,278,000</u>	<u>\$ 459,957</u>	<u>\$ 4,737,957</u>

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	Governmental Activities	Business-Type Activities	Total
General Obligation Bonds - These bonds are backed by full faith and credit of the City. The bonds are carried as a liability in the government-wide financial statements. These bonds are expected to be fully repaid through the related special assessments and tax levies.			
\$775,000 General Obligation Improvement Refunding Bonds of 2015 due in annual installments through 2027; interest at 2.50%.	\$ -	\$ 275,000	\$ 275,000
General Obligation Revenue Bonds and Notes - These bonds and notes are payable from revenues of the enterprise funds and special assessments.			
\$1,302,000 General Obligation Revenue Notes of 2018 due in annual installments through 2034; interest at 3.5%	1,018,000	-	1,018,000
\$521,363 General Obligation Sewer Revenue Notes of 2004 due in annual installments through 2024; interest at 1.00%, due semi-annually	-	28,000	28,000
\$385,244 General Obligation Utility Revenue Note of 2010 due in annual installments through August 2029; interest at 1.00% due semi-annually	-	129,000	129,000
\$362,000 General Obligation Disposal System Revenue Notes of 2012 due in annual installments through February 2027; interest at 3.00% due semi-annually	-	120,000	120,000
\$1,239,330 General Obligation Note of 2014 due in annual installments through August 2034; interest at 1.00% due semi-annually	62,701	663,300	726,001
\$465,000 General Obligation Utility Revenue Bonds of 2014 due in annual installments through February 2030; interest at 2.50% due semi-annually		240,000	240,000
\$890,359 General Obligation Water Revenue Note of 2018 due in annual installments through 2038; interest at 1.11% due semi-annually.	-	701,000	701,000
\$1,332,075 General Obligation Sewer Revenue Note of 2018 due in annual installments through 2038; interest at 1.11% due semi-annually.	-	1,041,000	1,041,000
Total Long-Term Debt	<u>\$ 1,080,701</u>	<u>\$ 3,197,300</u>	<u>\$ 4,278,001</u>

**NOTE 7    DEFINED BENEFIT PENSION PLANS - STATEWIDE**

**Summary of Significant Accounting Policies**

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

**CITY OF BROWERVILLE, MINNESOTA  
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**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.

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

**B. Benefits Provided**

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

General Employees Plan benefits 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 for each of the first 10 years of service and 1.7 percent for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7 percent 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. Beginning in 2019, 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. For recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

**CITY OF BROWERVILLE, MINNESOTA  
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**C. Contributions**

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

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 year ended December 31, 2023, were \$25,096. The City's contributions were equal to the required contributions as set by state statute.

**D. Pension Costs**

At December 31, 2023, the City reported a liability of \$300,961 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 \$8,798.

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, 2021 through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0038 percent at the end of the measurement period and 0.0034 percent for the beginning of the period.

City's Proportionate share of the net pension liability	\$	234,859
State of Minnesota's Proportionate share of the net pension liability associated with the City		<u>2,250</u>
Total	\$	<u><u>237,109</u></u>

For the year ended December 31, 2023, the City recognized pension expense of \$14,106 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized an additional \$29 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:

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	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 5,948	\$ 982
Change in actuarial assumptions	23,192	51,498
Net Difference between projected and actual earnings on plan inv	69,610	71,180
Changes in proportion	25,414	3,373
Contributions paid subsequent to the measurement date	11,498	-
<b>Total</b>	<b>\$ 135,662</b>	<b>\$ 127,033</b>

The \$11,498 reported as deferred outflows of resources related to pensions resulting from 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 deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:

2024	\$ (9,752)
2025	\$ 12,344
2026	\$ (10,748)
2027	\$ 11,026
2028	\$ -

**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:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Domestic Stocks	33.50%	5.10%
International Stocks	16.50%	5.30%
Bonds	25.00%	0.75%
Alternative Assets	25.00%	5.90%
Total	100.00%	

**F. Actuarial Methods and Assumptions**

The total pension liability in the June 30, 2023, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 7.0 percent. This assumption is based on a review of inflation and investments return assumptions from a number of 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 6.5 percent was deemed to be within that range of reasonableness for financial reporting purposes.

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Inflation is assumed to be 2.25 percent for the General Employees Plan, 2.25 percent for the Police and Fire Plan, and 2.25 percent for the Correctional Plan. Benefit increases after retirement are assumed to be 1.25 percent for the General Employees Plan and 2 percent for the Correction Plan through December 31, 2054 and 1.5 percent thereafter. The Police and Fire Plan benefit increase is fixed at 1 percent per year and that increase was used in the valuation.

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 and 6.0 percent per year thereafter. 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. In the Correctional Plan, salary growth assumptions range from 11.0 percent at age 20 to 3.0 percent at age 60.

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 and the Correctional Plans are based on the Pub-2010 Public Safety Employee Mortality tables. The tables are adjusted slightly to fit PERA's experience.

Actuarial assumptions for the General Employees Plan are reviewed every four years. The 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 studies for the Police and Fire and the Correctional Plan were completed in 2020 were 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 7.00 percent.

**Changes in Plan Provisions:**

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

**G. Discount Rate**

The discount rate used to measure the total pension liability in 2022 was 6.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net positions of the



**CITY OF BROWERVILLE, MINNESOTA  
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General Employees Fund, the Police and Fire Fund, and the Correctional Fund were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**H. Pension Liability Sensitivity**

The following 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:

<b>District’s Proportionate share of NPL</b>		
1% decrease 6.00%	Current 7.00%	1% increase 8.00%
\$ 415,485	\$ 234,859	\$ 86,288

**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](http://www.mnpera.org).

**NOTE 8 VOLUNTEER FIRE RELIEF ASSOCIATION**

**Summary of Significant Accounting Policies**

*Pensions.* For purposes of measuring the net pension liability [or asset if applicable], deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to and deductions from the plan’s fiduciary net position have been determined on the same basis as they are reported by PERA except that PERA’s fiscal year is June 30. For this purpose, plan contributions are recognized when due according to state statute and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value

**Plan Description**

The Browerville Fire Department participates in the Statewide Volunteer Firefighter Retirement Plan (accounted for in the Volunteer Firefighter Fund), an agent multiple-employer lump-sum defined benefit pension plan administered by the Public Employees Retirement Association of Minnesota (PERA). The Volunteer Firefighter Plan covers volunteer firefighters of municipal fire departments or independent nonprofit firefighting corporations that have elected to join the plan. As of December 31, 2022, the plan covered 23 active firefighters and 1 vested terminated firefighters whose pension benefits are deferred. The plan is established and administered in accordance with Minnesota Statutes, Chapter 353 G.

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DECEMBER 31, 2023**

**Benefits Provided**

The Volunteer Firefighter Plan provides retirement, death, and supplemental benefits to covered firefighters and survivors. Benefits are paid based on the number of years of service multiplied by a benefit level approved by the City. Members are eligible for a lump-sum retirement benefit at 50 years of age with five years of service. Plan provisions include a pro-rated vesting schedule that increases from 5 years at 40 percent through 20 years at 100 percent.

**Contributions**

The Volunteer Firefighter 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 \$20,374 in fire state aid to the fund for the year ended December 31, 2023. Required employer contributions are calculated annually based on statutory provisions. The City' statutorily-required contributions to the Volunteer Firefighter Fund for the year ended December 31, 2023, were \$0. The City's contributions were equal to the required contributions as set by state statute, if applicable.

**Pension Costs**

At December 31, 2023, the City reported a net pension asset of \$136,219 for the Volunteer Firefighter Fund. The net pension or asset was measured as of December 31, 2023. The total pension liability used to calculate the net pension liability [or asset if applicable] in accordance with GASB 68 was determined by PERA applying an actuarial formula to specific census data certified by the fire department. The following table presents the changes in net pension liability during the year.

	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability/(Assets)</b>
	(a)	(b)	(a-b)
Beginning Balance 12/31/22	\$ 158,319	\$ 450,066	\$ (291,747)
Changes for the year:			
Service Cost	15,004	-	15,004
Interest on Pension Liability	10,399	-	10,399
Act Exp (Gains)/Losses	4,589	-	4,589
Contribution (State)	-	20,374	(20,374)
Asset (Gain) Loss	-	(67,259)	67,259
Change in Benefit Level	77,903	-	77,903
PERA Administrative Fee	-	(748)	748
Net Changes	<u>107,895</u>	<u>(47,633)</u>	<u>155,528</u>
Balance End of Year 12/31/23	<u>\$ 266,214</u>	<u>\$ 402,433</u>	<u>\$ (136,219)</u>

For the year ended December 31, 2023, the City recognized pension expense of \$96,821.

At December 31, 2023 the City reported deferred inflows of resources related to pensions from the following sources:

**CITY OF BROWERVILLE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,751	\$ 169
Change in actuarial assumptions	-	-
Net Difference between proj and actual earnings on plan inv	75,410	28,453
Changes in proportion	-	-
Contributions paid subsequent to the measurement date	-	-
<b>Total</b>	<b>\$ 79,161</b>	<b>\$ 28,622</b>

\$0 reported as deferred outflows of resources related to pensions resulting from City contributions (both statutorily-required and voluntary, as applicable) 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:

Year Ended December 31:

2023	\$ (3,356)
2024	\$ (10,715)
2025	\$ (16,700)
2026	\$ (19,768)
2027	\$ -

**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 the later of age 50 or 20 years of service
- Investment rate of return of 6.0 percent
- Inflation rate of 3.0 percent

**Discount Rate**

The discount rate used to measure the total pension liability was six percent. The projection of cash flows used to determine the discount rate assumed that contributions to the Volunteer Firefighter Fund 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.

**Pension Liability Sensitivity**

The following presents the City's net pension liability [or asset if applicable] for the Volunteer Firefighter Fund, calculated using the assumed discount rate as well as what the City's net pension asset would be if it were calculated using a discount rate one percent lower or one percent higher than the current discount rate:

**CITY OF BROWERVILLE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

<b>District's Proportionate share of NPL</b>		
1% decrease 5.00%	Current 6.00%	1% increase 7.00%
\$ (127,737)	\$ (136,220)	\$ (144,284)

**Plan Investments**

**Investment Policy:**

The Minnesota State Board of Investment (SBI) is established by Article XI of the Minnesota Constitution to invest all state funds. Its membership as specified in the Constitution is comprised of the governor (who is designated as chair of the board), state auditor, secretary of state and state attorney general.

All investments undertaken by the SBI are governed by the prudent person rule and other standards codified in Minnesota Statutes, Chapter 11A and Chapter 353G.

Within the requirements defined by state law, the SBI, with assistance of the SBI staff and the Investment Advisory Council, establishes investment policy for all funds under its control. These investments policies are tailored to the particular needs of each fund and specify investment objectives, risk tolerance, asset allocation, investment management structure and specific performance standards. Studies guide the on-going management of the funds and are updated periodically.

**Asset Allocation:**

To match the long-term nature of the pension obligations, the SBI maintains a strategic asset allocation for the Volunteer Firefighter Plan that includes allocations to domestic equity, international equity, bonds and cash equivalents. The long-term target asset allocation and long-term expected real rate of return is the following:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Domestic Stocks	35.50%	5.10%
International Stocks	17.50%	5.30%
Bonds	20.00%	0.75%
Alternative Assets	25.00%	5.90%
Cash Equivalents	2.00%	0.00%
Total	100.00%	

The six percent long-term expected rate of return on pension plan investments was determined using a building-block method. Best estimates for expected future real rates of return (expected returns, net of inflation) were developed for each asset class using both long-term historical returns and long-term capital market expectations from a number of investment management and consulting organizations. The asset class estimates and the target allocations were then combined to produce a geometric, long-term expected real rate of return for the portfolio. Inflation expectations were applied to derive the nominal rate of return for the portfolio.

**CITY OF BROWERVILLE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**Description of significant investment policy changes during the year:**

The SBI made no significant changes to their investment policy during fiscal year 2022 for the Volunteer Firefighter Fund.

**Pension Plan Fiduciary Net Position**

Detailed information about the Volunteer Firefighter Fund’s fiduciary net position as of June 30, 2022, is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained at [www.mnpera.org](http://www.mnpera.org).

**NOTE 9 SPECIAL ASSESSMENTS**

Special assessments for improvements were levied against the benefited properties for the assessable costs of the project in accordance with State Statutes. Assessments are collectible over a term of years at an interest rate established by the City Council upon adoption of each assessment roll. Annual installments are collected by the County and then remitted to the City. At December 31, 2023, special assessments currently receivable and unearned in the governmental funds were \$406,577.

**NOTE 10 FUND BALANCES**

Certain portions of fund balances are restricted based on regulatory or donor requirements to track funding, to provide for funding on certain long-term liabilities, or as required by other outside parties. Certain portions of fund balance are also committed or assigned based on policy and management decisions

At December 31, 2023 the City has recorded the following categories of fund balance for the following purposes:

Fund Balances	General Fund	Fire Fund	Capital Projects Fund	Debt Service Fund	Total
Nonspendable for					
Prepaid Expenditures	\$ 9,790	\$ 6,526	\$ -	\$ -	\$ 16,316
Restricted for					
Debt Service	-	-	-	347,735	347,735
Assigned for					
Fire Protection	-	272,052	-	-	272,052
Unassigned	<u>1,546,289</u>	<u>-</u>	<u>(133,337)</u>	<u>-</u>	<u>1,412,952</u>
Total Fund Balance	<u>\$ 1,556,079</u>	<u>\$ 278,578</u>	<u>\$ (133,337)</u>	<u>\$ 347,735</u>	<u>\$ 2,049,055</u>

**NOTE 11 RISK MANAGEMENT**

The City is exposed to various risks of loss related to: torts, theft of or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has entered into a joint powers agreement with the League of Minnesota Cities Insurance Trust

**CITY OF BROWERVILLE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

(LMCIT). The LMCIT is a public entity risk pool currently operating as common risk management and insurance program for Minnesota cities. The City also carries commercial insurance for certain other risks of loss, including employee health insurance.

The agreement for formation of the LMCIT provides that the pool will be self-sustaining through member assessments and will reinsure through commercial companies for claims in excess of reserved amounts for each insured event. The pool can make additional assessments to make the pool self-sustaining. The City has determined that it is not possible to estimate the amount of such additional assessments; however, they are not expected to be material to the financial statements. There were no significant reductions in insurance coverage from the previous year or settlements in excess of insurance coverage for any of the past three fiscal years.

**NOTE 12 CONTINGENCIES**

The City has participated in federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

**NOTE 13 ECONOMIC DEPENDENCY**

During 2023, wastewater services to a business in the City represented 48% of total operating revenues in the sewer fund. During 2022, services to this same entity represented 47% of total operating revenues in the sewer fund.

**NOTE 14 CONDUIT DEBT OBLIGATIONS**

Conduit debt obligations are certain limited-obligation revenue bonds or similar debt instruments issued for the express purpose of providing capital financing for a specific third party. The City has issued various notes to provide funding to private-sector entities for projects deemed to be in the public interest. Although these notes bear the name of the City, the City has no obligation for such debt. Accordingly, the notes are not reported as liabilities in the financial statements of the City. As of December 31, 2022 St. Francis Health Center Bonds were still outstanding. There were bonds issued during 2014 for \$4,810,000 and \$2,121,000 respectively. The principal retirements during 2023 were \$170,215 and \$100,722, respectively with interest paid of \$97,524 and \$37,259 respectively. The balances remaining on the bonds was \$3,374,934, and \$1,269,984, respectively.

**NOTE 15 ISSUED BUT NOT YET EFFECTIVE ACCOUNTING PRONOUNCEMENTS**

The Governmental Accounting Standards Board (GASB) has issued several statements not yet implemented by the City. These statements are not expected to have a material impact on the City.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF BROWERVILLE, MINNESOTA  
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND  
YEAR ENDED DECEMBER 31, 2023**

	Original and Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>			
Taxes	\$ 118,900	\$ 120,870	\$ 1,970
Special Assessments	-	-	-
Licenses and Permits	755	1,085	330
Intergovernmental Revenues	283,746	320,198	36,452
Charges for Services	20,610	22,458	1,848
Fines and Forfeits	2,000	1,827	(173)
Other Revenue	16,100	70,013	53,913
Total Revenue	<u>442,111</u>	<u>536,451</u>	<u>94,340</u>
<b>EXPENDITURES</b>			
Current:			
General Government	72,715	89,166	16,451
Public Safety	44,445	40,542	(3,903)
Public Works	320,208	320,151	(57)
Culture and Recreation	26,725	21,329	(5,396)
Debt Service	6,031	6,031	-
Total Expenditures	<u>470,124</u>	<u>477,219</u>	<u>7,095</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	(28,013)	59,232	87,245
<b>OTHER FINANCING USES</b>			
Transfer to Other Funds	(20,000)	(25,785)	(5,785)
Transfer From Other Funds	51,300	51,683	383
Total Other Financing Uses	<u>31,300</u>	<u>25,898</u>	<u>(5,402)</u>
<b>NET CHANGE IN FUND BALANCE</b>	3,287	85,130	81,843
Fund Balance - Beginning of Year	1,470,949	1,470,949	-
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 1,474,236</u>	<u>\$ 1,556,079</u>	<u>\$ 81,843</u>

**NOTE TO SCHEDULE**

The budget and the actual are both prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.



**CITY OF BROWERVILLE, MINNESOTA  
BUDGETARY COMPARISON SCHEDULE – FIRE FUND  
YEAR ENDED DECEMBER 31, 2023**

	Original and Final	Actual	Variance with Final Budget
<b>REVENUES</b>			
Property Taxes	\$ 7,500	\$ 7,583	\$ 83
Intergovernmental Revenues	1,500	41,241	39,741
Charges for Services	56,500	46,538	(9,962)
Other Revenue	6,500	14,160	7,660
Total Revenue	<u>72,000</u>	<u>109,522</u>	<u>37,522</u>
<b>EXPENDITURES</b>			
Current:			
Public Safety	50,568	108,140	57,572
Capital Outlay:			
Public Safety	25,000	-	(25,000)
Total Expenditures	<u>75,568</u>	<u>108,140</u>	<u>32,572</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(3,568)	1,382	4,950
<b>OTHER FINANCING SOURCES</b>			
Transfers from Other Funds	3,600	8,335	4,735
<b>NET CHANGE IN FUND BALANCE</b>	32	9,717	9,685
Fund Balance - Beginning of Year	268,861	268,861	-
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 268,893</u>	<u>\$ 278,578</u>	<u>\$ 9,685</u>

**NOTE TO SCHEDULE**

The budget and the actual are both prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

**CITY OF BROWERVILLE, MINNESOTA  
SCHEDULE OF THE PROPORTIONATE SHARE OF PERA NET PENSION LIABILITY  
YEAR ENDED DECEMBER 31, 2023**

Actuarial Valuation Date	Employer's Proportion of the Net Pension	Employer's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability (b)	Employer's Porportionate Share of the Net Pension Liability and The State's Share (a+b)	Employer's Covered- Employee Payroll (c)	Proportionate Share of the Net Pension Liability as a Percentage of its Covered- Employee Payroll (a+b)/c	Plan Fudiciary Net Position as a Percentage of the Total Pension Liability
6/30/2023	0.0042%	\$ 234,859	\$ 6,451	\$ 241,310	\$ 334,613	72.12%	83.10%
6/30/2022	0.0038%	300,981	8,798	309,779	281,347	110.11%	76.70%
6/30/2021	0.0034%	145,195	4,429	149,624	245,467	60.95%	87.00%
6/30/2020	0.0037%	221,832	6,815	228,647	262,240	87.19%	79.06%
6/30/2019	0.0038%	210,093	6,500	216,593	270,947	79.94%	80.23%
6/30/2018	0.0040%	221,904	7,224	229,128	269,000	85.18%	79.53%
6/30/2017	0.0041%	261,741	3,277	265,018	263,013	100.76%	75.90%
6/30/2016	0.0040%	324,780	4,292	329,072	249,307	131.99%	68.90%
6/30/2015	0.0045%	233,213	-	233,213	257,347	90.62%	78.20%

Note: The schedule is intended to show a ten year trend. Additional years will be reported as they become available.

**CITY OF BROWERVILLE, MINNESOTA  
SCHEDULE OF THE PROPORTIONATE SHARE OF PERA NET PENSION LIABILITY  
YEAR ENDED DECEMBER 31, 2023**

**Schedule of Employer PERA Contributions**

Year Ended 31-Dec	Contributions in Relation			Covered- Employee Payroll (d)	Contributions as a Percentage of Covered- Employee Payroll (b/d)
	Statutorily Required Contribution (a)	to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)		
2023	\$ 25,096	\$ 25,096	\$ -	\$ 334,613	7.50%
2022	\$ 21,101	\$ 21,101	\$ -	\$ 281,347	7.50%
2021	\$ 18,410	\$ 18,410	\$ -	\$ 245,467	7.50%
2020	\$ 19,668	\$ 19,668	\$ -	\$ 262,240	7.50%
2019	\$ 20,321	\$ 20,321	\$ -	\$ 270,947	7.50%
2018	\$ 20,175	\$ 20,175	\$ -	\$ 269,000	7.50%
2017	\$ 19,726	\$ 19,726	\$ -	\$ 263,013	7.50%
2016	\$ 18,698	\$ 18,698	\$ -	\$ 249,307	7.50%
2015	\$ 19,301	\$ 19,301	\$ -	\$ 257,347	7.50%

Note: The schedule is intended to show a ten year trend. Additional years will be reported as they become available

**CITY OF BROWERVILLE, MINNESOTA**  
**NOTES TO THE SCHEDULE OF THE PROPORTIONATE SHARE OF PERA NET PENSION**  
**LIABILITY AND SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**YEAR ENDED DECEMBER 31, 2023**

2023 Changes

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

2022 Changes

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

2021 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2020 Changes

Changes in Actuarial Assumptions

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

**CITY OF BROWERVILLE, MINNESOTA**  
**NOTES TO THE SCHEDULE OF THE PROPORTIONATE SHARE OF PERA NET PENSION**  
**LIABILITY AND SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**YEAR ENDED DECEMBER 31, 2023**

Changes in Plan Provisions

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

2019 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2018 Changes

Changes in Actuarial Assumptions

- The morality 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.

Changes in Plan Provisions

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 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 Changes

Changes in Actuarial Assumptions

- The combined service annuity (CSA) loads were changed from 0.80 percent for active members and 60.00 percent for vested and non-vested deferred members. The revised CSA load are now 0.00 percent for active member liability, 15.00 percent for vested deferred member liability, and 3.00 percent for non-vested deferred member liability.
- The assumed postretirement benefit increase rate was changed for 1.00 percent per year for all years to 1.00 percent per year through 2044 and 2.50 percent per year thereafter.

**CITY OF BROWERVILLE, MINNESOTA**  
**NOTES TO THE SCHEDULE OF THE PROPORTIONATE SHARE OF PERA NET PENSION**  
**LIABILITY AND SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**YEAR ENDED DECEMBER 31, 2023**

Changes in Plan Provisions

- 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 Changes:

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015 Changes:

Changes in Actuarial Assumptions

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

Changes in Plan Provisions:

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increase the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised; the State's contribution of \$6.0 million, which meets the special funding situation definition, was due September 2015.

**CITY OF BROWERVILLE, MINNESOTA**  
**SCHEDULE OF CHANGES IN THE FIRE RELIEF ASSOCIATION'S NET PENSION LIABILITY**  
**(ASSET) AND RELATED RATIOS AND SCHEDULE OF EMPLOYER'S FIRE RELIEF ASSOCIATION**  
**CONTRIBUTIONS**  
**YEAR ENDED DECEMBER 31, 2023**

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

	2022	2021	2020	2019	2018
<b>Total Pension Liability</b>	\$ 158,319	\$ 139,189	\$ 133,860	\$ 242,253	\$ 252,486
Changes for the Year					
Service Cost	15,004	10,420	10,104	9,002	9,310
Interest on Pension Liability	10,399	8,976	8,248	11,205	15,252
Actuarial Experience (Gains)/Losses	4,589	(266)	(23)	400	(19,583)
Changes in Benefit Levels	77,903	-	-	-	-
Benefit Payout	-	-	(13,000)	(129,000)	(15,212)
<b>Net Change In Total Pension Liability</b>	107,895	19,130	5,329	(108,393)	(10,233)
<b>Total Pension Liability - December 31 (A)</b>	<u>\$ 266,214</u>	<u>\$ 158,319</u>	<u>\$ 139,189</u>	<u>\$ 133,860</u>	<u>\$ 242,253</u>
<b>Plan Fiduciary Net Position</b>					
Projected Investment Earnings	\$ -	\$ 23,500	\$ 49,814	\$ 22,688	\$ 23,213
Contributions (Employer)	-	-	-	5,200	5,200
Contributions (State)	20,374	20,558	23,592	18,519	16,865
Asset (Gains)/Losses	(67,259)	15,088	-	37,194	(38,078)
Benefits Payout	-	-	(13,000)	(129,000)	(15,212)
Administrative Expense	(748)	(743)	(680)	(801)	(742)
<b>Net Change In Plan Fiduciary Net Position</b>	(47,633)	58,403	59,726	(46,200)	(8,754)
<b>Plan Fiduciary Net Position - January 1</b>	450,066	391,663	331,937	378,136	386,890
<b>Plan Fiduciary Net Position - December 31 (B)</b>	<u>\$ 402,433</u>	<u>\$ 450,066</u>	<u>\$ 391,663</u>	<u>\$ 331,936</u>	<u>\$ 378,136</u>
<b>Fire Relief's Net Pension Liability (Asset) - December 31 (A-B)</b>	<u>\$ (136,219)</u>	<u>\$ (291,747)</u>	<u>\$ (252,474)</u>	<u>\$ (198,076)</u>	<u>\$ 135,883</u>
<b>Plan Fiduciary Net Position As a Percentage of the Total Pension Liability (B/A)</b>	151%	284%	281%	248%	156%
<b>Covered Payroll</b>	N/A	N/A	N/A	N/A	N/A
<b>Fire Relief's Net Pension Liability (Asset) as a Percentage of Covered Payroll</b>	N/A	N/A	N/A	N/A	N/A

**Schedule of Employer's Fire Relief Association Contributions**

Year Ending	Actuarial Determined Contribution (a)	Actual Contributions Paid (b)	Contribution Deficiency (Excess) (a-b)
12/31/2022	\$ -	\$ -	-
12/31/2021	\$ -	\$ -	-
12/31/2020	\$ -	\$ 2,600	(2,600)
12/31/2019	\$ -	\$ 2,600	(2,600)
12/31/2018	\$ -	\$ 2,600	(2,600)

Note: Schedules are intended to show 10-Year trend. Additional years will be reported as they become available

## **SUPPLEMENTARY INFORMATION**



**CITY OF BROWERVILLE, MINNESOTA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2023**

	General	Fire	Capital Project	Debt Service	Total Governmental Funds
<b>REVENUES</b>					
Taxes					
Property Taxes	\$ 120,870	\$ 7,583	\$ 22,727	\$ 49,152	\$ 200,332
Special Assessments	-	-	-	50,839	50,839
Total Taxes	120,870	7,583	22,727	99,991	251,171
Licenses and Permits					
Business	575	-	-	-	575
Nonbusiness	510	-	-	-	510
Total Licenses and Permits	1,085	-	-	-	1,085
Intergovernmental Revenues					
Federal	-	-	-	-	-
State	-	-	-	-	-
Local Government Aid	283,746	-	-	-	283,746
State Fire Aid	-	23,905	-	-	23,905
Other	36,452	17,336	-	-	53,788
Total Intergovernmental Revenues	320,198	41,241	-	-	361,439
Charges for Services					
Township Fire Contracts	-	46,538	-	-	46,538
Rents Collected	22,458	-	-	-	22,458
Total Charges for Services	22,458	46,538	-	-	68,996
Fines and Forfeits	1,827	-	-	-	1,827
Other Revenues					
Interest	18,092	3,240	(5)	5,305	26,632
Donations	37,000	2,200	-	-	39,200
Other	14,921	8,720	14,814	-	38,455
Total Other Revenues	70,013	14,160	14,809	5,305	104,287
Total Revenues	\$ 536,451	\$ 109,522	\$ 37,536	\$ 105,296	\$ 788,805

**CITY OF BROWERVILLE, MINNESOTA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2023**

	General	Fire	Capital Project	Debt Service	Total Governmental Funds
<b>EXPENDITURES</b>					
General Government					
Mayor and Council	\$ 5,840	\$ -	\$ -	\$ -	\$ 5,840
Municipal Clerk	37,426	-	-	-	37,426
Other General Government	45,900	-	-	-	45,900
Capital Outlay	-	-	-	-	-
Total General Government	89,166	-	-	-	89,166
Public Safety					
Police Protection					
Current Expense	40,542	-	-	-	40,542
Fire Protection					
Current Expense	-	108,140	-	-	108,140
Capital Outlay	-	-	-	-	-
Total Public Safety	40,542	108,140	-	-	148,682
Public Works					
Highways and Streets					
Street Maintenance/Cleaning	210,476	-	-	-	210,476
Street Lighting	29,704	-	-	-	29,704
Snow Removal	31,078	-	-	-	31,078
Capital Outlay - Streets	48,893	-	174,859	-	223,752
Total Public Works	320,151	-	174,859	-	495,010
Culture and Recreation					
Current Expense	21,329	-	-	-	21,329
Debt Service					
Principal	5,350	-	-	82,816	88,166
Interest	681	-	-	37,173	37,854
Total Debt Service	6,031	-	-	119,989	126,020
Total Expenditures	\$ 477,219	\$ 108,140	\$ 174,859	\$ 119,989	\$ 880,207
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ 59,232</b>	<b>\$ 1,382</b>	<b>\$ (137,323)</b>	<b>\$ (14,693)</b>	<b>\$ (91,402)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from Other Funds	51,683	8,335	48,175	-	108,193
Transfers to Other Funds	(25,785)	-	-	(71,558)	(97,343)
Total Other Financing Sources (Uses)	25,898	8,335	48,175	(71,558)	10,850
<b>NET CHANGE IN FUND BALANCE</b>	<b>85,130</b>	<b>9,717</b>	<b>(89,148)</b>	<b>(86,251)</b>	<b>(80,552)</b>
Fund Balance - Beginning of Year	1,470,949	268,861	(44,189)	433,986	2,129,607
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 1,556,079</b>	<b>\$ 278,578</b>	<b>\$ (133,337)</b>	<b>\$ 347,735</b>	<b>\$ 2,049,055</b>

**CITY OF BROWERVILLE, MINNESOTA  
 COMBINING BALANCE SHEET  
 DEBT SERVICE FUND  
 DECEMBER 31, 2023**

	GO Bonds of 2008	2018 DS Fund	Total Debt Service
<b>ASSETS</b>			
Cash	\$ -	\$ 165,840	\$ 165,840
Time Deposits	-	157,934	157,934
Investments	-	23,961	23,961
Special Assessments Receivable	-	393,946	393,946
Total Assets	-	741,681	741,681
 <b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Revenues	-	393,946	393,946
 <b>RESERVED FUND BALANCES</b>			
	-	347,735	347,735
Total Deferred Inflows of Resources and Fund Balances	\$ -	\$ 741,681	\$ 741,681

**CITY OF BROWERVILLE, MINNESOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**DEBT SERVICE FUND**  
**YEAR ENDED DECEMBER 31, 2023**

<b>REVENUES</b>	GO Bonds of 2008	2018 DS Fund	Total Debt Service
Taxes			
Property Taxes	\$ -	\$ 49,152	\$ 49,152
Special Assessments	477	50,362	50,839
Total Taxes	477	99,514	99,991
Other Revenues			
Interest	636	4,669	5,305
Total Revenues	1,113	104,183	105,296
<b>EXPENDITURES</b>			
Debt Service			
Principal	7,816	75,000	82,816
Interest	230	36,943	37,173
Total Debt Service	8,046	111,943	119,989
Total Expenditures	8,046	111,943	119,989
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(6,933)	(7,760)	(14,693)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers to Other Funds	(71,558)	-	(71,558)
<b>NET CHANGE IN FUND BALANCE</b>	(78,491)	(7,760)	(86,251)
Fund Balance - Beginning of Year	78,491	355,495	433,986
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ -</u>	<u>\$ 347,735</u>	<u>\$ 347,735</u>

**CITY OF BROWERVILLE, MINNESOTA  
 COMBINING BALANCE SHEET  
 CAPITAL PROJECT FUND  
 DECEMBER 31, 2023**

	<u>Small City</u>	<u>Creamery Project</u>	<u>Creamery Bridge</u>	<u>Transfer Station</u>	<u>Total Capital Projects</u>
<b>ASSETS</b>					
Cash	\$ 5,847	\$ -	\$ -	\$ -	\$ 5,847
Taxes Receivable	-	264	-	-	264
Total Assets	<u>5,847</u>	<u>264</u>	<u>-</u>	<u>-</u>	<u>6,111</u>
<b>LIABILITIES</b>					
Accounts Payable	-	2,713	-	-	2,713
Advances From Other Funds	-	95,902	40,833	-	136,735
Total Liabilities	<u>-</u>	<u>98,615</u>	<u>40,833</u>	<u>-</u>	<u>139,448</u>
<b>FUND BALANCES</b>					
	<u>5,847</u>	<u>(98,351)</u>	<u>(40,833)</u>	<u>-</u>	<u>(133,337)</u>
Total Liabilities and Fund Balances	<u>\$ 5,847</u>	<u>\$ 264</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,111</u>

**CITY OF BROWERVILLE, MINNESOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**CAPITAL PROJECT FUND**  
**YEAR ENDED DECEMBER 31, 2023**

<b>REVENUES</b>	<u>Small City</u>	<u>Creamery Project</u>	<u>Creamery Bridge</u>	<u>Transfer Station</u>	<u>Total Capital Projects</u>
Taxes					
Property Taxes	\$ -	\$ 22,727	\$ -	\$ -	\$ 22,727
Other Revenues					
Interest	6	-	(11)	-	(5)
School Payment for Project	-	-	-	14,814	14,814
Total Other Revenues	6	-	(11)	14,814	14,809
Total Revenues	<u>6</u>	<u>22,727</u>	<u>(11)</u>	<u>14,814</u>	<u>37,536</u>
<b>EXPENDITURES</b>					
Public Works					
Capital Outlay - Streets	<u>-</u>	<u>127,910</u>	<u>35,430</u>	<u>11,519</u>	<u>174,859</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>6</u>	<u>(105,183)</u>	<u>(35,441)</u>	<u>3,295</u>	<u>(137,323)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from Other Funds	-	48,175	-	-	48,175
Transfers to Other Funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	-	48,175	-	-	48,175
<b>NET CHANGE IN FUND BALANCE</b>	6	(57,008)	(35,441)	3,295	(89,148)
Fund Balance - Beginning of Year	<u>5,841</u>	<u>(41,343)</u>	<u>(5,392)</u>	<u>(3,295)</u>	<u>(44,189)</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 5,847</u>	<u>\$ (98,351)</u>	<u>\$ (40,833)</u>	<u>\$ -</u>	<u>\$ (133,337)</u>

## **OTHER REPORTS AND COMMUNICATIONS**

**BRIAN D. KOEHN, CPA, PLLC**



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**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***

City Council  
City of Browerville, Minnesota

I 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, and each major fund of the City of Browerville, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City of Browerville's basic financial statements and have issued my report thereon dated August 24, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing my audit of the financial statements, I considered the City of Browerville'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 of Browerville's internal control. Accordingly, I do not express an opinion on the effectiveness of the City of Browerville'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.

My 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. I identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2023-001, 2023-002, and 2023-003 that I consider to be material weaknesses.



### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Browerville’s financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **The City of Browerville’s Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the City of Browerville’s response to the findings identified in my audit and described in the accompanying schedule of findings and responses. The City of Browerville’s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on the responses.

### **Purpose of This Report**

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



**Brian D. Koehn, CPA, PLLC**  
Parkers Prairie, Minnesota  
August 24, 2024

# BRIAN D. KOEHN, CPA, PLLC



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## REPORT ON MINNESOTA LEGAL COMPLIANCE

City Council  
City of Browerville, Minnesota

I 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, and each major fund of the City of Browerville, as of and for the year ended December 31, 2023, and the related notes to the financial statements, and have issued my report thereon dated August 24, 2024.

In connections with my audit, I noted the City failed to comply with provisions of the contracting – bid laws and miscellaneous provisions section titles of the *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters as described in the schedule of findings and responses as findings 2023-004 and 2023-005. Also, in connection with my audit, nothing came to my attention that caused me to believe that the City of Browerville failed to comply with the provisions of the contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, and miscellaneous provisions sections of the *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, my audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had I performed additional procedures, other matters may have come to my 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 my 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.

  
**Brian D. Koehn, CPA, PLLC**  
Parkers Prairie, Minnesota  
August 24, 2024

**CITY OF BROWERVILLE, MINNESOTA  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED DECEMBER 31, 2023**

**2023-001 LACK OF SEGREGATION OF DUTIES**

**Condition:** The City has a limited number of office personnel and, accordingly, does not have adequate internal controls in certain areas because of lack of segregation of duties.

**Criteria:** Effective internal control provides an adequate segregation of duties so that no one individual handles a transaction from its inception to its completion.

**Cause:** Because of the lack of segregation of duties, one individual regularly handles transactions from inception to completion.

**Effect:** The City's internal control policies can be compromised by certain individuals.

**Recommendation:** While I recognize the City's office staff may not be large enough to permit an adequate segregation of duties in all respects for an effective internal control structure, it is important that the City be aware of this condition.

**Management's Response:** The City will continue to explore the possible further segregation of duties with the City office until it becomes cost prohibitive.

**2023-002 YEAR-END CLOSING PROCEDURES**

**Condition:** As part of the audit, I proposed material adjustments for closing the City's books at year end, recording of accruals, reclassifications to the proper accounts, corrections of errors in recording entries, and an adjustment to cash and investment balances.

**Criteria:** The City is responsible for establishing and maintaining internal controls for the proper recording of all the City's accounting transactions.

**Cause:** The City relies on the audit firm to prepare the annual financial report and some significant reclassifications. However, management has reviewed and approved all entries and the annual financial statements.

**Effect:** The design of the internal controls over recording transactions limits the ability of the City to provide accurate financial information.

**Recommendation:** While I recognize the City may not find it necessary to account and report using generally accepted accounting principles, it is important the City constantly be aware of these conditions.

**Management's Response:** The City will continue to evaluate its internal staff, expertise, and assigned duties to determine if an internal control policy over the annual financial reporting is beneficial or cost-effective.

**CITY OF BROWERVILLE, MINNESOTA  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED DECEMBER 31, 2023**

**2023-003 FINANCIAL STATEMENT PREPARATION**

**Condition:** The City does not have an internal control process in place over annual financial reporting in accordance with generally accepted accounting principles, therefore, the potential exists that a material misstatement of the annual financial statements could occur and not be prevented or detected by the City's internal controls.

**Criteria:** The City should have procedures in place to prevent or detect a material misstatement in the annual financial statement including footnote disclosures.

**Cause:** The City relies on the audit firm to prepare the annual financial report. However, management has reviewed and approved all entries and the annual financial statements.

**Effect:** Departures from generally accepted accounting principles may not be detected by the City.

**Recommendation:** While I recognize the City may not find it necessary to account and report using generally accepted accounting principles, it is important the City constantly be aware of these conditions.

**Management's Response:** The City will continue to evaluate its internal staff, expertise, and assigned duties to determine if an internal control policy over the annual financial reporting is beneficial or cost-effective.

**2023-004 CONTRACTING AND BIDDING**

**Condition:** The City only received one quote for a construction project.

**Criteria:** Minnesota Statute § 471.345 requires two or more quotes whenever possible when the contract estimate is between \$25,000 and \$175,000. The City approved one contract with one estimate and no documentation that no other quotes were possible.

**Cause:** The City's controls do not address this.

**Effect:** The City appears to be out of compliance with Minnesota Statutes.

**Recommendation:** It is my recommendation that the City adopt procedures to ensure the requests for quotes are maintained in writing and at least two quotes are obtained whenever possible.

**Response:** The City will ensure better documentation of quote requests in the future and work to obtain at least two quotes whenever possible.

**CITY OF BROWERVILLE, MINNESOTA  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED DECEMBER 31, 2023**

**2023-005 OPEN MEETING LAW**

**Condition:** The City did not follow the open meeting law as required in Minnesota Statute 13D.01 with regard to:

- listing the statute number in the minutes under which the meeting can be closed,
- and maintaining a recording of the closed portion of the meeting.

**Criteria:** Minnesota Statute § 13d.01 requires the City to follow certain procedures with regards to documenting in the minutes and maintaining a recording when closing a meeting. The City closed meetings during 2023, but did not follow these steps.

**Cause:** The City's controls do not address this.

**Effect:** The City appears to be out of compliance with Minnesota Statutes.

**Recommendation:** It is my recommendation that the City adopt procedures to ensure the minutes properly reflect the statute section that allows the meeting to be closed, a summary of the closed session at the next open meeting, and a recording of the closed session be maintained.

**Response:** The City will change its documentation procedures within the minutes around closed sessions to ensure compliance with Minnesota Statute § 13d.01, and begin recording closed sessions during 2024.