

ANNUAL FINANICAL REPORT

CITY OF PINE ISLAND
PINE ISLAND, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2024

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City of Pine Island, Minnesota
Annual Financial Report
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INTRODUCTORY SECTION

CITY OF PINE ISLAND
PINE ISLAND, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2024

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City of Pine Island, Minnesota
Elected and Appointed Officials
For the Year Ended December 31, 2024

ELECTED

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
David Friese	Mayor	12/31/2024
Brandi Veith Staloch	Council Member	12/31/2026
Mike Hildenbrand	Council Member	12/31/2024
Vernon Pahl	Council Member	12/31/2024

APPOINTED

Elizabeth Howard	City Administrator
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FINANCIAL SECTION
CITY OF PINE ISLAND
PINE ISLAND, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2024

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INDEPENDENT AUDITOR’S REPORT

Honorable Mayor and City Council
City of Pine Island, Minnesota

Report on the Financial Statements

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Change in Accounting Principle

As described in Note 10 to the financial statements, the City adopted the provisions of Governmental Accounting Standard Board (GASB) Statement No. 101, Compensated Absences, for the year ended December 31, 2024. Adoption of the provisions of these statements results in significant change to the classifications of the components of the financial statements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis starting on page 17 and the Schedules of Employer's Share of the Net Pension Liability and the Schedules of Employer's Contributions, the related note disclosures, and the Schedule of Changes in Net Pension Liability (Asset) and Related Ratios, starting on page 80 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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



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Minneapolis, Minnesota
April 17, 2025



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Management's Discussion and Analysis

As management of the City of Pine Island, Minnesota, (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2024.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year as shown in the summary of net position on the following pages. The unrestricted amount of net position may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased as shown in the summary of changes in net assets table on the following pages. The increase this year was due to an increase in tax revenue and Elk run land sale and contributions, in the government-type activities continuing to outweigh expenses.
- For the current fiscal year, the City's governmental funds fund balances are shown in the Financial Analysis of the City's Funds section of the MD&A. The total fund balance increased in comparison with the prior year. This increase was mainly due to large sale of land related to Elk run.
- Unassigned fund balance in the General fund as shown in the financial analysis of the city's funds section increased from prior year.
- The City's total bonded debt decreased during the fiscal year. The decrease was a result of scheduled principal and interest payments made on bonds during the year.

Overview of the Financial Statements

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

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

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

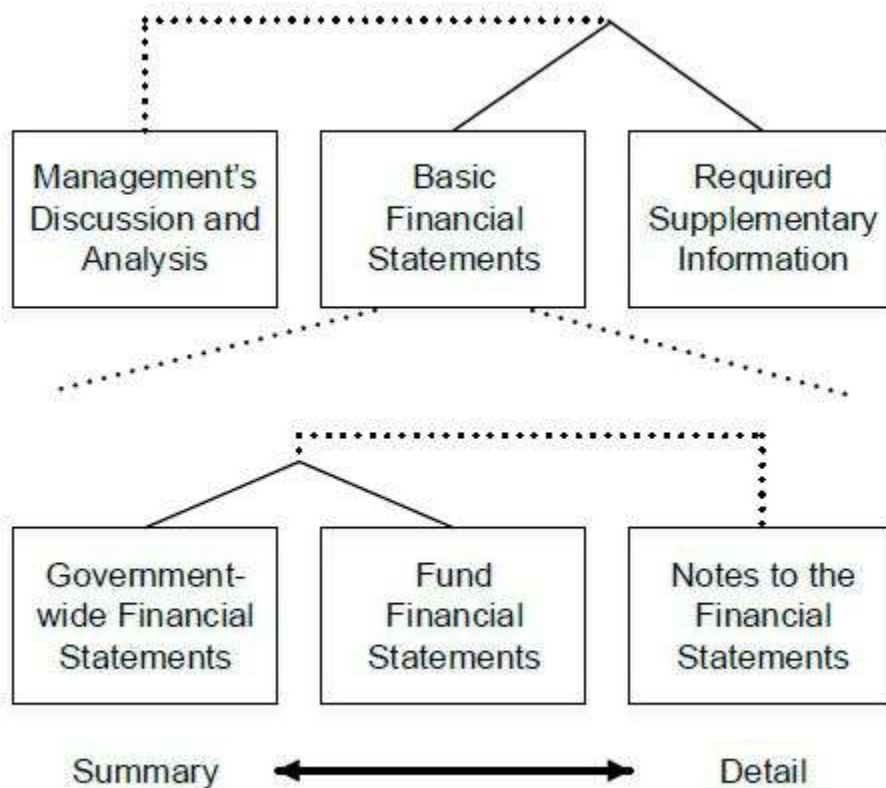


Figure 2 summarizes the major features of the City’s financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the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

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

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

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenue (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, culture and recreation, housing and economic development, and interest on long-term debt. The business-type activities of the City include water, sewer, evergreen place, cemetery and the deputy registrar.

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

The government-wide financial statements start on page 33 of this report.

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

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

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

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

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

The basic governmental fund financial statements start on page 38 of this report.

Proprietary Funds. The City maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its Water, Sewer, Evergreen Place, Cemetery and Deputy Registrar activities.

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

The basic proprietary fund financial statements start on page 43 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 49 of this report.

Required Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found starting on page 80 of this report.

Other Information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented following the notes to the financial statements. Combining and individual fund financial statements and schedules start on page 86 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities as shown below.

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

City of Pine Island's Summary of Net Position

	Governmental Activities			Business-type Activities		
	2024	2023	Increase (Decrease)	2024	2023	Increase (Decrease)
Assets						
Current and other assets	\$ 8,426,352	\$ 6,206,253	\$ 2,220,099	\$ 5,055,532	\$ 5,161,912	\$ (106,380)
Capital assets	16,594,086	16,727,526	(133,440)	13,747,121	13,941,108	(193,987)
Total Assets	<u>25,020,438</u>	<u>22,933,779</u>	<u>2,086,659</u>	<u>18,802,653</u>	<u>19,103,020</u>	<u>(300,367)</u>
Deferred Outflows of Resources						
Deferred pension resources	189,853	371,494	(181,641)	36,046	61,211	(25,165)
Liabilities						
Long-term liabilities outstanding	8,332,567	8,714,458	(381,891)	3,984,673	4,176,280	(191,607)
Other liabilities	607,571	281,924	325,647	146,010	1,534,197	(1,388,187)
Total Liabilities	<u>8,940,138</u>	<u>8,996,382</u>	<u>(56,244)</u>	<u>4,130,683</u>	<u>5,710,477</u>	<u>(1,579,794)</u>
Deferred Inflows of Resources						
Deferred pension resources	298,761	222,947	75,814	83,621	59,806	23,815
Net Position						
Net investment in capital assets	8,651,566	8,495,294	156,272	9,933,426	9,973,232	(39,806)
Restricted	4,159,101	4,028,343	130,758	-	-	-
Unrestricted	3,160,725	1,562,307	1,598,418	4,690,969	3,420,716	1,270,253
Total Net Position	<u>\$ 15,971,392</u>	<u>\$ 14,085,944</u>	<u>\$ 1,885,448</u>	<u>\$ 14,624,395</u>	<u>\$ 13,393,948</u>	<u>\$ 1,230,447</u>
Net Position as a Percent of Total						
Net investment in capital assets	54.2 %	60.3 %		67.9 %	74.5 %	
Restricted	26.0	28.6		-	-	
Unrestricted	19.8	11.1		32.1	25.5	
	<u>100.0 %</u>	<u>100.0 %</u>		<u>100.0 %</u>	<u>100.0 %</u>	

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

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

Statement of Activities. Governmental-type activities increased and business-type activities increased during the year. The changes are highlighted below:

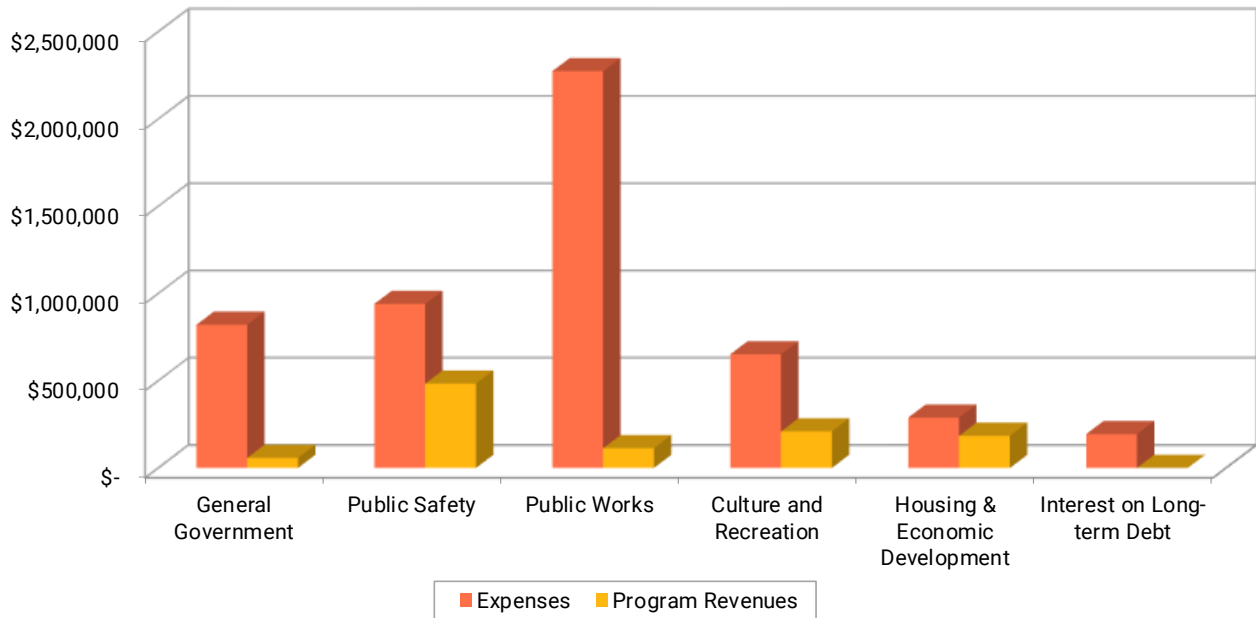
City of Pine Island's Changes in Net Position

	Governmental Activities			Business-type Activities		
	2024	2023	Increase (Decrease)	2024	2023	Increase (Decrease)
Revenues						
Program Revenues						
Charges for services	\$ 581,247	\$ 396,601	\$ 184,646	\$ 1,961,004	\$ 1,846,900	\$ 114,104
Operating grants and contributions	433,202	387,333	45,869	4,270	29,404	(25,134)
Capital grants and contributions	32,272	52,655	(20,383)	1,255,704	1,016,176	239,528
General revenues						
Taxes	3,985,439	3,646,590	338,849	-	-	-
Grants and contributions not restricted to specific programs	744,528	929,077	(184,549)	-	16,646	(16,646)
Unrestricted investment earnings	139,992	56,193	83,799	164,022	102,292	61,730
Gain (loss) on sale of capital assets	1,240,515	11,666	1,228,849	14,736	2,150	12,586
Total Revenues	<u>7,157,195</u>	<u>5,480,115</u>	<u>1,677,080</u>	<u>3,399,736</u>	<u>3,013,568</u>	<u>386,168</u>
Expenses						
General government	848,824	810,149	38,675	-	-	-
Public safety	939,963	1,028,983	(89,020)	-	-	-
Public works	2,273,781	1,636,179	637,602	-	-	-
Culture and recreation	650,741	783,239	(132,498)	-	-	-
Housing and economic development	288,090	273,846	14,244	-	-	-
Debt service	193,273	206,289	(13,016)	-	-	-
Water	-	-	-	720,207	833,496	(113,289)
Sewer	-	-	-	1,016,959	1,188,019	(171,060)
Evergreen Place	-	-	-	280,631	256,318	24,313
Cemetery	-	-	-	52,148	41,312	10,836
Deputy Register	-	-	-	176,419	168,425	7,994
Total Expenses	<u>5,194,672</u>	<u>4,738,685</u>	<u>455,987</u>	<u>2,246,364</u>	<u>2,487,570</u>	<u>(241,206)</u>
Change in Net Position						
Before Transfers	1,962,523	741,430	1,221,093	1,153,372	525,998	627,374
Operating Transfers	<u>(77,075)</u>	<u>244,437</u>	<u>(321,512)</u>	<u>77,075</u>	<u>(244,437)</u>	<u>321,512</u>
Increase (Decrease) in Net Position	1,885,448	985,867	899,581	1,230,447	281,561	948,886
Net Position, January 1	<u>14,085,944</u>	<u>13,100,077</u>	<u>985,867</u>	<u>13,393,948</u>	<u>13,112,387</u>	<u>281,561</u>
Net Position, December 31	<u>\$ 15,971,392</u>	<u>\$ 14,085,944</u>	<u>\$ 1,885,448</u>	<u>\$ 14,624,395</u>	<u>\$ 13,393,948</u>	<u>\$ 1,230,447</u>

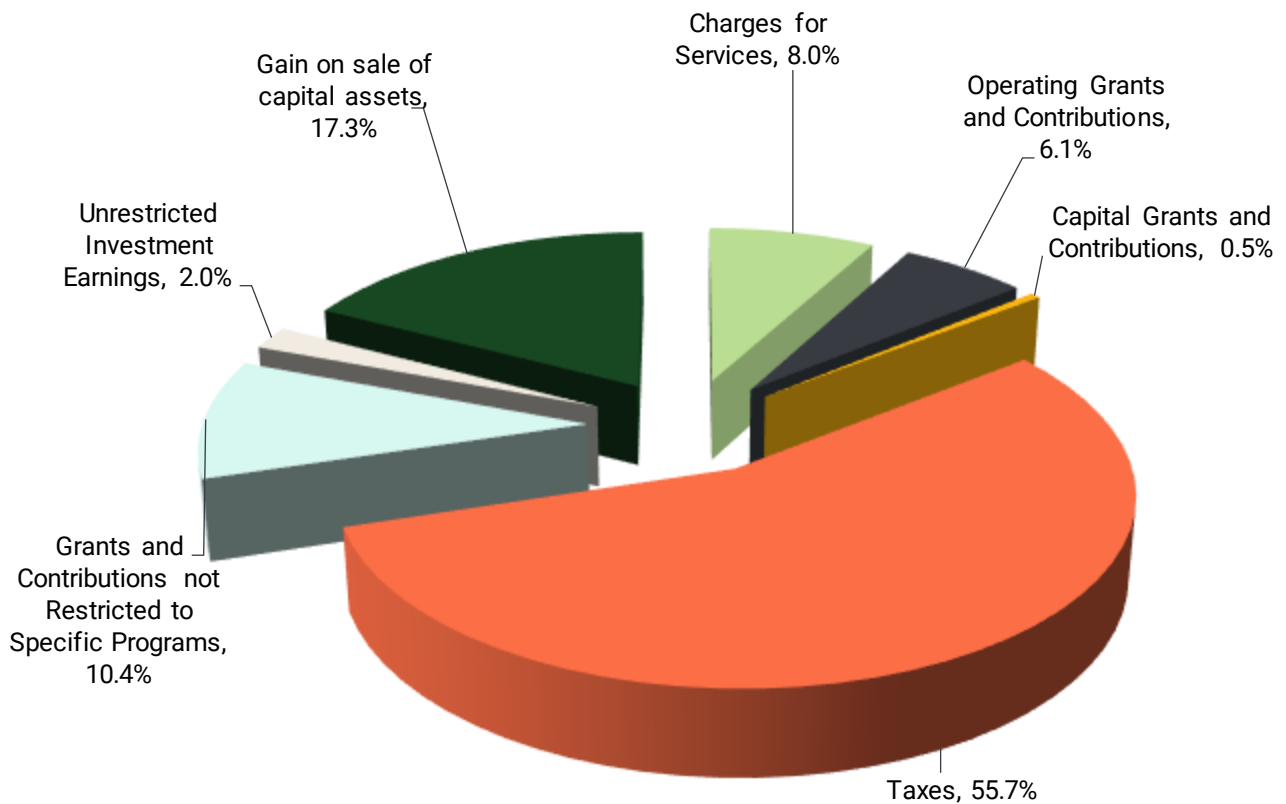
The increase in governmental activity is primarily due to increase in tax revenues and Elk run land sale and contributions. Water and Sewer had decreases in expenses, along with an increase of grants and contributions not restricted to specific programs.

Governmental-type Activities. Governmental-type activities increased the City's net position as seen in the table above.

Expenses and Program Revenues - Governmental Activities

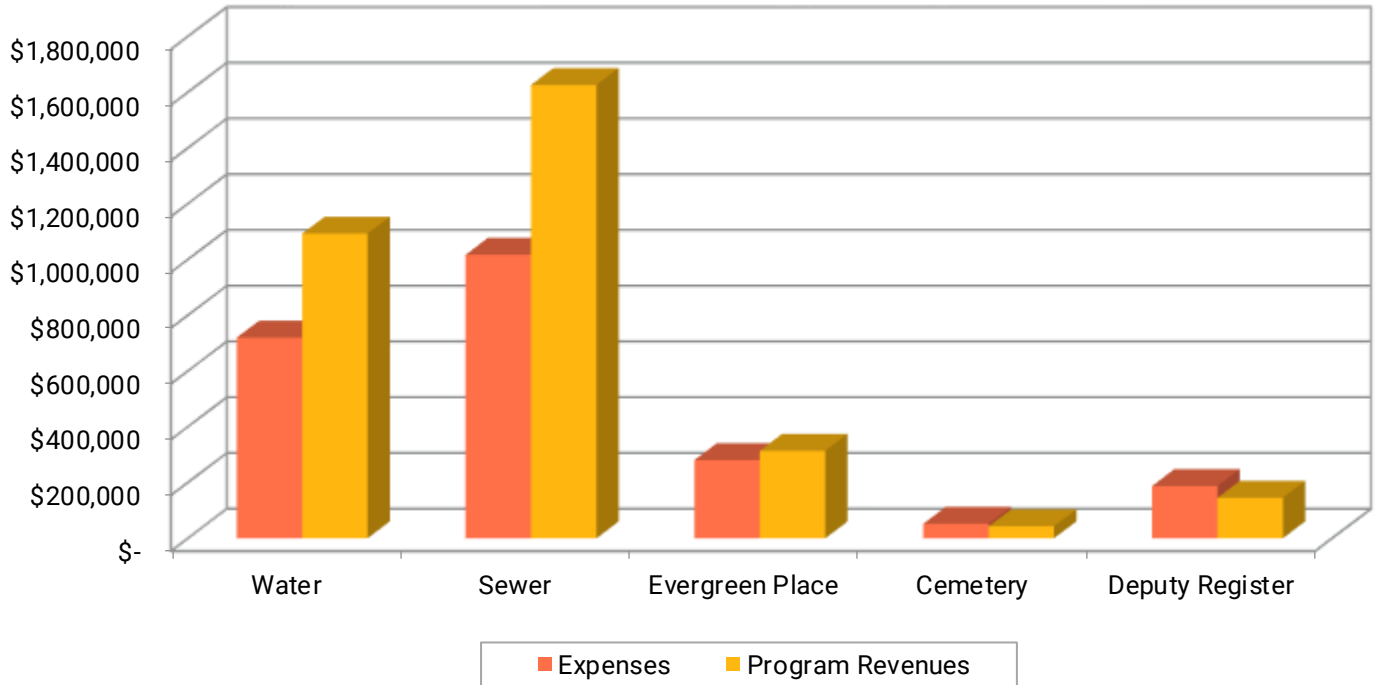


Revenues by Source - Governmental Activities

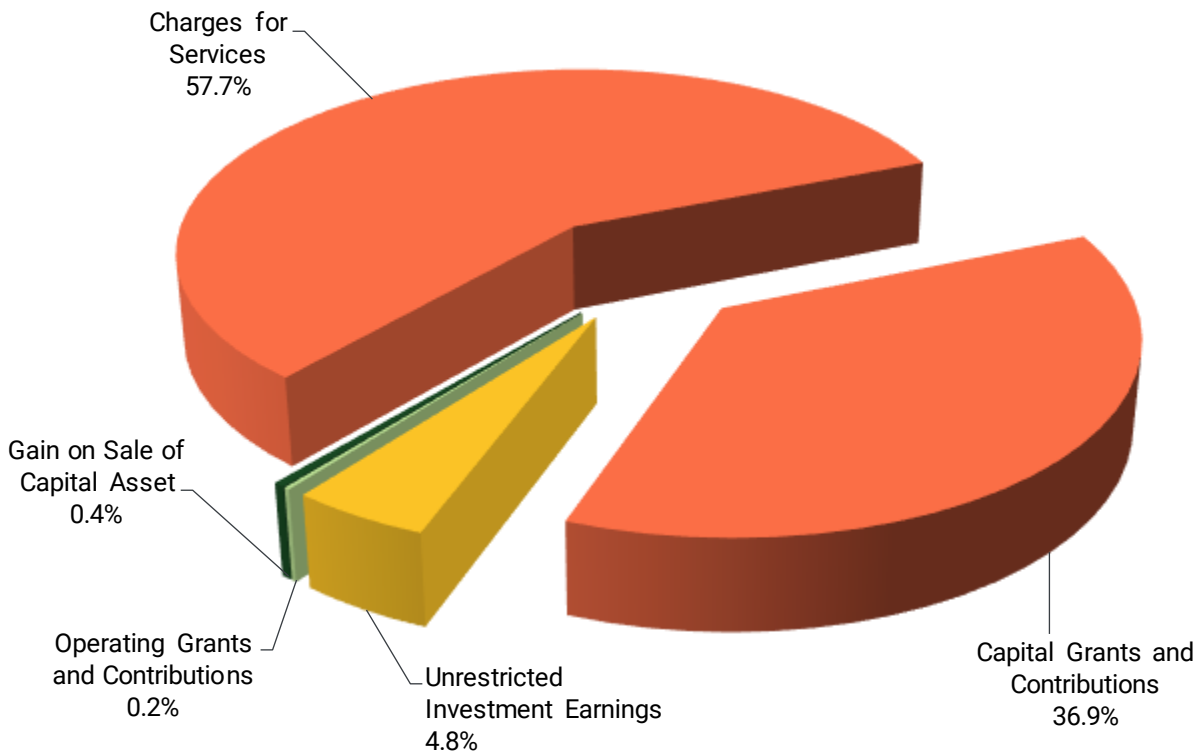


Business-type Activities. Business-type activities increased the City's net position.

Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities



Financial Analysis of the Government's Funds

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

Governmental Funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The table below outlines the governmental fund balances for the year ending December 31, 2024.

	General Fund	Debt Service Fund	Capital Equipment Fund	Other Governmental Funds	Total	Prior Year Total	Increase/ (Decrease)
Fund Balances							
Nonspendable	\$ 13,535	\$ -	\$ -	\$ 1,880	\$ 15,415	\$ 153	\$ 15,262
Restricted	-	1,953,869	168,127	819,303	2,941,299	2,930,862	10,437
Committed	-	-	-	318,371	318,371	301,360	17,011
Assigned	2,477	-	1,711,598	-	1,714,075	463,493	1,250,582
Unassigned	1,541,689	-	-	(10,634)	1,531,055	1,087,449	443,606
	<u>\$ 1,557,701</u>	<u>\$ 1,953,869</u>	<u>\$ 1,879,725</u>	<u>\$ 1,128,920</u>	<u>\$ 6,520,215</u>	<u>\$ 4,783,317</u>	<u>\$ 1,736,898</u>

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

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

	Current Year Ending Balance	Prior Year Ending Balance	Increase/ (Decrease)
General Fund Fund Balances			
Nonspendable	\$ 13,535	\$ 153	\$ 13,382
Assigned for heritage preservation	2,477	2,454	23
Unassigned	1,541,689	1,474,925	66,764
	<u>\$ 1,557,701</u>	<u>\$ 1,477,532</u>	<u>\$ 80,169</u>
General Fund expenditures	\$ 4,020,829	\$ 3,330,564	
Unassigned as a percent of expenditures	38.3%	44.3%	
Total Fund Balance as a percent of expenditures	38.7%	44.4%	

The fund balance of the City's General fund increased during the current fiscal year as shown in the table above.

Other major governmental fund analysis is shown below:

	December 31, 2024	December 31, 2023	Increase (Decrease)
Debt Service fund	\$ 1,953,869	\$ 2,004,658	\$ (50,789)
<i>The Debt Service fund decrease in fund balance during the year was due to scheduled principal and interest payments made on bonds during the year.</i>			
Capital Equipment	\$ 1,879,725	\$ 604,639	\$ 1,275,086
<i>The Capital Equipment fund increase in fund balance during the year was due to a land sale relating to Elk run</i>			

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

	Ending Net Position 2024	Ending Net Position 2023	Increase/ (Decrease)
Water Utility	\$ 6,345,947	\$ 5,846,412	\$ 499,535
<i>The increase primarily is attributed to recognizing previously unearned revenue relating to WAC charges</i>			
Sewer Utility	\$ 7,220,342	\$ 6,503,784	\$ 716,558
<i>The increase primarily is attributed to recognizing previously unearned revenue relating to SAC charges</i>			
Evergreen Place	\$ 527,368	\$ 495,928	\$ 31,440
<i>The increase primarily is attributed to positive operating income</i>			

General Fund Budgetary Highlights

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues	\$ 4,324,301	\$ 4,699,159	\$ 374,858
Expenditures	3,712,086	4,020,829	(308,743)
Excess of Revenues Over Expenditures	612,215	678,330	66,115
Other Financing Sources (Uses)			
Transfers in	140,173	140,173	-
Contract for deed issued	-	390,600	390,600
Transfers out	(752,388)	(1,128,934)	(376,546)
Total Other Financing Sources (Uses)	(612,215)	(598,161)	14,054
Net Change in Fund Balances	-	80,169	80,169
Fund Balances, January 1	1,477,532	1,477,532	-
Fund Balances, December 31	\$ 1,477,532	\$ 1,557,701	\$ 80,169

The City's General fund budget was not amended during the year as shown above. Actual revenues were over the final budget and expenditures were over the final budget amounts as shown above.

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of December 31, 2024, is shown below in capital asset table (net of accumulated depreciation). This investment in capital assets includes land, structures, improvements, machinery and equipment, park facilities, roads, highways and bridges.

Additional information on the City's capital assets can be found in Note 3C starting on page 60 of this report.

City of Pine Island's Capital Assets (Net of Depreciation)

	Governmental Activities			Business-type Activities		
	2024	2023	Increase (Decrease)	2024	2023	Increase (Decrease)
Land	\$ 1,315,564	\$ 1,286,854	\$ 28,710	\$ 64,136	\$ 64,136	\$ -
Construction in Progress	-	376,499	(376,499)	-	3,182,029	(3,182,029)
Buildings	342,573	366,853	(24,280)	639,028	711,016	(71,988)
Improvements Other than Buildings	-	-	-	74,787	99,549	(24,762)
Infrastructure	13,162,792	13,232,683	(69,891)	12,014,337	9,031,844	2,982,493
Machinery and Equipment	1,773,157	1,464,637	308,520	954,833	852,534	102,299
Total	\$ 16,594,086	\$ 16,727,526	\$ (133,440)	\$ 13,747,121	\$ 13,941,108	\$ (193,987)

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

City of Pine Island's Outstanding Debt

	Governmental Activities			Business-type Activities		
	2024	2023	Increase (Decrease)	2024	2023	Increase (Decrease)
General Obligation Bonds	\$ 7,123,682	\$ 7,960,232	\$ (836,550)	\$ 85,318	\$ 147,768	\$ (62,450)
General Obligation Tax Increment Bonds	251,000	272,000	(21,000)	-	-	-
Finance Purchase Agreement	227,238	-	227,238	-	-	-
Contract for Deed	340,600	-	340,600	-	-	-
General Obligation Revenue Bonds	-	-	-	3,570,000	3,650,000	(80,000)
Premium on Bonds	-	-	-	158,377	170,108	(11,731)
Total	\$ 7,942,520	\$ 8,232,232	\$ (289,712)	\$ 3,813,695	\$ 3,967,876	\$ (154,181)

Minnesota statutes limit the amount of net general obligation debt a City may issue to 3 percent of the market value of taxable property within the City. Net debt is debt payable solely from ad valorem taxes. The City currently has no debt subject to that limitation.

Additional information on the City's long-term debt can be found in Note 3E starting on page 62 of this report.

Economic Factors and Next Year's Budgets and Rates

- The City of Pine Island continues to see growth and positive changes. This City had 18 building permits pulled in 2024 for new single family homes.
- The City did a partial reconstruct and reclaim street project in the Royal Court area.
- Sewer and water rates increased in January 2024 and are set to increase 2% for water rates and 4% for sewer rates each year thereafter for 9 more years as the City continues to plan for a new wastewater facility. The City continues to build a storm water account to help maintain the City's storm water drainage ponds. The City is also building the water account for a potential new water tower within the next 10 years as we continue to see growth in the southern half of Pine Island.
- The City sold excess right-of-way to the Prairie Island Indian Community since the property abutted Prairie Island's land. These funds were placed in a capital account for future City projects.
- The license bureau started to process driver's license renewals towards the end of 2024. Previously, the only driver's license service we performed was address changes so this addition will help expand our services.
- The City refinished the pickleball surface through a professional company who used professional grade paint.
- The City continued to replace water meters throughout the City whose were not completed during the 2023 project. This project will hopefully be completed in 2025 as the City still has a handful of water meters to replace.
- The City closed a five-year contract for deed in 2024 for 20+ acres of land on the north side of town which is currently used for agriculture. This will open up business and commercial opportunities for the City once the property is paid off. The City will plan to pay this contract off in 2024 with the excess right-of-way dollars the City acquired from the land sale to Prairie Island.
- A wage study was completed in 2024 which increased wages to a competitive range. City Council opted to implement part of the increased wages towards the end of 2024, with the final implementation taking place on January 1st, 2025. The City will participate in a yearly maintenance program so wages will be checked to ensure they are market rate.
- The City entered into a lease to purchase for a new street sweeper. Previously the City contracted this service out.
- The City is looking to repaint one of their water towers in 2025.
- The City will be looking to sell the assisted living facility Evergreen Place in 2025.
- As the City continues to grow, the City Council is dedicated to continue improving our streets, parks, facilities and amenities.

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

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Administrator, City of Pine Island, City Hall, 250 South Main Street, PO Box 1000, Pine Island, Minnesota 55963.

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF PINE ISLAND
PINE ISLAND, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2024

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City of Pine Island, Minnesota
Statement of Net Position
December 31, 2024

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Economic Development Authority
Assets				
Cash and temporary investments	\$ 6,942,818	\$ 3,877,325	\$ 10,820,143	\$ 124,129
Restricted cash	31,767	39,138	70,905	-
Receivables				
Interest	5,343	-	5,343	-
Taxes	115,881	-	115,881	-
Accounts	36,131	80,612	116,743	-
Notes	34,827	-	34,827	-
Special assessments	893,347	802,334	1,695,681	-
Internal balances	(249,196)	249,196	-	-
Due from other governments	199,109	-	199,109	-
Prepaid items	15,415	6,927	22,342	-
Net pension asset	400,910	-	400,910	-
Capital assets				
Land and construction in progress	1,315,564	64,136	1,379,700	-
Depreciable capital assets, net	15,278,522	13,682,985	28,961,507	-
Total Assets	<u>25,020,438</u>	<u>18,802,653</u>	<u>43,823,091</u>	<u>124,129</u>
Deferred Outflows of Resources				
Deferred pension resources	<u>189,853</u>	<u>36,046</u>	<u>225,899</u>	<u>-</u>
Liabilities				
Accounts payable	36,809	19,050	55,859	-
Contracts payable	-	24,308	24,308	-
Accrued salaries payable	15,158	2,376	17,534	-
Accrued interest payable	75,604	61,138	136,742	-
Security deposits payable	-	39,138	39,138	-
Due to other governments	480,000	-	480,000	-
Noncurrent liabilities				
Due within one year				
Long-term liabilities	935,101	252,797	1,187,898	-
Due in more than one year				
Long-term liabilities	7,075,593	3,602,910	10,678,503	-
Net pension liability	321,873	128,966	450,839	-
Total Liabilities	<u>8,940,138</u>	<u>4,130,683</u>	<u>13,070,821</u>	<u>-</u>
Deferred Inflows of Resources				
Deferred pension resources	<u>298,761</u>	<u>83,621</u>	<u>382,382</u>	<u>-</u>
Net Position				
Net investment in capital assets	8,651,566	9,933,426	18,584,992	-
Restricted for				
Debt service	2,770,761	-	2,770,761	-
Public safety	168,127	-	168,127	-
Fire relief pension	400,910	-	400,910	-
Economic development	200,601	-	200,601	-
Revolving loan	161,595	-	161,595	-
DTED Land O'Lakes	326,329	-	326,329	-
Disaster relief	519	-	519	-
Charitable gambling donations	130,259	-	130,259	-
Unrestricted	<u>3,160,725</u>	<u>4,690,969</u>	<u>7,851,694</u>	<u>124,129</u>
Total Net Position	<u>\$ 15,971,392</u>	<u>\$ 14,624,395</u>	<u>\$ 30,595,787</u>	<u>\$ 124,129</u>

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

City of Pine Island, Minnesota
Statement of Activities
For the Year Ended December 31, 2024

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities				
General government	\$ 848,824	\$ 44,855	\$ 12,322	\$ -
Public safety	939,963	341,456	141,926	-
Public works	2,273,781	29,139	51,603	32,272
Culture and recreation	650,741	105,297	104,019	-
Housing and economic development	288,090	60,500	123,332	-
Interest on long-term debt	193,273	-	-	-
Total Governmental Activities	<u>5,194,672</u>	<u>581,247</u>	<u>433,202</u>	<u>32,272</u>
Business-type Activities				
Water	720,207	611,391	810	480,698
Sewer	1,016,959	847,893	3,200	775,006
Evergreen Place	280,631	313,887	-	-
Cemetery	52,148	42,745	260	-
Deputy Registrar	176,419	145,088	-	-
Total Business-type Activities	<u>2,246,364</u>	<u>1,961,004</u>	<u>4,270</u>	<u>1,255,704</u>
Total Primary Government	<u>\$ 7,441,036</u>	<u>\$ 2,542,251</u>	<u>\$ 437,472</u>	<u>\$ 1,287,976</u>
Component Unit				
Economic Development Authority	<u>\$ 109,726</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General Revenues

- Taxes
 - Property taxes - levied for general activities
 - Property taxes - levied for debt service
 - Franchise taxes
 - Tax increments
- Grants and contributions not restricted to specific programs
- Miscellaneous
- Unrestricted investment earnings
- Gain on sale of capital assets
- Transfers - Internal Activities
- Total General Revenues and Transfers

Change in Net Position

Net Position, January 1

Net Position, December 31

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

Net (Expense) Revenue and Changes in Net Position

Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Economic Development Authority
\$ (791,647)	\$ -	\$ (791,647)	\$ -
(456,581)	-	(456,581)	-
(2,160,767)	-	(2,160,767)	-
(441,425)	-	(441,425)	-
(104,258)	-	(104,258)	-
(193,273)	-	(193,273)	-
<u>(4,147,951)</u>	<u>-</u>	<u>(4,147,951)</u>	<u>-</u>
-	372,692	372,692	-
-	609,140	609,140	-
-	33,256	33,256	-
-	(9,143)	(9,143)	-
-	(31,331)	(31,331)	-
<u>-</u>	<u>974,614</u>	<u>974,614</u>	<u>-</u>
<u>(4,147,951)</u>	<u>974,614</u>	<u>(3,173,337)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(109,726)</u>
3,110,783	-	3,110,783	-
720,767	-	720,767	-
32,963	-	32,963	-
120,926	-	120,926	-
744,528	-	744,528	-
-	-	-	117,520
139,992	164,022	304,014	1,424
1,240,515	14,736	1,255,251	-
(77,075)	77,075	-	-
<u>6,033,399</u>	<u>255,833</u>	<u>6,289,232</u>	<u>118,944</u>
1,885,448	1,230,447	3,115,895	9,218
<u>14,085,944</u>	<u>13,393,948</u>	<u>27,479,892</u>	<u>114,911</u>
<u>\$ 15,971,392</u>	<u>\$ 14,624,395</u>	<u>\$ 30,595,787</u>	<u>\$ 124,129</u>

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

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FUND FINANCIAL STATEMENTS

CITY OF PINE ISLAND
PINE ISLAND, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2024

City of Pine Island, Minnesota

Balance Sheet
Governmental Funds
December 31, 2024

	101	300's	250	Other	Total
	General	Debt Service	Capital Equipment	Governmental Funds	Governmental Funds
Assets					
Cash and temporary investments	\$ 1,318,810	\$ 1,953,018	\$ 2,598,296	\$ 1,072,694	\$ 6,942,818
Restricted cash	-	-	-	31,767	31,767
Receivables					
Interest	5,343	-	-	-	5,343
Taxes	115,881	-	-	-	115,881
Accounts	24,610	-	10,625	896	36,131
Notes	-	-	-	34,827	34,827
Special assessments	-	893,347	-	-	893,347
Due from other funds	10,634	-	-	-	10,634
Due from other governments	199,109	-	-	-	199,109
Prepaid items	13,535	-	-	1,880	15,415
Total Assets	\$ 1,687,922	\$ 2,846,365	\$ 2,608,921	\$ 1,142,064	\$ 8,285,272
Liabilities					
Accounts payable	\$ 35,615	\$ -	\$ -	\$ 1,194	\$ 36,809
Accrued salaries payable	13,842	-	-	1,316	15,158
Due to other funds	-	-	249,196	10,634	259,830
Due to other governments	-	-	480,000	-	480,000
Total Liabilities	49,457	-	729,196	13,144	791,797
Deferred Inflows of Resources					
Unavailable revenues - taxes	80,764	-	-	-	80,764
Unavailable revenues - special assessments	-	892,496	-	-	892,496
Total Deferred Inflows of Resources	80,764	892,496	-	-	973,260
Fund Balances					
Nonspendable	13,535	-	-	1,880	15,415
Restricted	-	1,953,869	168,127	819,303	2,941,299
Committed	-	-	-	318,371	318,371
Assigned	2,477	-	1,711,598	-	1,714,075
Unassigned	1,541,689	-	-	(10,634)	1,531,055
Total Fund Balances	1,557,701	1,953,869	1,879,725	1,128,920	6,520,215
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 1,687,922	\$ 2,846,365	\$ 2,608,921	\$ 1,142,064	\$ 8,285,272

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

City of Pine Island, Minnesota
 Reconciliation of the Balance Sheet
 to the Statement of Net Position
 Governmental Funds
 December 31, 2024

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

Total Fund Balances - Governmental Funds	\$ 6,520,215
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental fund.	
Cost of capital assets	25,022,543
Less accumulated depreciation	(8,428,457)
Long-term assets from pensions reported in governmental activities are not financial resources and therefore are not reported as assets in the funds.	
Net pension asset	400,910
Noncurrent liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	
Noncurrent liabilities at year-end consist of	
Bonds payable	(7,374,680)
Compensated absences payable	(68,174)
Net pension liability	(321,873)
Finance purchase agreement	(227,240)
Contract for deed payable	(340,600)
Some receivables are not available soon enough to pay for the current period's expenditures, and therefore are reported as unavailable revenues in the funds.	
Delinquent taxes receivable	80,764
Special assessments receivable	892,496
Governmental funds do not report long-term amounts related to pensions.	
Deferred outflows of pension resources	189,853
Deferred inflows of pension resources	(298,761)
Governmental funds do not report a liability for accrued interest until due and payable.	(75,604)
Total Net Position - Governmental Activities	<u>\$ 15,971,392</u>

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

City of Pine Island, Minnesota
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2024

	101	300's	250	Other	Total
	General	Debt Service	Capital Equipment	Governmental Funds	Governmental Funds
Revenues					
Taxes	\$ 3,051,963	\$ 720,767	\$ 54,550	\$ 120,926	\$ 3,948,206
Licenses and permits	167,276	-	-	-	167,276
Intergovernmental	1,008,164	-	-	99,786	1,107,950
Charges for services	348,140	-	2,500	18,257	368,897
Fines and forfeitures	3,659	-	-	707	4,366
Special assessments	545	131,096	-	-	131,641
Investment earnings	74,719	12,020	27,418	25,835	139,992
Miscellaneous	44,693	9,446	2,525	39,168	95,832
Total Revenues	<u>4,699,159</u>	<u>873,329</u>	<u>86,993</u>	<u>304,679</u>	<u>5,964,160</u>
Expenditures					
Current					
General government	797,373	-	-	-	797,373
Public safety	967,100	-	-	1,261	968,361
Public works	1,198,909	-	480,000	48,384	1,727,293
Culture and recreation	280,660	-	-	227,721	508,381
Housing and economic development	229,822	-	-	3,799	233,621
Capital outlay					
Public safety	-	-	-	9,973	9,973
Public works	394,469	-	242,349	154,094	790,912
Culture and recreation	102,496	-	49,203	25,065	176,764
Housing and economic development	-	-	-	52,077	52,077
Debt service					
Principal	50,000	836,550	25,000	51,053	962,603
Interest and other	-	177,787	5,955	14,383	198,125
Total Expenditures	<u>4,020,829</u>	<u>1,014,337</u>	<u>802,507</u>	<u>587,810</u>	<u>6,425,483</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>678,330</u>	<u>(141,008)</u>	<u>(715,514)</u>	<u>(283,131)</u>	<u>(461,323)</u>
Other Financing Sources (Uses)					
Sale of capital assets	-	-	1,602,405	-	1,602,405
Transfers in	140,173	90,219	260,000	585,994	1,076,386
Finance purchase arrangement issued	-	-	128,195	154,096	282,291
Contract for deed issued	390,600	-	-	-	390,600
Transfers out	(1,128,934)	-	-	(24,527)	(1,153,461)
Total Other Financing Sources (Uses)	<u>(598,161)</u>	<u>90,219</u>	<u>1,990,600</u>	<u>715,563</u>	<u>2,198,221</u>
Net Change in Fund Balances	80,169	(50,789)	1,275,086	432,432	1,736,898
Fund Balances, January 1	<u>1,477,532</u>	<u>2,004,658</u>	<u>604,639</u>	<u>696,488</u>	<u>4,783,317</u>
Fund Balances, December 31	<u>\$ 1,557,701</u>	<u>\$ 1,953,869</u>	<u>\$ 1,879,725</u>	<u>\$ 1,128,920</u>	<u>\$ 6,520,215</u>

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

City of Pine Island, Minnesota
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances to the Statement of Activities
Governmental Funds
For the Year Ended December 31, 2024

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

Net Change in Fund Balances - Governmental Funds	\$ 1,736,898
<p>Capital outlays are reported in governmental funds as expenditures. However in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.</p>	
Capital outlays	938,904
Depreciation expense	(710,454)
<p>Governmental fund report a gain (loss) on sale of capital assets to the extent of cash exchanged, whereas the disposition of the assets book value is included in the total gain (loss) in the statement of activities</p>	
Gain (loss) on disposals	(361,890)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums and discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.</p>	
Principal repayments	857,552
Repayments of finance purchase arrangement	55,051
Repayments on contract for deed	50,000
Debt issued or incurred	(672,891)
<p>Interest on long-term debt in the statement of activities differs from the amount reported in the governmental fund because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however interest expense is recognized as the interest accrues, regardless of when it is due.</p>	
	4,852
<p>Long-term pension activity is not reported in governmental funds.</p>	
Pension expense	90,073
Direct aid contributions	14,656
<p>Certain revenues are recognized as soon as earned. Under the modified accrual basis of accounting certain revenues cannot be recognized until they are available to liquidate liabilities of the current period.</p>	
Special assessments	(99,369)
Delinquent taxes	37,233
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>	
Compensated absences	(55,167)
Change in Net Position - Governmental Activities	\$ 1,885,448

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

City of Pine Island, Minnesota
Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
General Fund
For the Year Ended December 31, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 3,102,201	\$ 3,102,201	\$ 3,051,963	\$ (50,238)
Licenses and permits	97,000	97,000	167,276	70,276
Intergovernmental	835,362	835,362	1,008,164	172,802
Charges for services	261,588	261,588	348,140	86,552
Fines and forfeitures	3,000	3,000	3,659	659
Special assessments	2,000	2,000	545	(1,455)
Interest on investments	500	500	74,719	74,219
Miscellaneous	22,650	22,650	44,693	22,043
Total Revenues	<u>4,324,301</u>	<u>4,324,301</u>	<u>4,699,159</u>	<u>374,858</u>
Expenditures				
Current				
General government	830,110	830,110	797,373	32,737
Public safety	971,826	971,826	967,100	4,726
Public works	1,259,699	1,259,699	1,198,909	60,790
Culture and recreation	307,907	307,907	280,660	27,247
Housing and economic development	117,544	117,544	229,822	(112,278)
Capital outlay	225,000	225,000	496,965	(271,965)
Debt service	-	-	50,000	(50,000)
Total Expenditures	<u>3,712,086</u>	<u>3,712,086</u>	<u>4,020,829</u>	<u>(308,743)</u>
Excess of Revenues Over Expenditures	<u>612,215</u>	<u>612,215</u>	<u>678,330</u>	<u>66,115</u>
Other Financing Sources (Uses)				
Transfers in	140,173	140,173	140,173	-
Contract for deed issued	-	-	390,600	390,600
Transfers out	(752,388)	(752,388)	(1,128,934)	(376,546)
Total Other Financing Sources (Uses)	<u>(612,215)</u>	<u>(612,215)</u>	<u>(598,161)</u>	<u>14,054</u>
Net Change in Fund Balances	-	-	80,169	80,169
Fund Balances, January 1	<u>1,477,532</u>	<u>1,477,532</u>	<u>1,477,532</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 1,477,532</u>	<u>\$ 1,477,532</u>	<u>\$ 1,557,701</u>	<u>\$ 80,169</u>

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

City of Pine Island, Minnesota
Statement of Net Position
Proprietary Funds
December 31, 2024

	Business-type Activities - Enterprise Funds				Total
	601	602	603	Nonmajor Enterprise Funds	
	Water	Sewer	Evergreen Place		
Assets					
Current Assets					
Cash and temporary investments	\$ 1,591,268	\$ 1,817,585	\$ 130,711	\$ 337,761	\$ 3,877,325
Cash restricted for security deposits	17,800	-	21,338	-	39,138
Receivables					
Accounts	28,820	51,792	-	-	80,612
Special assessments	424,785	377,549	-	-	802,334
Due from other funds	249,196	-	-	-	249,196
Prepaid items	1,352	1,724	781	3,070	6,927
Total Current Assets	<u>2,313,221</u>	<u>2,248,650</u>	<u>152,830</u>	<u>340,831</u>	<u>5,055,532</u>
Noncurrent Assets					
Capital assets					
Land	64,136	-	-	-	64,136
Buildings	253,732	1,119,364	1,420,828	169,154	2,963,078
Improvements other than buildings	-	-	-	177,234	177,234
Infrastructure	8,996,657	11,041,629	-	-	20,038,286
Machinery and equipment	884,897	1,580,569	43,035	40,892	2,549,393
Less accumulated depreciation	(3,955,936)	(6,888,738)	(1,064,948)	(135,384)	(12,045,006)
Total Capital Assets	<u>6,243,486</u>	<u>6,852,824</u>	<u>398,915</u>	<u>251,896</u>	<u>13,747,121</u>
(Net of Accumulated Depreciation)					
Total Assets	<u>8,556,707</u>	<u>9,101,474</u>	<u>551,745</u>	<u>592,727</u>	<u>18,802,653</u>
Deferred Outflows of Resources					
Deferred pension resources	12,638	12,736	-	10,672	36,046
Liabilities					
Current Liabilities					
Accounts payable	5,574	9,495	3,039	942	19,050
Contracts payable	12,883	11,425	-	-	24,308
Accrued salaries payable	772	772	-	832	2,376
Accrued interest payable	33,173	27,965	-	-	61,138
Security deposits payable	17,800	-	21,338	-	39,138
Compensated absences payable	16,981	16,981	-	8,050	42,012
Bonds payable, current portion	126,185	84,600	-	-	210,785
Total Current Liabilities	<u>213,368</u>	<u>151,238</u>	<u>24,377</u>	<u>9,824</u>	<u>398,807</u>
Noncurrent Liabilities					
Net pension liability	45,420	45,423	-	38,123	128,966
Bonds payable	1,935,173	1,667,737	-	-	3,602,910
Total Noncurrent Liabilities	<u>1,980,593</u>	<u>1,713,160</u>	<u>-</u>	<u>38,123</u>	<u>3,731,876</u>
Total Liabilities	<u>2,193,961</u>	<u>1,864,398</u>	<u>24,377</u>	<u>47,947</u>	<u>4,130,683</u>
Deferred Inflows of Resources					
Deferred pension resources	29,437	29,470	-	24,714	83,621
Net Position					
Net investment in capital assets	4,182,128	5,100,487	398,915	251,896	9,933,426
Unrestricted	2,163,819	2,119,855	128,453	278,842	4,690,969
Total Net Position	<u>\$ 6,345,947</u>	<u>\$ 7,220,342</u>	<u>\$ 527,368</u>	<u>\$ 530,738</u>	<u>\$ 14,624,395</u>

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

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City of Pine Island, Minnesota
Statement of Revenues, Expenses and
Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2024

	Business-type Activities - Enterprise Funds				
	601	602	603	Nonmajor Enterprise Funds	Total
	Water	Sewer	Evergreen Place		
Operating Revenues					
Charges for services	\$ 603,614	\$ 847,893	\$ 313,787	\$ 186,097	\$ 1,951,391
Operating Expenses					
Personal services	165,516	165,665	-	160,897	492,078
Supplies	80,161	129,013	-	7,634	216,808
Other services and charges	142,404	207,887	211,617	38,934	600,842
Insurance	3,978	15,283	-	-	19,261
Utilities	21,428	109,835	30,976	6,276	168,515
Depreciation	240,831	324,739	38,038	15,030	618,638
Total Operating Expenses	654,318	952,422	280,631	228,771	2,116,142
Operating Income (Loss)	(50,704)	(104,529)	33,156	(42,674)	(164,751)
Nonoperating Revenues (Expenses)					
Intergovernmental	810	3,200	-	-	4,010
Interest income	73,868	71,179	2,323	16,652	164,022
Other income	8,692	-	100	2,200	10,992
Interest expense and other	(66,804)	(64,537)	-	-	(131,341)
Gain on sale of capital assets	6,000	6,000	-	2,736	14,736
Total Nonoperating Revenues (Expenses)	22,566	15,842	2,423	21,588	62,419
Income (Loss) Before Transfers and contributions	(28,138)	(88,687)	35,579	(21,086)	(102,332)
Capital contributions	480,698	775,006	-	-	1,255,704
Transfers in	147,838	131,102	-	4,000	282,940
Transfers out	(100,863)	(100,863)	(4,139)	-	(205,865)
Change in Net Position	499,535	716,558	31,440	(17,086)	1,230,447
Net Position, January 1	5,846,412	6,503,784	495,928	547,824	13,393,948
Net Position, December 31	\$ 6,345,947	\$ 7,220,342	\$ 527,368	\$ 530,738	\$ 14,624,395

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

City of Pine Island, Minnesota
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2024

	Business-type Activities - Enterprise Funds				Total
	601	602	603	Nonmajor Enterprise Funds	
	Water	Sewer	Evergreen Place		
Cash Flows from Operating Activities					
Receipts from tenants and users	\$ 626,718	\$ 867,417	\$ 321,675	\$ 188,297	\$ 2,004,107
Payments to suppliers	(243,119)	(465,626)	(253,896)	(54,482)	(1,017,123)
Payments to employees	(162,637)	(164,948)	-	(164,575)	(492,160)
Fees collected on behalf of state	-	-	-	69,336	69,336
Fees paid to state	-	-	-	(69,336)	(69,336)
Net Cash Provided (Used) by Operating Activities	<u>220,962</u>	<u>236,843</u>	<u>67,779</u>	<u>(30,760)</u>	<u>494,824</u>
Cash Flows from Noncapital and Related Financing Activities					
Transfers from other funds	147,838	131,102	-	4,000	282,940
Transfers to other funds	(100,863)	(100,863)	(4,139)	-	(205,865)
Decrease in due from other funds	48,545	-	-	-	48,545
Net Cash Provided (Used) by Noncapital and Related Financing Activities	<u>95,520</u>	<u>30,239</u>	<u>(4,139)</u>	<u>4,000</u>	<u>125,620</u>
Cash Flows from Capital and Related Financing Activities					
Acquisition of capital assets	(299,032)	(275,306)	-	(15,316)	(589,654)
Capital contributions	73,798	66,555	-	-	140,353
Proceeds from sale of capital assets	6,000	6,000	-	2,736	14,736
Principal paid on long-term debt	(104,850)	(37,600)	-	-	(142,450)
Interest paid on long-term debt	(78,903)	(74,013)	-	-	(152,916)
Net Cash Used by Capital and Related Financing Activities	<u>(402,987)</u>	<u>(314,364)</u>	<u>-</u>	<u>(12,580)</u>	<u>(729,931)</u>
Cash Flows from Investing Activities					
Interest on investments	73,868	71,179	2,323	16,652	164,022
Net Increase (Decrease) in Cash and Cash Equivalents	(12,637)	23,897	65,963	(22,688)	54,535
Cash and Cash Equivalents, January 1	<u>1,621,705</u>	<u>1,793,688</u>	<u>86,086</u>	<u>360,449</u>	<u>3,861,928</u>
Cash and Cash Equivalents, December 31	<u>\$ 1,609,068</u>	<u>\$ 1,817,585</u>	<u>\$ 152,049</u>	<u>\$ 337,761</u>	<u>\$ 3,916,463</u>
Reconciliation to Statement of Net Position					
Cash and temporary investments	\$ 1,591,268	\$ 1,817,585	\$ 130,711	\$ 337,761	\$ 3,877,325
Cash restricted for security deposits	17,800	-	21,338	-	39,138
Total Cash and Cash Equivalents	<u>\$ 1,609,068</u>	<u>\$ 1,817,585</u>	<u>\$ 152,049</u>	<u>\$ 337,761</u>	<u>\$ 3,916,463</u>

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

City of Pine Island, Minnesota
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended December 31, 2024

	Business-type Activities - Enterprise Funds				
	601	602	603	Nonmajor Enterprise Funds	Total
	Water	Sewer	Evergreen Place		
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities					
Operating income (loss)	\$ (50,704)	\$ (104,529)	\$ 33,156	\$ (42,674)	\$ (164,751)
Adjustments to reconcile operating income to net cash provided by operating activities					
Other income related to operations	9,502	3,200	100	2,200	15,002
Depreciation	240,831	324,739	38,038	15,030	618,638
(Increase) decrease in assets/deferred outflows of resources					
Accounts receivable	20,894	23,068	4,570	-	48,532
Special assessments receivable	(7,292)	(6,744)	-	-	(14,036)
Prepaid items	(1,352)	(1,724)	(629)	(2,410)	(6,115)
Deferred pension resources	8,552	9,085	-	7,528	25,165
Increase (decrease) in liabilities/deferred inflows of resources					
Accounts payable	4,804	(1,884)	(10,674)	772	(6,982)
Accrued salaries payable	(4,437)	(4,437)	-	(2,762)	(11,636)
Security deposits payable	1,400	-	3,218	-	4,618
Net pension liability	(24,441)	(26,521)	-	(21,880)	(72,842)
Compensated absences payable	14,459	14,459	-	6,498	35,416
Deferred pension resources	8,746	8,131	-	6,938	23,815
 Net Cash Provided by Operating Activities	 <u>\$ 220,962</u>	 <u>\$ 236,843</u>	 <u>\$ 67,779</u>	 <u>\$ (30,760)</u>	 <u>\$ 494,824</u>
 Schedule of Noncash Capital and Related Financing Activities					
Capital assets purchased on account	<u>\$ 12,883</u>	<u>\$ 11,425</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,308</u>
Bond premium amortization	<u>\$ 6,217</u>	<u>\$ 5,514</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,731</u>
Disposal of capital assets	<u>\$ 29,404</u>	<u>\$ 29,404</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,808</u>
(Gain) loss on disposal of capital assets	<u>\$ (6,000)</u>	<u>\$ (6,000)</u>	<u>\$ -</u>	<u>\$ 2,736</u>	<u>\$ (9,264)</u>

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

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City of Pine Island, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

The City of Pine Island, Minnesota (the City), operates under "Optional Plan A" as defined in the Minnesota statutes. The City is governed by an elected Mayor and four-member City Council. The City Council exercises legislative authority and determines all matters of policy. The City Council appoints personnel responsible for the proper administration of all affairs relating to the City. The City has considered all potential units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the primary government to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the primary government.

Economic Development Authority

The Economic Development Authority (EDA) of the City was created pursuant to Minnesota statutes 469.090 through 469.108 to carry out economic and industrial development and redevelopment consistent with policies established by the City Council. The City has the authority to approve and modify the EDA's budget and the City Council has the ability to veto, overrule, or modify the decisions of the EDA Board of Directors. The EDA is governed by seven board members, three of which are City Council members and four citizens appointed by the Mayor. It is this criterion that results in the EDA being reported as a discretely presented component unit. The EDA does not prepare separate financial statements.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

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

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

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

City of Pine Island, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 1: Summary of Significant Accounting Policies (Continued)

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

Property taxes, 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 of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

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

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

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

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

The following major governmental funds meet the criteria described above:

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

The *Debt Service fund* is used for the servicing of general long-term debt not being financed by proprietary funds.

The *Capital Equipment fund* is used to fund the future purchases of capital equipment made by the City.

The City reports the following major proprietary funds:

The *Water fund* accounts for the activities of the water distribution system the City maintains.

The *Sewer fund* accounts for the activities of the City's sewage collection operations.

The *Evergreen Place fund* accounts for the activities of the City's management of Evergreen Place.

City of Pine Island, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 1: Summary of Significant Accounting Policies (Continued)

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Deposits and Investments

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

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

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

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

City of Pine Island, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 1: Summary of Significant Accounting Policies (Continued)

Broker money market funds operate in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the shares. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City's recurring fair value measurements are listed in detail on page 58 and are valued using quoted market prices (Level 1 inputs).

The City has the following recurring fair value measurements as of December 31, 2024:

- U.S. government securities of \$113,887 are valued using a matrix pricing model (Level 1 inputs)
- Brokered certificates of deposits of \$3,560,993 are valued using a matrix pricing model (Level 2 inputs)

The Minnesota Municipal Money Market Fund is regulated by Minnesota statutes and the Board of Directors of the League of Minnesota Cities and is an external investment pool not registered with the Securities Exchange Commission (SEC) that follows the regulatory rules of the SEC. In accordance with GASB Statement No. 79, the City's investment in this pool is valued at amortized cost, which approximates fair value. There are no restrictions or limitations on withdrawals from the 4M Liquid Asset Fund. Investments in the 4M Plus must be deposited for a minimum of 14 calendar days. Withdrawals prior to the 14-day restriction period will be subject to a penalty equal to seven days interest on the amount withdrawn. Seven days' notice of redemption is required for withdrawals of investments in the 4M Term Series withdrawn prior to the maturity date of that series. A penalty could be assessed as necessary to recoup the Series for any charges, losses, and other costs attributable to the early redemption. Financial statements of the 4M Fund can be obtained by contracting RBC Global Management at 100 South Fifth Street, Suite 2300, Minneapolis, MN 55402-1240.

Restricted Cash

Certain resources set aside for security deposits paid by tenants to the Evergreen Place enterprise fund are classified as restricted assets on the balance sheet. The Revolving Loan fund has cash restricted and set aside for the Spruce Up loan program through Pine Island Bank.

Property Taxes

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

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

Accounts Receivable

Accounts receivable include amounts billed for services provided before year end. Unbilled utility enterprise fund receivables are also included for services provided in 2024. The City annually certifies delinquent water and sewer accounts to the County for collection in the following year. Therefore, there has been no allowance for doubtful accounts established.

Special Assessments

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

City of Pine Island, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 1: Summary of Significant Accounting Policies (Continued)

Interfund Receivables and Payables

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

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

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with a value as defined below in the table and with a useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

For financial statement purposes only, a capitalization threshold is established for each capital asset category as follows:

Asset	Threshold
Land and Land Improvements	\$ 10,000
Other Improvements	25,000
Buildings	25,000
Improvements other than Buildings	25,000
Infrastructure	100,000
Machinery and Equipment	5,000
Vehicles	5,000
Other Assets	5,000

In the case of initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the City chose to include items dating back to June 30, 1980. The City was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the City constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations the City values these capital assets at the acquisition value of the item at the date of its donation.

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

City of Pine Island, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 1: Summary of Significant Accounting Policies (Continued)

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

Assets	Useful Lives in Years
Land Improvements	15 to 30
Buildings and Improvements	15 to 75
System Improvements/Infrastructure	20 to 60
Machinery and Equipment	3 to 15
Vehicles	3 to 12

Deferred Outflows of Resources

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

Compensated Absences

It is the City's policy to permit employees to accumulate a limited amount of earned but unused vacation and earned compensation time, which is paid to the employee upon separation. The City also permits employees to accumulate standard sick leave, full-time employees who have been employed for ten consecutive years will have 50 percent of accumulated and unused sick leave paid out to them. City also estimates amount likely to be used for the employees remaining years of service and adds to noncurrent liability due within one year. Accrued vacation and compensation totaled at year end. Vacation and compensation pay is accrued in proprietary funds and reported as a liability. The total liability in the enterprise funds is shown in the table below. Compensated absences in the governmental funds at year end is shown in the chart below for governmental and business-type activities.

	Governmental Activities	Business-type Activities	Total
Compensated absences	\$ 68,174	\$ 42,012	\$ 110,186

Pensions

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

City of Pine Island, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 1: Summary of Significant Accounting Policies (Continued)

The total pension expense for the GERP and Fire Relief Association is as follows:

	GERP	FRA	Total
City's proportionate share	\$ 54,964	\$ (16,556)	\$ 38,408
Proportionate share of State's contribution	(224)	-	(224)
	\$ 54,740	\$ (16,556)	\$ 38,184

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. The recognition of bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as an expense in the period incurred.

In the fund financial statements, governmental fund types recognized 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.

Deferred Inflows of Resources

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

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

Fund Balance

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

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

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

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

City of Pine Island, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 1: Summary of Significant Accounting Policies (Continued)

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

Unassigned - The residual classification for the General fund and also negative residual amounts in other funds.

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

The City has formally adopted a fund balance policy for the General fund. The City's policy is to maintain a minimum unassigned fund balance of 35 percent of budgeted operating expenditures for cash-flow timing needs.

Net Position

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

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

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

Note 2: Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General fund and selected special revenue funds. All annual appropriations lapse at fiscal year-end. The City does not use encumbrance accounting.

In June of each year, all departments of the City submit requests for appropriations to the City Administrator so that a budget may be prepared. Before September 30, the proposed budget is presented to the City Council for review. The City Council holds public hearings and a final budget is prepared and adopted in early December.

The appropriated budget is prepared by fund, function and department. The City's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the City Council. The legal level of budgetary control is the fund level. The budget was not amended in 2024.

City of Pine Island, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 2: Stewardship, Compliance and Accountability (Continued)

B. Excess of Expenditures Over Appropriations

For the year ended December 31, 2024, expenditures exceeded appropriations in the following funds:

Fund	Final Budget	Actual	Excess of Expenditures Over Appropriations
Major			
General fund	\$ 3,712,086	\$ 4,020,829	\$ 308,743

These excess expenditures were funded by greater than anticipated revenues.

C. Deficit Fund Equity

The following funds had fund equity deficits at December 31, 2024:

Fund	Amount
Nonmajor Capital Projects	
Brewing Company TIF	\$ 10,634

The City plans to eliminate these deficits with future tax increment revenues and transfers from other funds.

Note 3: Detailed Notes on All Funds

A. Deposits and Investments

Cash balances of the City's funds are combined (pooled) and invested to the extent available in various investments authorized by Minnesota statutes. Each fund's portion of this pool (or pools) is displayed on the financial statements as "cash and temporary investments." For purposes of identifying the risk of investing public funds, the balances are categorized as follows:

Deposits

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

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

Authorized collateral in lieu of a corporate surety bond includes:

- United States government Treasury bills, Treasury notes, Treasury bonds;
- Issues of United States government agencies and instrumentalities as quoted by a recognized industry quotation service available to the government entity;

City of Pine Island, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 3: Detailed Notes on All Funds (Continued)

- General obligation securities of any state or local government with taxing powers which is rated “A” or better by a national bond rating service, or revenue obligation securities of any state or local government with taxing powers which is rated “AA” or better by a national bond rating service;
- General obligation securities of a local government with taxing powers may be pledged as collateral against funds deposited by that same local government entity;
- Irrevocable standby letters of credit issued by Federal Home Loan Banks to a municipality accompanied by written evidence that the bank’s public debt is rated “AA” or better by Moody’s Investors Service, Inc., or Standard & Poor’s Corporation; and
- Time deposits that are fully insured by any federal agency.

Minnesota statutes require that all collateral shall be placed in safekeeping in a restricted account at a Federal Reserve Bank, or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral. The selection should be approved by the government entity.

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

Carrying amount of deposits	\$ 602,474
Bank balance	\$ 874,163
Covered by FDIC	284,447
Collateralized with securities pledged in City's name	\$ 589,716

Investments

As of December 31, 2024, the City had the following investments that are insured or registered, or securities held by the City or its agent in the City’s name.

Investment Type	Credit Quality/ Ratings (1)	Segmented Time Distribution (2)	Fair Value and Carrying Amount	Fair Value Measurement Using		
				Level 1	Level 2	Level 3
Non-pooled Investments at Fair Value						
Brokered Certificates of Deposit	N/A	less than 1 year	\$ 2,876,609	\$ -	\$ 2,876,609	\$ -
Brokered Certificates of Deposit	N/A	1 year to 5 years	684,384	-	684,384	-
U.S. Government Securities	AAA	1 year to 3 years	113,887	113,887	-	-
Pooled Investments at Amortized Costs						
4M Fund	N/A	N/A	2,973,907	-	-	-
Broker money market	N/A	N/A	3,763,516	-	-	-
Total			\$ 10,412,303	\$ 113,887	\$ 3,560,993	\$ -

(1) Ratings are provided by Standard & Poor’s where applicable to indicate associated credit risk.

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

N/A Indicates not available.

City of Pine Island, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 3: Detailed Notes on All Funds (Continued)

The investments of the City are subject to the following risks:

- *Credit Risk.* The credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Ratings are provided by various credit rating agencies and where applicable, indicate associated credit risk. Minnesota statutes limit the City's investments to the list on page 51 of the notes.
- *Custodial Credit Risk.* The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.
- *Concentration of Credit Risk.* The concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. As of December 31, 2024, the City had invested 5.0 percent or more of its total investment portfolio in the following issuer: Zions Bancorp (6.48).
- *Interest Rate Risk.* The interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

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

Carrying Amount of Deposits	\$ 602,474
Investments	10,412,303
Cash on Hand	<u>400</u>
Total	<u><u>\$ 11,015,177</u></u>
Cash and Investments	
Unrestricted	
Primary government	\$ 10,820,143
Discretely presented component unit	124,129
Restricted cash	
Primary government	<u>70,905</u>
Total	<u><u>\$ 11,015,177</u></u>

B. Notes Receivable

The City issued notes to local businesses for business development in the Revolving Loan special revenue fund. The City has 6 loans outstanding at year end totaling \$34,827. They have varying interest rates and maturity dates on each note. They are secured by assets of the businesses.

City of Pine Island, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 3: Detailed Notes on All Funds (Continued)

C. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets not Being Depreciated				
Land	\$ 1,286,854	\$ 390,600	\$ (361,890)	\$ 1,315,564
Construction in progress	376,499	-	(376,499)	-
Total Capital Assets not Being Depreciated	<u>1,663,353</u>	<u>390,600</u>	<u>(738,389)</u>	<u>1,315,564</u>
Capital Assets Being Depreciated				
Land improvements	76,752	-	-	76,752
Buildings	804,606	-	-	804,606
Infrastructure	18,339,321	449,619	-	18,788,940
Machinery and equipment	3,581,511	475,184	(20,014)	4,036,681
Total Capital Assets Being Depreciated	<u>22,802,190</u>	<u>924,803</u>	<u>(20,014)</u>	<u>23,706,979</u>
Less Accumulated Depreciation for				
Land improvements	(76,752)	-	-	(76,752)
Buildings	(437,753)	(24,280)	-	(462,033)
Infrastructure	(5,106,638)	(519,510)	-	(5,626,148)
Machinery and equipment	(2,116,874)	(166,664)	20,014	(2,263,524)
Total Accumulated Depreciation	<u>(7,738,017)</u>	<u>(710,454)</u>	<u>20,014</u>	<u>(8,428,457)</u>
Total Capital Assets Being Depreciated, Net	<u>15,064,173</u>	<u>214,349</u>	<u>-</u>	<u>15,278,522</u>
Governmental Activities Capital Assets, Net	<u>\$ 16,727,526</u>	<u>\$ 604,949</u>	<u>\$ (738,389)</u>	<u>\$ 16,594,086</u>

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

Governmental Activities	
Public safety	\$ 71,794
Public works	485,630
Culture and recreation	150,638
Housing and economic development	2,392
Total Depreciation Expense - Governmental Activities	<u>\$ 710,454</u>

City of Pine Island, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 3: Detailed Notes on All Funds (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital Assets not Being Depreciated				
Land	\$ 64,136	\$ -	\$ -	\$ 64,136
Construction in progress	3,182,029	207,079	(3,389,108)	-
Total Capital Assets not being Depreciated	<u>3,246,165</u>	<u>207,079</u>	<u>(3,389,108)</u>	<u>64,136</u>
Capital Assets Being Depreciated				
Buildings	2,955,730	7,348	-	2,963,078
Improvements other than buildings	177,234	-	-	177,234
Infrastructure	16,656,526	3,381,760	-	20,038,286
Machinery and equipment	2,412,447	221,563	(84,617)	2,549,393
Total Capital Assets Being Depreciated	<u>22,201,937</u>	<u>3,610,671</u>	<u>(84,617)</u>	<u>25,727,991</u>
Less Accumulated Depreciation for				
Buildings	(2,244,714)	(79,336)	-	(2,324,050)
Improvements other than buildings	(77,685)	(24,762)	-	(102,447)
Infrastructure	(7,624,682)	(399,267)	-	(8,023,949)
Machinery and equipment	(1,559,913)	(115,273)	80,626	(1,594,560)
Total Accumulated Depreciation	<u>(11,506,994)</u>	<u>(618,638)</u>	<u>80,626</u>	<u>(12,045,006)</u>
Total Capital Assets Being Depreciated, Net	<u>10,694,943</u>	<u>2,992,033</u>	<u>(3,991)</u>	<u>13,682,985</u>
Business-type Activities Capital Assets, Net	<u>\$ 13,941,108</u>	<u>\$ 3,199,112</u>	<u>\$ (3,393,099)</u>	<u>\$ 13,747,121</u>

Depreciation expense was charged to functions/programs of the business-type activities as follows:

Business-type Activities	
Water	\$ 240,831
Sewer	324,739
Evergreen place	38,038
Cemetery	10,399
Deputy registrar	4,631
Total Depreciation Expense - Business-type Activities	<u>\$ 618,638</u>

City of Pine Island, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 3: Detailed Notes on All Funds (Continued)

D. Interfund Transfers

The composition of interfund transfers at December 31, 2024 is as follows:

Fund	Transfer In							Total
	General	Debt Service	Capital Equipment	Nonmajor Governmental	Water	Sewer	Nonmajor Enterprise	
Transfer Out								
General	\$ -	\$ 65,692	\$ 260,000	\$ 520,302	\$ 147,838	\$ 131,102	\$ 4,000	\$ 1,128,934
Nonmajor Governmental	-	24,527	-	-	-	-	-	24,527
Water	68,017	-	-	32,846	-	-	-	100,863
Sewer	68,017	-	-	32,846	-	-	-	100,863
Evergreen Place	4,139	-	-	-	-	-	-	4,139
Total	<u>\$ 140,173</u>	<u>\$ 90,219</u>	<u>\$ 260,000</u>	<u>\$ 585,994</u>	<u>\$ 147,838</u>	<u>\$ 131,102</u>	<u>\$ 4,000</u>	<u>\$ 1,359,326</u>

The City annually budgets transfers for specific purposes. Annual transfers include transfers made to cover funds annual operations, transfers for debt service payments, transfers made as part of capital improvement plans and other transfers made for various reasons.

E. Long-term Debt

General Obligation Improvement Bonds

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

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
2014B G.O Crossover Refunding Bonds	\$ 1,565,000	2.00 - 3.00 %	08/04/14	02/01/27	\$ 195,000
2017A G.O. Improvement Bond	1,175,000	1.25 - 3.13	06/20/17	02/01/33	755,000
2018A G.O. Improvement Bond	2,400,000	2.00 - 3.25	05/01/18	02/01/38	1,805,000
2020A G.O. Improvement Bond	1,965,000	2.05	06/01/20	02/01/36	1,618,000
2020B G.O. Refunding Bond	2,017,000	1.25	09/01/20	02/01/28	493,000
2021A G.O. Refunding Bond	2,650,000	1.85	11/03/21	02/01/44	<u>2,343,000</u>
Total General Obligation Improvement Bonds					<u>\$ 7,209,000</u>

City of Pine Island, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 3: Detailed Notes on All Funds (Continued)

The annual debt service requirements to maturity for general obligation improvement bonds outstanding at December 31, 2024 are as follows:

<u>Year Ending December 31,</u>	General Obligation Improvement Bonds		
	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 705,215	\$ 157,157	\$ 862,372
2026	713,335	142,683	856,018
2027	574,566	128,840	703,406
2028	523,566	116,230	639,796
2029	509,000	104,194	613,194
2030-2034	2,337,000	340,664	2,677,664
2035-2039	1,312,000	106,904	1,418,904
2040-2044	449,000	20,878	469,878
Total	<u>\$ 7,123,682</u>	<u>\$ 1,117,550</u>	<u>\$ 8,241,232</u>
<u>Year Ending December 31,</u>	<u>Business-type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 30,785	\$ 854	\$ 31,639
2026	31,665	393	\$ 32,058
2027	11,434	121	11,555
2028	11,434	41	11,475
Total	<u>\$ 85,318</u>	<u>\$ 1,409</u>	<u>\$ 86,727</u>

General Obligation Tax Increment Note

The following bonds were issued for development purposes. The additional tax increments resulting from increased tax capacity of the redeveloped properties will be used to retire the related debt.

<u>Description</u>	<u>Authorized and Issued</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Balance at Year End</u>
G.O Tax Increment Note, Series 2017B	\$ 329,000	5.50 %	08/01/17	02/01/33	<u>\$ 251,000</u>

City of Pine Island, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 3: Detailed Notes on All Funds (Continued)

Annual debt service requirements to maturity for general obligation tax increment bonds outstanding at December 31, 2024 are as follows:

<u>Year Ending December 31,</u>	G.O. Tax Increment Bonds		
	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 22,000	\$ 13,200	\$ 35,200
2026	24,000	11,935	\$ 35,935
2027	25,000	10,588	35,588
2028	26,000	9,185	35,185
2029	28,000	7,700	35,700
2030-2033	126,000	14,300	140,300
Total	<u>\$ 251,000</u>	<u>\$ 66,908</u>	<u>\$ 317,908</u>

General Obligation Revenue Bonds

The following bonds were issued to finance capital improvements in the enterprise funds. They will be repaid from future net operating revenues and transfers in from the enterprise funds and are backed by the taxing power of the City. Annual net operating revenues, principal and interest payments, and the percentage of revenue required to cover principal and interest payment are as follows:

<u>Description</u>	<u>Authorized and Issued</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Balance at Year End</u>
2023A G.O Improvement and Refunding Bonds	\$ 3,650,000	3.57 %	07/10/23	02/01/39	<u>\$ 3,570,000</u>

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

<u>Year Ending December 31,</u>	<u>Business-type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 180,000	\$ 139,200	\$ 319,200
2026	185,000	131,900	316,900
2027	190,000	124,400	314,400
2028	200,000	116,600	316,600
2029	210,000	108,400	318,400
2030-2034	1,175,000	407,500	1,582,500
2035-2039	1,430,000	147,400	1,577,400
Total	<u>\$ 3,570,000</u>	<u>\$ 1,175,400</u>	<u>\$ 4,745,400</u>

City of Pine Island, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 3: Detailed Notes on All Funds (Continued)

Finance Purchase Arrangement

The City entered into a finance purchase arrangement with Bell Bank for the purchase of a Street Sweeper. The details are as follows:

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Street Sweeper	\$ 282,291	6.75 %	10/15/24	10/15/29	<u>\$ 227,238</u>

The annual requirements to amortize the financed purchase arrangement at December 31, 2024, are as follows:

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2025	\$ 39,712	\$ 15,339	\$ 55,051
2026	42,393	12,658	55,051
2027	45,255	9,796	55,051
2028	48,308	6,743	55,051
2029	51,570	3,481	55,051
Total	<u>\$ 227,238</u>	<u>\$ 48,017</u>	<u>\$ 275,255</u>

Contract for Deed

The City entered into a Contract for Deed for Parcel numbers 98.700.0070 and 39.029.0500. The details are as follows:

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Walters Property	\$ 390,600	- %	03/01/24	02/28/28	<u>\$ 340,600</u>

The annual requirements to amortize the Contract for Deed at December 31, 2024, are as follows:

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2025	\$ 100,000	\$ -	\$ 100,000
2026	100,000	-	100,000
2027	100,000	-	100,000
2028	40,600	-	40,600
Total	<u>\$ 340,600</u>	<u>\$ -</u>	<u>\$ 340,600</u>

City of Pine Island, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 3: Detailed Notes on All Funds (Continued)

Annual net operating revenues, principal and interest payments, and the percentage of revenue required to cover principal and interest payment are as follows for the enterprise portions of the outstanding debt:

	Water	Sewer
Net Operating Revenues	\$ 603,614	\$ 847,893
Principal and Interest	183,753	111,613
Percentage of Revenues	30%	13%

Changes in Long-term Liabilities

During the year ended December 31, 2024, the following changes occurred in long-term liabilities.

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
Bonds Payable					
General obligation bonds	\$ 7,960,232	\$ -	\$ (836,550)	\$ 7,123,682	\$ 705,215
General obligation tax increment bonds	272,000	-	(21,000)	251,000	22,000
Total Bonds Payable	8,232,232	-	(857,550)	7,374,682	727,215
Finance purchase obligation	-	282,291	(55,053)	227,238	39,712
Contract for deed	-	390,600	(50,000)	340,600	100,000
Compensated absences payable*	13,007	55,167	-	68,174	68,174
Governmental Activities	\$ 8,245,239	\$ 728,058	\$ (962,603)	\$ 8,010,694	\$ 935,101
Business-type Activities					
Bonds Payable					
General obligation bonds	\$ 147,768	\$ -	\$ (62,450)	\$ 85,318	\$ 30,785
General obligation revenue bonds	3,650,000	-	(80,000)	3,570,000	180,000
Bond premium	170,108	-	(11,731)	158,377	-
Total Bonds Payable	3,967,876	-	(154,181)	3,813,695	210,785
Compensated absences payable*	6,596	35,416	-	42,012	42,012
Business-type Activities	\$ 3,974,472	\$ 35,416	\$ (154,181)	\$ 3,855,707	\$ 252,797

*The change in the compensated absences liability is presented as a net change.

City of Pine Island, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 3: Detailed Notes on All Funds (Continued)

F. Components of Fund Balance

At December 31, 2024, portions of the City's fund balance are not available for appropriation due to legal restrictions (Restricted), City Council action (Committed), policy and/or intent (Assigned). The following is a summary of the components of fund balance:

	General	Debt Service	Capital Equipment	Other Governmental Funds	Total
Nonspendable					
Prepays	\$ 13,535	\$ -	\$ -	\$ 1,880	\$ 15,415
Restricted for					
Debt service	\$ -	\$ 1,953,869	\$ -	\$ -	\$ 1,953,869
Public Safety Aid	-	-	168,127	-	168,127
Economic development	-	-	-	200,601	200,601
Revolving loan	-	-	-	161,595	161,595
DTED Land O'Lakes	-	-	-	326,329	326,329
Disaster relief	-	-	-	519	519
Charitable gambling donations	-	-	-	130,259	130,259
Total Restricted	\$ -	\$ 1,953,869	\$ 168,127	\$ 819,303	\$ 2,941,299
Committed to					
Capital equipment	\$ -	\$ -	\$ -	\$ 63,689	\$ 63,689
Capital projects	-	-	-	10,178	10,178
Library	-	-	-	244,504	244,504
Total Committed	\$ -	\$ -	\$ -	\$ 318,371	\$ 318,371
Assigned to					
Capital equipment	\$ -	\$ -	\$ 1,711,598	\$ -	\$ 1,711,598
Heritage preservation	2,477	-	-	-	2,477
Total Assigned	\$ 2,477	\$ -	\$ 1,711,598	\$ -	\$ 1,714,075
Unassigned	\$ 1,541,689	\$ -	\$ -	\$ (10,634)	\$ 1,531,055

City of Pine Island, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 4: Defined Benefit Pension Plans - Statewide

A. Plan Description

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

General Employees Retirement Plan (General Plan)

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

B. Benefits Provided

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

General Employee Plan Benefits

General Employees Plan requires three years of service to vest. Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for General Plan members. Members hired prior to July 1, 1989, receive the higher of the Step or Level formulas. Only the Level formula is used for members hired after June 30, 1989. Under the Step formula, General Plan members receive 1.2 percent of the highest average salary for each of the first 10 years of service and 1.7 percent for each additional year. Under the Level formula, General Plan members receive 1.7 percent of highest average salary for all years of service. For members hired prior to July 1, 1989 a full retirement benefit is available when age plus years of service equal 90 and normal retirement age is 65. Members can receive a reduced requirement benefit as early as age 55 if they have three or more years of service. Early retirement benefits are reduced by .25 percent for each month under age 65. Members with 30 or more years of service can retire at any age with a reduction of 0.25 percent for each month the member is younger than age 62. The Level formula allows General Plan members to receive a full retirement benefit at age 65 if they were first hired before July 1, 1989 or at age 66 if they were hired on or after July 1, 1989. Early retirement begins at age 55 with an actuarial reduction applied to the benefit.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. The 2024 annual increase was 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a prorated increase.

City of Pine Island, Minnesota
Notes to the Financial Statements
December 31, 2024

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

C. Contributions

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

General Employees Fund Contributions

General Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2024 and the City was required to contribute 7.50 percent for Coordinated Plan members. The City's contributions to the General Employees Fund for the years ending December 31, 2024, 2023 and 2022, were \$81,803, \$74,932 and \$67,566, respectively. The City's contributions were equal to the required contributions for each year as set by state statute.

D. Pension Costs

General Employees Fund Pension Costs

At December 31, 2024, the City reported a liability of \$450,839 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 \$11,658.

City's Proportionate Share of the Net Pension Liability	\$	450,839
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the City		11,658
Total	\$	462,497

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2023 through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0122 percent at the end of the measurement period and 0.012 percent for the beginning of the period.

For the year ended December 31, 2024, the City recognized pension expense of \$54,964 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized an additional negative \$224 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.

During the plan year ended June 30, 2024, the State of Minnesota contributed \$170.1 million to the General Employees Fund. The State of Minnesota is not included as a non-employer contributing entity in the General Employees Plan pension allocation schedules for the \$170.1 million in direct state aid because this contribution was not considered to meet the definition of a special funding situation. The City recognized \$20,752 for the year ended December 31, 2024 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the General Employees Fund.

City of Pine Island, Minnesota
Notes to the Financial Statements
December 31, 2024

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 42,144	\$ -
Changes in Actuarial Assumptions	2,148	168,643
Net Difference Between Projected and Actual Investment Earnings	-	123,391
Changes in Proportion	7,431	-
Contributions Paid to PERA Subsequent to the Measurement Date	40,963	-
	<u>40,963</u>	<u>-</u>
Total	<u>\$ 92,686</u>	<u>\$ 292,034</u>

The \$40,963 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2025	\$ (127,987)
2026	(22,769)
2027	(55,001)
2028	(34,554)

E. Long-term Expected Return on Investment

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

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

City of Pine Island, Minnesota
Notes to the Financial Statements
December 31, 2024

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

F. Actuarial Assumptions

The total pension liability for each of the cost-sharing defined benefit plans was determined by an actuarial valuation as of June 30, 2024, using the entry age normal actuarial cost method. The long-term rate of return on pension plan investments used to determine the total liability is 7%. The 7% assumption is based on a review of inflation and investment return assumptions from a number of national investment consulting firms. The review provided a range of investment return rates considered reasonable by the actuary. An investment return of 7% is within that range.

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

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25% after one year of service to 3% after 27 years of service. Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table.

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

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

General Employees Fund

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

City of Pine Island, Minnesota
Notes to the Financial Statements
December 31, 2024

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

G. Discount Rate

The discount rate used to measure the total pension liability in 2024 was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Plans 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:

	<u>1 Percent Decrease (6.0%)</u>	<u>Current (7.0%)</u>	<u>1 Percent Increase (8.0%)</u>
General Employees Fund	\$ 984,706	\$ 450,839	\$ 11,686

I. Pension Plan Fiduciary Net Position

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

City of Pine Island, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 5: Defined Benefit Pension Plans - Fire Relief Association

A. Plan Description

All members of the City of Pine Island Fire Department (the Department) are covered by a defined benefit plan administered by the City of Pine Island Fire Department Relief Association (the Association). As of December 31, 2023, the plan covered 25 active firefighters and 4 vested terminated fire fighters whose pension benefits are deferred. The plan is a single employer retirement plan and is established and administered in accordance with Minnesota statute, chapter 69.

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

B. Benefits Provided

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

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

C. Contributions

Minnesota statutes, chapters 424 and 424A authorize pension benefits for volunteer fire relief associations. The plan is funded by fire state aid, investment earnings and, if necessary, employer contributions as specified in Minnesota statutes and voluntary City contributions (if applicable). The State of Minnesota contributed \$83,634 in fire state aid to the plan on behalf of the City Fire Department for the year ended December 31, 2024, which was recorded as a revenue. Required employer contributions are calculated annually based on statutory provisions. The City's statutorily-required contributions to the plan for the year ended December 31, 2024 were \$96,895. The City's contributions were equal to the required contributions as set by state statute.

D. Pension Costs

At December 31, 2024, the City reported a net pension asset of \$400,910 for the Volunteer Firefighter Fund. The net pension asset was measured as of December 31, 2023. The total pension liability used to calculate the net pension asset in accordance with GASB 68 was determined by PERA applying an actuarial formula to specific census data certified by the Department.

City of Pine Island, Minnesota
Notes to the Financial Statements
December 31, 2024

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

The following table presents the changes in net pension liability (asset) during the year:

	Total Pension Liability (Asset) (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (c)
Beginning Balance January 1, 2023	\$ 1,178,592	\$ 1,364,664	\$ (186,072)
Changes for the Year			
Service cost	75,453	-	75,453
Interest	65,837	-	65,837
Contributions - State and local	-	94,976	(94,976)
Net investment income	-	268,123	(268,123)
Administrative expenses	-	(6,971)	6,971
Total Net Changes	141,290	356,128	(214,838)
Ending Balance December 31, 2023	\$ 1,319,882	\$ 1,720,792	\$ (400,910)

For the year ended December 31, 2024, the City recognized negative pension expense of \$16,556.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 7,418	\$ 62,952
Changes in Actuarial Assumptions	28,900	8,203
Net Difference Between Projected and Actual Earnings on Plan Investments	-	19,193
Contributions to Plan Subsequent to the Measurement Date	96,895	-
Total	\$ 133,213	\$ 90,348

City of Pine Island, Minnesota
Notes to the Financial Statements
December 31, 2024

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

Deferred outflows of resources totaling \$96,895 related to pensions resulting from the City's contributions to the plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows of resources related to the plan will be recognized in pension expense as follows:

2025	\$ (30,013)
2026	1,121
2027	27,266
2028	(44,939)
2029	(5,835)
Thereafter	(1,630)

E. Actuarial Assumptions

The total pension liability at December 31, 2024 was determined using the entry age normal actuarial cost method and the following actuarial assumptions:

Retirement Eligibility at 50 Percent of Age 50, 20 Percent at Ages 51-64 and 100 Percent at Age 65	
Discount rate	5.25%
Expected return on plant assets	5.25%
Inflation	2.50%

Since the prior measurement date, there were no changes in actuarial assumptions.

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic Equity	50.00 %	4.90 %
International Equity	-	5.32
Fixed Income	21.00	1.40
Real Estate	-	4.43
Cash	<u>29.00</u>	0.09
Total	<u><u>100.00 %</u></u>	

City of Pine Island, Minnesota
Notes to the Financial Statements
December 31, 2024

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

F. Discount Rate

The discount rate used to measure the total pension liability was 5.25 percent. The projection of cash flows used to determine the discount rate assumed that contributions to the plan will be made as specified in statute. Based on that assumption and considering the funding ratio of the plan, the fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. Pension Liability Sensitivity

The following presents the City’s net pension liability (asset) for the plan, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City’s net pension liability (asset) would be if it were calculated using a discount rate 1 percent lower or 1 percent higher than the current discount rate:

	<u>1 Percent Decrease (4.25%)</u>	<u>Current (5.25%)</u>	<u>1 Percent Increase (6.25%)</u>
Defined Benefit Plan	\$ (345,323)	\$ (400,910)	\$ (453,623)

H. Pension Plan Fiduciary Net Position

The Association issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Pine Island Firemen’s Relief Association, P.O. Box 486, Pine Island, Minnesota 55963.

Note 6: Other Information

A. Legal Debt Margin

In accordance with Minnesota statutes, the City may not incur or be subject to net debt in excess of 3 percent of the market value of taxable property within the City. Net debt is payable solely from ad valorem taxes and, therefore, excludes debt financed partially or entirely by special assessments, enterprise fund revenues or tax increments. The City has no debt subject to this limit.

B. Risk Management

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

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

City of Pine Island, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 6: Other Information (Continued)

C. Concentrations

The City receives a significant amount of its annual General fund revenue from the State of Minnesota from the Local Government Aid (LGA). The amount received in 2024 for LGA was \$743,554. This accounted for 15.9 percent of General fund revenue.

D. Tax Increment Districts

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

Note 7: Evergreen Place Management Contract

The City entered into an agreement with Pine Haven, Inc. to rent and manage the Evergreen Place property. Pine Haven, Inc. agreed to contribute up to \$100,000 as necessary to fund operating expenses and debt service through September 30, 1996. Subsequent to 1996, all operating deficits are assumed by the City. Pine Haven, Inc. will be paid for administrative and office expenses in addition to direct expenses. The agreement expired April 1, 1998 and currently operates on a month-to-month basis.

Note 8: Transactions between the Primary Government and its Component Unit

The City conducts routine transactions with its component unit for services provided. The City provides administrative and financial services for the EDA activities. In 2024, the City contributed \$117,520 to the EDA for EDA operations.

Note 9: Subsequent Events

On February 18 2025, the City paid off its Contract for Deed obligation in the amount of, the impact of the financial transaction will result in the outstanding liability to be paid off in fiscal year 2025.

Note 10: Change in Accounting Principal

For fiscal year 2024, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences. GASB Statement No. 101 enhances in a liability for compensated absences that more appropriately reflects when the City incurs an obligation. The standard establishes that liabilities for compensated absences be recognized for leave that has not been used and leave that been used but not yet paid in cash or settled through noncash means. These changes were incorporated in the City's 2024 financial statements. The City's recognition of the beginning balances related to the liability were equal balances and had no effect on the beginning net position of the governmental activities or business-type activities.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF PINE ISLAND
PINE ISLAND, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2024

City of Pine Island, Minnesota
Required Supplementary Information
December 31, 2024

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

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
6/30/2024	0.0122 %	\$ 450,839	\$ 11,658	\$ 462,497	\$ 1,032,125	43.7 %	86.7 %
6/30/2023	0.0120	671,027	18,452	689,479	953,149	70.4	83.1
6/30/2022	0.0119	942,484	27,746	970,230	893,051	105.5	76.7
6/30/2021	0.0111	474,020	14,553	488,573	778,325	60.9	87.0
6/30/2020	0.0111	665,496	20,625	686,121	804,464	82.7	79.0
6/30/2019	0.0107	591,579	18,333	609,912	756,170	78.2	80.2
6/30/2018	0.0105	582,497	19,029	601,526	692,647	84.1	79.5
6/30/2017	0.0100	638,393	8,053	646,446	646,273	98.8	75.9
6/30/2016	0.0103	836,309	10,991	847,300	640,911	130.5	68.9
6/30/2015	0.0105	544,164	-	544,164	615,932	88.3	78.2

Schedule of Employer's PERA Contributions - General Employees Fund

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/2024	\$ 81,803	\$ 81,803	\$ -	\$ 1,090,710	7.50 %
12/31/2023	74,932	74,932	-	999,095	7.50
12/31/2022	67,566	67,566	-	900,877	7.50
12/31/2021	63,858	63,858	-	851,443	7.50
12/31/2020	57,380	57,380	-	765,072	7.50
12/31/2019	59,873	59,873	-	798,307	7.50
12/31/2018	54,908	54,908	-	732,109	7.50
12/31/2017	48,453	48,453	-	646,038	7.50
12/31/2016	46,992	46,992	-	626,565	7.50
12/31/2015	46,552	46,552	-	620,693	7.50

City of Pine Island, Minnesota
Required Supplementary Information (Continued)
December 31, 2024

Notes to the Required Supplementary Information - General Employee Retirement Fund

Changes in Actuarial Assumptions

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

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

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

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

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

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

2018 - The mortality projection scale was changed from MP-2015 to MP-2017. The assumed benefit increase was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

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

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

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

City of Pine Island, Minnesota
Required Supplementary Information (Continued)
December 31, 2024

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

Changes in Plan Provisions

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

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

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

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

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

2019 - The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The state's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

2018 - The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024. Interest credited on member contributions decreased from 4.0 percent to 3.0 percent, beginning July 1, 2018. Deferred augmentation was changed to 0.0 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply. Contribution stabilizer provisions were repealed. Postretirement benefit increases were changed from 1.0 percent per year with a provision to increase to 2.5 percent upon attainment of 90.0 percent funding ratio to 50.0 percent of the Social Security Cost of Living Adjustment, not less than 1.0 percent and not more than 1.5 percent, beginning January 1, 2019. For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors. Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 - The State's contribution for the Minneapolis Employees Retirement Fund equals \$16,000,000 in 2017 and 2018, and \$6,000,000 thereafter. The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21,000,000 to \$31,000,000 in calendar years 2019 to 2031. The state's contribution changed from \$16,000,000 to \$6,000,000 in calendar years 2019 to 2031.

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

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

City of Pine Island, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2024

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service cost	\$ 75,453	\$ 60,497	\$ 53,319	\$ 45,376	\$ 40,511	\$ 39,096	\$ 38,050	\$ 36,221	\$ 33,198	\$ 32,309
Interest	65,837	55,645	50,044	47,114	40,368	37,425	34,546	35,866	27,327	25,857
Changes of benefit terms	-	98,848	64,843	77,907	48,900	84,964	-	-	61,511	-
Differences between expected and actual experience	-	9,194	-	(23,604)	-	(77,025)	-	(28,723)	-	-
Changes of assumptions	-	(5,171)	-	25,317	-	17,376	-	12,519	(16,614)	-
Benefit payments, including refunds of employee contributions	-	(79,650)	(57,760)	(34,648)	-	-	(55,144)	(17,500)	(47,590)	(21,533)
Net Change in Total Pension Liability	141,290	139,363	110,446	137,462	129,779	101,836	17,452	38,383	57,832	36,633
Total Pension Liability - January 1, 2024	1,178,592	1,039,229	928,783	791,321	661,542	559,706	542,254	503,871	446,039	409,406
Total Pension Liability - December 31, 2024 (a)	\$ 1,319,882	\$ 1,178,592	\$ 1,039,229	\$ 928,783	\$ 791,321	\$ 661,542	\$ 559,706	\$ 542,254	\$ 503,871	\$ 446,039
Plan Fiduciary Net Position										
Contributions - employer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,000	\$ 11,000	\$ 11,000	\$ 26,160	\$ 23,160
Contributions - State and local	94,976	87,851	102,289	77,135	54,178	93,518	53,107	54,178	52,518	49,973
Net investment income	268,123	(280,651)	204,595	221,095	156,943	(19,853)	93,733	46,664	1,803	50,049
Other additions	-	-	577	-	-	-	-	-	-	-
Benefit payments, including refunds of employee contributions	-	(79,650)	(57,760)	(34,648)	-	(11,000)	(66,144)	(11,500)	(47,590)	(21,533)
Administrative expense	(6,971)	(9,408)	(7,291)	(8,650)	(5,000)	(4,500)	(3,000)	(3,295)	(3,000)	(3,321)
Net Change in Plan Fiduciary Net Position	356,128	(281,858)	242,410	254,932	206,121	69,165	88,696	97,047	29,891	98,328
Plan Fiduciary Net Position - Beginning of Year	1,364,664	1,646,522	1,404,112	1,149,180	943,059	873,894	785,198	688,151	658,260	559,932
Plan Fiduciary Net Position - End of Year (b)	\$ 1,720,792	\$ 1,364,664	\$ 1,646,522	\$ 1,404,112	\$ 1,149,180	\$ 943,059	\$ 873,894	\$ 785,198	\$ 688,151	\$ 658,260
Fire Relief's Net Pension Liability (Asset) - End of Year (a-b)	\$ (400,910)	\$ (186,072)	\$ (607,293)	\$ (475,329)	\$ (357,859)	\$ (281,517)	\$ (314,188)	\$ (242,944)	\$ (184,280)	\$ (212,221)
Plan Fiduciary Net Position As a Percentage of the Total Pension Liability (b/a)	130.37%	115.79%	158.44%	151.18%	145.22%	142.55%	156.13%	144.80%	136.57%	147.58%
Covered-employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fire Relief's Net Pension Liability (Asset) as a Percentage of Covered-employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

Notes to the Required Supplementary Information - Fire Relief Association:

Benefit Changes: The plan's funded status increased from 115.8% to 130.4% since the prior valuation. This change is primarily due to investment returns being greater than expected. Benefit payments were not present in 2023.

Schedule of Employer's Fire Relief Association Contributions

Year Ending	Actuarial Determined Contribution (a)	Actual Contributions Paid (b)	Contribution Deficiency (Excess) (a-b)
12/31/24	\$ 83,634	\$ 96,895	\$ (13,261)
12/31/23	72,831	85,706	(12,875)
12/31/22	65,351	77,851	(12,500)
12/31/21	59,789	71,789	(12,000)
12/31/20	57,135	68,635	(11,500)
12/31/19	54,178	65,178	(11,000)
12/31/18	52,518	63,518	(11,000)
12/31/17	53,107	64,107	(11,000)
12/31/16	51,483	62,483	(11,000)
12/31/15	49,963	55,963	(6,000)

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COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES

CITY OF PINE ISLAND
PINE ISLAND, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2024

City of Pine Island, Minnesota
 Nonmajor Governmental Funds
 Combining Balance Sheet
 December 31, 2024

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
Assets			
Cash and temporary investments	\$ 872,093	\$ 200,601	\$ 1,072,694
Restricted cash	31,767	-	31,767
Receivables			
Accounts	896	-	896
Notes	34,827	-	34,827
Prepaid items	1,880	-	1,880
Total Assets	\$ 941,463	\$ 200,601	\$ 1,142,064
Liabilities			
Accounts payable	\$ 1,194	\$ -	\$ 1,194
Accrued salaries payable	1,316	-	1,316
Due to other funds	-	10,634	10,634
Total Liabilities	2,510	10,634	13,144
Fund Balances			
Nonspendable	1,880	-	1,880
Restricted	618,702	200,601	819,303
Committed	318,371	-	318,371
Unassigned	-	(10,634)	(10,634)
Total Fund Balances	938,953	189,967	1,128,920
Total Liabilities and Fund Balances	\$ 941,463	\$ 200,601	\$ 1,142,064

City of Pine Island, Minnesota
 Nonmajor Governmental Funds
 Combining Statement of Revenues, Expenditures
 and Changes in Fund Balances
 For the Year Ended December 31, 2024

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
Revenues			
Tax increment	\$ -	\$ 120,926	\$ 120,926
Intergovernmental	99,786	-	99,786
Charges for services	18,257	-	18,257
Fines and forfeitures	707	-	707
Investment earnings	24,468	1,367	25,835
Miscellaneous	39,168	-	39,168
Total Revenues	<u>182,386</u>	<u>122,293</u>	<u>304,679</u>
Expenditures			
Current			
Public safety	1,261	-	1,261
Public works	48,384	-	48,384
Culture and recreation	227,721	-	227,721
Housing and economic development	1,000	2,799	3,799
Capital outlay			
Public safety	9,973	-	9,973
Public works	154,094	-	154,094
Culture and recreation	25,065	-	25,065
Housing and economic development	-	52,077	52,077
Debt service			
Principal	30,053	21,000	51,053
Interest and other	-	14,383	14,383
Total Expenditures	<u>497,551</u>	<u>90,259</u>	<u>587,810</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(315,165)</u>	<u>32,034</u>	<u>(283,131)</u>
Other Financing Sources (Uses)			
Transfers in	209,448	376,546	585,994
Finance purchase arrangement issued	154,096	-	154,096
Transfers out	-	(24,527)	(24,527)
Total Other Financing Sources (Uses)	<u>363,544</u>	<u>352,019</u>	<u>715,563</u>
Net Change in Fund Balances	48,379	384,053	432,432
Fund Balances, January 1	<u>890,574</u>	<u>(194,086)</u>	<u>696,488</u>
Fund Balances, December 31	<u>\$ 938,953</u>	<u>\$ 189,967</u>	<u>\$ 1,128,920</u>

City of Pine Island, Minnesota
 Nonmajor Special Revenue Funds
 Combining Balance Sheet
 December 31, 2024

	211	245	246	260
	Library	Storm Water Utility	River Flood Monitor	Revolving Loan
	<u>Library</u>	<u>Utility</u>	<u>Monitor</u>	<u>Loan</u>
Assets				
Cash and temporary investments	\$ 247,014	\$ 62,793	\$ 10,178	\$ 121,581
Restricted cash	-	-	-	31,767
Receivables				
Accounts	-	896	-	-
Notes	-	-	-	8,247
Prepaid items	1,880	-	-	-
	<u>1,880</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u><u>\$ 248,894</u></u>	<u><u>\$ 63,689</u></u>	<u><u>\$ 10,178</u></u>	<u><u>\$ 161,595</u></u>
Liabilities				
Accounts payable	\$ 1,194	\$ -	\$ -	\$ -
Accrued salaries payable	1,316	-	-	-
Total Liabilities	<u>2,510</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances				
Nonspendable	1,880	-	-	-
Restricted	-	-	-	161,595
Committed	244,504	63,689	10,178	-
Total Fund Balances	<u>246,384</u>	<u>63,689</u>	<u>10,178</u>	<u>161,595</u>
Total Liabilities and Fund Balances	<u><u>\$ 248,894</u></u>	<u><u>\$ 63,689</u></u>	<u><u>\$ 10,178</u></u>	<u><u>\$ 161,595</u></u>

261 DTED Land O'Lakes	270 Disaster Relief	280 Charitable Gambling Donations	Total
\$ 299,749	\$ 519	\$ 130,259	\$ 872,093
-	-	-	31,767
-	-	-	896
26,580	-	-	34,827
-	-	-	1,880
<u>\$ 326,329</u>	<u>\$ 519</u>	<u>\$ 130,259</u>	<u>\$ 941,463</u>
\$ -	\$ -	\$ -	\$ 1,194
-	-	-	1,316
<u>-</u>	<u>-</u>	<u>-</u>	<u>2,510</u>
-	-	-	1,880
326,329	519	130,259	618,702
-	-	-	318,371
<u>326,329</u>	<u>519</u>	<u>130,259</u>	<u>938,953</u>
<u>\$ 326,329</u>	<u>\$ 519</u>	<u>\$ 130,259</u>	<u>\$ 941,463</u>

City of Pine Island, Minnesota
 Nonmajor Special Revenue Funds
 Combining Statement of Revenues, Expenditures
 and Changes in Fund Balances
 For the Year Ended December 31, 2024

	211	245	246	260
	Library	Storm Water Utility	River Flood Monitor	Revolving Loan
Revenues				
Intergovernmental	\$ 99,786	\$ -	\$ -	\$ -
Charges for services	731	17,526	-	-
Fines and forfeitures	707	-	-	-
Investment earnings	12,630	5,083	82	1,684
Miscellaneous	4,258	-	-	-
Total Revenues	<u>118,112</u>	<u>22,609</u>	<u>82</u>	<u>1,684</u>
Expenditures				
Current				
Public safety	-	-	139	-
Public works	-	48,384	-	-
Culture and recreation	227,721	-	-	-
Housing and economic development	-	-	-	1,000
Capital outlay				
Public safety	-	-	-	-
Public works	-	154,094	-	-
Culture and recreation	25,065	-	-	-
Debt service				
Principal	-	30,053	-	-
Total Expenditures	<u>252,786</u>	<u>232,531</u>	<u>139</u>	<u>1,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(134,674)</u>	<u>(209,922)</u>	<u>(57)</u>	<u>684</u>
Other Financing Sources				
Transfers in	154,348	48,500	6,600	-
Finance purchase arrangement issued	-	154,096	-	-
Total Other Financing Sources (Uses)	<u>154,348</u>	<u>202,596</u>	<u>6,600</u>	<u>-</u>
Net Change in Fund Balances	19,674	(7,326)	6,543	684
Fund Balances, January 1	<u>226,710</u>	<u>71,015</u>	<u>3,635</u>	<u>160,911</u>
Fund Balances, December 31	<u>\$ 246,384</u>	<u>\$ 63,689</u>	<u>\$ 10,178</u>	<u>\$ 161,595</u>

261 DTED Land O'Lakes	270 Disaster Relief	280 Charitable Gambling Donations	Total
\$ -	\$ -	\$ -	\$ 99,786
-	-	-	18,257
-	-	-	707
4,078	4	907	24,468
-	-	34,910	39,168
<u>4,078</u>	<u>4</u>	<u>35,817</u>	<u>182,386</u>
-	-	1,122	1,261
-	-	-	48,384
-	-	-	227,721
-	-	-	1,000
-	-	9,973	9,973
-	-	-	154,094
-	-	-	25,065
-	-	-	30,053
<u>-</u>	<u>-</u>	<u>11,095</u>	<u>497,551</u>
<u>4,078</u>	<u>4</u>	<u>24,722</u>	<u>(315,165)</u>
-	-	-	209,448
<u>-</u>	<u>-</u>	<u>-</u>	<u>154,096</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>363,544</u>
4,078	4	24,722	48,379
<u>322,251</u>	<u>515</u>	<u>105,537</u>	<u>890,574</u>
<u>\$ 326,329</u>	<u>\$ 519</u>	<u>\$ 130,259</u>	<u>\$ 938,953</u>

City of Pine Island, Minnesota
Library Fund
Budgeted Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
For the Year Ended December 31, 2024
(With Comparative Actual Amounts for the Year Ended December 31, 2023)

	2024				2023
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Intergovernmental	\$ 100,451	\$ 100,451	\$ 99,786	\$ (665)	\$ 89,490
Charges for services	450	450	731	281	660
Fines and forfeitures	500	500	707	207	617
Investment earnings	100	100	12,630	12,530	4,570
Miscellaneous	3,060	3,060	4,258	1,198	3,593
Total Revenues	<u>104,561</u>	<u>104,561</u>	<u>118,112</u>	<u>13,551</u>	<u>98,930</u>
Expenditures					
Current					
Culture and recreation					
Personal services	184,494	184,494	198,457	(13,963)	173,696
Supplies	3,950	3,950	1,945	2,005	2,406
Other services and charges	29,665	29,665	27,319	2,346	26,802
Capital outlay					
Culture and recreation	40,800	40,800	25,065	15,735	22,463
Total Expenditures	<u>258,909</u>	<u>258,909</u>	<u>252,786</u>	<u>6,123</u>	<u>225,367</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(154,348)	(154,348)	(134,674)	19,674	(126,437)
Other Financing Sources					
Transfers in	<u>154,348</u>	<u>154,348</u>	<u>154,348</u>	<u>-</u>	<u>148,310</u>
Net Change in Fund Balances	-	-	19,674	19,674	21,873
Fund Balances, January 1	<u>226,710</u>	<u>226,710</u>	<u>226,710</u>	<u>-</u>	<u>204,837</u>
Fund Balances, December 31	<u><u>\$ 226,710</u></u>	<u><u>\$ 226,710</u></u>	<u><u>\$ 246,384</u></u>	<u><u>\$ 19,674</u></u>	<u><u>\$ 226,710</u></u>

City of Pine Island, Minnesota
 Nonmajor Capital Projects Funds
 Combining Balance Sheet
 December 31, 2024

	382 Brewing Company TIF 1-17	392 Wazuweeta Woods TIF 1-10	393 Downtown Development TIF 1-9	406 New Haven Road Project	451 2023 Street Project	Total
Assets						
Cash and temporary investments	\$ -	\$ 131,778	\$ 68,823	\$ -	\$ -	\$ 200,601
Liabilities						
Due to other funds	\$ 10,634	\$ -	\$ -	\$ -	\$ -	\$ 10,634
Fund Balances						
Restricted	-	131,778	68,823	-	-	200,601
Unassigned	(10,634)	-	-	-	-	(10,634)
Total Fund Balances	(10,634)	131,778	68,823	-	-	189,967
Total Liabilities and Fund Balances	\$ -	\$ 131,778	\$ 68,823	\$ -	\$ -	\$ 200,601

City of Pine Island, Minnesota
Nonmajor Capital Projects Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
For the Year Ended December 31, 2024

	382	392	393	406	451	
	Brewing Company TIF 1-17	Wazuweeta Woods TIF 1-10	Downtown Development TIF 1-9	New Haven Road Project	2023 Street Project	Total
Revenues						
Tax increment	\$ 12,290	\$ 40,619	\$ 68,017	\$ -	\$ -	\$ 120,926
Investment earnings	-	976	391	-	-	1,367
Total Revenues	<u>12,290</u>	<u>41,595</u>	<u>68,408</u>	<u>-</u>	<u>-</u>	<u>122,293</u>
Expenditures						
Current						
Housing and economic development	933	933	933	-	-	2,799
Capital outlay						
Housing and economic development	11,061	13,724	27,292	-	-	52,077
Debt service						
Principal	-	-	21,000	-	-	21,000
Interest and other	-	-	14,383	-	-	14,383
Total Expenditures	<u>11,994</u>	<u>14,657</u>	<u>63,608</u>	<u>-</u>	<u>-</u>	<u>90,259</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>296</u>	<u>26,938</u>	<u>4,800</u>	<u>-</u>	<u>-</u>	<u>32,034</u>
Other Financing Sources (Uses)						
Transfers in	-	-	-	-	376,546	376,546
Transfers out	-	-	-	(24,527)	-	(24,527)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(24,527)</u>	<u>376,546</u>	<u>352,019</u>
Net Change in Fund Balances	296	26,938	4,800	(24,527)	376,546	384,053
Fund Balances, January 1	<u>(10,930)</u>	<u>104,840</u>	<u>64,023</u>	<u>24,527</u>	<u>(376,546)</u>	<u>(194,086)</u>
Fund Balances, December 31	<u>\$ (10,634)</u>	<u>\$ 131,778</u>	<u>\$ 68,823</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 189,967</u>

City of Pine Island, Minnesota
 Nonmajor Proprietary Funds
 Combining Statement of Net Position
 December 31, 2024

	Business-type Activities - Enterprise Funds		
	604	871	
	Cemetery	Deputy Registrar	Total
Assets			
Current Assets			
Cash and temporary investments	\$ 336,662	\$ 1,099	\$ 337,761
Prepaid items	330	2,740	3,070
Total Current Assets	<u>336,992</u>	<u>3,839</u>	<u>340,831</u>
Noncurrent Assets			
Capital assets			
Buildings	15,500	153,654	169,154
Improvements other than buildings	177,234	-	177,234
Machinery and equipment	31,346	9,546	40,892
Less accumulated depreciation	<u>(122,218)</u>	<u>(13,166)</u>	<u>(135,384)</u>
Total Capital Assets	<u>101,862</u>	<u>150,034</u>	<u>251,896</u>
(Net of Accumulated Depreciation)			
Total Assets	<u>438,854</u>	<u>153,873</u>	<u>592,727</u>
Deferred Outflows of Resources			
Deferred pension resources	<u>-</u>	<u>10,672</u>	<u>10,672</u>
Liabilities			
Current Liabilities			
Accounts payable	-	942	942
Accrued salaries payable	50	782	832
Compensated absences payable	<u>-</u>	<u>8,050</u>	<u>8,050</u>
Total Current Liabilities	<u>50</u>	<u>9,774</u>	<u>9,824</u>
Noncurrent Liabilities			
Net pension liability	<u>-</u>	<u>38,123</u>	<u>38,123</u>
Total Liabilities	<u>50</u>	<u>47,897</u>	<u>47,947</u>
Deferred Inflows of Resources			
Deferred pension resources	<u>-</u>	<u>24,714</u>	<u>24,714</u>
Net Position			
Investment in capital assets	101,862	150,034	251,896
Unrestricted	<u>336,942</u>	<u>(58,100)</u>	<u>278,842</u>
Total Net Position	<u>\$ 438,804</u>	<u>\$ 91,934</u>	<u>\$ 530,738</u>

City of Pine Island, Minnesota
 Nonmajor Proprietary Funds
 Combining Statement of Revenues, Expenses
 and Changes in Net Position
 For the Year Ended December 31, 2024

	Business-type Activities - Enterprise Funds		
	604	871	
	Cemetery	Deputy Registrar	Total
Operating Revenues			
Charges for services	\$ 42,745	\$ 143,352	\$ 186,097
Operating Expenses			
Personal services	10,089	150,808	160,897
Supplies	4,310	3,324	7,634
Other services and charges	24,746	14,188	38,934
Utilities	2,604	3,672	6,276
Depreciation	10,399	4,631	15,030
Total Operating Expenses	<u>52,148</u>	<u>176,623</u>	<u>228,771</u>
Operating Income (Loss)	<u>(9,403)</u>	<u>(33,271)</u>	<u>(42,674)</u>
Nonoperating Revenues			
Interest income	15,419	1,233	16,652
Other income	260	1,940	2,200
Gain on sale of capital assets	2,736	-	2,736
Total Nonoperating Revenues	<u>18,415</u>	<u>3,173</u>	<u>21,588</u>
Income (Loss) Before Transfers	9,012	(30,098)	(21,086)
Transfers In	<u>4,000</u>	<u>-</u>	<u>4,000</u>
Change in Net Position	13,012	(30,098)	(17,086)
Net Position, January 1	<u>425,792</u>	<u>122,032</u>	<u>547,824</u>
Net Position, December 31	<u>\$ 438,804</u>	<u>\$ 91,934</u>	<u>\$ 530,738</u>

City of Pine Island, Minnesota
Nonmajor Proprietary Funds
Combining Statement of Cash Flows
For the Year Ended December 31, 2024

	Business-type Activities - Enterprise Funds		
	604	871	Total
	Cemetery	Deputy Registrar	
Cash Flows from Operating Activities			
Receipts from users	\$ 43,005	\$ 145,292	\$ 188,297
Payments to suppliers	(31,330)	(23,152)	(54,482)
Payments to employees	(10,235)	(154,340)	(164,575)
Fees collected on behalf of State of Minnesota	-	69,336	69,336
Fees paid to State of Minnesota	-	(69,336)	(69,336)
Net Cash Provided (Used)			
By Operating Activities	1,440	(32,200)	(30,760)
Cash Flows from Noncapital and Related Financing Activities			
Transfers from other funds	4,000	-	4,000
Cash Flows from Capital and Related Financing Activities			
Acquisition of capital assets	(5,770)	(9,546)	(15,316)
Proceeds from sale of capital assets	2,736	-	2,736
Net Cash Provided (Used) by Capital and Related Financing Activities	(3,034)	(9,546)	(15,316)
Cash Flows from Investing Activities			
Interest on investments	15,419	1,233	16,652
Net Increase (decrease) in Cash and Cash Equivalents	17,825	(40,513)	(22,688)
Cash and Cash Equivalents, January 1	318,837	41,612	360,449
Cash and Cash Equivalents, December 31	\$ 336,662	\$ 1,099	\$ 337,761
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities			
Operating income (loss)	\$ (9,403)	\$ (33,271)	\$ (42,674)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Other income related to operations	260	1,940	2,200
Depreciation	10,399	4,631	15,030
(Increase) decrease in assets			
Prepaid items	330	(2,740)	(2,410)
(Increase) decrease in deferred outflows of resources			
Deferred pension resources	-	7,528	7,528
Increase (decrease) in liabilities/deferred inflows of resources			
Accounts payable	-	772	772
Accrued salaries payable	(146)	(2,616)	(2,762)
Net pension liability	-	(21,880)	(21,880)
Compensated absences payable	-	6,498	6,498
Deferred pension resources	-	6,938	6,938
Net Cash Provided by Operating Activities	\$ 1,440	\$ (32,200)	\$ (30,760)
Schedule of Noncash Capital and Related Financing Activities			
(Gain) loss on disposal of capital assets	\$ (2,736)	\$ -	\$ (2,736)
Disposal of fully depreciated capital assets	\$ 25,214	\$ -	\$ 25,214

City of Pine Island, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Continued on the Following Pages)
For the Year Ended December 31, 2024
(With Comparative Actual Amounts for the Year Ended December 31, 2023)

	2024				2023
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Taxes					
Property	\$ 3,067,201	\$ 3,067,201	\$ 3,019,000	\$ (48,201)	\$ 2,556,820
Franchise	35,000	35,000	32,963	(2,037)	35,031
Total taxes	<u>3,102,201</u>	<u>3,102,201</u>	<u>3,051,963</u>	<u>(50,238)</u>	<u>2,591,851</u>
Licenses and permits					
Business	14,500	14,500	24,362	9,862	17,623
Nonbusiness	82,500	82,500	142,914	60,414	50,087
Total licenses and permits	<u>97,000</u>	<u>97,000</u>	<u>167,276</u>	<u>70,276</u>	<u>67,710</u>
Intergovernmental					
Federal					
Other federal aids	10,000	10,000	123,332	113,332	-
State					
Local government aid	743,554	743,554	743,554	-	673,326
Agricultural market value credit	800	800	974	174	1,084
Fire state aid	72,831	72,831	83,634	10,803	72,831
Small cities assistance program	-	-	51,603	51,603	-
Other	8,177	8,177	5,067	(3,110)	6,186
Total state	<u>825,362</u>	<u>825,362</u>	<u>884,832</u>	<u>59,470</u>	<u>753,427</u>
Total intergovernmental	<u>835,362</u>	<u>835,362</u>	<u>1,008,164</u>	<u>172,802</u>	<u>753,427</u>
Charges for services					
General government	11,100	11,100	72,847	61,747	9,963
Public safety	191,588	191,588	183,871	(7,717)	200,269
Public works	2,900	2,900	2,167	(733)	2,343
Culture and recreation	56,000	56,000	89,255	33,255	72,700
Total charges for services	<u>261,588</u>	<u>261,588</u>	<u>348,140</u>	<u>86,552</u>	<u>285,275</u>
Fines and forfeitures	3,000	3,000	3,659	659	2,701
Special assessments	2,000	2,000	545	(1,455)	-
Investment earnings	500	500	74,719	74,219	35,644
Miscellaneous					
Other	22,650	22,650	44,693	22,043	7,508
Total Revenues	<u>4,324,301</u>	<u>4,324,301</u>	<u>4,699,159</u>	<u>374,858</u>	<u>3,744,116</u>
Expenditures					
Current					
General government					
Mayor and council					
Personal services	16,448	16,448	15,090	1,358	16,271
Supplies	2,000	2,000	256	1,744	211
Other services and charges	4,100	4,100	5,763	(1,663)	2,286
Total mayor and council	<u>22,548</u>	<u>22,548</u>	<u>21,109</u>	<u>1,439</u>	<u>18,768</u>

City of Pine Island, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Continued)
For the Year Ended December 31, 2024
(With Comparative Actual Amounts for the Year Ended December 31, 2023)

	2024				2023
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (continued)					
General government (continued)					
Elections					
Personal services	\$ 10,940	\$ 10,940	\$ 9,107	\$ 1,833	\$ (399)
Supplies	4,500	4,500	3,574	926	480
Other services and charges	1,100	1,100	1,309	(209)	-
Total elections	<u>16,540</u>	<u>16,540</u>	<u>13,990</u>	<u>2,550</u>	<u>81</u>
Other general government					
Personal services	523,362	523,362	475,736	47,626	384,636
Supplies	8,150	8,150	4,954	3,196	3,369
Other services and charges	259,510	259,510	281,584	(22,074)	260,925
Total other general government	<u>791,022</u>	<u>791,022</u>	<u>762,274</u>	<u>28,748</u>	<u>648,930</u>
Total general government	<u>830,110</u>	<u>830,110</u>	<u>797,373</u>	<u>32,737</u>	<u>667,779</u>
Public safety					
Police					
Contracted services	<u>383,620</u>	<u>383,620</u>	<u>383,620</u>	<u>-</u>	<u>365,798</u>
Fire protection					
Personal services	120,285	120,285	124,665	(4,380)	140,867
2% fire aid	72,830	72,830	83,634	(10,804)	73,331
Supplies	25,545	25,545	16,374	9,171	20,095
Other services and charges	85,075	85,075	80,881	4,194	88,281
Total fire protection	<u>303,735</u>	<u>303,735</u>	<u>305,554</u>	<u>(1,819)</u>	<u>322,574</u>
Rural fire fighting					
Personal services	86,112	86,112	89,298	(3,186)	103,272
Supplies	25,100	25,100	16,373	8,727	18,437
Other services and charges	80,375	80,375	78,147	2,228	81,615
Total rural fire fighting	<u>191,587</u>	<u>191,587</u>	<u>183,818</u>	<u>7,769</u>	<u>203,324</u>
Inspections					
Supplies	50	50	-	50	-
Other services and charges	72,500	72,500	81,923	(9,423)	40,645
Total inspections	<u>72,550</u>	<u>72,550</u>	<u>81,923</u>	<u>(9,373)</u>	<u>40,645</u>

City of Pine Island, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Continued)
For the Year Ended December 31, 2024
(With Comparative Actual Amounts for the Year Ended December 31, 2023)

	2024				2023
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (continued)					
Public safety (continued)					
Civil defense					
Personal services	\$ 6,909	\$ 6,909	\$ 6,718	\$ 191	\$ 4,037
Supplies	5,500	5,500	2,078	3,422	4,890
Other services and charges	7,250	7,250	3,013	4,237	2,404
Total civil defense	<u>19,659</u>	<u>19,659</u>	<u>11,809</u>	<u>7,850</u>	<u>11,331</u>
Animal control					
Supplies	275	275	376	(101)	164
Other services and charges	400	400	-	400	-
Total animal control	<u>675</u>	<u>675</u>	<u>376</u>	<u>299</u>	<u>164</u>
Total public safety	<u>971,826</u>	<u>971,826</u>	<u>967,100</u>	<u>4,726</u>	<u>943,836</u>
Public works					
Streets and alleys					
Personal services	447,591	447,591	453,042	(5,451)	393,876
Supplies	134,300	134,300	93,286	41,014	106,708
Other services and charges	611,108	611,108	587,262	23,846	603,867
Total streets and alleys	<u>1,192,999</u>	<u>1,192,999</u>	<u>1,133,590</u>	<u>59,409</u>	<u>1,104,451</u>
Street lighting					
Supplies	3,000	3,000	2,825	175	1,635
Other services and charges	60,600	60,600	59,374	1,226	56,189
Total street lighting	<u>63,600</u>	<u>63,600</u>	<u>62,199</u>	<u>1,401</u>	<u>57,824</u>
Weed control					
Supplies	50	50	-	50	-
Other services and charges	3,050	3,050	3,120	(70)	2,795
Total weed control	<u>3,100</u>	<u>3,100</u>	<u>3,120</u>	<u>(20)</u>	<u>2,795</u>
Total public works	<u>1,259,699</u>	<u>1,259,699</u>	<u>1,198,909</u>	<u>60,790</u>	<u>1,165,070</u>

City of Pine Island, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Continued)
For the Year Ended December 31, 2024
(With Comparative Actual Amounts for the Year Ended December 31, 2023)

	2024				2023
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (continued)					
Culture and recreation					
Swimming pool					
Personal services	\$ 90,516	\$ 90,516	\$ 82,696	\$ 7,820	\$ 73,294
Supplies	19,050	19,050	14,607	4,443	13,829
Other services and charges	51,600	51,600	40,923	10,677	53,770
Total swimming pool	<u>161,166</u>	<u>161,166</u>	<u>138,226</u>	<u>22,940</u>	<u>140,893</u>
Parks					
Personal services	60,291	60,291	65,155	(4,864)	57,829
Supplies	23,200	23,200	14,916	8,284	19,517
Other services and charges	63,250	63,250	62,363	887	59,602
Total parks	<u>146,741</u>	<u>146,741</u>	<u>142,434</u>	<u>4,307</u>	<u>136,948</u>
Total culture and recreation	<u>307,907</u>	<u>307,907</u>	<u>280,660</u>	<u>27,247</u>	<u>277,841</u>
Housing and economic development					
Supplies	25	25	-	25	-
Other services and charges	117,519	117,519	229,822	(112,303)	96,218
Total housing and economic development	<u>117,544</u>	<u>117,544</u>	<u>229,822</u>	<u>(112,278)</u>	<u>96,218</u>
Total current	<u>3,487,086</u>	<u>3,487,086</u>	<u>3,473,864</u>	<u>13,222</u>	<u>3,150,744</u>
Capital outlay					
Public safety	10,000	10,000	-	10,000	5,715
Public works	100,000	100,000	394,469	(294,469)	50,000
Culture and recreation	115,000	115,000	102,496	12,504	124,105
Total capital outlay	<u>225,000</u>	<u>225,000</u>	<u>496,965</u>	<u>(271,965)</u>	<u>179,820</u>
Debt service					
Principal	-	-	50,000	(50,000)	-
Total Expenditures	<u>3,712,086</u>	<u>3,712,086</u>	<u>4,020,829</u>	<u>(308,743)</u>	<u>3,330,564</u>
Excess of Revenues					
Over Expenditures	<u>612,215</u>	<u>612,215</u>	<u>678,330</u>	<u>66,115</u>	<u>413,552</u>
Other Financing Sources (Uses)					
Sale of capital assets	-	-	-	-	11,666
Transfers in	140,173	140,173	140,173	-	135,877
Contract for deed issued	-	-	390,600	390,600	-
Transfers out	(752,388)	(752,388)	(1,128,934)	(376,546)	(457,410)
Total Other Financing Sources (Uses)	<u>(612,215)</u>	<u>(612,215)</u>	<u>(598,161)</u>	<u>14,054</u>	<u>(309,867)</u>
Net Change in Fund Balances	-	-	80,169	80,169	103,685
Fund Balances, January 1	<u>1,477,532</u>	<u>1,477,532</u>	<u>1,477,532</u>	-	<u>1,373,847</u>
Fund Balances, December 31	<u>\$ 1,477,532</u>	<u>\$ 1,477,532</u>	<u>\$ 1,557,701</u>	<u>\$ 80,169</u>	<u>\$ 1,477,532</u>

City of Pine Island, Minnesota

Debt Service Funds

Combining Balance Sheet

December 31, 2024

	308 2018A G.O. Improvement Bonds	312 2017A G.O. Improvement Bonds	313 2020A G.O. Improvement Bonds	314 2020B G.O. Refunding Bonds
Assets				
Cash and temporary investments	\$ 180,653	\$ 238,112	\$ 325,446	\$ 610,678
Receivables				
Special assessments	-	132,900	289,567	221,479
Total Assets	<u>\$ 180,653</u>	<u>\$ 371,012</u>	<u>\$ 615,013</u>	<u>\$ 832,157</u>
Deferred Inflows of Resources				
Unavailable revenues - special assessments	\$ -	\$ 132,900	\$ 288,716	\$ 221,479
Fund Balances				
Restricted	<u>180,653</u>	<u>238,112</u>	<u>326,297</u>	<u>610,678</u>
Total Deferred Inflows of Resources and Fund Balances	<u>\$ 180,653</u>	<u>\$ 371,012</u>	<u>\$ 615,013</u>	<u>\$ 832,157</u>

315 2021A G.O. Refunding Bonds	323 2014B Crossover Refunding	Total
\$ 319,997	\$ 278,132	\$ 1,953,018
<u>249,197</u>	<u>204</u>	<u>893,347</u>
<u>\$ 569,194</u>	<u>\$ 278,336</u>	<u>\$ 2,846,365</u>
<u>\$ 249,197</u>	<u>\$ 204</u>	<u>\$ 892,496</u>
<u>319,997</u>	<u>278,132</u>	<u>1,953,869</u>
<u>\$ 569,194</u>	<u>\$ 278,336</u>	<u>\$ 2,846,365</u>

City of Pine Island, Minnesota
Debt Service Funds
Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances
For the Year Ended December 31, 2024

	308 2018A G.O. Improvement Bonds	312 2017A G.O. Improvement Bonds	313 2020A G.O. Improvement Bonds	314 2020B G.O. Refunding Bonds
Revenues				
Property taxes	\$ 168,676	\$ 68,446	\$ 91,269	\$ 144,239
Special assessments	-	24,351	52,795	22,072
Investment earnings	672	1,611	2,181	3,943
Miscellaneous	-	-	-	9,446
Total Revenues	<u>169,348</u>	<u>94,408</u>	<u>146,245</u>	<u>179,700</u>
Expenditures				
Debt service				
Principal	100,000	75,000	118,000	322,550
Interest and other	58,314	23,095	34,379	8,569
Total Expenditures	<u>158,314</u>	<u>98,095</u>	<u>152,379</u>	<u>331,119</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>11,034</u>	<u>(3,687)</u>	<u>(6,134)</u>	<u>(151,419)</u>
Other Financing Sources (Uses)				
Transfers in	-	-	-	56,636
Net Change in Fund Balances	11,034	(3,687)	(6,134)	(94,783)
Fund Balances, January 1	<u>169,619</u>	<u>241,799</u>	<u>332,431</u>	<u>705,461</u>
Fund Balances, December 31	<u>\$ 180,653</u>	<u>\$ 238,112</u>	<u>\$ 326,297</u>	<u>\$ 610,678</u>

315 2021A G.O. Refunding Bonds	323 2014B Crossover Refunding	Total
\$ 182,800	\$ 65,337	\$ 720,767
31,878	-	131,096
1,516	2,097	12,020
-	-	9,446
<u>216,194</u>	<u>67,434</u>	<u>873,329</u>
161,000	60,000	836,550
45,510	7,920	177,787
<u>206,510</u>	<u>67,920</u>	<u>1,014,337</u>
<u>9,684</u>	<u>(486)</u>	<u>(141,008)</u>
<u>24,527</u>	<u>9,056</u>	<u>90,219</u>
34,211	8,570	(50,789)
<u>285,786</u>	<u>269,562</u>	<u>2,004,658</u>
<u>\$ 319,997</u>	<u>\$ 278,132</u>	<u>\$ 1,953,869</u>

City of Pine Island, Minnesota
Economic Development Authority
(Discretely Presented Component Unit)
Balance Sheet
December 31, 2024

	255
	Economic Development Authority
	<u> </u>
Assets	
Cash and temporary investments	<u>\$ 124,129</u>
Liabilities	
Fund balance / net position	
Assigned for economic development	<u>\$ 124,129</u>

City of Pine Island, Minnesota
 Economic Development Authority
 (Discretely Presented Component Unit)
 Statement of Revenues, Expenditures and
 Changes in Fund Balance/Net Position
 For the Year Ended December 31, 2024

	255 Economic Development Authority
Revenues	
Interest on investments	\$ 1,424
Miscellaneous	117,520
Total Revenues	118,944
Expenditures	
Current	
Economic development	109,726
Net change in Fund Balances/Net Position	9,218
Fund Balance/Net Position, January 1	114,911
Fund Balance/Net Position, December 31	\$ 124,129

City of Pine Island, Minnesota
 Economic Development Authority Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances -
 Budget and Actual
 For the Year Ended December 31, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Interest on investments	\$ 100	\$ 100	\$ 1,424	\$ 1,324
Miscellaneous	117,520	117,520	117,520	-
Total Revenues	<u>117,620</u>	<u>117,620</u>	<u>118,944</u>	<u>1,324</u>
Expenditures				
Current				
Economic development				
Supplies	1,370	1,370	530	840
Other services and charges	116,250	116,250	109,196	7,054
Total Expenditures	<u>117,620</u>	<u>117,620</u>	<u>109,726</u>	<u>7,894</u>
Net Change in Fund Balances	-	-	9,218	9,218
Fund Balances, January 1	<u>114,911</u>	<u>114,911</u>	<u>114,911</u>	-
Fund Balances, December 31	<u>\$ 114,911</u>	<u>\$ 114,911</u>	<u>\$ 124,129</u>	<u>\$ 9,218</u>

City of Pine Island, Minnesota
Summary Financial Report
Revenues and Expenditures For General Operations
Governmental Funds
For the Years Ended December 31, 2024 and 2023

	Total		Percent Increase (Decrease)
	2024	2023	
Revenues			
Taxes	\$ 3,948,206	\$ 3,626,735	8.86 %
Licenses and permits	167,276	67,710	147.05
Intergovernmental	1,107,950	1,097,584	0.94
Charges for services	368,897	303,586	21.51
Fines and forfeitures	4,366	3,318	31.59
Special assessments	131,641	309,594	(57.48)
Investment earnings	139,992	56,193	149.13
Miscellaneous	95,832	97,114	(1.32)
Total Revenues	<u>\$ 5,964,160</u>	<u>\$ 5,561,834</u>	7.23 %
Per Capita	<u>\$ 1,534</u>	<u>\$ 1,415</u>	8.41 %
Expenditures			
Current			
General government	\$ 797,373	\$ 823,941	(3.22) %
Public safety	968,361	952,166	1.70
Public works	1,727,293	1,186,423	45.59
Culture and recreation	508,381	602,650	(15.64)
Housing and economic development	233,621	198,728	17.56
Capital outlay			
General government	-	72,398	(100.00)
Public safety	9,973	5,715	74.51
Public works	790,912	382,564	106.74
Culture and recreation	176,764	33,438	428.63
Housing and economic development	52,077	72,726	(28.39)
Debt service			
Principal	962,603	951,309	1.19
Interest and other charges	198,125	214,244	(7.52)
Total Expenditures	<u>\$ 6,425,483</u>	<u>\$ 5,496,302</u>	16.91 %
Per Capita	<u>\$ 1,653</u>	<u>\$ 1,399</u>	18.13 %
Total Long-term Indebtedness	\$ 7,942,520	\$ 9,183,541	(13.51) %
Per Capita	2,043	2,095	(2.49)
General Fund Balance - December 31	\$ 1,557,701	\$ 1,373,847	13.38 %
Per Capita	401	376	6.55

The purpose of this report is to provide a summary of financial information concerning the City of Pine Island to interested citizens. The complete financial statements may be examined at City Hall, 250 South Main Street, Post Office Box 1000, Pine Island, Minnesota 55963. Questions about this report should be directed to Elizabeth Howard, City Administrator at (507) 356-4591.

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OTHER REQUIRED REPORT

CITY OF PINE ISLAND
PINE ISLAND, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2024

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

Honorable Mayor and City Council
City of Pine Island, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Pine Island, Minnesota (the City), as of and for the year ended December 31, 2024, and the related notes to the financial statements which collectively comprise the City’s basic financial statements, and have issued our report thereon dated April 17, 2025.

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

This report is intended solely for the information and use of those charged with governance and management of the City of Pine Island and the State Auditor and is not intended to be, and should not be, used by anyone other than these specified parties.



Abdo
Minneapolis, Minnesota
April 17, 2025