



City of Mayer
Agenda for the City Council
Monday, March 25th, 2024 – 6:30 P.M.

Opening Items

1. Call Meeting to Order
2. Pledge of Allegiance

Approval of Agenda

3. Consider Approval of Agenda

Public Comment Period

4. Open Public Comment Period – Comments are limited to 5 minutes

Consent Agenda

5. Consider Approval of March 11th, 2024 City Council Minutes
6. Consider Approval of Claims for Payment
7. Consider Approval of Pay Application #7 for the Pavilion Project

Business Items

8. Presentation of the 2023 Audit
 - a. Consider Approval of the 2023 Audit
9. Consider Approval of Quote to Perform Water Tower Painting Repair Work

City Council Reports

10. City Council Individual Reports and Items

Adjournment

11. Adjourn Meeting

City of Mayer

City Council Meeting Minutes for March 11th, 2024

Present: Mayor Dodge, Council Members McNeilly, Heldt
Absent: Council Member Wegner, Vacancy
Staff: City Administrator Nicholas Johnson
Fire Chief Andy Maetzold
Visitors: Don Wachholz

Opening Items

The meeting was called to order at 6:30pm by Mayor Dodge.
The Pledge of Allegiance was recited.

Approval of Agenda

A request was made by City Administrator Johnson to add an item to consider appointing a Council member to the Park Board to replace Derek Eley. A motion was made by McNeilly and seconded by Heldt to approve the agenda with the addition. All voted in favor. None voted against. The motion was carried.

Public Comment Period

There were no attendees for public comment.

Consent Agenda

A motion was made by Heldt and seconded by McNeilly to approve the consent agenda. All voted in favor. None voted against. The motion was carried.

1. Consider Approval of February 26th, 2024 City Council Minutes
2. Consider Approval of February 26th, 2024 City Council Workshop Minutes
3. Consider Approval of Claims for Payment (7043e to 7054e; 25690 to 25713)
4. Consider Approval of Staff Reports

Business Items

Consider Adoption of Resolution Updating Signatories for City Bank Accounts – City Administrator Johnson discussed updating the signatories assigned to the City bank accounts to sign off on checks. Currently, only the Mayor and City Administrator are on the list. The former City Clerk was a signatory but had been removed after they left employment. The resolution would add the new City Clerk as well as the Acting Mayor as signatories. A motion was made by Heldt and seconded by McNeilly to adopt Resolution 2024-6 updating signatories for City bank accounts. All voted in favor. None voted against. The motion was carried.

Consider Approval to Purchase Small Rescue Replacement for Fire Department – City Administrator Johnson discussed the item returning to Council after the previous workshop. Mayor Dodge questioned it coming back after the failed vote the month prior. He did not oppose the purchase but did not feel there was immediacy either. He wished to evaluate what would be done with the former small rescue before making the decision. A motion was made by McNeilly and seconded by Heldt to approve purchasing the small rescue replacement as most recently quoted. McNeilly and Heldt voted in favor. Dodge voted against. The motion was carried.

City Council Reports

There were no City Council reports.

Adjournment

A motion was made by McNeilly and seconded by Heldt to adjourn the meeting. All voted in favor. None voted against. The motion was carried.

Attest:

Mayor

City Clerk



Executive Governance Summary

DRAFT

City of Mayer

Mayer, Minnesota

For the year ended December 31, 2023



Edina Office

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

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NEED DATE

Management, Honorable Mayor and City Council
City of Mayer, Minnesota

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mayer, Minnesota for the year ended December 31, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter dated January 2, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Our Responsibility under Auditing Standards Generally Accepted in the United States of America and *Government Auditing Standards*

As stated in our engagement letter, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement. As part of our audit, we considered the internal control over financial reporting of the City. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control over financial reporting. We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Significant Audit Findings

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Responses, we identified certain deficiencies in internal control that we consider to be a material weakness and a significant deficiency.

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

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as items 2023-001 and 2023-002 to be significant deficiencies.

2023-001 Preparation of Financial Statements

Condition: As in prior years, we were requested to draft the audited financial statements and related footnote disclosures as part of our regular audit services. Auditing standards require auditors to communicate this situation to the City Council as an internal control deficiency. Ultimately, it is management’s responsibility to provide for the preparation of your statements and footnotes, and the responsibility of the auditor to determine the fairness of presentation of those statements. It is our responsibility to inform you that this deficiency could result in a material misstatement to the financial statements that could have been prevented or detected by your management. Essentially, the auditors cannot be part of your internal control process.

Criteria: Internal controls should be in place to provide reasonable checks and balances over financial reporting.

Cause: From a practical standpoint we do both for you at the same time in connection with our audit. This is not unusual for us to do with an organization of your size.

Effect: The effectiveness of the internal control system relies on enforcement by management. The effect of deficiencies in internal controls can result in undetected errors in financial reporting.

Recommendation: It is your responsibility to make the ultimate decision to accept this degree of risk associated with this condition because of cost or other considerations. As in prior years, we have instructed management to review a draft of the auditor prepared financials in detail for their accuracy; we have answered any questions they might have, and have encouraged research of any accounting guidance in connection with the adequacy and appropriateness of classification of disclosure in your statements. We are satisfied that the appropriate steps have been taken to provide you with the completed financial statements. While the City is reviewing the financial statements we recommend that the City agree its financial software to the numbers reported in the financial statements.

Management Response:

For now, the City’s management accepts the degree of risk associated with this condition and thoroughly reviews a draft of the financial statements



Limited Segregation of Duties

Condition: During our audit, we reviewed procedures over major transaction cycles and found the City to have limited segregation of duties related to cash disbursements, electronic payments, payroll, utility billing, and receipting.

Criteria: There are four general categories of duties: authorization, custody, record keeping and reconciliation. In an ideal system, different employees perform each of these four major functions. In other words, no one person has control of two or more of these responsibilities.

Also, a well-designed system of internal control has documentation of significant transaction cycles. Documentation is especially important in the event of staff turnover.

Cause: As a result of the limited number of staff, the City is not able to completely segregate all accounting functions. All cycles have the same person performing some of the authorization, custody, and recording functions.

Effect: The existence of this limited segregation of duties increases the risk of fraud and error.

Recommendation: While we recognize that the number of staff is not large enough to eliminate these deficiencies, we believe the risk can be reduced with better monitoring. We recommend the City adopt policies and procedures related to each financial cycle and ensure approval occurs for all types of payments, receipts, utility billing processes and payroll processes.

Management Response:

The City has evaluated the accounting procedures and has determined that the job duties are assigned to the staff most capable. This does not always allow for complete segregation. The City will continue to review its processes and make changes where possible.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the City's compliance with those requirements. The results of our tests disclosed no instances of noncompliance or other matters that is required to be reported under Government Auditing Standards.



Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies were not changed during the year ended December 31, 2023. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements include depreciation on capital assets and allocation of payroll.

- Management's estimate of depreciation is based on estimated useful lives of the assets. Depreciation is calculated using the straight-line method.
- Management's estimate of its pension liability is based on several factors including, but not limited to, anticipated investment return rate, retirement age for active employees, life expectancy, salary increases and form of annuity payment upon retirement.
- The City's liability for other post-employment benefits was estimated to be zero primarily based on the assumption that the expected retirement age of 65.
- Allocations of gross wages and payroll benefits are approved by City Council within the City's budget and are derived from each employee's estimated time to be spent servicing the respective functions of the City. These allocations are also used in allocating accrued compensated absences payable.

We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole. The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

We also assisted in preparing a number of year end accounting entries. These were necessary to adjust the City's records at year end to correct ending balances. The City should establish more detailed processes and procedures to reduce the total number of entries in each category. The City will receive better and timelier information if the preparation of year end entries is completed internally.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.



Management Representations

We have requested certain representations from management that are included in the management representation letter dated NEED DATE.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the City’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Matters

We applied certain limited procedures to the required supplementary information (RSI) (Management’s Discussion and Analysis, the Schedule of Employer’s Share of the Net Pension Liability, Schedule of Changes in the Fire Relief Association’s Net Pension Liability (Asset) and Related Ratios, and the Schedules of Employer’s Contributions), which is information that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplementary information (combining and individual fund financial statements and schedules) which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory section or statistical sections, which accompany the financial statements but is not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.



Future Accounting Standard Changes

The following Governmental Accounting Standards Board (GASB) Statements have been issued and may have an impact on future City financial statements: ⁽¹⁾

GASB Statement No. 100 - *Accounting Changes and Error Corrections* *Effective: 12/31/2024*

GASB Statement No. 101 - *Compensated Absences* *Effective: 12/31/2024*

GASB Statement No. 102 – *Certain Risk Disclosures* *Effective: 12/31/2025*

Further information on upcoming [GASB pronouncements](#).

* * * * *

Restriction on Use

This communication is intended solely for the information and use of management, City Council and the Minnesota Office of the State Auditor and is not intended to be and should not be used by anyone other than these specified parties.

Our audit would not necessarily disclose all weaknesses in the system because it was based on selected tests of the accounting records and related data. The comments and recommendations in the report are purely constructive in nature, and should be read in this context.

If you have any questions or wish to discuss any of the items contained in this letter, please feel free to contact us at your convenience. We wish to thank you for the opportunity to be of service and for the courtesy and cooperation extended to us by your staff.

Abdo
Minneapolis, Minnesota
NEED DATE

DRAFT





Lighting the path forward

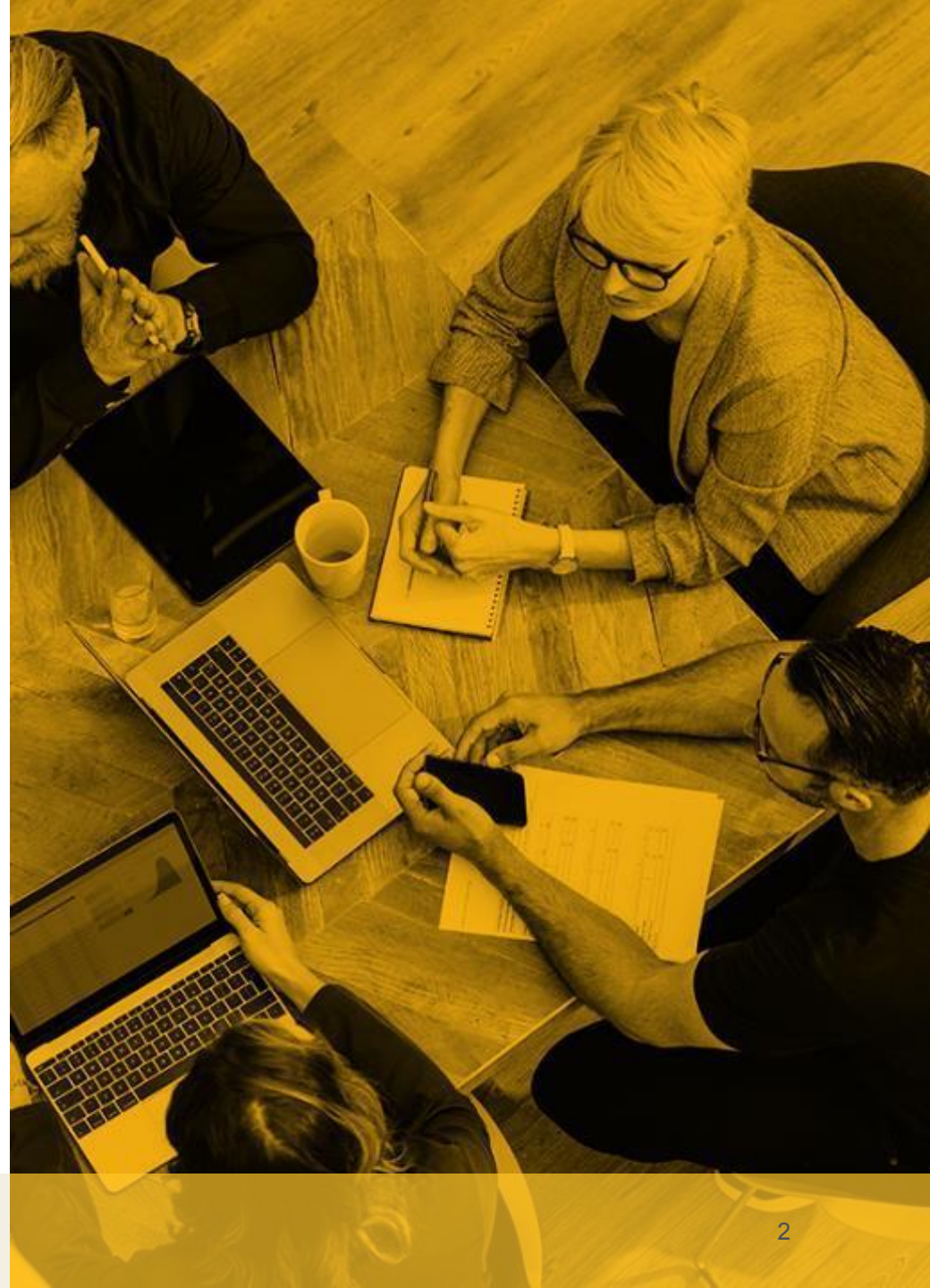
City of Mayer

2023 Financial Statement Audit



Introduction

- Audit Opinion and Responsibility
- General Fund Results
- Other Governmental Funds
- Enterprise Funds
- Key Performance Indicators



Audit Results

Auditor's Opinion



Unmodified Opinion

Minnesota Legal Compliance



No Findings

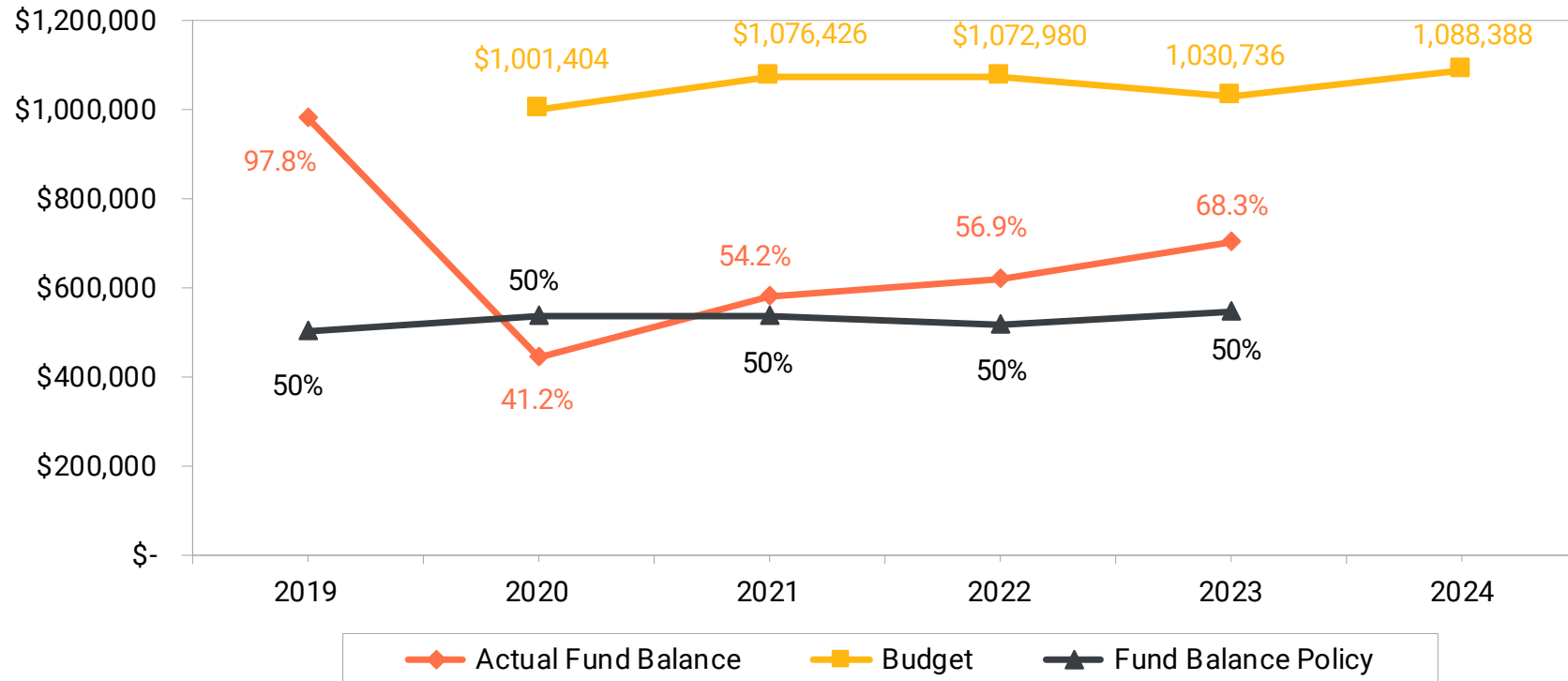
Audit Results

2023 Audit Findings

- Preparation of Financial Statements
 - Internal Control Finding
- Limited Segregation of Duties
 - Internal Control Finding



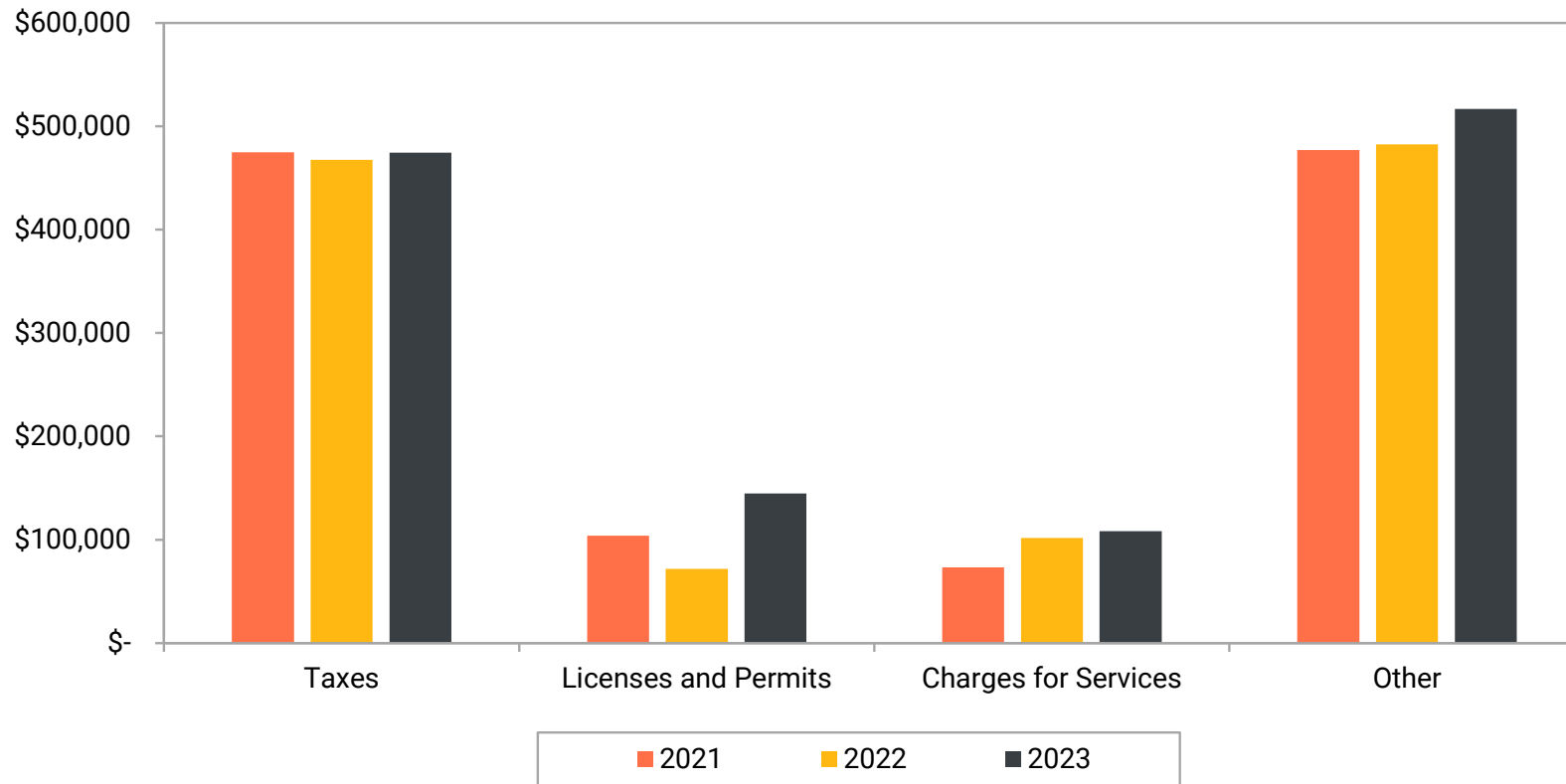
General Fund Fund Balances



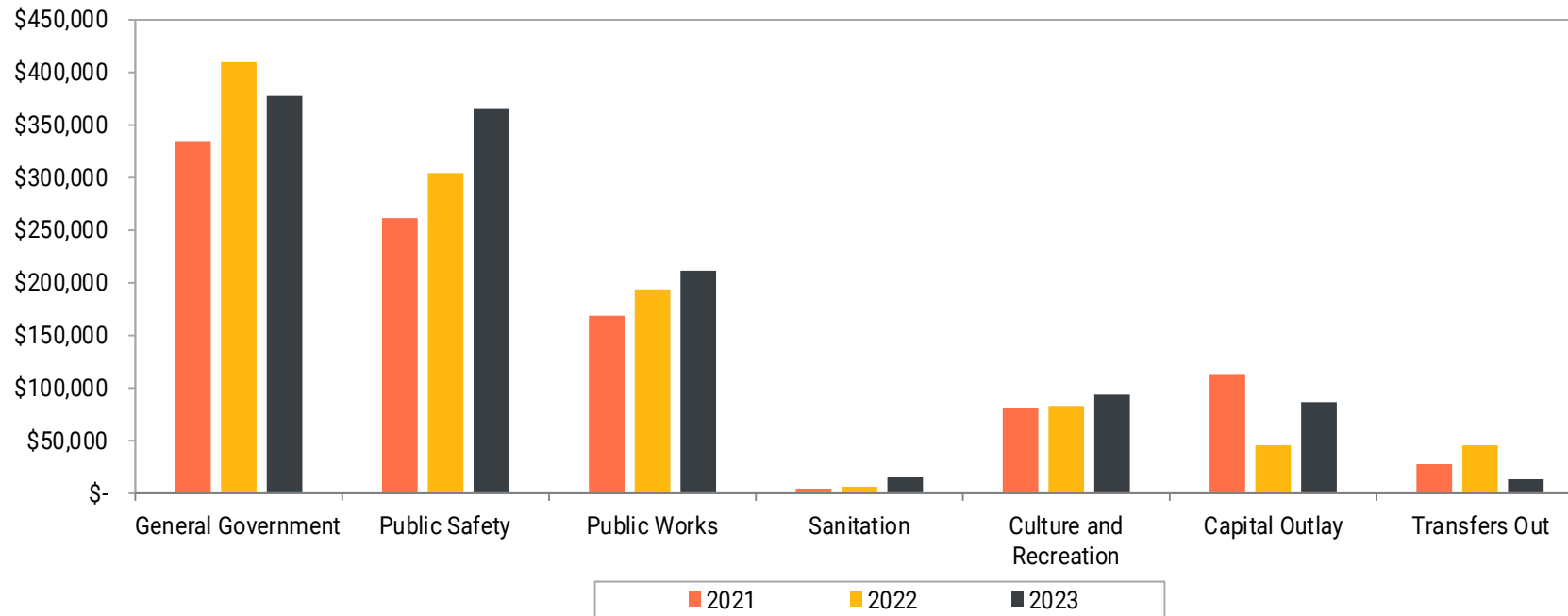
General Fund Budget to Actual

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues	\$ 1,030,736	\$ 1,030,736	\$ 1,244,413	\$ 213,677
Expenditures	1,030,736	1,030,736	1,146,832	(116,096)
Excess of Revenues Over Expenditures	-	-	97,581	97,581
Other Financing Uses Transfers out	-	-	(13,302)	(13,302)
Net Change in Fund Balances	-	-	84,279	84,279
Fund Balances, January 1	619,526	619,526	619,526	-
Fund Balances, December 31	<u>\$ 619,526</u>	<u>\$ 619,526</u>	<u>\$ 703,805</u>	<u>\$ 84,279</u>

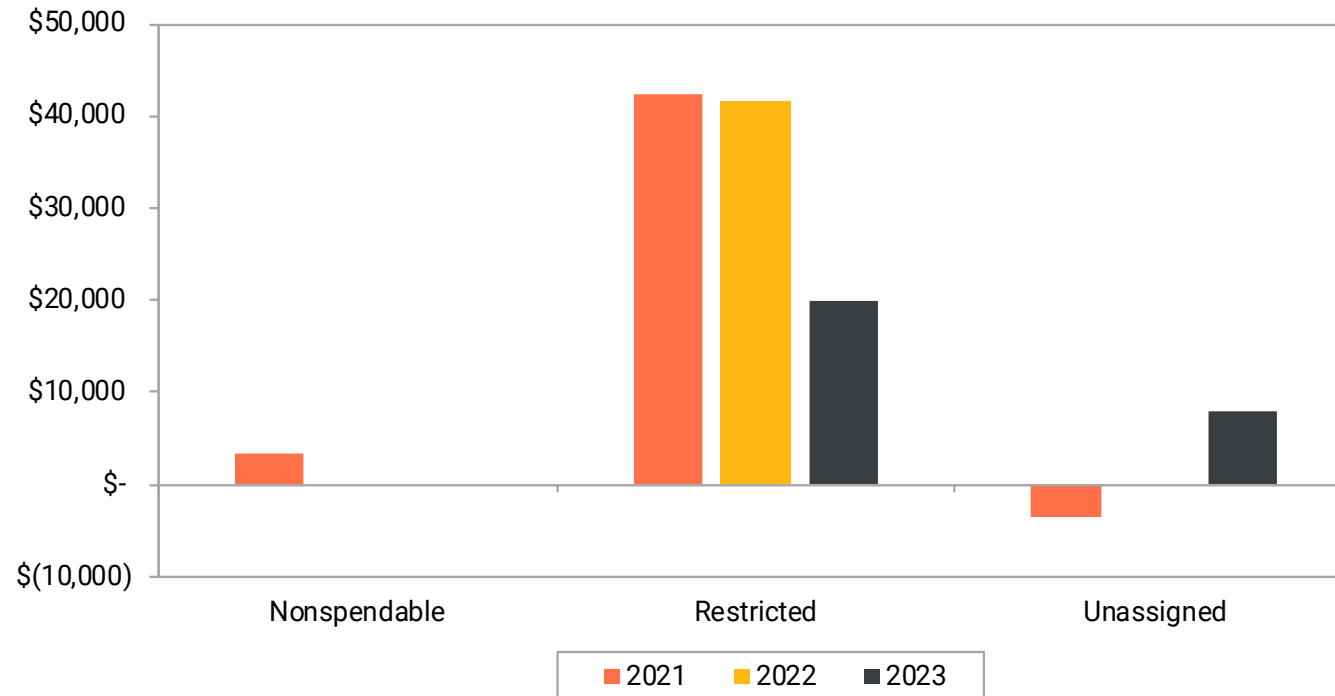
General Fund Revenues by Type



General Fund Expenditures by Type

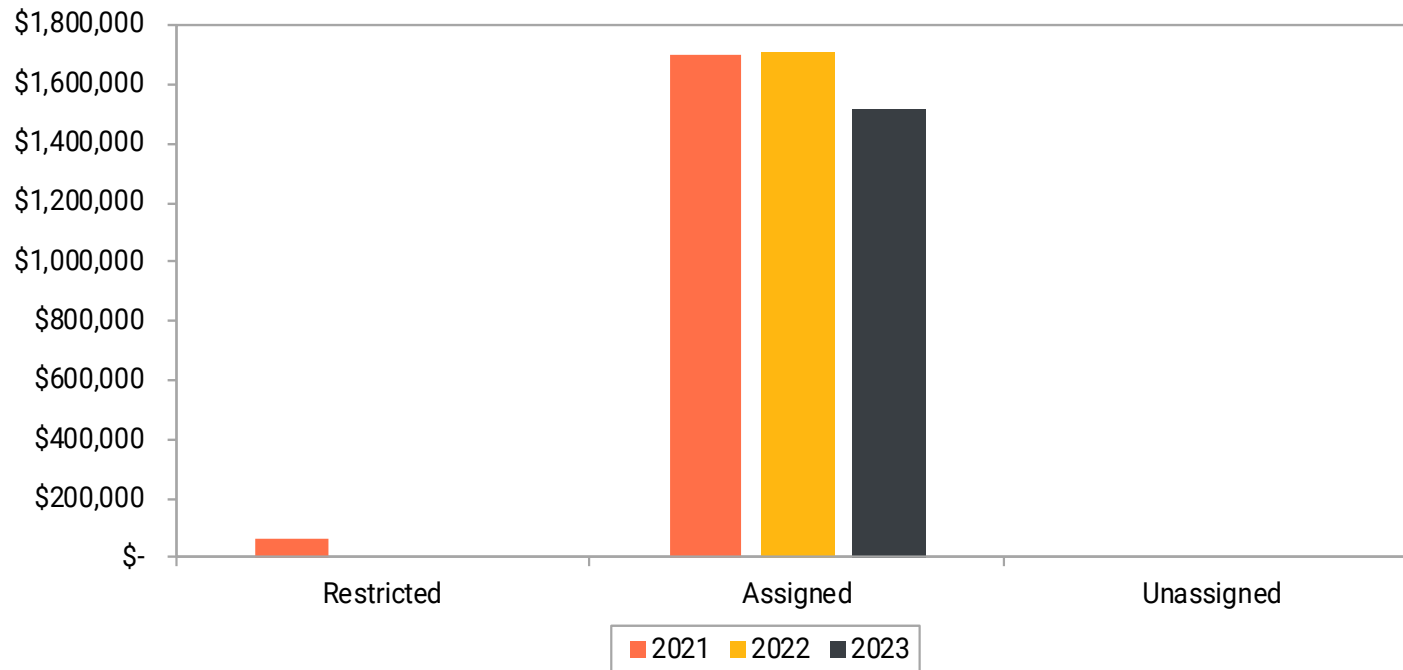


Fund	Fund Balances December 31,		Increase (Decrease)
	2023	2022	
Nonmajor			
EDA	\$ 19,976	\$ 20,021	\$ (45)
Fire Department Contributions	8,041	21,587	(13,546)
Total	\$ 28,017	\$ 41,608	\$ (13,591)



Special Revenue Fund Balances

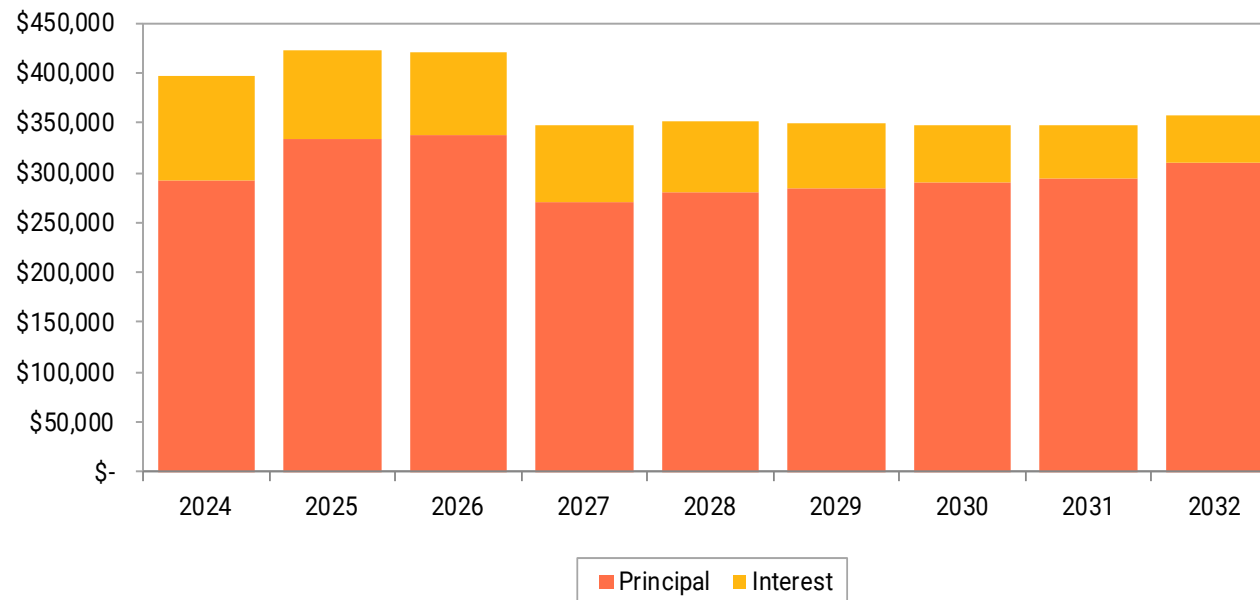
Fund	Fund Balances December 31,		Increase (Decrease)
	2023	2022	
Major			
Fire Truck	\$ 755,543	\$ 545,804	\$ 209,739
Street Improvements	149,305	137,191	12,114
Public Works Building	-	97,790	(97,790)
Nonmajor			
Park Improvements	370,343	508,750	(138,407)
Capital Project/Equipment fund	351,874	420,945	(69,071)
Total	<u>\$ 1,627,065</u>	<u>\$ 1,710,480</u>	<u>\$ (83,415)</u>



Capital Project Fund Balances

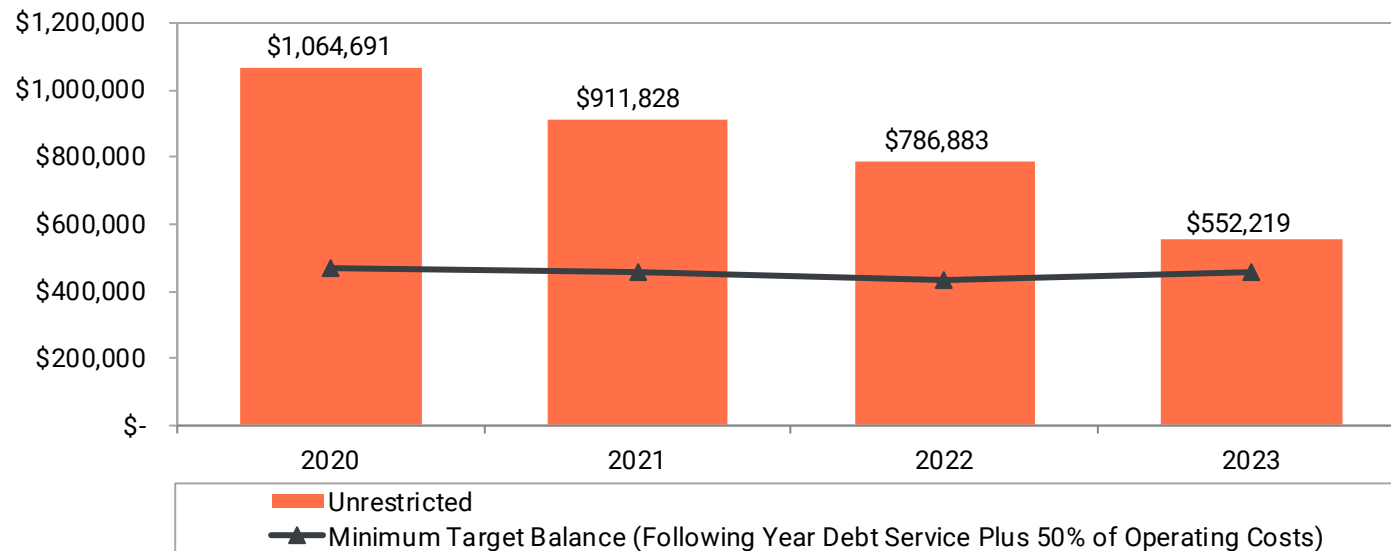
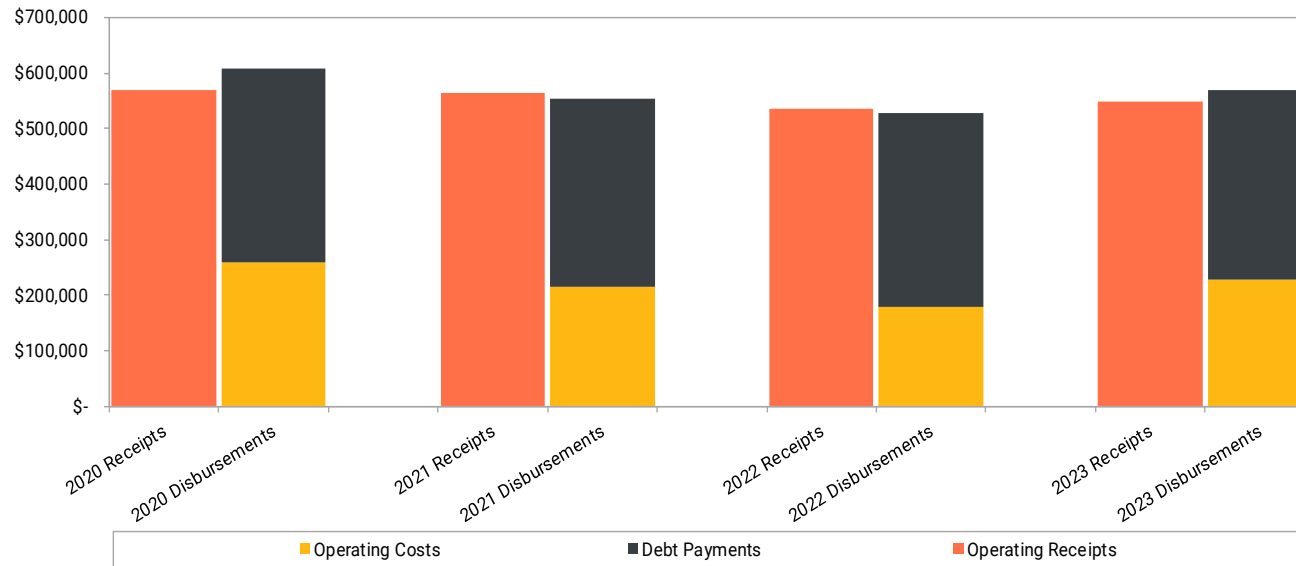
Debt Description	December 31, 2023			Final Maturity Date
	Total Cash	Total Assets	Bonds Outstanding	
G.O. Improvement Utility Revenue 2014	\$ -	\$ 12,560	\$ -	2/1/2023
G.O. Improvement 2015	115,474	205,822	220,000	2/1/2026
G.O. Improvement 2021A	185,139	185,139	69,000	2/1/2026
G.O. Improvement 2021B	153,784	441,441	875,000	2/1/2037
2021 Fire Truck Fund	24,532	24,532	3,370,000	2/1/2041
G.O. Improvement 2023A	41,275	41,275	720,000	2/1/2039
Total	\$ 520,204	\$ 910,769	\$ 5,254,000	

Future Years Maturities

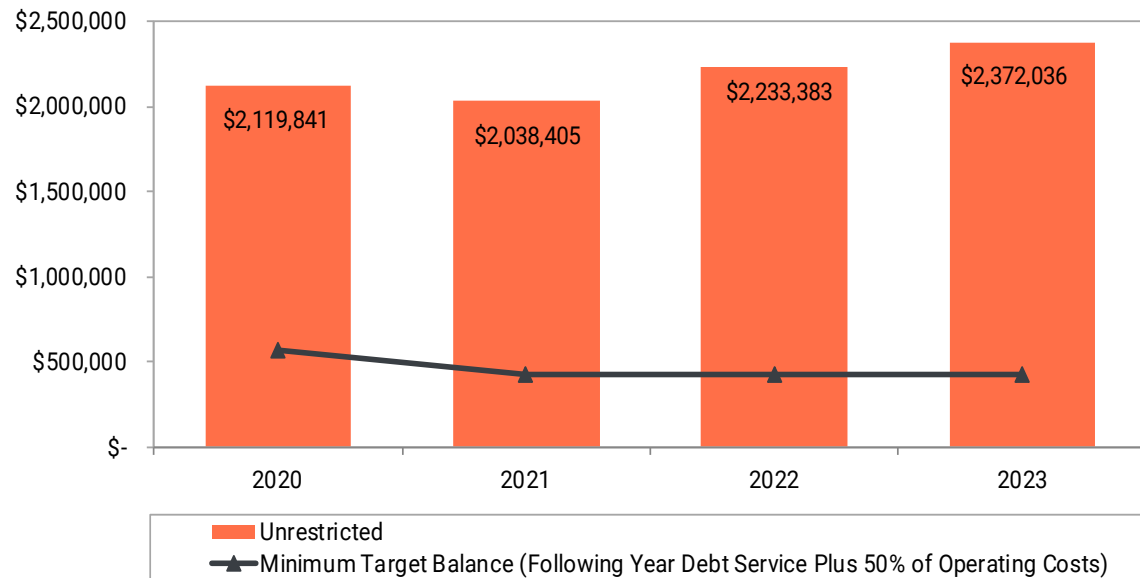


Debt Service

Water Fund



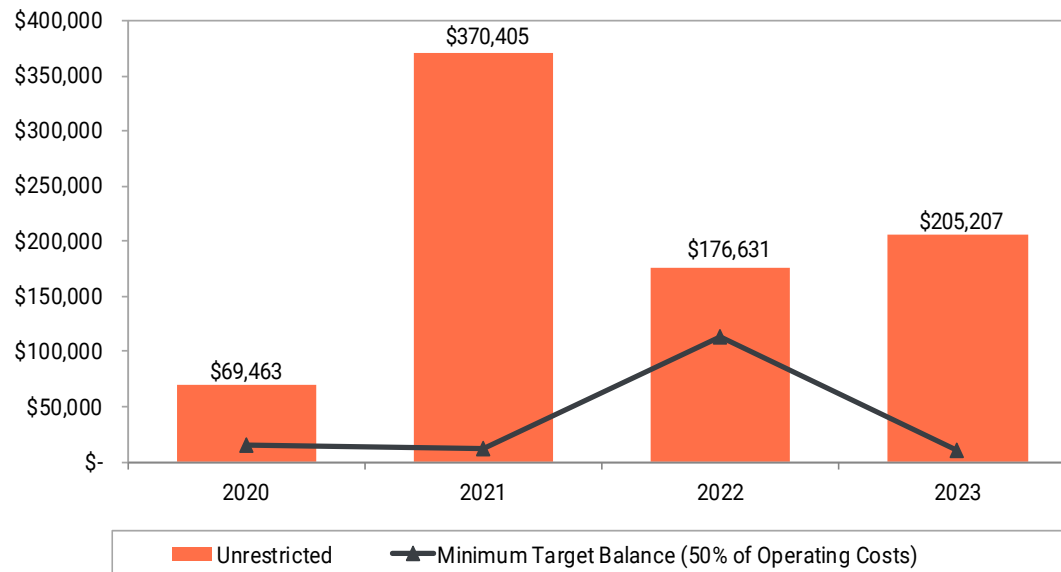
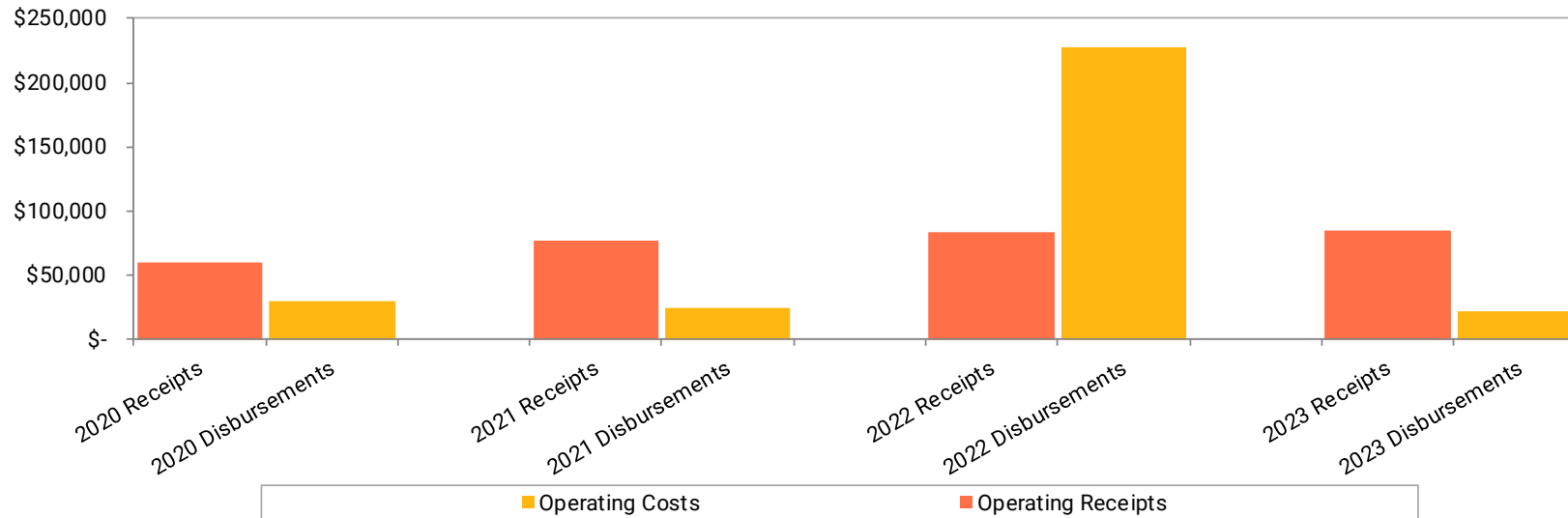
Cash Flows from Operations and Cash Balances



Sewer Fund

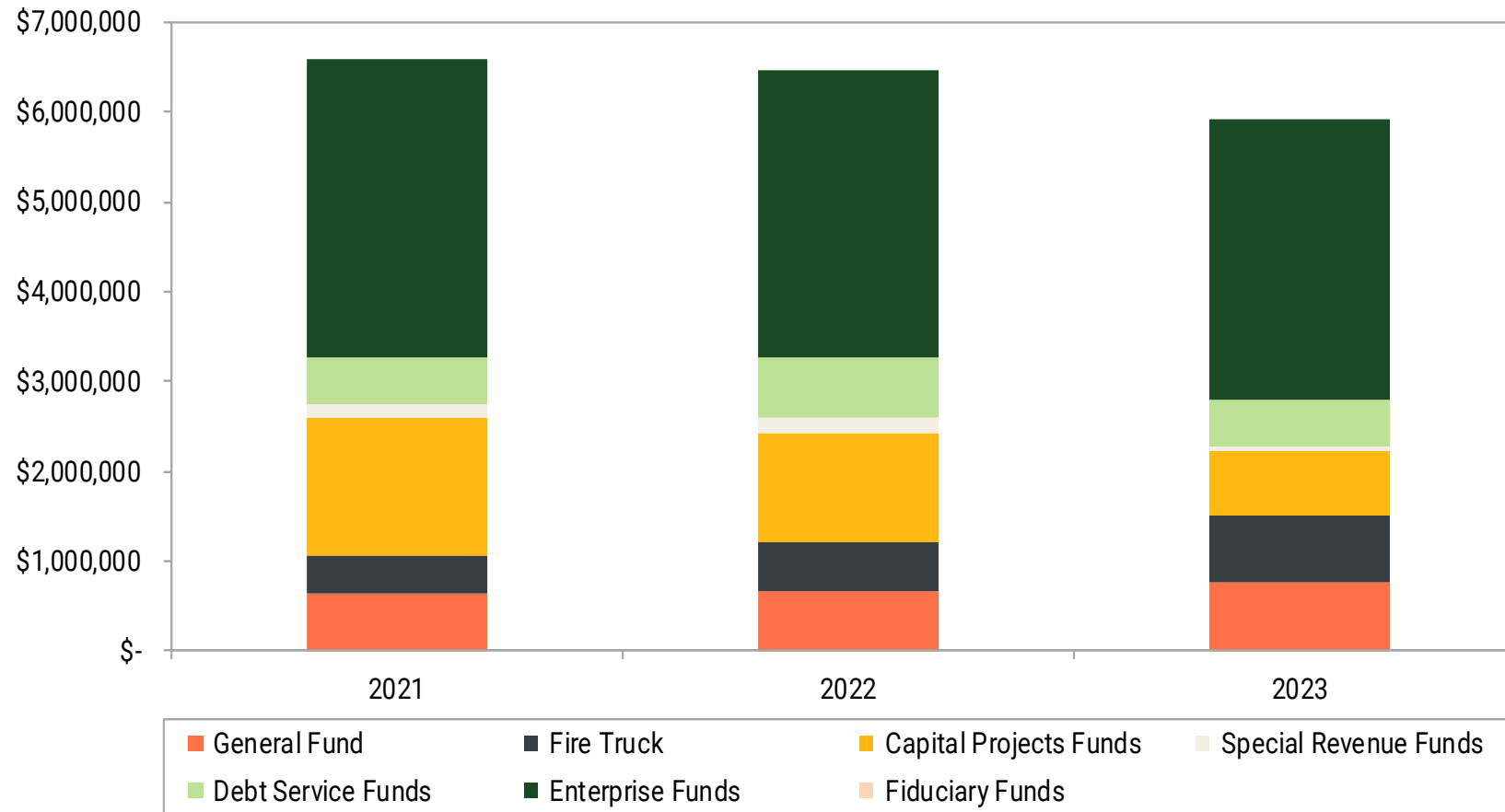
Cash Flows from Operations and Cash Balances

Storm Water Fund



Cash Flows from Operations and Cash Balances

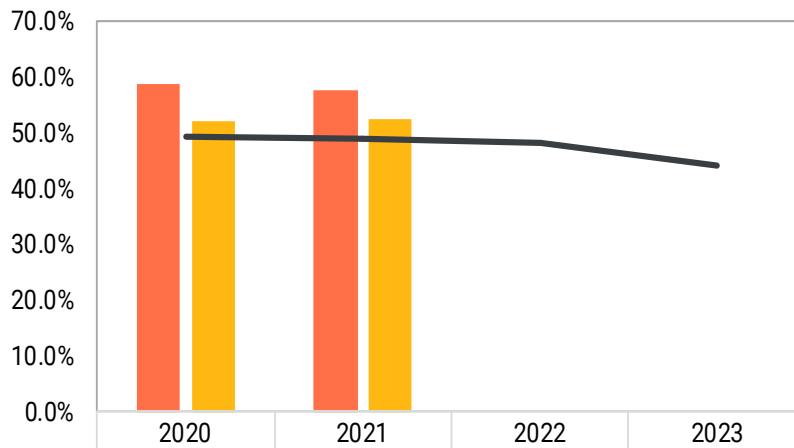
Cash and Investments Balances by Fund Type



Taxes

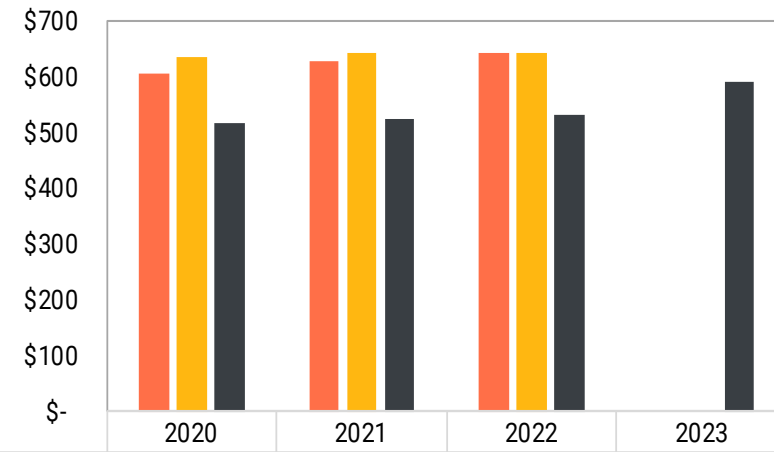
Key Performance Indicators

Tax Rate



	2020	2021	2022	2023
Class 4 Cities	58.8%	57.6%		
Cities in Carver County	52.3%	52.5%		
City of Mayer	49.4%	49.1%	48.4%	44.3%

Taxes per Capita

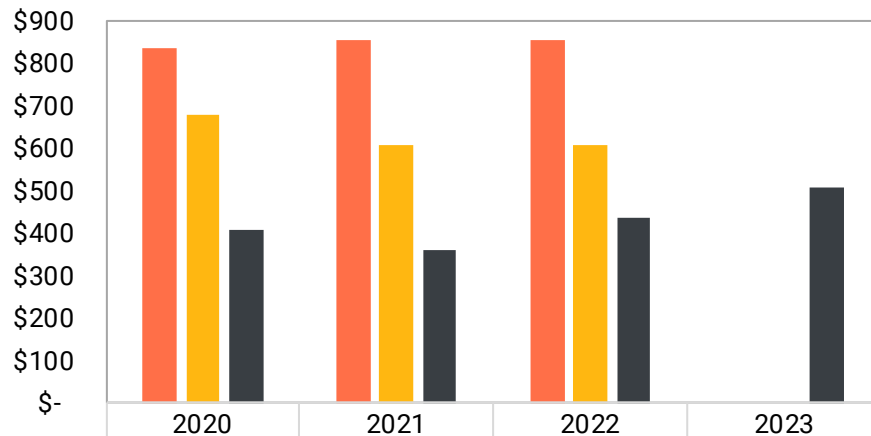


	2020	2021	2022	2023
Class 4 Cities	\$606	\$630	\$644	
Cities in Carver County	\$636	\$644	\$644	
City of Mayer	\$517	\$525	\$531	\$592

Expenditures

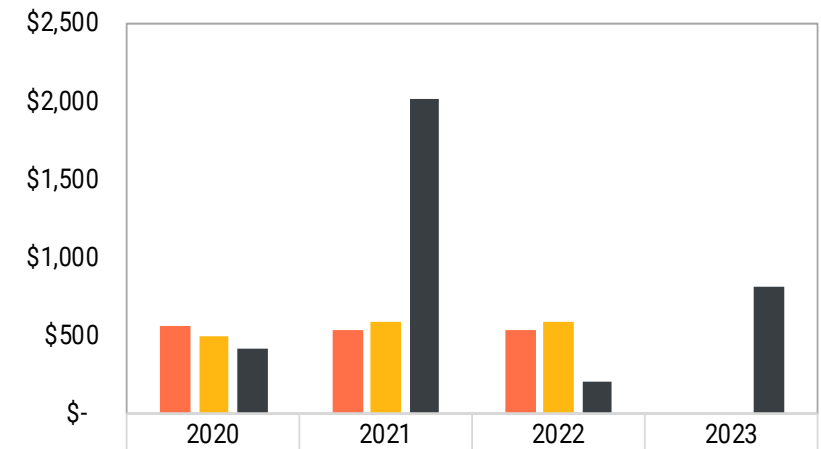
Key Performance Indicators

Current Expenditures per Capita



	2020	2021	2022	2023
Class 4 Cities	\$839	\$856	\$856	
Cities in Carver County	\$679	\$609	\$609	
City Of Mayer	\$409	\$363	\$437	\$507

Capital Expenditure per Capita



	2020	2021	2022	2023
Class 4 Cities	\$558	\$527	\$527	
Cities in Carver County	\$489	\$581	\$581	
City of Mayer	\$409	\$2,020	\$202	\$808

Your Abdo Team



Steve McDonald, CPA
Managing Partner

smcdonald@abdosolutions.com



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Jacob Spindler
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Annual Financial Report

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City of Mayer

Mayer, Minnesota

For the year ended December 31, 2023



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City of Mayer, Minnesota
Annual Financial Report
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City of Mayer, Minnesota
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INTRODUCTORY SECTION

CITY OF MAYER
MAYER, MINNESOTA

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FOR THE YEAR ENDED
DECEMBER 31, 2023

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

ELECTED

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Mike Dodge	Mayor	12/31/24
Chad Heldt	Council Member	12/31/24
Peggy Wegner	Council Member	12/31/24
Nikki McNeilly	Council Member	12/31/26
Derek Eley	Council Member	12/31/26

APPOINTED

<u>Name</u>	<u>Title</u>
Nicholas Johnson	City Administrator/Treasurer
Tracy Schafer	Accounting Clerk

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FINANCIAL SECTION

CITY OF MAYER
MAYER, MINNESOTA

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FOR THE YEAR ENDED
DECEMBER 31, 2023

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INDEPENDENT AUDITOR'S REPORT

Management, Honorable Mayor and City Council
City of Mayer, Minnesota

Opinions

We have audited the accompanying financial statements of governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Mayer, Minnesota (the City), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City as of December 31, 2023 and the respective changes in financial position and 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Management's Responsibility for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis starting on page 17 and the Schedule of Employer's Share of the Net Pension Liability, the Schedules of Employer's Contributions, the related note disclosures, the Schedule of Changes in Net Pension Liability (Asset) and Related Ratios starting on page 72 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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



Other Information

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

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

Other Reporting Required by Government Auditing Standards

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

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Management's Discussion and Analysis

As management of the City of Mayer, Minnesota (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2023.

Financial Highlights

- The assets and deferred outflows 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 decrease in business-type activities is due to an increase in Governmental expenses. The City's partnerships with developers to expand utility and transportation infrastructure and associated development fees have contributed to a large part of the increase in total net position.
- 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 decreased in comparison with the prior year. This decrease was mainly due to an increase in Public Works capital outlay costs.
- 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 schedule debt service payments as shown on the outstanding debt table.

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 how the required parts of this annual report are arranged and relate to one another. In addition to these required elements, we have included a section with combining and individual fund financial statements and schedules that provide details about nonmajor governmental funds, which are added together and presented in single columns in the basic financial statements.

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

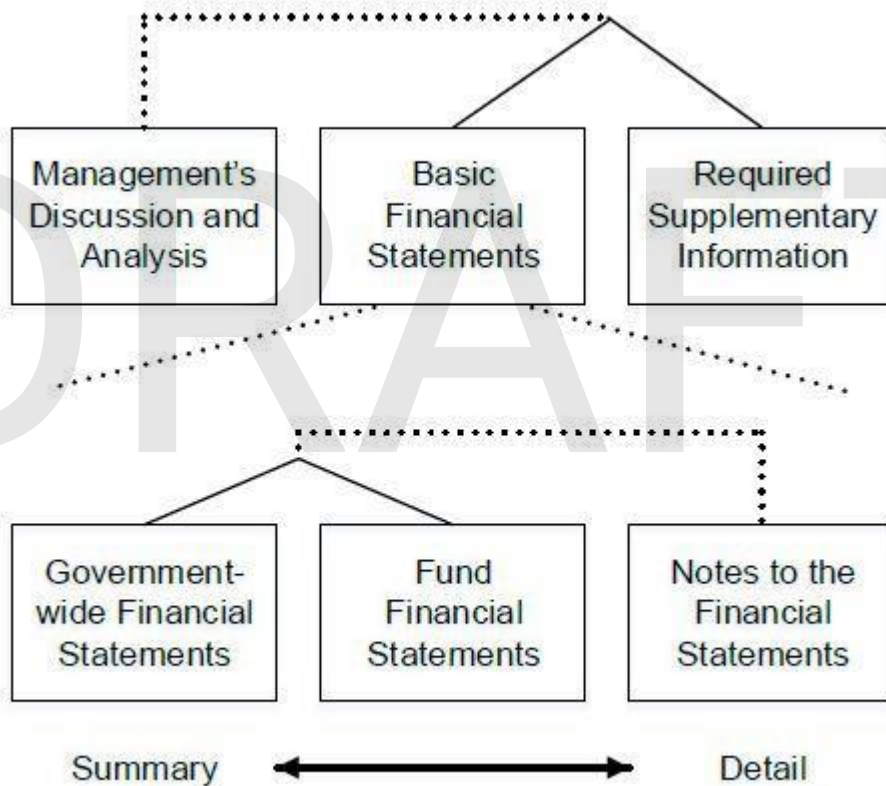


Figure 2 summarizes the major features of the City’s financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the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

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

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

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

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

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned 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, sanitation, economic development and interest on long-term debt. The business-type activities of the City include a water utility, sewer utility and storm water utility.

The government-wide financial statements start on page 31 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 three categories: governmental funds, proprietary funds and fiduciary 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 City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The basic governmental fund financial statements start on page 36 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 and storm water operations.

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

The basic proprietary fund financial statements start on page 44 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 47 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 of Mayer's share of net pension liabilities for defined benefits plans, schedules of contributions, and progress in funding its obligation to provide pension and benefits to its employees. Required supplementary information can be found starting on page 72 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 statements and schedules start on page 78 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$18,360,828 at the close of the most recent fiscal year.

By far, 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 Mayer’s Summary of Net Position

	Governmental Activities			Business-type Activities		
	2023	2022	Increase (Decrease)	2023	2022	Increase (Decrease)
Assets						
Current and other assets	\$ 3,390,685	\$ 3,916,363	\$ (525,678)	\$ 3,244,477	\$ 3,340,065	\$ (95,588)
Capital assets	11,481,944	11,106,763	375,181	8,131,202	8,708,816	(577,614)
Total Assets	14,872,629	15,023,126	(150,497)	11,375,679	12,048,881	(673,202)
Deferred Outflows of Resources	52,991	68,294	(15,303)	23,896	35,814	(11,918)
Liabilities						
Noncurrent liabilities outstanding	5,546,115	5,213,789	332,326	1,990,764	2,595,075	(604,311)
Other liabilities	136,135	408,848	(272,713)	110,677	25,097	85,580
Total Liabilities	5,682,250	5,622,637	59,613	2,101,441	2,620,172	(518,731)
Deferred Inflows of Resources	164,409	127,914	36,495	27,169	1,761	25,408
Net Position						
Net invested in capital assets	6,068,679	6,079,357	(10,678)	6,225,478	6,233,370	(7,892)
Restricted	1,396,829	1,137,572	259,257	98,326	93,284	5,042
Unrestricted	1,613,453	2,123,940	(510,487)	2,947,161	3,136,108	(188,947)
Total Net Position	\$ 9,078,961	\$ 9,340,869	\$ (261,908)	\$ 9,270,965	\$ 9,462,762	\$ (191,797)
Net Position as a Percent of Total						
Net investment in capital assets	66.8 %	65.1 %		67.2 %	65.9 %	
Restricted	15.4	12.2		1.1	1.0	
Unrestricted	17.8	22.7		31.8	33.1	
	<u>100.0 %</u>	<u>100.0 %</u>		<u>100.1 %</u>	<u>100.0 %</u>	

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

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

Governmental Activities: Governmental-type activities decreased the City's net position as shown below. Key elements of this decrease are as follows:

City of Mayer's Changes in Net Position

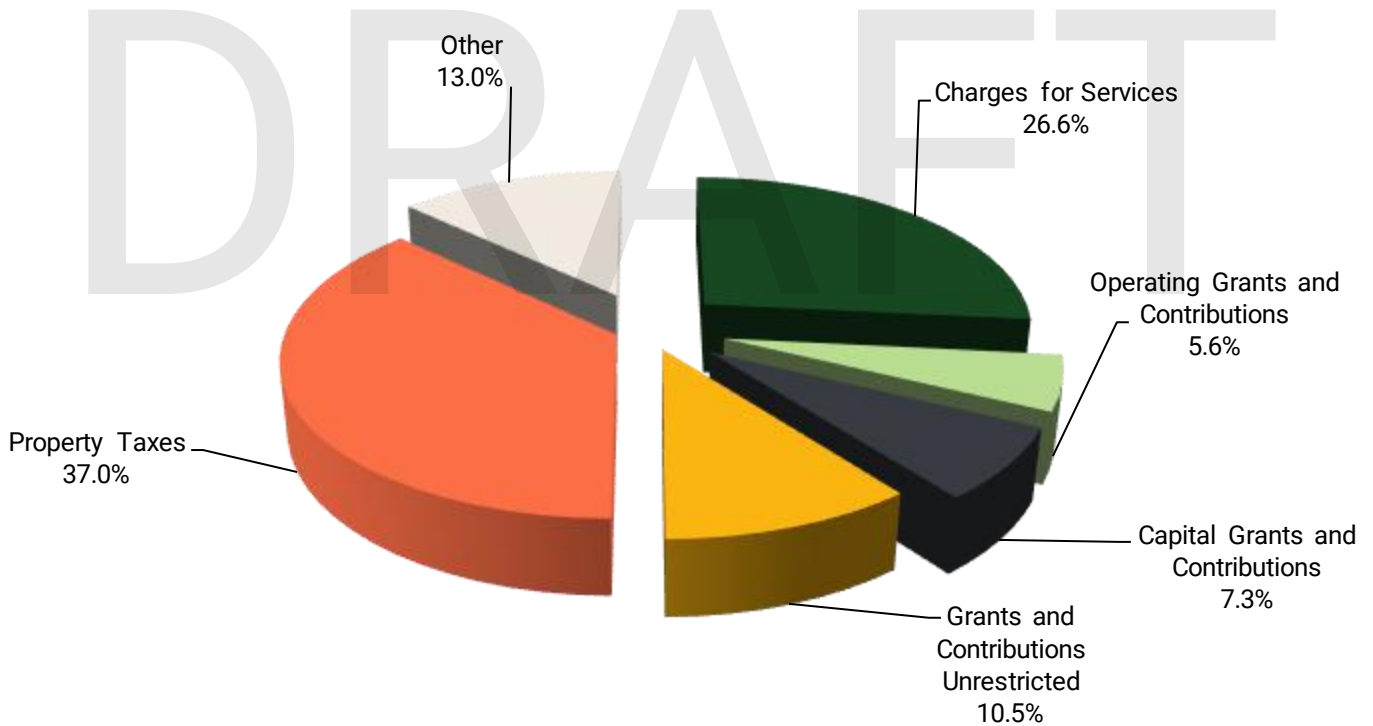
	Governmental Activities			Business-type Activities		
	2023	2022	Increase (Decrease)	2023	2022	Increase (Decrease)
Revenues						
Program Revenues						
Charges for services	\$ 941,796	\$ 295,514	\$ 646,282	\$ 1,182,323	\$ 1,240,056	\$ (57,733)
Operating grants and contributions	199,875	24,784	175,091	12	538	(526)
Capital grants and contributions	260,749	146,795	113,954	53,821	56,369	(2,548)
General Revenues						
Property taxes,						
levied for general purpose	792,823	901,085	(108,262)	-	-	-
levied for debt service	518,701	226,713	291,988	194,500	214,500	(20,000)
State grants and contributions						
not restricted to specific programs	371,583	359,135	12,448	-	-	-
Unrestricted investment earnings (loss)	79,577	(50,669)	130,246	71,420	(69,520)	140,940
Gain on sale of capital assets	383,099	-	383,099	-	-	-
Total Revenues	<u>3,548,203</u>	<u>1,903,357</u>	<u>1,644,846</u>	<u>1,502,076</u>	<u>1,441,943</u>	<u>60,133</u>
Expenses						
General government	673,457	458,139	215,318	-	-	-
Public safety	542,531	600,814	(58,283)	-	-	-
Public works	1,590,598	624,918	965,680	-	-	-
Culture and recreation	143,490	147,717	(4,227)	-	-	-
Economic development	1,814	3,244	(1,430)	-	-	-
Sanitation	14,070	5,650	8,420	-	-	-
Interest on long-term debt	855,480	77,420	778,060	-	-	-
Water utility	-	-	-	747,294	466,489	280,805
Sewer utility	-	-	-	880,279	657,225	223,054
Storm water utility	-	-	-	54,971	262,136	(207,165)
Total Expenses	<u>3,821,440</u>	<u>1,917,902</u>	<u>1,903,538</u>	<u>1,682,544</u>	<u>1,385,850</u>	<u>296,694</u>
Increase (decrease) in net position before transfers	(273,237)	(14,545)	(258,692)	(180,468)	56,093	(236,561)
Transfers	11,329	-	11,329	(11,329)	-	(11,329)
Change in Net Position	(261,908)	132,505	(394,413)	(191,797)	(90,957)	(100,840)
Net Position, January 1	9,340,869	9,208,364	132,505	9,462,762	9,553,719	(90,957)
Net Position, December 31	<u>\$ 9,078,961</u>	<u>\$ 9,340,869</u>	<u>\$ (261,908)</u>	<u>\$ 9,270,965</u>	<u>\$ 9,462,762</u>	<u>\$ (191,797)</u>

The following graph depicts various governmental activities and shows the revenue and expenses directly related to those activities.

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities

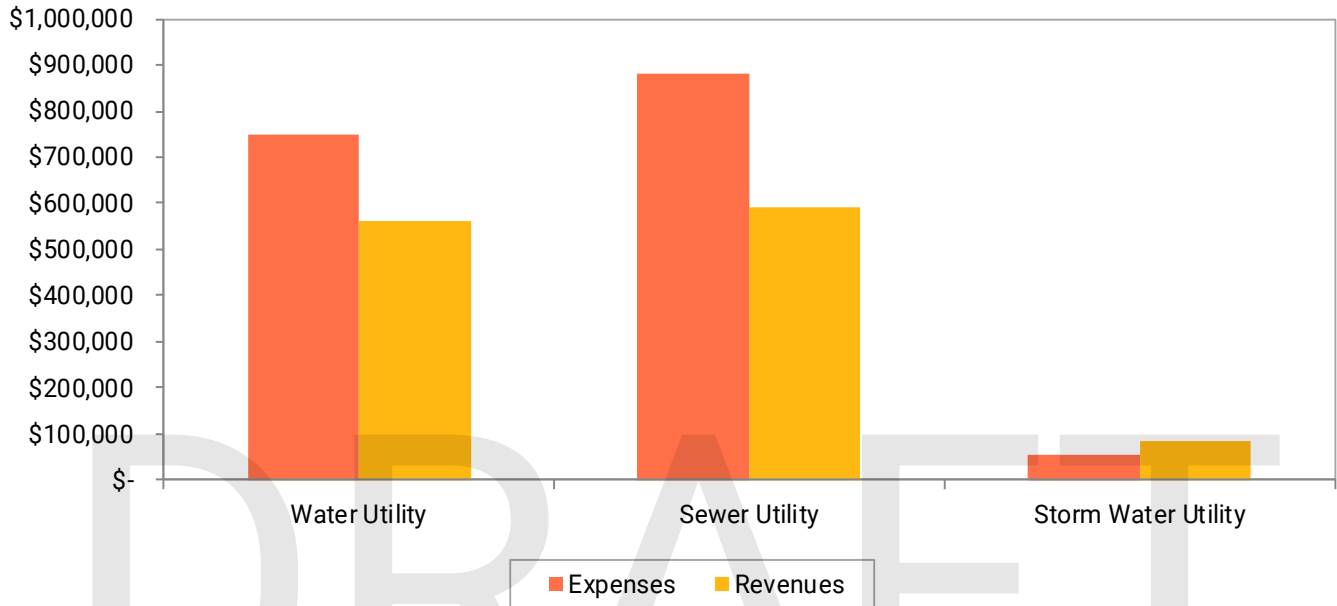


For the most part, increases in expenses closely paralleled inflation and growth in the demand for services.

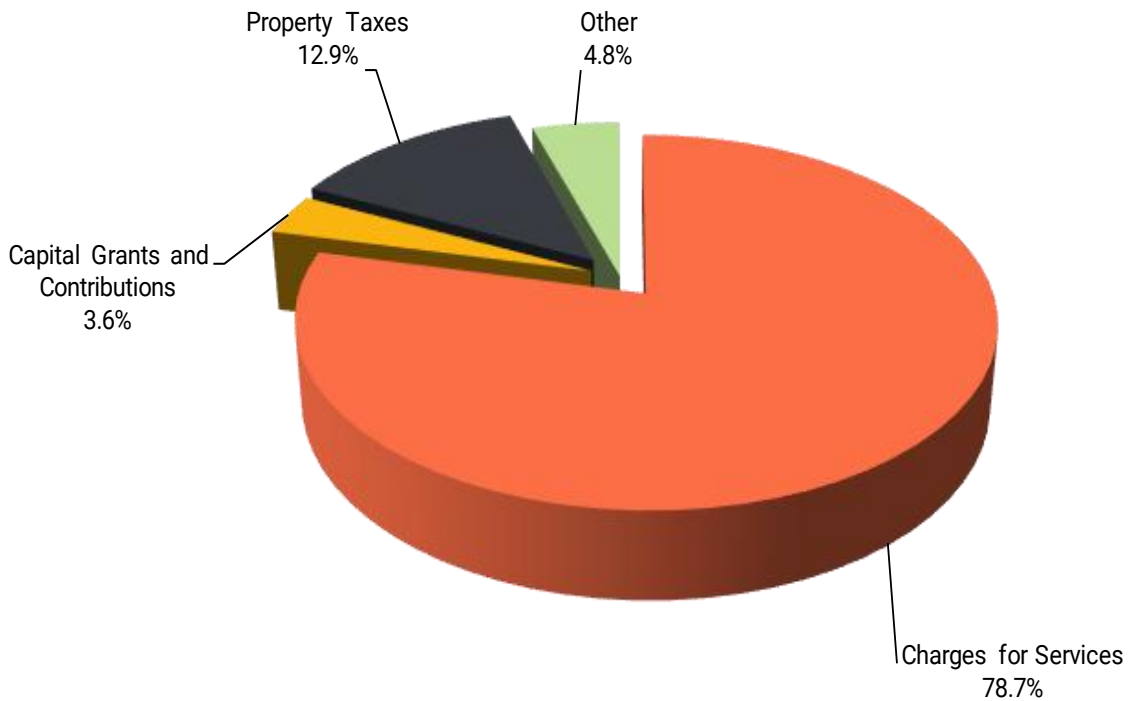
Business-type Activities: Business-type activities decreased the City’s net position, as shown in the changes in the net position table.

- Charges for services for business-type activities decreased due to decreases in utility usage.
- Total expenses for business-type activities increased due to an increase of sewer engineering fees in the current year.

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, 2023.

	101 General	210 Fire Truck	300's Debt Service	405 Street Improvements	411 Public Works Building	Other Governmental Funds	Total Governmental Funds
Fund Balances							
Restricted	\$ -	\$ 110,539	\$ 520,204	\$ -	\$ -	\$ 19,976	\$ 650,719
Assigned	-	645,004	-	149,305	-	722,217	1,516,526
Unassigned	703,805	-	-	-	-	8,041	711,846
Total Fund Balances	<u>\$ 703,805</u>	<u>\$ 755,543</u>	<u>\$ 520,204</u>	<u>\$ 149,305</u>	<u>\$ -</u>	<u>\$ 750,234</u>	<u>\$ 2,879,091</u>

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances shown above. Additional information on the City's fund balances can be found in Note 1 starting on page 67 of this report.

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

	Current Year Ending Balance	Prior Year Ending Balance	Increase/ (Decrease)
General Fund Fund Balances Unassigned	\$ 703,805	\$ 619,526	\$ 84,279
General Fund expenditures	\$ 1,146,832	\$ 1,040,722	
Total Fund Balance as a percent of expenditures	61.4%	59.5%	

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

The City has the following major funds:

	December 31, 2023	December 31, 2022	Increase (Decrease)
Fire Truck <i>The Fire Truck increase was due to general property taxes and miscellaneous revenues.</i>	\$ 755,543	\$ 545,804	\$ 209,739
Debt Service <i>The Debt Service decrease was due to scheduled principal and interest payments.</i>	520,204	656,266	(136,062)
Street Improvements <i>The Street Improvements increase was due to the use of reserves to pay for street repairs in the prior year.</i>	149,305	137,191	12,114
Public Works Building <i>The Public Works Building fund decreased due to the project ending.</i>	-	97,790	(97,790)

Proprietary Funds: The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Other factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues	\$ 1,030,736	\$ 1,030,736	\$ 1,244,413	\$ 213,677
Expenditures	1,030,736	1,030,736	1,146,832	(116,096)
Excess of Revenues Over Expenditures	-	-	97,581	97,581
Other Financing Uses				
Transfers out	-	-	(13,302)	(13,302)
Net Change in Fund Balances	-	-	84,279	84,279
Fund Balances, January 1	619,526	619,526	619,526	-
Fund Balances, December 31	\$ 619,526	\$ 619,526	\$ 703,805	\$ 84,279

Capital Asset and Debt Administration

Capital Assets: The City's investment in capital assets for its governmental and business-type activities as of December 31, 2023, is shown below in capital asset table (net of accumulated depreciation). This investment in capital assets includes land, structures, improvements, machinery and equipment, vehicles, roads, highways and bridges. The total decrease in the City's investment in capital assets for the current fiscal year for governmental and business-type activities is due to the disposal of assets during the year.

**City of Mayer's Capital Assets
(Net of Depreciation)**

	Governmental Activities			Business-type Activities		
	2023	2022	Increase (Decrease)	2023	2022	Increase (Decrease)
Land	\$ 876,567	\$ 876,567	\$ -	\$ 40,792	\$ 40,792	\$ -
Construction Work in Process	256,565	64,049	192,516	-	-	-
Land Improvements	94,257	113,125	(18,868)	98,902	348,302	(249,400)
Buildings	4,402,293	3,986,558	415,735	-	-	-
Infrastructure	4,673,600	4,744,908	(71,308)	7,982,170	8,276,543	(294,373)
Machinery and Equipment	1,178,662	1,321,556	(142,894)	9,338	43,179	(33,841)
Total	\$ 11,481,944	\$ 11,106,763	\$ 375,181	\$ 8,131,202	\$ 8,708,816	\$ (577,614)

Additional information on the City's capital assets can be found in Note 3B starts on page 57 of this report.

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

City of Mayer's Outstanding Debt

	Governmental Activities			Business-type Activities		
	2023	2022	Increase (Decrease)	2023	2022	Increase (Decrease)
General Obligation Bonds	\$ 5,254,000	\$ 4,927,000	\$ 327,000	\$ -	\$ -	\$ -
Bond Premium	159,265	100,406	58,859	21,724	43,446	(21,722)
General Obligation Revenue Bonds	-	-	-	1,884,000	2,432,000	(548,000)
Total	\$ 5,413,265	\$ 5,027,406	\$ 385,859	\$ 1,905,724	\$ 2,475,446	\$ (569,722)

The City's total debt increased by during the current fiscal year due to 2023 Street Reconstruction Bonds.

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.

Economic Factors and Next Year's Budget

While the economy seems to be returning to profitability, the housing market in Mayer continues to not meet the needs of the debt that was issued. Projections for income on the debt repayment were for 60 new homes a year. In 2023, the City issued 9 single family home permits. Although not the 60 required, the City is remaining relatively stable year to year in housing numbers. The City will continue to levy property taxes to make up for the short fall in hookup fee revenue and will also continue to adjust the property tax levy according to the number of hookup fees.

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, Nicholas Johnson, 413 Bluejay Ave, Mayer, Minnesota 55360.

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF MAYER
MAYER, MINNESOTA

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FOR THE YEAR ENDED
DECEMBER 31, 2023

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City of Mayer, Minnesota
Statement of Net Position
December 31, 2023

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and temporary investments	\$ 2,939,459	\$ 3,129,462	\$ 6,068,921
Receivables			
Taxes	11,431	-	11,431
Accounts	673	103,330	104,003
Special assessments	402,657	11,685	414,342
Due from other governments	23,534	-	23,534
Net pension asset	12,931	-	12,931
Capital assets			
Non-depreciable	1,133,132	40,792	1,173,924
Depreciable (net of accumulated depreciation)	10,348,812	8,090,410	18,439,222
Total Assets	<u>14,872,629</u>	<u>11,375,679</u>	<u>26,248,308</u>
Deferred Outflows of Resources			
Deferred pension resources	<u>52,991</u>	<u>23,896</u>	<u>76,887</u>
Liabilities			
Accounts payable	52,027	102,888	154,915
Escrows payable	17,696	-	17,696
Accrued salaries payable	18,461	-	18,461
Due to other governments	-	1,372	1,372
Accrued interest payable	47,951	6,417	54,368
Noncurrent liabilities			
Due within one year			
Long-term liabilities	300,694	566,000	866,694
Due in more than one year			
Net pension liability	121,859	85,040	206,899
Long-term liabilities	5,123,562	1,339,724	6,463,286
Total Liabilities	<u>5,682,250</u>	<u>2,101,441</u>	<u>7,783,691</u>
Deferred Inflows of Resources			
Deferred pension resources	<u>164,409</u>	<u>27,169</u>	<u>191,578</u>
Net Position			
Net investment in capital assets	6,068,679	6,225,478	12,294,157
Restricted for			
Future expansion	-	98,326	98,326
Fire Relief	12,931	-	12,931
Public safety	110,539	-	110,539
Debt service	1,253,383	-	1,253,383
Economic development	19,976	-	19,976
Unrestricted	<u>1,613,453</u>	<u>2,947,161</u>	<u>4,560,614</u>
Total Net Position	<u>\$ 9,078,961</u>	<u>\$ 9,270,965</u>	<u>\$ 18,349,926</u>

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

City of Mayer, Minnesota
Statement of Activities
For the Year Ended December 31, 2023

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General government	\$ 673,457	\$ 85,274	\$ -	\$ -
Public safety	542,531	106,160	142,285	12,392
Public works	1,590,598	737,262	57,590	248,357
Culture and recreation	143,490	10,600	-	-
Economic development	1,814	-	-	-
Sanitation	14,070	2,500	-	-
Interest on long-term debt	855,480	-	-	-
Total Governmental Activities	<u>3,821,440</u>	<u>941,796</u>	<u>199,875</u>	<u>260,749</u>
Business-type Activities				
Water utility	747,294	536,322	6	24,800
Sewer utility	880,279	561,260	6	29,021
Storm water utility	54,971	84,741	-	-
Total Business-type Activities	<u>1,682,544</u>	<u>1,182,323</u>	<u>12</u>	<u>53,821</u>
Total	<u>\$ 5,503,984</u>	<u>\$ 2,124,119</u>	<u>\$ 199,887</u>	<u>\$ 314,570</u>

General Revenues

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt service

State grants and contributions not restricted to specific programs

Unrestricted investment earnings

Gain on sale of capital assets

Transfers

Total General Revenues

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 Revenues (Expenses)
and Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (588,183)	\$ -	\$ (588,183)
(281,694)	-	(281,694)
(547,389)	-	(547,389)
(132,890)	-	(132,890)
(1,814)	-	(1,814)
(11,570)	-	(11,570)
(855,480)	-	(855,480)
<u>(2,419,020)</u>	<u>-</u>	<u>(2,419,020)</u>
-	(186,166)	(186,166)
-	(289,992)	(289,992)
-	29,770	29,770
-	<u>(446,388)</u>	<u>(446,388)</u>
<u>(2,419,020)</u>	<u>(446,388)</u>	<u>(2,865,408)</u>
792,823	-	792,823
518,701	194,500	713,201
371,583	-	371,583
79,577	71,420	150,997
383,099	-	383,099
11,329	(11,329)	-
<u>2,157,112</u>	<u>254,591</u>	<u>2,411,703</u>
(261,908)	(191,797)	(453,705)
<u>9,340,869</u>	<u>9,462,762</u>	<u>18,803,631</u>
<u>\$ 9,078,961</u>	<u>\$ 9,270,965</u>	<u>\$ 18,349,926</u>

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

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FUND FINANCIAL STATEMENTS

CITY OF MAYER
MAYER, MINNESOTA

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FOR THE YEAR ENDED
DECEMBER 31, 2023

City of Mayer, Minnesota
Balance Sheet
Governmental Funds
December 31, 2023

	101	210	300's	405
	<u>General</u>	<u>Fire Truck</u>	<u>Debt Service</u>	<u>Street Improvements</u>
Assets				
Cash and temporary investments	\$ 754,486	\$ 755,543	\$ 520,204	\$ 151,092
Receivables				
Taxes	11,431	-	-	-
Accounts	673	-	-	-
Special assessments	-	-	390,565	-
Due from other governments	23,534	-	-	-
	<u>790,124</u>	<u>755,543</u>	<u>910,769</u>	<u>151,092</u>
Total Assets	<u>\$ 790,124</u>	<u>\$ 755,543</u>	<u>\$ 910,769</u>	<u>\$ 151,092</u>
Liabilities				
Accounts payable	\$ 42,340	\$ -	\$ -	\$ 1,787
Escrows payable	17,696	-	-	-
Accrued salaries payable	18,461	-	-	-
Total Liabilities	<u>78,497</u>	<u>-</u>	<u>-</u>	<u>1,787</u>
Deferred Inflows of Resources				
Unavailable revenue - property taxes	7,822	-	-	-
Unavailable revenue - special assessments	-	-	390,565	-
Total Deferred Inflows of Resources	<u>7,822</u>	<u>-</u>	<u>390,565</u>	<u>-</u>
Fund Balances				
Restricted	-	110,539	520,204	-
Assigned	-	645,004	-	149,305
Unassigned	703,805	-	-	-
Total Fund Balances	<u>703,805</u>	<u>755,543</u>	<u>520,204</u>	<u>149,305</u>
	<u>\$ 790,124</u>	<u>\$ 755,543</u>	<u>\$ 910,769</u>	<u>\$ 151,092</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 790,124</u>	<u>\$ 755,543</u>	<u>\$ 910,769</u>	<u>\$ 151,092</u>

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

411	Other	Total
Public Works	Governmental	Governmental
Building	Funds	Funds
\$ -	\$ 758,134	\$ 2,939,459
-	-	11,431
-	-	673
-	12,092	402,657
-	-	23,534
<u>\$ -</u>	<u>\$ 770,226</u>	<u>\$ 3,377,754</u>
\$ -	\$ 7,900	\$ 52,027
-	-	17,696
-	-	18,461
-	7,900	88,184
-	-	7,822
-	12,092	402,657
-	12,092	410,479
-	19,976	650,719
-	722,217	1,516,526
-	8,041	711,846
-	750,234	2,879,091
<u>\$ -</u>	<u>\$ 770,226</u>	<u>\$ 3,377,754</u>

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

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City of Mayer, Minnesota
 Reconciliation of the Balance Sheet
 to the Statement of Net Position
 Governmental Funds
 December 31, 2023

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

Total Fund Balances - Governmental Funds	\$ 2,879,091
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	
Cost of capital assets, net of accumulated depreciation	11,481,944
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	
Bond Premium	(159,265)
Bonds payable	(5,254,000)
Compensated absences payable	(10,991)
Net pension liability	(121,859)
Some receivables are not available soon enough to pay for the current period's expenditures, and therefore are unavailable in the funds.	
Taxes	7,822
Special assessments	402,657
Governmental funds do not report long-term amounts related to pensions.	
Deferred outflows of pension resources	52,991
Deferred inflows of pension resources	(164,409)
Net pension asset	12,931
Governmental funds do not report a liability for accrued interest until due and payable.	
	<u>(47,951)</u>
Total Net Position - Governmental Activities	<u><u>\$ 9,078,961</u></u>

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

City of Mayer, Minnesota
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2023

	101 General	210 Fire Truck	300's Debt Service	405 Street Improvements
Revenues				
General property taxes	\$ 474,469	\$ 100,000	\$ 299,888	\$ 284,000
Licenses and permits	144,642	-	-	-
Intergovernmental	418,419	-	-	-
Charges for services	108,243	-	-	-
Fines and forfeitures	2,643	-	-	-
Special assessments	404	-	98,210	-
Interest on investments	49,833	15,975	19,247	1,808
Miscellaneous	45,760	110,539	-	-
Total Revenues	<u>1,244,413</u>	<u>226,514</u>	<u>417,345</u>	<u>285,808</u>
Expenditures				
Current				
General government	377,404	-	120,000	-
Public safety	365,670	-	-	-
Public works	211,761	-	-	63,601
Sanitation	14,070	-	-	-
Culture and recreation	92,551	-	-	-
Economic development	-	-	-	-
Capital outlay				
General government	36,417	-	-	-
Public safety	6,634	16,775	-	-
Public works	40,686	-	-	920,781
Culture and recreation	1,639	-	-	-
Debt service				
Principal	-	-	393,000	-
Interest and other	-	-	75,749	-
Bond issuance costs	-	-	-	54,024
Total Expenditures	<u>1,146,832</u>	<u>16,775</u>	<u>588,749</u>	<u>1,038,406</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>97,581</u>	<u>209,739</u>	<u>(171,404)</u>	<u>(752,598)</u>
Other Financing Sources (Uses)				
Sale of capital assets	-	-	-	-
Transfers in	-	-	11,329	-
Transfers out	(13,302)	-	-	-
Bonds issued	-	-	24,013	695,987
Premium on bonds issued	-	-	-	68,725
Total Other Financing Sources (Uses)	<u>(13,302)</u>	<u>-</u>	<u>35,342</u>	<u>764,712</u>
Net Change in Fund Balances	84,279	209,739	(136,062)	12,114
Fund Balances, January 1	<u>619,526</u>	<u>545,804</u>	<u>656,266</u>	<u>137,191</u>
Fund Balances, December 31	<u>\$ 703,805</u>	<u>\$ 755,543</u>	<u>\$ 520,204</u>	<u>\$ 149,305</u>

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

411	Other	Total
Public Works Building	Governmental Funds	Governmental Funds
\$ 100,000	\$ 50,000	\$ 1,308,357
-	-	144,642
125,397	12,392	556,208
-	-	108,243
-	-	2,643
-	11,346	109,960
1,040	8,936	96,839
-	50,500	206,799
<u>226,437</u>	<u>133,174</u>	<u>2,533,691</u>

-	-	497,404
-	26,650	392,320
15,498	-	290,860
-	-	14,070
-	-	92,551
-	999	999
-	134,078	170,495
-	-	23,409
705,130	-	1,666,597
-	192,516	194,155
-	-	393,000
-	-	75,749
-	-	54,024
<u>720,628</u>	<u>354,243</u>	<u>3,865,633</u>

<u>(494,191)</u>	<u>(221,069)</u>	<u>(1,331,942)</u>
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383,099	-	383,099
13,302	-	24,631
-	-	(13,302)
-	-	720,000
-	-	68,725

<u>396,401</u>	<u>-</u>	<u>1,183,153</u>
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(97,790)	(221,069)	(148,789)
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<u>97,790</u>	<u>971,303</u>	<u>3,027,880</u>
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<u>\$ -</u>	<u>\$ 750,234</u>	<u>\$ 2,879,091</u>
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The notes to the financial statements are an integral part of this statement.

City of Mayer, Minnesota
Reconciliation of the Statement of
Revenues, Expenditures and Changes in Fund Balances
to the Statement of Activities
Governmental Funds
For the Year Ended December 31, 2023

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

Total Net Change in Fund Balances - Governmental Funds	\$ (148,789)
<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	974,727
Depreciation expense	(599,546)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The amounts below are the effects of these differences in the treatment of long-term debt and related items.</p>	
Principal repayments	393,000
Bonds issued	(720,000)
Premium amortization on bonds issued	(68,725)
Premium on bonds issued	9,866
<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>	
	(15,573)
<p>Long-term pension activity is not reported in governmental funds.</p>	
Pension expense	(8,181)
Pension revenue	16
<p>Certain revenues are recognized as soon as they are earned. Under the modified accrual basis of accounting certain revenues cannot be recognized until they are available to liquidate liabilities of the current period.</p>	
Property taxes	3,167
Special assessments	(91,770)
<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	9,900
	9,900
Change in Net Position - Governmental Activities	\$ (261,908)

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

City of Mayer, Minnesota
Statement of Revenues, Expenditures
and Changes in Fund Balances - Budget and Actual
General Fund
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 477,203	\$ 477,203	\$ 474,469	\$ (2,734)
Licenses and permits	46,500	46,500	144,642	98,142
Intergovernmental	395,583	395,583	418,419	22,836
Charges for services	93,250	93,250	108,243	14,993
Fines and forfeitures	2,000	2,000	2,643	643
Interest on investments	1,000	1,000	49,833	48,833
Special assessments	-	-	404	404
Miscellaneous	15,200	15,200	45,760	30,560
Total Revenues	<u>1,030,736</u>	<u>1,030,736</u>	<u>1,244,413</u>	<u>213,677</u>
Expenditures				
Current				
General government	360,950	360,950	377,404	(16,454)
Public safety	284,286	284,286	365,670	(81,384)
Public works	197,725	197,725	211,761	(14,036)
Sanitation	5,300	5,300	14,070	(8,770)
Culture and recreation	98,475	98,475	92,551	5,924
Capital outlay	84,000	84,000	85,376	(1,376)
Total Expenditures	<u>1,030,736</u>	<u>1,030,736</u>	<u>1,146,832</u>	<u>(116,096)</u>
Excess of Revenues Over Expenditures	-	-	97,581	97,581
Other Financing Uses				
Transfers out	-	-	(13,302)	(13,302)
Net Change in Fund Balances	-	-	84,279	84,279
Fund Balances, January 1	<u>619,526</u>	<u>619,526</u>	<u>619,526</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 619,526</u>	<u>\$ 619,526</u>	<u>\$ 703,805</u>	<u>\$ 84,279</u>

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

City of Mayer, Minnesota
Statement of Net Position
Proprietary Funds
December 31, 2023

Business-type Activities - Enterprise Funds

	620	640	650	
	Water Utility	Sewer Utility	Storm Water Utility	Totals
Assets				
Current Assets				
Cash and temporary investments	\$ 552,219	\$ 2,372,036	\$ 205,207	\$ 3,129,462
Receivables				
Accounts	38,057	56,698	8,575	103,330
Special assessments	5,937	5,748	-	11,685
Due from other funds	-	124,758	-	124,758
Total Current Assets	596,213	2,559,240	213,782	3,369,235
Noncurrent Assets				
Capital assets not being depreciated	40,792	-	-	40,792
Capital assets being depreciated	7,797,217	8,579,857	826,918	17,203,992
Total Capital Assets	7,838,009	8,579,857	826,918	17,244,784
Less Accumulated Depreciation	(3,473,452)	(5,312,749)	(327,381)	(9,113,582)
Capital Assets Net of Accumulated Depreciation	4,364,557	3,267,108	499,537	8,131,202
Total Assets	4,960,770	5,826,348	713,319	11,500,437
Deferred Outflows of Resources				
Deferred pension resources	11,948	11,948	-	23,896
Current Liabilities				
Accounts payable	7,544	95,281	63	102,888
Due to other funds			124,758	124,758
Due to other governments	1,372	-	-	1,372
Accrued interest payable	5,796	621	-	6,417
Current portion of bonds payable	317,800	248,200	-	566,000
Total Current Liabilities	332,512	344,102	124,821	801,435
Noncurrent Liabilities				
Bonds payable, less current portion above	1,323,866	15,858	-	1,339,724
Net pension liability	42,520	42,520	-	85,040
Total Noncurrent Liabilities	1,366,386	58,378	-	1,424,764
Total Liabilities	1,698,898	402,480	124,821	2,226,199
Deferred Inflows of Resources				
Deferred pension resources	13,583	13,586	-	27,169
Net Position				
Net investment in capital assets	2,722,891	3,003,050	499,537	6,225,478
Restricted for future expansion	-	98,326	-	98,326
Unrestricted	537,346	2,320,854	88,961	2,947,161
Total Net Position	\$ 3,260,237	\$ 5,422,230	\$ 588,498	\$ 9,270,965

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

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

Business-type Activities - Enterprise Funds

	620	640	650	
	Water Utility	Sewer Utility	Storm Water Utility	Totals
Operating Revenues				
Charges for services	\$ 497,239	\$ 555,863	\$ 84,741	\$ 1,137,843
Operating Expenses				
Personal services	118,951	118,824	-	237,775
Supplies	10,655	56,240	-	66,895
Repairs and maintenance	31,477	49,034	500	81,011
Other services and charges	33,328	278,417	20,630	332,375
Insurance	12,134	21,008	-	33,142
Utilities	28,361	65,645	-	94,006
Depreciation	249,400	294,373	33,841	577,614
Total Operating Expenses	<u>484,306</u>	<u>883,541</u>	<u>54,971</u>	<u>1,422,818</u>
Operating Income (Loss)	<u>12,933</u>	<u>(327,678)</u>	<u>29,770</u>	<u>(284,975)</u>
Nonoperating Revenues (Expenses)				
Property taxes	-	194,500	-	194,500
Special assessments	5,396	5,397	-	10,793
Interest income (loss)	8,468	55,700	7,252	71,420
Miscellaneous income	33,693	6	-	33,699
Miscellaneous expense	(239,679)	-	-	(239,679)
Bond premium amortization	5,865	15,857	-	21,722
Interest expense	(29,174)	(12,595)	-	(41,769)
Total Nonoperating Revenues (Expenses)	<u>(215,431)</u>	<u>258,865</u>	<u>7,252</u>	<u>50,686</u>
Income (Loss) Before Contributions and Transfers	(202,498)	(68,813)	37,022	(234,289)
Capital Contributions	24,800	29,021	-	53,821
Transfers Out	<u>(11,329)</u>	<u>-</u>	<u>-</u>	<u>(11,329)</u>
Change in Net Position	(189,027)	(39,792)	37,022	(191,797)
Net Position, January 1	<u>3,449,264</u>	<u>5,462,022</u>	<u>551,476</u>	<u>9,462,762</u>
Net Position, December 31	<u>\$ 3,260,237</u>	<u>\$ 5,422,230</u>	<u>\$ 588,498</u>	<u>\$ 9,270,965</u>

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

City of Mayer, Minnesota
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2023

	Business-type Activities - Enterprise Funds			
	620 Water Utility	640 Sewer Utility	650 Storm Water Utility	Totals
Cash Flows from Operating Activities				
Receipts from customers and users	\$ 514,110	\$ 567,666	\$ 84,225	\$ 1,166,001
Other operating receipts	33,693	6	-	33,699
Payments to suppliers, contractors and other governments	(109,053)	(385,152)	(21,315)	(515,520)
Payments to employees	(119,746)	(119,630)	-	(239,376)
Net Cash Provided (Used) by Operating Activities	<u>319,004</u>	<u>62,890</u>	<u>62,910</u>	<u>444,804</u>
Cash Flows from Noncapital Financing Activities				
Special assessments received	5,394	5,394	-	10,788
Payment (made) received on interfund loan	-	41,586	(41,586)	-
Insurance settlement	(239,679)	-	-	(239,679)
Transfers out	(11,329)	-	-	(11,329)
Net Cash Provided (Used) By Noncapital Financing Activities	<u>(245,614)</u>	<u>46,980</u>	<u>(41,586)</u>	<u>(240,220)</u>
Cash Flows from Capital and Related Financing Activities				
Property taxes received	-	194,500	-	194,500
Connection fees collected	24,800	29,021	-	53,821
Principal paid on long-term debt	(310,750)	(237,250)	-	(548,000)
Interest paid on long-term debt	(30,572)	(13,188)	-	(43,760)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(316,522)</u>	<u>(26,917)</u>	<u>-</u>	<u>(343,439)</u>
Cash Flows from Investing Activities				
Interest paid on investments	8,468	55,700	7,252	71,420
Net Increase (Decrease) in Cash and Cash Equivalents	(234,664)	138,653	28,576	(67,435)
Cash and Cash Equivalents, January 1	786,883	2,233,383	176,631	3,196,897
Cash and Cash Equivalents, December 31	<u>\$ 552,219</u>	<u>\$ 2,372,036</u>	<u>\$ 205,207</u>	<u>\$ 3,129,462</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities				
Operating income (loss)	\$ 12,933	\$ (327,678)	\$ 29,770	\$ (284,975)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities				
Depreciation	249,400	294,373	33,841	577,614
Other income related to operations	33,693	6	-	33,699
(Increase) decrease in assets/deferred outflows of resources				
Accounts receivable	16,871	11,803	(516)	28,158
Deferred pension resources	5,957	5,961	-	11,918
Increase (decrease) in liabilities/deferred inflows of resources				
Accounts payable	5,776	85,192	(185)	90,783
Accrued salaries payable	(2,169)	(2,169)	-	(4,338)
Due to other governments	1,126	-	-	1,126
Net pension liability	(17,287)	(17,302)	-	(34,589)
Deferred pension resources	12,704	12,704	-	25,408
Net Cash Provided by Operating Activities	<u>\$ 319,004</u>	<u>\$ 62,890</u>	<u>\$ 62,910</u>	<u>\$ 444,804</u>
Schedule of Noncash Capital and Related Financing Activities				
Amortization of bond premium	<u>\$ 5,865</u>	<u>\$ 15,857</u>	<u>\$ -</u>	<u>\$ 21,722</u>

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

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

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

The City of Mayer, Minnesota (the City), operates under “Optional Plan A” as defined in the State of Minnesota statutes. The City is governed by an elected Mayor and a 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. The City has one component unit that meets the GASB criteria.

Blended Component Unit. The Economic Development Authority (EDA) was created in 2005 pursuant to Minnesota statutes 469.090 through 469.108 to carry out economic and industrial development and redevelopment within the City in accordance with policies established by the City Council. The five-member Board is comprised of the City Council members. Therefore, the activities are blended and will be reported in a separate special revenue fund. Separate financial statements are not issued for this component unit. The EDA has a December 31 year end.

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 City and its component units. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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 for goods, services, or privileges provided, 2) operating grants and contribution, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

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

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

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

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 City reports the following major governmental funds:

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

The *Debt Service fund* accounts for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources and special assessment bond principal and interest from special assessment levies when the City is obligated in some manner for the payment.

The *Street Improvement fund* accounts for the financial resources to be used for repair and maintenance of the City's streets.

The *Fire Truck fund* accounts for the cities resources related to fire charges for services and capital needs.

The *Public Works Building fund* accounts for the construction of the public works building.

The City reports the following major proprietary funds:

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

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

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

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

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. Exceptions to this general rule are and other charges between the City's water and sewer function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. 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 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.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City's recurring fair value measurements are listed in detail on page 53 and are valued using quoted market prices (Level 1 inputs).

The City has the following recurring fair value measurements as of December 31, 2023:

- Brokered certificates of deposits, U.S Treasury Bills, Municipal Securities and Government Agency Securities are valued using quoted market prices (Level 1 inputs).

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

1. Direct obligations or obligations guaranteed by the United States or its agencies.
2. Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, rated in one of the two highest rating categories by a statistical rating agency, and have a final maturity of thirteen months or less.
3. General obligations of a state or local government with taxing powers rated "A" or better; revenue obligations rated "AA" or better.
4. General obligations of the Minnesota Housing Finance Agency rated "A" or better.
5. Obligation of a school district with an original maturity not exceeding 13 months and (i) rated in the highest category by a national bond rating service or (ii) enrolled in the credit enhancement program pursuant to statute section 126C.55.
6. Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.

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

Note 1: Summary of Significant Accounting Policies (Continued)

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.

The City’s investment policy follows the Minnesota statute provisions and doesn’t have further restrictions.

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.

Property Taxes

The City Council annually adopts a tax levy and certifies it to the County in December 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 and tax settlements are made to the City during January, June and November each year. Delinquent taxes receivable include the past six years’ uncollected taxes. Delinquent taxes have been offset by a deferred inflow of resources for taxes not received within 60 days after year end in the governmental fund financial statements.

Account Receivable

Accounts receivable include amounts billed for services provided before year end. To the extent considered necessary, 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 receivables upon certification to the County. Special assessments are recognized as revenue when they are annually certified to the County or received in cash or within 60 days after year-end. All governmental special assessments receivable are offset by a deferred inflow of resources in the fund financial statements.

Prepaid Items

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. The City reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements.

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 had already accounted for its prior infrastructure at historical cost for the initial reporting of these assets. As the City constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical costs. 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.

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

Assets	Useful Lives in Years
Land Improvements	5 to 25
Buildings	25 to 30
Infrastructure	30 to 50
Machinery and Equipment	5 to 10

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 position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has 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.

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.

For purposes of measuring the net pension liability (asset), deferred outflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit plan administered by PERA through the Statewide Volunteer Firefighter Retirement Plan (SVF) for the Mayer Firefighter’s Relief Association and additions to and deductions from the plan’s fiduciary net position have been determined on the same basis as they are reported by the plan. Investments are reported at fair value. The General fund is typically used to liquidate the governmental net pension liability.

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

Note 1: Summary of Significant Accounting Policies (Continued)

The total pension expense for the General Employee Plan (GERP) and the Fire Relief Association is as follows:

	GERP	Fire Relief Association	Total All Plans
Pension Expense	\$ 36,724	\$ (77,201)	\$ (40,477)

Compensated Absences

It is the City's policy to permit employees to accumulate a limited amount of earned but unused vacation, which is paid to the employee upon separation. In governmental fund types the cost of these benefits is recognized when payments are made to the employees. The General fund is typically used to liquidate governmental compensated absences payable.

Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. 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 net position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting 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.

Note 1: Summary of Significant Accounting Policies (Continued)

Net Position

Net position represents the difference between assets and deferred inflows 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 - Consist 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.

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

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

Note 2: Stewardship, Compliance and Accountability

A. Budgetary Information

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

In August 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 department level. There were no budget amendments in 2023.

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

Note 2: Stewardship, Compliance and Accountability (Continued)

B. Excess of Expenditures Over Appropriations

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

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Excess of Expenditures Over Appropriations</u>
General government	\$ 360,950	\$ 377,404	\$ 16,454
Public safety	284,286	365,670	81,384
Public works	197,725	211,761	14,036
Sanitation	5,300	14,070	8,770
Capital outlay	84,000	85,376	1,376

The excess of expenditures was funded with revenues in excess of budget.

C. Deficit Fund Equity

As of December 31, 2023, the following fund reported deficit fund equity:

<u>Fund</u>	<u>Amount</u>
Fire Department Contributions	\$ (8,041)

The deficit is expected to be eliminated with contributions.

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

Note 3: Detailed Notes on All Funds

A. Deposits and Investments

Deposits

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

Minnesota statutes require that all City deposits be protected by insurance, surety bond or collateral. The market value of collateral pledged must equal 110 percent of the deposits not covered by insurance or bonds, with the exception of irrevocable standby letters of credit issued by Federal Home Loan Banks as this type of collateral only requires collateral pledged equal to 100 percent of the deposits not covered by insurance or bonds.

Authorized collateral in lieu of a corporate surety bond includes:

- United States government Treasury bills, Treasury notes, Treasury bonds;
- Issues of United States government agencies and instrumentalities as quoted by a recognized industry quotation service available to the government entity;
- General obligation securities of any state or local government with taxing powers which is rated "A" or better by a national bond rating service, or revenue obligation securities of any state or local government with taxing powers which is rated "AA" or better by a national bond rating service;
- General obligation securities of a local government with taxing powers may be pledged as collateral against funds deposited by that same local government entity;
- Irrevocable standby letters of credit issued by Federal Home Loan Banks to a municipality accompanied by written evidence that the bank's public debt is rated "AA" or better by Moody's Investors Service, Inc., or Standard & Poor's Corporation; and
- Time deposits that are fully insured by any federal agency.

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

At year-end, the City's carrying amount of deposits was \$3,116,297 and the bank balance was \$3,525,259. Of the bank balance, \$500,000 was covered by federal depository insurance and the remainder was covered with collateral held by the City's agent in the City's name.

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

Note 3: Detailed Notes on All Funds

Investments

At year end, the City's investment balances were as follows:

Types of Investments	Credit Quality/ Ratings (1)	Segmented Time Distribution (2)	Amounts	Fair Value Measurement Using		
				Level 1	Level 2	Level 3
Pooled Investments at Amortized Costs						
Broker money market	N/A	Less than 6 months	\$ 8,476	\$ -	\$ -	\$ -
Non-pooled Investments at Fair Value						
U.S. Treasury bills	AAA	Less than 6 months	880,517	880,517	-	-
Municipal securities	AAA	6 months to 1 year	324,953	324,953	-	-
Municipal securities	AAA	1 to 3 years	280,621	280,621	-	-
Government agency securities	AAA	6 months to 1 year	28,555	28,555	-	-
Government agency securities	AAA	1 to 3 years	547,670	547,670	-	-
Brokered certificates of deposit	N/A	Less than 6 months	395,825	395,825	-	-
Brokered certificates of deposit	N/A	1 to 3 years	486,007	486,007	-	-
Total Investments			\$ 2,952,624	\$ 2,944,148	\$ -	\$ -

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

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

N/A indicates not applicable or available.

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

- **Credit Risk.** This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Ratings are provided by various credit rating agencies and where applicable, indicate associated credit risk. Minnesota statutes and the City's investment policy limit the City's investments to the list on page 48 of the notes.
- **Custodial Credit Risk.** This is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City's investment policy does not address custodial credit risk but typically limits its exposure by purchasing insured or registered investments.
- **Interest Rate Risk.** This is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the City manages its exposure to declines in fair values by disallowing purchases of investments that, at the time of investment, cannot be held to maturity. The City will also not invest in securities, other than money-market funds, without a fixed maturity date and fixed interest or discount rate.
- **Concentration of Credit Risk.** This is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City's investment policy does not address concentration of credit risk, placing no limit on the amount that may be invested in any one issuer. The City's investments are exempt from consideration of concentration of credit risk.

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

Note 3: Detailed Notes on All Funds (Continued)

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

Carrying Amount of Deposits	\$ 3,116,297
Investments	<u>2,952,624</u>
 Total Cash and Temporary Investments	 <u><u>\$ 6,068,921</u></u>

B. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets not Being Depreciated				
Land	\$ 876,567	\$ -	\$ -	\$ 876,567
Construction in progress	<u>64,049</u>	<u>192,516</u>	<u>-</u>	<u>256,565</u>
Total Capital Assets not Being Depreciated	<u>940,616</u>	<u>192,516</u>	<u>-</u>	<u>1,133,132</u>
Capital Assets Being Depreciated				
Land improvements	257,803	-	-	257,803
Buildings	4,493,401	720,628	(120,264)	5,093,765
Infrastructure	8,293,008	25,425	-	8,318,433
Machinery and equipment	<u>3,036,410</u>	<u>36,158</u>	<u>-</u>	<u>3,072,568</u>
Total Capital Assets Being Depreciated	<u>16,080,622</u>	<u>782,211</u>	<u>(120,264)</u>	<u>16,742,569</u>
Less Accumulated Depreciation for				
Land improvements	(144,681)	(18,865)	-	(163,546)
Buildings	(506,842)	(304,894)	120,264	(691,472)
Infrastructure	(3,548,098)	(96,735)	-	(3,644,833)
Machinery and equipment	<u>(1,714,854)</u>	<u>(179,052)</u>	<u>-</u>	<u>(1,893,906)</u>
Total Accumulated Depreciation	<u>(5,914,475)</u>	<u>(599,546)</u>	<u>120,264</u>	<u>(6,393,757)</u>
Total Capital Assets Being Depreciated, Net	<u>10,166,147</u>	<u>182,665</u>	<u>-</u>	<u>10,348,812</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 11,106,763</u></u>	<u><u>\$ 375,181</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 11,481,944</u></u>

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

Note 3: Detailed Notes on All Funds (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital Assets not Being Depreciated				
Land	\$ 40,792	\$ -	\$ -	\$ 40,792
Capital Assets Being Depreciated				
Land improvements	413,176	-	-	413,176
Infrastructure	16,500,895	-	-	16,500,895
Machinery and equipment	289,921	-	-	289,921
 Total Capital Assets Being Depreciated	 17,203,992	 -	 -	 17,203,992
Less Accumulated Depreciation for				
Land improvements	(64,874)	(249,400)	-	(314,274)
Infrastructure	(8,224,352)	(294,373)	-	(8,518,725)
Machinery and equipment	(246,742)	(33,841)	-	(280,583)
 Total Accumulated Depreciation	 (8,535,968)	 (577,614)	 -	 (9,113,582)
 Total Capital Assets Being Depreciated, Net	 8,668,024	 (577,614)	 -	 8,090,410
 Business-type Activities Capital Assets, Net	 <u>\$ 8,708,816</u>	 <u>\$ (577,614)</u>	 <u>\$ -</u>	 <u>\$ 8,131,202</u>

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

Governmental Activities		
General government		\$ 29,204
Public safety		126,802
Public works		395,829
Culture and recreation		46,896
Economic and development		815
 Total Depreciation Expense - Governmental Activities		 <u>\$ 599,546</u>
Business-type Activities		
Water utilities		\$ 249,400
Sewer utilities		294,373
Storm sewer utilities		33,841
 Total Depreciation Expense - Business-type Activities		 <u>\$ 577,614</u>

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

Note 3: Detailed Notes on All Funds (Continued)

C. Long-term Debt

General Obligation Bonds.

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for proprietary activities.

General Obligation Revenue Bonds

The following bonds have been issued to finance improvements to the utility system. They will be repaid with tax levies, special assessments and charges to users.

Description	Authorized	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Minnesota Public Facilities Project Loan 2005	\$ 2,627,000	2.070 %	08/28/06	08/20/26	\$ 460,000
G.O. Improvement Bonds of 2015	975,000	1.50 - 2.50	07/01/15	02/01/26	60,000
G.O. 2017 Water Refunding bond 2017	751,950	2.0 - 3.0	11/15/17	12/01/24	91,800
G.O. 2017 Sewer Refunding bond 2017	2,033,050	2.0 - 3.0	11/15/17	12/01/24	248,200
Minnesota Public Facilities Project Loan 2020	1,169,180	1.000	07/27/20	08/20/38	1,024,000
Total G.O. Revenue Bonds					<u>\$ 1,884,000</u>

The annual requirements to amortize the general obligation revenue bonds as of December 31, 2023 are as follows:

Year Ending December 31,	Business-type Activities		
	Principal	Interest	Total
2024	\$ 566,000	\$ 31,212	\$ 597,212
2025	230,000	16,847	246,847
2026	234,000	12,610	246,610
2027	58,000	8,540	66,540
2028	58,000	7,960	65,960
2029 - 2033	298,000	30,990	328,990
2034 - 2038	440,000	19,620	459,620
Total	<u>\$ 1,884,000</u>	<u>\$ 127,779</u>	<u>\$ 2,011,779</u>

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

Note 3: Detailed Notes on All Funds (Continued)

General Obligation Improvement Bonds

The following bonds have been issued to finance improvements. They will be repaid with special assessment collections and tax levies.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Improvement and Utility Refunding Revenue Bonds of 2014	\$ 1,675,000	2.00 - 3.00 %	07/01/14	02/01/23	\$ -
G.O. Improvement Bonds of 2015	975,000	1.50 - 2.50	07/01/15	02/01/26	220,000
G.O. Improvement Bonds of 2020	114,000	1.25	10/01/20	02/01/26	69,000
G.O. Improvement Bonds of 2021	930,000	0.50 - 1.60	05/13/21	02/01/37	875,000
G.O. Capital Improvement Bonds of 2021	3,370,000	1.00 - 2.00	02/11/21	02/01/41	3,370,000
G.O. Street Reconstruction Bonds of 2023	720,000	4.00 - 5.00	04/27/23	02/01/39	<u>720,000</u>
Total General Obligation Bonds					<u>\$ 5,254,000</u>

The annual requirements to amortize the general obligation improvement bonds as of December 31, 2023 are as follows:

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2024	\$ 293,000	\$ 104,724	\$ 397,724
2025	333,000	90,336	423,336
2026	338,000	83,311	421,311
2027	270,000	76,905	346,905
2028	280,000	70,880	350,880
2029 - 2033	1,490,000	265,310	1,755,310
2034 - 2038	1,550,000	131,944	1,681,944
2039 - 2041	700,000	15,879	715,879
Total	<u>\$ 5,254,000</u>	<u>\$ 839,289</u>	<u>\$ 6,093,289</u>

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

Note 3: Detailed Notes on All Funds (Continued)

Changes in Long-term Liabilities

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

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
Bonds Payable					
General obligation bonds	\$ 4,927,000	\$ 720,000	\$ (393,000)	\$ 5,254,000	\$ 293,000
Unamortized Premium on Bonds	100,406	68,725	(9,866)	159,265	-
Compensated Absences Payable	20,891	28,817	(38,717)	10,991	7,694
	<u>\$ 5,048,297</u>	<u>\$ 817,542</u>	<u>\$ (441,583)</u>	<u>\$ 5,424,256</u>	<u>\$ 300,694</u>
Business-type Activities					
Bonds Payable					
General obligation revenue bonds	\$ 2,432,000	\$ -	\$ (548,000)	\$ 1,884,000	\$ 566,000
Unamortized Premium on Bonds	43,446	-	(21,722)	21,724	-
Business-type Activities Long-term Liabilities	<u>\$ 2,475,446</u>	<u>\$ -</u>	<u>\$ (569,722)</u>	<u>\$ 1,905,724</u>	<u>\$ 566,000</u>

D. Components of Fund Balance

At December 31, 2023, portions of the City's fund balance are not available for appropriation due to legal restrictions (Restricted), policy and/or intent (Assigned). The following is a summary of the components of fund balance:

	Fire Truck	Debt Service	Street Improvements	Other Governmental Funds	Total
Nonspendable					
Prepaid items	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted for					
Fire truck	\$ 110,539	\$ -	\$ -	\$ -	\$ 110,539
Debt service	-	520,204	-	-	520,204
Economic development	-	-	-	19,976	19,976
Future fire department capital	-	-	-	-	-
	<u>\$ 110,539</u>	<u>\$ 520,204</u>	<u>\$ -</u>	<u>\$ 19,976</u>	<u>\$ 650,719</u>
Assigned					
Fire truck	\$ 645,004	\$ -	\$ -	\$ -	\$ 645,004
Park improvements	-	-	-	370,343	370,343
Futures capital projects/equipment	-	-	-	351,874	351,874
Street improvements	-	-	149,305	-	149,305
Public Works Building	-	-	-	-	-
	<u>\$ 645,004</u>	<u>\$ -</u>	<u>\$ 149,305</u>	<u>\$ 722,217</u>	<u>\$ 1,516,526</u>

Note 4: Defined Benefit Pension Plans - Statewide

A. Plan Description

The City participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA's defined benefit pension plans are established and administered in accordance with Minnesota statutes, chapters 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

General Employees Retirement Plan

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

B. Benefits Provided

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

General Employee Plan Benefits

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

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

C. Contributions

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

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2023 and the City was required to contribute 7.50 percent for Coordinated Plan members. The City's contributions to the General Employees Fund for the years ending December 31, 2023, 2022 and 2021 were \$25,791, \$19,290 and \$20,244, respectively. The City's contributions were equal to the required contributions for each year as set by state statute.

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

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

D. Pension Costs

General Employees Fund Pension Costs

At December 31, 2023, the City reported a liability of \$206,899 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 \$5,701. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2022 through June 30, 2023 relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0037 percent at the end of the measurement period and 0.0036 percent for the beginning of the period.

City Proportionate Share of the Net Pension Liability	\$ 206,899
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the City	<u>5,701</u>
Total	<u>\$ 212,600</u>

For the year ended December 31, 2023, the City recognized pension expense of \$36,698 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized \$26 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 6,751	\$ 1,387
Changes in Actuarial Assumptions	32,589	56,709
Net Difference Between Projected and Actual Investment Earnings	-	8,013
Changes in Proportion	3,960	-
Contributions Paid to PERA Subsequent to the Measurement Date	<u>14,836</u>	<u>-</u>
Total	<u>\$ 58,136</u>	<u>\$ 66,108</u>

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

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

The \$14,836 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2024	\$	6,341
2025		(28,776)
2026		4,115
2027		(4,488)
2028		-
Thereafter		-

E. Long-term Expected Return on Investment

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

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

F. Actuarial Assumptions

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

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

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25 percent after one year of service to 3.0 percent after 27 years of service.

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

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

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

Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study for the General Employees Plan was completed in 2022. The assumption changes were adopted by the Board and became effective with the July 1, 2023 actuarial valuation. The most recent four-year experience study for the Police and Fire Plan was adopted by the Board and became effective with the July 1, 2021 actuarial valuation.

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

General Employees Fund

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

G. Discount Rate

The discount rate used to measure the total pension liability in 2023 was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund is 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:

	General Employees Fund		
	1 Percent Decrease (6.0%)	Current (7.0%)	1 Percent Increase (8.0%)
General Employees Fund	\$ 366,022	\$ 206,899	\$ 76,015

I. Pension Plan Fiduciary Net Position

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

Note 5: Defined Benefit Pension Plans - Fire Relief Association

A. Plan Description

The Mayer Fire Department (the Department) participates in the Statewide Volunteer Firefighter Retirement Plan (Volunteer Firefighter Plan accounted for in the Volunteer Firefighter Fund), an agent multiple-employer lump-sum [or monthly] defined benefit pension plan administered by the Public Employees Retirement Association of Minnesota (PERA). The Volunteer Firefighter Plan covers volunteer firefighters of municipal fire departments or independent nonprofit firefighting corporations that have elected to join the plan. As of December 31, 2023, the plan covered 28 active firefighters and 10 vested terminated firefighters whose pension benefits are deferred. The plan is established and administered in accordance with Minnesota Statutes, Chapter 353 G.

B. Benefits Provided

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

C. Contributions

The Volunteer Firefighter Plan is funded by fire state aid, investment earnings and, if necessary, employer contributions as specified in Minnesota Statutes, and voluntary City contributions. The State of Minnesota contributed \$18,750 in fire state aid to the fund for the year ended December 31, 2023. Required employer contributions are calculated annually based on statutory provisions. The City's statutorily-required contributions to the Volunteer Firefighter Fund for the year ended December 31, 2023 were \$0. The City's contributions were equal to the required contributions as set by state statute, if applicable. The City made no voluntary contributions to the plan.

D. Investment Policy

The Minnesota State Board of Investment (SBI) is established by Article XI of the Minnesota Constitution to invest all state funds. Its membership as specified in the Constitution is comprised of the Governor (who is designated as chair of the Board), State Auditor, Secretary of State and State Attorney General.

All investments undertaken by the SBI are governed by the prudent person rule and other standards codified in Minnesota statutes, chapter 11A and chapter 356A.

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

The SBI made no significant changes to their investment policy during fiscal year 2023 for the SVF plan.

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

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

E. Asset Allocation

The long-term expected rate of return on pension plan investments was set based on the plan's target investment allocation along with long-term return expectations by asset class. All economic assumptions were based on input from various published sources and projected future financial data available.

The target allocation and best estimates of arithmetic 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 Stocks	35.00 %	5.10 %
International Stocks	15.00	5.30
Bonds	45.00	0.75
Cash	5.00	-
Total	<u>100.00 %</u>	

E. Pension Costs

At December 31, 2023, the City reported a net pension asset of (\$12,391) for the SVF plan. The net pension asset was measured as of December 31, 2022. 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. The following table presents the changes in net pension asset during the year.

	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (Asset) (a-b)</u>
Beginning Balance January 1, 2020	\$ 912,583	\$ 1,040,828	\$ (128,245)
Changes for the Year			
Service cost	33,058	-	33,058
Interest on pension liability (asset)	56,738	-	56,738
Actuarial experience (gains)/losses	(17,408)	-	(17,408)
Projected investment earnings	-	62,450	(62,450)
Contributions (State)	-	16,588	(16,588)
Changes in benefit level	159,533	-	159,533
Asset (gain)/loss	-	38,709	(38,709)
Benefit payments	-	-	-
Administrative costs	-	(1,140)	1,140
Total Net Changes	<u>231,921</u>	<u>116,607</u>	<u>115,314</u>
Ending Balance December 31, 2020	<u>\$ 1,144,504</u>	<u>\$ 1,157,435</u>	<u>\$ (12,931)</u>

For the year ended December 31, 2023, the City recognized pension expense of \$108,388.

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

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

At December 31, 2023, the City reported deferred inflows of resources and deferred outflows of resources, its contributions subsequent to the measurement date, related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 26,817
Net Difference Between Projected and Actual Earnings on Plan Investments	-	98,653
Contributions to SVF Subsequent to the Measurement Date	18,750	-
Total	\$ 18,750	\$ 125,470

Deferred inflows of resources totaling \$18,750 related to State aid received subsequent to the measurement date will be recognized for its impact on the net pension liability in the year ended December 31, 2023. Other amounts reported as deferred outflows and inflows of resources related to SVF pensions will be recognized in pension expense as follows:

2022		\$ (44,661)
2023		(49,454)
2024		(20,134)
2025		(11,221)

F. Actuarial Assumptions

The total pension liability at December 31, 2023 was determined using the entry age normal actuarial cost method and the following actuarial assumptions:

Retirement Eligibility at the Later of Age 50 or 20 Years of Service	
Inflation	3.00% per year
Investment Rate of Return	6.00%

There were no changes in actuarial assumptions in 2022.

The 6 percent long-term expected rate of return on pension plan investments was determined using a building-block method. Best estimates for expected future real rates of return (expected returns, net of inflation) were developed for each asset class using both long-term historical returns and long-term capital market expectations. The asset class estimates and the target allocations were then combined to produce a geometric, long-term expected real rate of return for the portfolio. Inflation expectations were applied to derive the nominal rate of return for the portfolio.

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic Stocks	35.00 %	5.10 %
International Stocks	15.00	5.30
Bonds	45.00	0.75
Cash	5.00	-
Total	<u>100.00 %</u>	

G. Discount Rate

The discount rate used to measure the total pension liability was 6.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions to the SVF 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.

H. Pension Liability Sensitivity

The following presents the City's net pension liability (asset) for the SVF 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 (5.00%)</u>	<u>Current (6.00%)</u>	<u>1 Percent Increase (7.00%)</u>
SVF	\$ 13,914	\$ (12,931)	\$ (40,694)

I. Pension Plan Fiduciary Net Position

Detailed information about each defined benefit 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 Mayer, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 6: Other Information

A. Risk Management

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

B. 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 currently has no general obligation debt outstanding subject to this limit.

C. Concentrations

The City receives a significant amount of its annual General fund revenues from the State of Minnesota from the Local Government Aid (LGA) program. The amount received in 2023 was \$371,583 for LGA. This accounted for 30 percent of General fund revenues.

D. Conduit Debt Obligations

Conduit debt obligations are certain limited-obligation revenue bonds or similar debt instruments issued for the express purpose of providing capital financing for a specific third party. The City has issued revenue bonds to provide financial assistance to a private-sector entities for projects deemed to be in the public interest. Although these bonds bear the name of the City, the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

The City authorized and issued \$4,720,000 in revenue bonds in 2014, \$10,000,000 in revenue bonds in 2016, \$6,800,000 in revenue refunding bonds in 2021 and \$8,000,000 in educational facilities revenue bonds in 2022. As of December 31, 2023, the outstanding balance was \$6,800,000 for the 2014 and 2021 bonds, and \$8,084,336 for the bond issued in 2016 and \$8,000,000 for the bonds issued in 2022.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MAYER
MAYER, MINNESOTA

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FOR THE YEAR ENDED
DECEMBER 31, 2023

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

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

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/23	0.0037 %	\$ 206,900	\$ 5,701	\$ 212,601	\$ 264,422	78.2 %	83.1 %
06/30/22	0.0036	285,121	8,572	293,693	273,360	104.3	76.7
06/30/21	0.0036	153,736	4,682	158,418	234,765	65.5	87.0
06/30/20	0.0036	215,836	6,636	222,472	240,756	89.6	79.0
06/30/19	0.0033	182,450	5,666	188,116	247,203	73.8	80.2
06/30/18	0.0030	166,428	5,226	171,654	197,926	84.1	79.5
06/30/17	0.0029	185,134	-	185,134	185,218	100.0	75.9
06/30/16	0.0027	219,227	-	219,227	169,290	129.5	68.9
06/30/15	0.0026	134,745	-	-	148,950	-	78.2

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

Schedule of Employer's PERA Contributions - General Employees Retirement Fund

Year Ending	Statutorily Required Contribution (a)	Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/23	\$ 25,791	\$ 25,791	\$ -	\$ 343,873	7.5 %
12/31/22	19,290	19,290	-	257,199	7.5
12/31/21	20,244	20,244	-	269,918	7.5
12/31/20	17,929	17,929	-	239,047	7.5
12/31/19	18,186	18,186	-	242,484	7.5
12/31/18	16,368	16,368	-	218,241	7.5
12/31/17	13,098	13,098	-	174,645	7.5
12/31/16	13,737	13,737	-	183,158	7.5
12/31/15	11,846	11,846	-	157,943	7.5

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

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

Notes to the Required Supplementary Information - General Employee Retirement Fund

Changes in Actuarial Assumptions

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 Mayer, Minnesota
 Required Supplementary Information (Continued)
 For the Year Ended December 31, 2023

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

Changes in Plan Provisions

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

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

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

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

2018 - The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024. Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018. Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply. Contribution stabilizer provisions were repealed. Postretirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90.00 percent funding ratio to 50.00 percent of the Social Security Cost of Living Adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019. For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors. Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

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

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

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

Schedule of Employer's Fire Relief Association Contributions

Year Ending	Actuarial Determined Contribution (a)	Actual Contributions Paid (b)	Contribution Deficiency (Excess) (a-b)
12/31/19	\$ -	\$ 5,261	\$ (5,261)
12/31/18	3,726	3,726	-
12/31/15	3,979	3,979	-
12/31/14	9,096	32,862	(23,766)

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

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

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

	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability							
Service cost	\$ 33,058	\$ 24,905	\$ 33,767	\$ 23,434	\$ 20,993	\$ 21,414	\$ 21,992
Interest on pension liability (asset)	56,738	49,676	47,915	45,148	39,776	37,634	35,629
Changes of benefit terms	159,533	34,975	63,502	89,366	-	-	-
Differences between expected and actual experience	(17,408)	-	(54,717)	(59,952)	(26,649)	(10,709)	(11,415)
Changes of assumptions	-	-	-	-	-	-	-
Benefit payments	-	-	(104,500)	(19,952)	62,962	(24,432)	-
Net Change in Total Pension Liability	<u>231,921</u>	<u>109,556</u>	<u>(14,033)</u>	<u>78,044</u>	<u>97,082</u>	<u>23,907</u>	<u>46,206</u>
Total Pension Liability - January 1	<u>913,075</u>	<u>803,519</u>	<u>817,552</u>	<u>739,508</u>	<u>642,426</u>	<u>618,519</u>	<u>572,313</u>
Total Pension Liability - December 31	<u>\$ 1,144,504</u>	<u>\$ 913,075</u>	<u>\$ 803,519</u>	<u>\$ 817,552</u>	<u>\$ 739,508</u>	<u>\$ 642,426</u>	<u>\$ 618,519</u>
Plan Fiduciary Net Position							
Employer contributions	\$ -	\$ 5,261	\$ -	\$ 3,726	\$ -	\$ -	\$ -
Nonemployer contributions	16,588	18,264	17,766	15,732	17,152	16,009	21,046
Projected investment return	62,450	53,143	49,903	(31,995)	99,436	42,639	857
Gain (loss)	38,709	79,525	91,884	-	-	6,069	-
Benefit payments	-	-	(104,500)	(19,952)	-	(24,432)	-
Administrative expenses	(1,140)	(1,113)	(1,039)	(1,099)	(1,006)	(1,044)	(1,043)
Net Change in Plan Fiduciary Net Position	<u>116,607</u>	<u>155,080</u>	<u>54,014</u>	<u>(33,588)</u>	<u>115,582</u>	<u>39,241</u>	<u>20,860</u>
Plan Fiduciary Net Position - January 1	<u>1,040,828</u>	<u>885,748</u>	<u>831,734</u>	<u>865,322</u>	<u>749,740</u>	<u>710,499</u>	<u>689,639</u>
Plan Fiduciary Net Position - December 31	<u>\$ 1,157,435</u>	<u>\$ 1,040,828</u>	<u>\$ 885,748</u>	<u>\$ 831,734</u>	<u>\$ 865,322</u>	<u>\$ 749,740</u>	<u>\$ 710,499</u>
Fire Relief's Net Pension Liability (Asset) - December 31 (a-b)	<u>\$ (12,931)</u>	<u>\$ (127,753)</u>	<u>\$ (82,229)</u>	<u>\$ (14,182)</u>	<u>\$ (125,814)</u>	<u>\$ (107,314)</u>	<u>\$ (91,980)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (b/a)	101.13%	113.99%	110.23%	101.73%	117.01%	116.70%	114.87%
Covered-employee Payroll	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

Notes to the Schedule:

Benefit Changes. In 2016, the benefit terms were modified to base public safety employee pensions on a final three-year average salary instead of a final five-year average salary.

Changes of Assumptions. In 2016, amounts reported as changes of assumptions resulted primarily from adjustments to expected retirement ages of general employees. In 2016, amounts reported as changes of assumptions resulted primarily from adjustments to expected retirement ages of public safety employees. In 2016, amounts reported as changes of assumptions resulted primarily from adjustments to assumed life expectancies as a result of adopting the RP-2000 Healthy Annuitant Mortality Table for purposes of developing mortality rates.

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

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COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES

CITY OF MAYER
MAYER, MINNESOTA

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FOR THE YEAR ENDED
DECEMBER 31, 2023

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

	Special Revenue	Capital Projects	Total
Assets			
Cash and temporary investments	\$ 35,917	\$ 722,217	\$ 758,134
Receivables			
Special assessments	-	12,092	12,092
Total Assets	\$ 35,917	\$ 734,309	\$ 770,226
Liabilities			
Accounts payable	\$ 7,900	\$ -	\$ 7,900
Deferred Inflows of Resources			
Unavailable revenue - special assessments	-	12,092	12,092
Fund Balances			
Restricted	19,976	-	19,976
Assigned	-	722,217	722,217
Unassigned	8,041	-	8,041
Total Fund Balances	28,017	722,217	750,234
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 35,917	\$ 734,309	\$ 770,226

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City of Mayer, Minnesota
 Nonmajor Governmental Funds
 Combining Statement of Revenues, Expenditures
 and Changes in Fund Balances
 For the Year Ended December 31, 2023

	Special Revenue	Capital Projects	Total
Revenues			
Property taxes	\$ -	\$ 50,000	\$ 50,000
Intergovernmental	12,392	-	12,392
Charges for services	-	-	-
Special assessments	-	11,346	11,346
Interest (loss) on investments	1,166	7,770	8,936
Miscellaneous	500	50,000	50,500
Total Revenues	<u>14,058</u>	<u>119,116</u>	<u>133,174</u>
Expenditures			
Current			
Public safety	26,650	-	26,650
Public works	-	-	-
Economic development	999	-	999
Capital outlay			
General government	-	134,078	134,078
Culture and recreation	-	192,516	192,516
Total Expenditures	<u>27,649</u>	<u>326,594</u>	<u>354,243</u>
Net Change in Fund Balances	(13,591)	(207,478)	(221,069)
Fund Balances, January 1	<u>41,608</u>	<u>929,695</u>	<u>971,303</u>
Fund Balances, December 31	<u>\$ 28,017</u>	<u>\$ 722,217</u>	<u>\$ 750,234</u>

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

	225	212	240	
	EDA	Fire Department Contributions	ARPA	Total
Assets				
Cash and temporary investments	\$ 19,976	\$ 15,941	\$ -	\$ 35,917
Liabilities				
Accounts payable	\$ -	\$ 7,900	\$ -	\$ 7,900
Fund Balances				
Restricted	19,976	-	-	19,976
Unassigned	-	8,041	-	8,041
Total Fund Balances	19,976	8,041	-	28,017
Total Liabilities And Fund Balances	\$ 19,976	\$ 15,941	\$ -	\$ 35,917

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City of Mayer, Minnesota
 Nonmajor Special Revenue Funds
 Combining Statement of Revenues, Expenditures
 and Changes in Fund Balances
 For the Year Ended December 31, 2023

	225	212	240	
	EDA	Fire Department Contributions	ARPA	Total
Revenues				
Intergovernmental	\$ -	\$ -	\$ 12,392	\$ 12,392
Interest on investments	954	212	-	1,166
Miscellaneous	-	500	-	500
Total Revenues	<u>954</u>	<u>712</u>	<u>12,392</u>	<u>14,058</u>
Expenditures				
Current				
Public safety	-	14,258	12,392	26,650
Economic development	999	-	-	999
Total Expenditures	<u>999</u>	<u>14,258</u>	<u>12,392</u>	<u>27,649</u>
Net Change in Fund Balances	(45)	(13,546)	-	(13,591)
Fund Balances, January 1	<u>20,021</u>	<u>21,587</u>	<u>-</u>	<u>41,608</u>
Fund Balances, December 31	<u>\$ 19,976</u>	<u>\$ 8,041</u>	<u>\$ -</u>	<u>\$ 28,017</u>

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

	220	435	410
	<u>Park Improvements</u>	<u>Capital Project/ Equipment</u>	<u>Community Center</u>
Assets			
Cash and temporary investments	\$ 370,343	\$ 351,874	\$ -
Receivables			
Special assessments	-	12,092	-
Total Assets	<u><u>\$ 370,343</u></u>	<u><u>\$ 363,966</u></u>	<u><u>\$ -</u></u>
Deferred Inflows of Resources			
Unavailable revenue	-	12,092	-
Fund Balances			
Assigned	<u>370,343</u>	<u>351,874</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u><u>\$ 370,343</u></u>	<u><u>\$ 363,966</u></u>	<u><u>\$ -</u></u>

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470	480	
Fire Station	2021 Street Project	Total
\$ -	\$ -	\$ 722,217
-	-	-
-	-	12,092
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 734,309</u>
-	-	12,092
-	-	722,217
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 734,309</u>

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City of Mayer, Minnesota
 Nonmajor Capital Projects Funds
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 For the Year Ended December 31, 2023

	220 Park Improvement	435 Capital Project/ Equipment	410 Community Center
Revenues			
Taxes			
Property	\$ 50,000	\$ -	\$ -
Special assessments	-	11,346	-
Interest (loss) on investments	4,109	3,661	-
Miscellaneous	-	50,000	-
Total Revenues	<u>54,109</u>	<u>65,007</u>	<u>-</u>
Expenditures			
Capital outlay			
General government	-	134,078	-
Culture and recreation	192,516	-	-
Total Expenditures	<u>192,516</u>	<u>134,078</u>	<u>-</u>
Net Change in Fund Balances	(138,407)	(69,071)	-
Fund Balances, January 1	<u>508,750</u>	<u>420,945</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 370,343</u>	<u>\$ 351,874</u>	<u>\$ -</u>

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470	480	
Fire Station	2021 Street Project	Totals
\$ -	\$ -	\$ 50,000
-	-	11,346
-	-	7,770
-	-	50,000
<u>-</u>	<u>-</u>	<u>119,116</u>
-	-	134,078
<u>-</u>	<u>-</u>	<u>192,516</u>
<u>-</u>	<u>-</u>	<u>326,594</u>
-	-	(207,478)
<u>-</u>	<u>-</u>	<u>929,695</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 722,217</u>

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City of Mayer, Minnesota
 General Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances -
 Budget and Actual (Continued on the Following Pages)
 For the Year Ended December 31, 2023
 (With Comparative Actual Amounts for the Year Ended December 31, 2022)

	2023			Variance with Final Budget	2022
	Budgeted Amounts		Actual		Actual
	Original	Final	Amounts		Amounts
Revenues					
Taxes					
Property taxes	\$ 477,203	\$ 477,203	\$ 474,469	\$ (2,734)	\$ 467,693
Licenses and permits					
Business	6,500	6,500	6,595	95	6,940
Nonbusiness	40,000	40,000	138,047	98,047	64,686
Total licenses and permits	<u>46,500</u>	<u>46,500</u>	<u>144,642</u>	<u>98,142</u>	<u>71,626</u>
Intergovernmental					
State					
Local government aid	371,583	371,583	371,583	-	359,135
Other state aid	13,500	13,500	12,590	(910)	10,584
Fire aid	-	-	21,246	21,246	-
Police aid	7,000	7,000	-	(7,000)	-
County aid	3,500	3,500	13,000	9,500	1,625
Total intergovernmental	<u>395,583</u>	<u>395,583</u>	<u>418,419</u>	<u>22,836</u>	<u>371,344</u>
Charges for services					
General government	20,250	20,250	26,299	6,049	51,714
Public safety	67,000	67,000	68,844	1,844	68,217
Community center	3,500	3,500	10,600	7,100	5,850
Sanitation and recycling	2,500	2,500	2,500	-	2,500
Total charges for services	<u>93,250</u>	<u>93,250</u>	<u>108,243</u>	<u>14,993</u>	<u>128,281</u>
Fines and forfeitures	2,000	2,000	2,643	643	13,288
Interest on investments	1,000	1,000	49,833	48,833	(9,704)
Special assessments	-	-	404	404	-
Miscellaneous					
Rents and royalties	-	-	-	-	-
Contributions and donations	6,500	6,500	5,000	(1,500)	22,707
Refunds and reimbursements	8,700	8,700	39,905	31,205	53,751
Other	-	-	855	855	4,500
Total miscellaneous	<u>15,200</u>	<u>15,200</u>	<u>45,760</u>	<u>30,560</u>	<u>80,958</u>
Total Revenues	<u>1,030,736</u>	<u>1,030,736</u>	<u>1,244,413</u>	<u>213,677</u>	<u>1,123,486</u>

City of Mayer, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual (Continued)
For the Year Ended December 31, 2023
(With Comparative Actual Amounts for the Year Ended December 31, 2022)

	2023				2022
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Original			
Expenditures					
Current					
General government					
Mayor and city council					
Personal services	\$ 17,300	\$ 17,300	\$ 11,599	\$ 5,701	\$ 19,526
Supplies	1,000	1,000	105	895	350
Other services and charges	3,000	3,000	413	2,587	980
Total mayor and city council	<u>21,300</u>	<u>21,300</u>	<u>12,117</u>	<u>9,183</u>	<u>20,856</u>
City hall					
Supplies	3,500	3,500	3,084	416	5,206
Other services and charges	41,500	41,500	65,168	(23,668)	91,436
Total city hall	<u>45,000</u>	<u>45,000</u>	<u>68,252</u>	<u>(23,252)</u>	<u>96,642</u>
City clerk					
Personal services	57,950	57,950	57,919	31	26,867
Other services and charges	3,400	3,400	3,585	(185)	1,130
Total city clerk	<u>61,350</u>	<u>61,350</u>	<u>61,504</u>	<u>(154)</u>	<u>27,997</u>
City administrator					
Personal services	120,550	120,550	124,961	(4,411)	96,957
Supplies	3,000	3,000	1,880	1,120	664
Other services and charges	2,250	2,250	1,022	1,228	14,748
Total city administrator	<u>125,800</u>	<u>125,800</u>	<u>127,863</u>	<u>(2,063)</u>	<u>112,369</u>
Election					
Other services and charges	<u>1,500</u>	<u>1,500</u>	<u>732</u>	<u>768</u>	<u>3,939</u>
Auditing					
Other services and charges	<u>40,000</u>	<u>40,000</u>	<u>31,486</u>	<u>8,514</u>	<u>70,684</u>
Assessing					
Other services and charges	<u>16,000</u>	<u>16,000</u>	<u>16,438</u>	<u>(438)</u>	<u>15,744</u>
Legal					
Other services and charges	<u>10,000</u>	<u>10,000</u>	<u>15,302</u>	<u>(5,302)</u>	<u>13,026</u>
Planning and zoning					
Personal services	1,000	1,000	120	880	540
Other services and charges	5,000	5,000	3,243	1,757	8,953
Total planning and zoning	<u>6,000</u>	<u>6,000</u>	<u>3,363</u>	<u>2,637</u>	<u>9,493</u>

City of Mayer, Minnesota
 General Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances -
 Budget and Actual (Continued)
 For the Year Ended December 31, 2023
 (With Comparative Actual Amounts for the Year Ended December 31, 2022)

	2023			Variance with Final Budget	2022
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Original			
Expenditures (Continued)					
Current (continued)					
General government (continued)					
Community service center					
Other services and charges	\$ 34,000	\$ 34,000	\$ 40,347	\$ (6,347)	\$ 38,626
Total general government	<u>360,950</u>	<u>360,950</u>	<u>377,404</u>	<u>(16,454)</u>	<u>409,376</u>
Public safety					
Police					
Other services and charges	<u>132,586</u>	<u>132,586</u>	<u>132,960</u>	<u>(374)</u>	<u>123,861</u>
Fire					
Personal services	46,500	46,500	60,511	(14,011)	59,393
Supplies	13,700	13,700	16,479	(2,779)	15,080
Other services and charges	<u>72,500</u>	<u>72,500</u>	<u>126,321</u>	<u>(53,821)</u>	<u>82,486</u>
Total fire	<u>132,700</u>	<u>132,700</u>	<u>203,311</u>	<u>(70,611)</u>	<u>156,959</u>
Building inspection					
Other services and charges	<u>18,000</u>	<u>18,000</u>	<u>29,099</u>	<u>(11,099)</u>	<u>22,131</u>
Civil defense					
Other services and charges	<u>500</u>	<u>500</u>	<u>300</u>	<u>200</u>	<u>1,014</u>
Animal control					
Other services and charges	<u>500</u>	<u>500</u>	<u>-</u>	<u>500</u>	<u>-</u>
Total public safety	<u>284,286</u>	<u>284,286</u>	<u>365,670</u>	<u>(81,384)</u>	<u>303,965</u>
Public works					
Streets					
Personal services	65,225	65,225	73,455	(8,230)	54,349
Supplies	13,000	13,000	10,670	2,330	12,514
Other services and charges	<u>29,250</u>	<u>29,250</u>	<u>34,316</u>	<u>(5,066)</u>	<u>21,309</u>
Total streets	<u>107,475</u>	<u>107,475</u>	<u>118,441</u>	<u>(10,966)</u>	<u>88,172</u>
Snow removal					
Supplies	12,000	12,000	5,606	6,394	15,206
Other services and charges	<u>2,500</u>	<u>2,500</u>	<u>-</u>	<u>2,500</u>	<u>-</u>
Total snow removal	<u>14,500</u>	<u>14,500</u>	<u>5,606</u>	<u>8,894</u>	<u>15,206</u>

City of Mayer, Minnesota
 General Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances -
 Budget and Actual (Continued)
 For the Year Ended December 31, 2023
 (With Comparative Actual Amounts for the Year Ended December 31, 2022)

	2023				2022
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Original			
Expenditures (Continued)					
Current (continued)					
Public works (continued)					
Street lighting					
Other services and charges	\$ 47,000	\$ 47,000	\$ 52,012	\$ (5,012)	\$ 56,285
Maintenance building					
Supplies	-	-	-	-	50
Other services and charges	8,750	8,750	7,489	1,261	5,384
Total maintenance building	8,750	8,750	7,489	1,261	5,434
Engineering					
Other services and charges	20,000	20,000	28,213	(8,213)	28,030
Total public works	197,725	197,725	211,761	(14,036)	193,127
Sanitation					
Personal services	4,300	4,300	5,641	(1,341)	4,710
Other services and charges	1,000	1,000	8,429	(7,429)	940
Total sanitation	5,300	5,300	14,070	(8,770)	5,650
Culture and recreation					
Parks					
Personal services	65,975	65,975	67,468	(1,493)	51,531
Supplies	3,000	3,000	3,531	(531)	1,975
Other services and charges	29,500	29,500	21,552	7,948	28,278
Total culture and recreation	98,475	98,475	92,551	5,924	81,784
Economic development					
Other services and charges	-	-	-	-	1,020
Total current	946,736	946,736	1,061,456	(114,720)	994,922
Capital outlay					
General government	50,000	50,000	36,417	13,583	1,085
Public safety	5,000	5,000	6,634	(1,634)	21,130
Public works	27,000	27,000	40,686	(13,686)	21,787
Culture and recreation	2,000	2,000	1,639	361	1,798
Total capital outlay	84,000	84,000	85,376	(1,376)	45,800
Total Expenditures	1,030,736	1,030,736	1,146,832	(116,096)	1,040,722
Excess of Revenues Over Expenditures	\$ -	\$ -	\$ 97,581	\$ 97,581	\$ 82,764
Other Financing Sources (Uses)					
Transfer out	-	-	(13,302)	(13,302)	(45,233)
Net Change in Fund Balances	-	-	84,279	84,279	37,531
Fund Balances, January 1	619,526	619,526	619,526	-	581,995
Fund Balances, December 31	\$ 619,526	\$ 619,526	\$ 703,805	\$ 84,279	\$ 619,526

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

	325	350	370	380
	GO	GO	GO	GO
	Improvement/ Utility Revenue 2014	Improvement 2015	Improvement 2021A	Improvement 2021B
	<u>2014</u>	<u>2015</u>	<u>2021A</u>	<u>2021B</u>
Assets				
Cash and temporary investments	\$ -	\$ 115,474	\$ 185,139	\$ 153,784
Receivables				
Special assessments	<u>12,560</u>	<u>90,348</u>	<u>-</u>	<u>287,657</u>
Total Assets	<u><u>\$ 12,560</u></u>	<u><u>\$ 205,822</u></u>	<u><u>\$ 185,139</u></u>	<u><u>\$ 441,441</u></u>
Deferred Inflows of Resources				
Unavailable revenue - special assessments	\$ 12,560	\$ 90,348	\$ -	\$ 287,657
Fund Balances				
Restricted	<u>-</u>	<u>115,474</u>	<u>185,139</u>	<u>153,784</u>
Total Deferred Inflows of Resources and Fund Balances	<u><u>\$ 12,560</u></u>	<u><u>\$ 205,822</u></u>	<u><u>\$ 185,139</u></u>	<u><u>\$ 441,441</u></u>

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<u>GO Improvement 2023A</u>	<u>2021 Fire Truck</u>	<u>Totals</u>
\$ 41,275	\$ 24,532	\$ 520,204
<u>-</u>	<u>-</u>	<u>390,565</u>
<u>\$ 41,275</u>	<u>\$ 24,532</u>	<u>\$ 910,769</u>
\$ -	\$ -	\$ 390,565
<u>41,275</u>	<u>24,532</u>	<u>520,204</u>
<u>\$ 41,275</u>	<u>\$ 24,532</u>	<u>\$ 910,769</u>

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

	325 GO Improvement/ Utility Revenue 2014	350 GO Improvement 2015	370 GO Improvement 2021A	380 GO Improvement 2021B
Revenues				
Property taxes	\$ -	\$ 44,232	\$ 184,916	\$ 45,684
Special assessments	1,419	47,217	-	49,574
Interest on investments	-	794	303	791
Total Revenues	<u>1,419</u>	<u>92,243</u>	<u>185,219</u>	<u>96,049</u>
Expenditures				
Current				
General government	-	120,000	-	-
Debt service				
Principal	230,000	85,000	-	55,000
Interest and other	3,450	8,888	51,585	10,820
Total Expenditures	<u>233,450</u>	<u>213,888</u>	<u>51,585</u>	<u>65,820</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(232,031)</u>	<u>(121,645)</u>	<u>133,634</u>	<u>30,229</u>
Other Financing Sources (uses)				
Transfer in	11,329	-	-	-
Bonds issued	-	-	-	-
Total Other Financing Sources (Uses)	<u>11,329</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>(220,702)</u>	<u>(121,645)</u>	<u>133,634</u>	<u>30,229</u>
Fund Balances, January 1	<u>220,702</u>	<u>237,119</u>	<u>51,505</u>	<u>123,555</u>
Fund Balances, December 31	<u>\$ -</u>	<u>\$ 115,474</u>	<u>185,139</u>	<u>153,784</u>

381	390	
GO Improvement 2023A	2021 Fire Truck	Totals
\$ -	\$ 25,056	\$ 299,888
-	-	98,210
17,262	97	19,247
<u>17,262</u>	<u>25,153</u>	<u>417,345</u>
-	-	120,000
-	23,000	393,000
-	1,006	75,749
<u>-</u>	<u>24,006</u>	<u>588,749</u>
<u>17,262</u>	<u>1,147</u>	<u>(171,404)</u>
-	-	11,329
<u>24,013</u>	<u>-</u>	<u>24,013</u>
<u>24,013</u>	<u>-</u>	<u>35,342</u>
41,275	1,147	(136,062)
<u>-</u>	<u>23,385</u>	<u>656,266</u>
<u>41,275</u>	<u>24,532</u>	<u>\$ 520,204</u>

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

	Total		Percent Increase (Decrease)
	2023	2022	
Revenues			
Taxes	\$ 1,308,357	\$ 1,129,863	15.80 %
Licenses and permits	144,642	71,626	101.94
Intergovernmental	556,208	481,189	15.59
Charges for services	108,243	102,774	5.32
Fines and forfeitures	2,643	13,288	(80.11)
Investment earnings	96,839	(50,669)	(291.12)
Special assessments	109,960	109,947	0.01
Miscellaneous	206,799	135,745	52.34
	<u>\$ 2,533,691</u>	<u>\$ 1,993,763</u>	27.08 %
Total Revenues	<u>\$ 2,533,691</u>	<u>\$ 1,993,763</u>	27.08 %
Per Capita	\$ 997	\$ 789	26.28 %
Expenditures			
Current			
General government	\$ 497,404	\$ 409,376	21.50 %
Public safety	392,320	413,810	(5.19)
Public works	290,860	193,127	50.61
Sanitation and recycling	14,070	5,650	149.03
Culture and recreation	92,551	81,784	13.17
Economic development	999	-	N/A
Miscellaneous	-	-	N/A
Capital outlay			
General government	170,495	67,243	153.55
Public safety	23,409	81,804	(71.38)
Public works	1,666,597	279,295	496.72
Culture and recreation	194,155	79,763	143.41
Economic development	-	1,020	(100.00)
Debt service			
Principal	393,000	327,000	20.18
Interest and other	75,749	87,657	(13.58)
Bond issuance costs	54,024	-	N/A
	<u>\$ 3,865,633</u>	<u>\$ 2,027,529</u>	90.66 %
Total Expenditures	<u>\$ 3,865,633</u>	<u>\$ 2,027,529</u>	90.66 %
Per Capita	\$ 1,521	\$ 803	89.46 %
Total Long-term Indebtedness	\$ 5,413,265	\$ 5,027,406	7.68 %
Per Capita	2,130	1,990	7.04
General Fund Balance - December 31	\$ 703,805	\$ 619,526	13.60 %
Per Capita	277	245	13.06

The purpose of this report is to provide a summary of financial information concerning the City of Mayer to interested citizens. The complete financial statements may be examined at City Hall, 413 Bluejay Ave, Mayer, Minnesota 55360. Questions about this report should be directed to Nicholas Johnson, City Administrator-Treasurer at (952) 657-1502.

OTHER REQUIRED REPORTS

CITY OF MAYER
MAYER, MINNESOTA

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FOR THE YEAR ENDED
DECEMBER 31, 2023

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

Management, Honorable Mayor and City Council
City of Mayer, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Mayer, Minnesota (the City), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated NEED DATE.

The *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to Minnesota Statute §6.65, contains seven categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing. Our audit considered all of the listed categories, except that we did not test for compliance with the provisions for tax increment financing because the City has not established a tax increment financing district.

In connection with our audit, nothing came to our attention that caused us to believe that the City failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for Cities*. 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.

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

Abdo
Minneapolis, Minnesota
NEED DATE

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

Management, Honorable Mayor and City Council
City of Mayer, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Mayer, Minnesota (the City), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated NEED DATE.

Report on Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Responses, we identified certain deficiencies in internal control that we consider to be a material weakness and a significant deficiency.

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

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings, Responses and Questioned Costs as items 2023-001 and 2023-002 to be significant deficiencies.

Report on Compliance and Other Matters

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

Purpose of Response to Findings

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

Purpose of this Report

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

Abdo

Minneapolis, Minnesota

NEED DATE

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

<u>Finding</u>	<u>Description</u>
2023-001	Preparation of Financial Statements
<i>Condition:</i>	As in prior years, we were requested to draft the audited financial statements and related footnote disclosures as part of our regular audit services. Auditing standards require auditors to communicate this situation to the City Council as an internal control deficiency. Ultimately, it is management's responsibility to provide for the preparation of your statements and footnotes, and the responsibility of the auditor to determine the fairness of presentation of those statements. It is our responsibility to inform you that this deficiency could result in a material misstatement to the financial statements that could have been prevented or detected by your management. Essentially, the auditors cannot be part of your internal control process.
<i>Criteria:</i>	Internal controls should be in place to provide reasonable assurance over financial reporting.
<i>Cause:</i>	From a practical standpoint we do both for you at the same time in connection with our audit. This is not unusual for us to do with an organization of your size.
<i>Effect:</i>	The effectiveness of the internal control system relies on enforcement by management. The effect of deficiencies in internal controls can result in undetected errors in financial reporting.
<i>Recommendation:</i>	It is your responsibility to make the ultimate decision to accept this degree of risk associated with this condition because of cost or other considerations. As in prior years, we have instructed management to review a draft of the auditor prepared financials in detail for their accuracy; we have answered any questions they might have, and have encouraged research of any accounting guidance in connection with the adequacy and appropriateness of classification of disclosure in your statements. We are satisfied that the appropriate steps have been taken to provide you with the completed financial statements. While the City is reviewing the financial statements we recommend that the City agree its financial software to the numbers reported in the financial statements.
<i>Management Response:</i>	
	For now, the City's management accepts the degree of risk associated with this condition and thoroughly reviews a draft of the financial statements

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

<u>Finding</u>	<u>Description</u>
2023-002	Limited Segregation of Duties
<i>Condition:</i>	During our audit, we reviewed procedures over major transaction cycles and found the City to have limited segregation of duties related to cash disbursements, electronic payments, payroll, utility billing, and receipting.
<i>Criteria:</i>	<p>There are four general categories of duties: authorization, custody, record keeping and reconciliation. In an ideal system, different employees perform each of these four major functions. In other words, no one person has control of two or more of these responsibilities.</p> <p>Also, a well-designed system of internal control has documentation of significant transaction cycles. Documentation is especially important in the event of staff turnover.</p>
<i>Cause:</i>	As a result of the limited number of staff, the City is not able to completely segregate all accounting functions. All cycles have the same person performing some of the authorization, custody, and recording functions.
<i>Effect:</i>	The existence of this limited segregation of duties increases the risk of fraud and error. Partly due to this lack of internal controls, the City experienced financial fraud via outside wire transfer requests. The fraud scheme resulted in a loss to the City of \$430,000.
<i>Recommendation:</i>	While we recognize that the number of staff is not large enough to eliminate these deficiencies, we believe the risk can be reduced with better monitoring. We recommend the City adopt policies and procedures related to each financial cycle and ensure approval occurs for all types of payments, receipts, utility billing processes and payroll processes.
<i>Management Response:</i>	The City has evaluated the accounting procedures and has determined that the job duties are assigned to the staff most capable. This does not always allow for complete segregation. The City will continue to review its processes and make changes where possible.



**BOLTON
& MENK**

Real People. Real Solutions.

2638 Shadow Lane
Suite 200
Chaska, MN 55318-1172

Ph: (952) 448-8838
Fax: (952) 448-8805
Bolton-Menk.com

March 21, 2024

City of Mayer
Attn: Nick Johnson, City Administrator
413 Bluejay Avenue
Mayer, MN 55360

RE: Tower Repairs

Dear Nick,

As you are aware, we have been corresponding with MK Painting for an extended period regarding warranty work that is still uncompleted on the water tower. MK Painting has failed to provide the city with requested information related to their schedule and proposed repair method, despite repeated attempts. To resolve the outstanding items, we have solicited two quotes from reputable contractors to complete the work. The quotes are as follows:

- Hartung Xoatings: \$12,300.00
- Slack Painting: \$19,850.00

After reviewing the quotes, we recommend awarding the work to Hartung Xotings in the amount of \$12,300. We also recommend that the city work with the city attorney to recuperate the cost of the repairs from MK Painting.

Please let me know if you have any questions or need additional information.

Sincerely,
Bolton & Menk, Inc.

David P. Martini, P.E.
Senior Principal Engineer