

**City of Le Sueur  
Le Sueur County, Minnesota**

**Basic Financial Statements**

**December 31, 2024**



**City of Le Sueur  
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**City of Le Sueur  
Elected Officials and Administration  
December 31, 2024**

Elected Officials	Position	Term Expires
Shawn Kirby	Mayor	December 31, 2024
Mike Touhey	Council	December 31, 2024
David Swanberg	Council	December 31, 2024
Marvin Sullivan	Council	December 31, 2026
Mark Huntington	Council	December 31, 2026
Scott Schlueter	Council	December 31, 2024
Pam Williams	Council	December 31, 2026

Administration

Joe Roby	Administrator
Stacy Lawrence	Human Resources and Communications Director

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## Independent Auditor's Report

Honorable Mayor and Members  
of the City Council  
City of Le Sueur  
Le Sueur, Minnesota

### **Report on the Audit of the Financial Statements**

#### **Opinions**

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Le Sueur, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise City of Le Sueur's basic financial statements as listed in the Table of Contents.

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

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 City of Le Sueur and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Le Sueur'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 GAAS 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 GAAS 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 City of Le Sueur'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 City of Le Sueur's ability to continue as a going concern for a reasonable period of time.

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, which follows this report letter, and Required Supplementary Information as listed in the Table of Contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Le Sueur's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2025, on our consideration of the City of Le Sueur'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Le Sueur's internal control over financial reporting and compliance.

BerganKDV, Ltd.

Minneapolis, Minnesota  
June 26, 2025

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## City of Le Sueur Management's Discussion and Analysis

As Management's Discussion and Analysis of the City of Le Sueur, Minnesota, (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2024.

### Financial Highlights

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$51,480,358 (net position). Of this amount, \$11,660,993 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$5,078,531 mainly due to operations in business-type activities, but governmental activities contributed as well.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$9,772,479, an increase of \$980,368 in comparison with the prior year. The major reason for this increase was due to our Debt Service Funds for street improvement projects. Approximately 38.4% of total fund balance, or \$3,751,814, is available for spending at the City's discretion, but has been assigned for specific purposes.
- At the end of the current fiscal year, unassigned fund balance for the General fund was \$1,547,174 or 42.3% of total General fund expenditures, excluding transfers. These funds are not legally restricted, committed by Council, or assigned for future purposes.
- The City's outstanding debt decreased by \$686,937 or 2.2% during the current fiscal year. This is mainly due to the Kinetic Leasing Inc equipment lease being paid off in 2024 along with other principal payments, offset by the new electric utility bond.

### 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.



**City of Le Sueur  
Management's Discussion and Analysis**

**Overview of the Financial Statements (Continued)**

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

	<b>Fund Financial Statements</b>		
	<b>Government-Wide Statements</b>	<b>Governmental Funds</b>	<b>Proprietary Funds</b>
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"> <li>• Statement of Net Position</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures, and Changes in Fund Balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Revenues, Expenses, and Changes in Net Position</li> <li>• Statement of Cash Flows</li> </ul>
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

## City of Le Sueur Management's Discussion and Analysis

### Overview of the Financial Statements (Continued)

#### 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, liabilities, and deferred inflows with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

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

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

The government-wide financial statements can be found starting on page 22 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.

## City of Le Sueur Management's Discussion and Analysis

### Overview of the Financial Statements (Continued)

#### Governmental Funds (Continued)

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

The City maintains 34 individual Governmental Funds, 16 of which are Debt Service Funds, which are reported as one fund for reporting purposes. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General fund, the Economic Development Revolving Loan Fund, the Community Center Fund, and the Debt service Funds, all of which are considered to be major funds. Data from the other nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements or schedules* elsewhere in this report.

The City adopts an annual appropriated budget for its General and special revenue funds. Budgetary comparison statements have been provided for these funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found starting on page 26 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, sewer pre-treatment, electric utility, storm utility, and refuse operations.

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

The basic proprietary fund financial statements can be found starting on page 34 of this report.

#### Notes to 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 financial statements can be found starting on page 43 of this report.

#### Other Information

The combining statements referred to earlier in connection with nonmajor governmental funds are presented following the notes to financial statements. Combining and individual fund financial statements and schedules can be found starting on page 104 of this report.

**City of Le Sueur  
Management's Discussion and Analysis**

**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 \$51,480,358 at the close of the most recent fiscal year.

The largest portion of the City's net position (64.9%) 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 Le Sueur's Summary of Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 12,099,028	\$11,844,655	\$ 14,780,986	\$11,489,883	\$ 26,880,014	\$ 23,334,538
Capital assets	15,443,492	15,712,298	48,193,646	46,884,491	63,637,138	62,596,789
Net pension asset - fire relief	83,305	-	-	-	83,305	-
Total assets	<u>27,625,825</u>	<u>27,556,953</u>	<u>62,974,632</u>	<u>58,374,374</u>	<u>90,600,457</u>	<u>85,931,327</u>
Deferred outflows of resources related to fire relief pensions	113,553	182,359	-	-	113,553	182,359
Deferred outflows of resources related to city pensions	1,324,801	1,724,815	190,128	381,779	1,514,929	2,106,594
Deferred outflows of resources related to OPEB	7,036	4,828	3,127	2,125	10,163	6,953
Total deferred outflows of resources	<u>1,445,390</u>	<u>1,912,002</u>	<u>193,255</u>	<u>383,904</u>	<u>1,638,645</u>	<u>2,295,906</u>
Long-term liabilities outstanding	9,287,043	10,491,039	21,893,843	21,257,907	31,180,886	31,748,946
Other liabilities	993,956	1,576,928	4,068,180	3,110,639	5,062,136	4,687,567
Total OPEB liability	67,540	66,064	30,017	29,068	97,557	95,132
Net pension liability	1,083,446	1,676,271	791,703	1,304,106	1,875,149	2,980,377
Total liabilities	<u>11,431,985</u>	<u>13,810,302</u>	<u>26,783,743</u>	<u>25,701,720</u>	<u>38,215,728</u>	<u>39,512,022</u>
Deferred inflows of resources related to fire relief pensions	17,597	27,702	-	-	17,597	27,702
Deferred inflows of resources related to city pensions	1,743,976	1,648,681	650,895	454,810	2,394,871	2,103,491
Deferred inflows of resources related to OPEB	47,236	46,331	20,994	20,386	68,230	66,717
Deferred inflows related to leases	7,430	48,151	54,888	67,323	62,318	115,474
Total deferred inflows of resources	<u>1,816,239</u>	<u>1,770,865</u>	<u>726,777</u>	<u>542,519</u>	<u>2,543,016</u>	<u>2,313,384</u>
Net position						
Net investment in capital assets	7,408,508	6,663,233	26,015,119	25,867,953	33,423,627	32,531,186
Restricted	6,395,738	5,115,874	-	-	6,395,738	5,115,874
Unrestricted	2,018,745	2,108,681	9,642,248	6,646,086	11,660,993	8,754,767
Total net position	<u>\$ 15,822,991</u>	<u>\$ 13,887,788</u>	<u>\$ 35,657,367</u>	<u>\$ 32,514,039</u>	<u>\$ 51,480,358</u>	<u>\$ 46,401,827</u>

An additional portion of the City's net position (12.4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (22.7%) may be used to meet the City's ongoing obligations to citizens and creditors.

**City of Le Sueur  
Management's Discussion and Analysis**

**Government-Wide Financial Analysis (Continued)**

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

**Governmental Activities**

Governmental activities increased the City's net position by \$1,935,203. Key elements of this increase are as follows:

- Transfers from Business Activity Funds.
- Unanticipated intergovernmental revenue

**City of Le Sueur's Changes in Net Position**

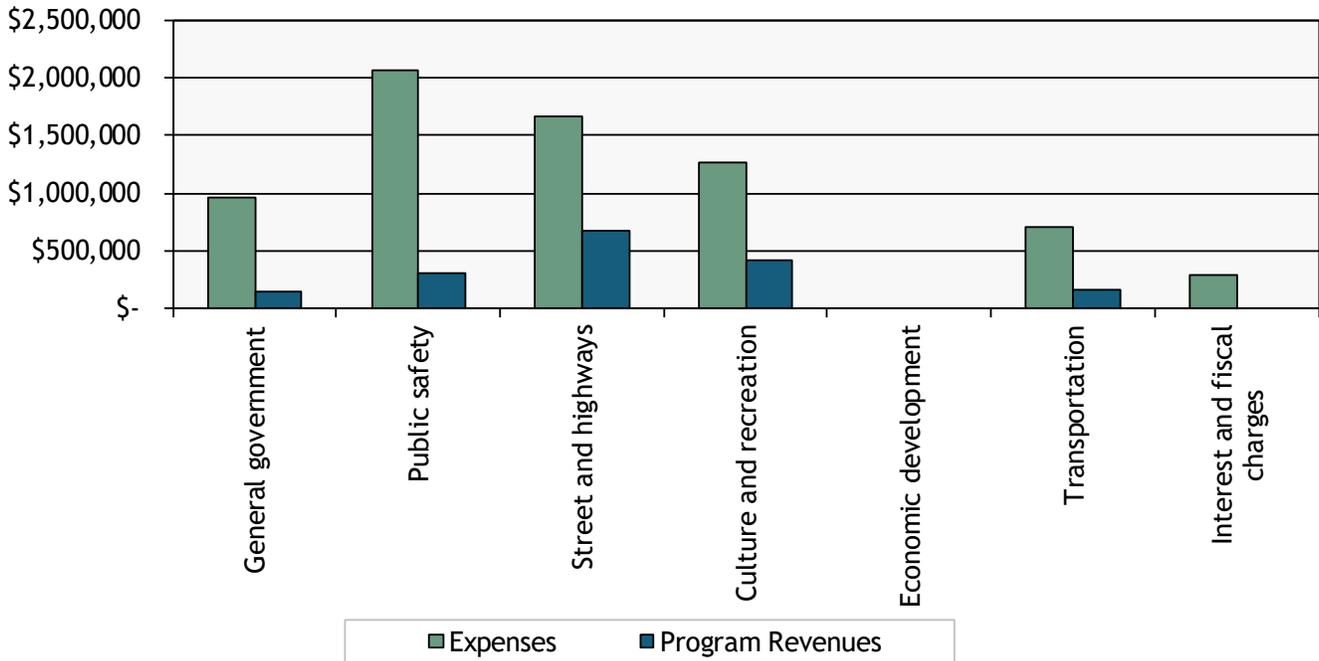
	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 840,111	\$ 854,924	\$ 19,897,310	\$ 20,013,237	\$ 20,737,421	\$ 20,868,161
Operating grants and contributions	738,403	898,876	-	-	738,403	898,876
Capital grants and contributions	139,139	439,586	9,150	114,041	148,289	553,627
General revenues						
Property taxes/tax increments	3,705,657	3,500,686	-	-	3,705,657	3,500,686
Other taxes	-	-	-	-	-	-
Grants and contributions not restricted to specific programs	1,500,688	1,118,192	-	-	1,500,688	1,118,192
Unrestricted investment earnings	91,509	49,801	65,756	40,351	157,265	90,152
Gain on sale of asset	4,562	87,993	-	-	4,562	87,993
Other	174,708	47,770	-	-	174,708	47,770
<b>Total revenues</b>	<b>7,194,777</b>	<b>6,997,828</b>	<b>19,972,216</b>	<b>20,167,629</b>	<b>27,166,993</b>	<b>27,165,457</b>
<b>Expenses</b>						
General government	958,184	1,066,530	-	-	958,184	1,066,530
Public safety	2,064,559	2,117,542	-	-	2,064,559	2,117,542
Streets and highways	1,674,008	1,842,492	-	-	1,674,008	1,842,492
Sanitation	-	-	-	-	-	-
Culture and recreation	1,262,531	1,264,808	-	-	1,262,531	1,264,808
Housing and economic development	-	-	-	-	-	-
Transportation	706,289	280,264	-	-	706,289	280,264
Interest and fiscal charges	281,421	530,503	-	-	281,421	530,503
Water utility	-	-	1,919,512	1,731,067	1,919,512	1,731,067
Sewer utility	-	-	2,790,833	3,169,496	2,790,833	3,169,496
Refuse and recycling	-	-	299,798	295,309	299,798	295,309
Storm utility	-	-	149,854	63,044	149,854	63,044
Electric utility	-	-	9,981,473	10,233,335	9,981,473	10,233,335
<b>Total expenses</b>	<b>6,946,992</b>	<b>7,102,139</b>	<b>15,141,470</b>	<b>15,492,251</b>	<b>22,088,462</b>	<b>22,594,390</b>
<b>Change in net position before transfers</b>	<b>247,785</b>	<b>(104,311)</b>	<b>4,830,746</b>	<b>4,675,378</b>	<b>5,078,531</b>	<b>4,571,067</b>
Transfers	1,687,418	643,934	(1,687,418)	(643,934)	-	-
<b>Change in net position</b>	<b>1,935,203</b>	<b>539,623</b>	<b>3,143,328</b>	<b>4,031,444</b>	<b>5,078,531</b>	<b>4,571,067</b>
Net position - January 1, as previously stated	13,887,788	12,924,023	32,514,039	28,482,595	46,401,827	41,406,618
Prior period adjustment	-	424,142	-	-	-	424,142
Net position - beginning, as restated	13,887,788	13,348,165	32,514,039	28,482,595	46,401,827	41,830,760
<b>Net position - December 31</b>	<b>\$ 15,822,991</b>	<b>\$ 13,887,788</b>	<b>\$ 35,657,367</b>	<b>\$ 32,514,039</b>	<b>\$ 51,480,358</b>	<b>\$ 46,401,827</b>

**City of Le Sueur  
Management's Discussion and Analysis**

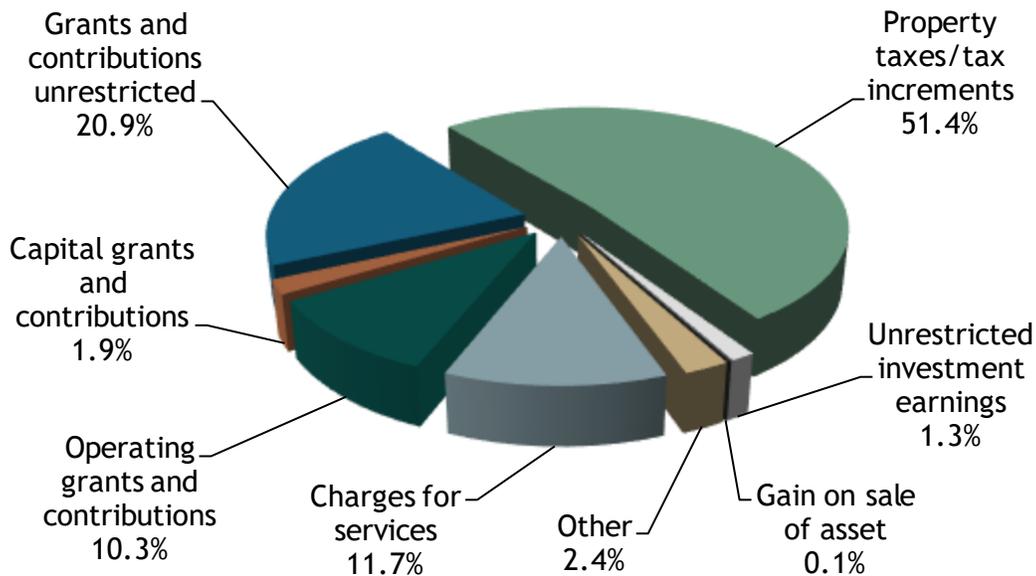
**Government-Wide Financial Analysis (Continued)**

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

**Expenses and Program Revenues - Governmental Activities**



**Revenues by Source - Governmental Activities**



**City of Le Sueur  
Management's Discussion and Analysis**

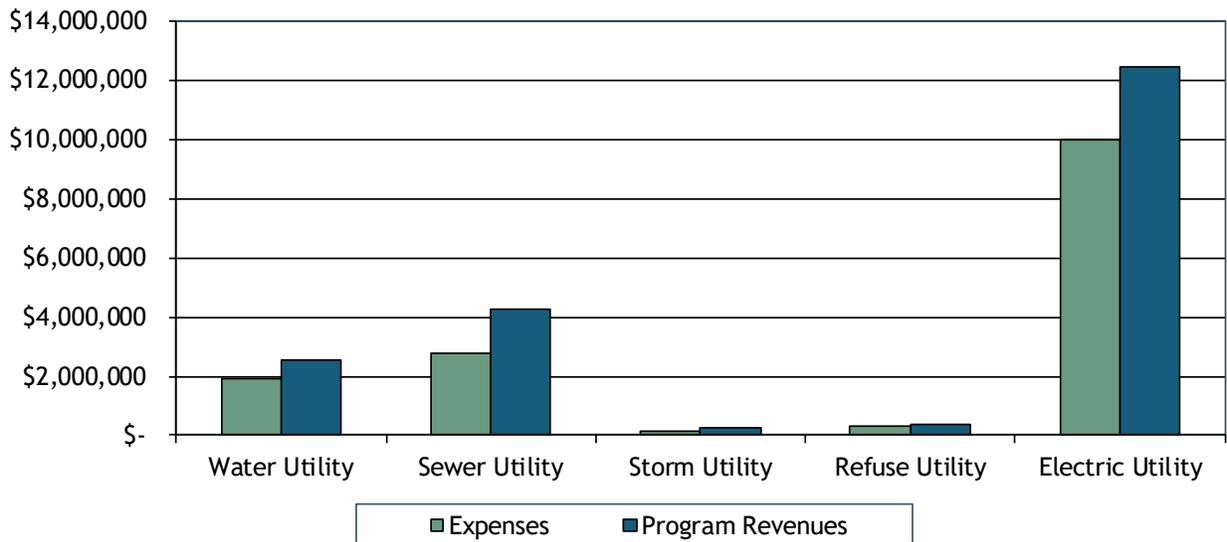
**Government-Wide Financial Analysis (Continued)**

**Business-Type Activities**

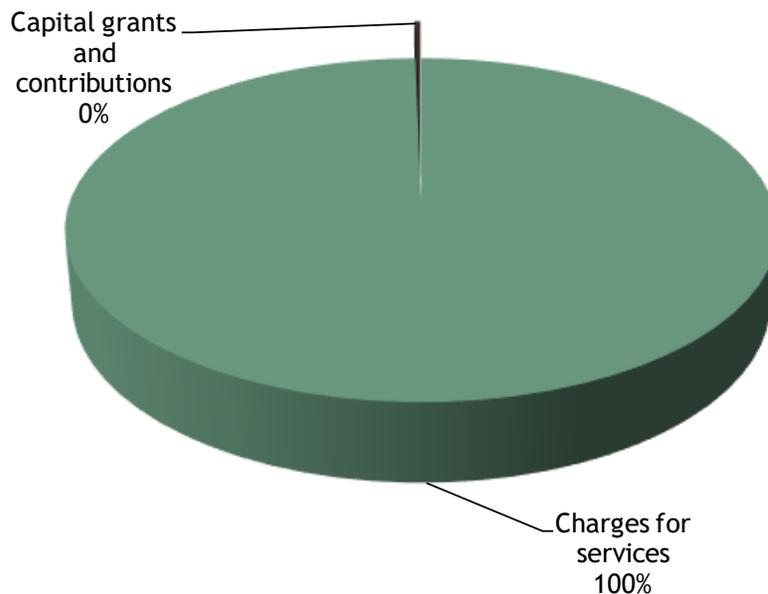
Business-type activities increased the City's net position by \$3,143,328. Key elements of this increase are as follows:

- Increased revenues within each utility fund from 2023 to 2024 based on increased rates in 2024.
- Planned capital projects for 2024 didn't occur along with a utility expense underrun in sewer.

**Expenses and Program Revenues - Business-Type Activities**



**Revenues by Source - Business-Type Activities**



## City of Le Sueur Management's Discussion and Analysis

### Financial Analysis of the City's Funds

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

#### Governmental Funds

The focus of the City's Governmental Funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, Unassigned Fund Balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$9,772,479, an increase of \$980,368 in comparison with the prior year. A balance of \$315,753 constitutes Unassigned Fund Balance, which is available for spending at the City's discretion. The remainder of fund balance is not available for new spending because it is nonspendable (\$72,630), restricted (\$5,341,032), committed (\$291,250) or assigned (\$3,751,814) for the purposes described in the fund balance section of each balance sheet.

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 was \$1,595,003. As a measure of the General fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. At 12/31/2024, both unassigned fund balance and total fund balance represent more than 25% of fund expenditures.

The fund balance of the City's General fund increased by \$89,885 during the current fiscal year. This was driven by unanticipated intergovernmental revenue offset by an increase in IT costs.

The Capital Improvements *Fund* has a total fund balance of \$286,603 at year end. This was a decrease of \$12,157 from the current year.

The Community Center Fund has a total deficit fund balance of \$558,727 at year end. The net increase in fund balance during the current year was \$52,924. The main cause of this increase was mainly due to a budgeted fund balance improvement.

The Debt Service fund has a total fund balance of \$4,281,127. This is an increase in fund balance during the current year of \$1,240,705. The major reason for this increase was due to a payment from Le Sueur County for the turnback of CSAH 37. This fund balance is restricted for future debt service payments.

#### Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the enterprise funds at the end of the year amounted to \$9,642,248. The total improvement in net position for the funds was \$3,143,328. Other factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities.

**City of Le Sueur  
Management's Discussion and Analysis**

**General Fund Budgetary Highlights**

No budget amendments were made in 2024. The budget called for a balanced revenue over expenditure year, including transfers. Revenues exceeded the budget by \$418,744 due to unanticipated intergovernmental aid. Expenditures were over budget by \$596,894 due to increases in IT costs that are partially offset by transfers. Transfers were over budget by \$268,035, causing an \$89,885 increase in fund balance in the General fund for 2024.

**Capital Asset and Debt Administration**

**Capital Assets**

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2024, amounts to \$63,637,138 (net of accumulated depreciation). This investment in capital assets includes land, structures, improvements, machinery and equipment, park facilities, roads, highways, and bridges. The total increase in the City's investment in capital assets for the current fiscal year was 1.66%.

**City of Le Sueur's Capital Assets  
(Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 1,541,013	\$ 1,541,013	\$ 616,121	\$ 616,121	\$ 2,157,134	\$ 2,157,134
Buildings	3,193,985	3,511,240	942,768	830,181	4,136,753	4,341,421
Infrastructure/systems	6,655,896	6,330,842	38,976,970	25,012,069	45,632,866	31,342,911
Machinery and equipment	1,589,726	1,279,498	4,034,010	1,752,472	5,623,736	3,031,970
Vehicles	1,550,925	1,682,871	570,601	534,059	2,121,526	2,216,930
Construction in progress	911,947	1,366,834	3,053,176	18,139,589	3,965,123	19,506,423
<b>Total</b>	<b>\$ 15,443,492</b>	<b>\$ 15,712,298</b>	<b>\$ 48,193,646</b>	<b>\$ 46,884,491</b>	<b>\$ 63,637,138</b>	<b>\$ 62,596,789</b>

Additional information on the City's capital assets can be found in the Note 7 section of this report.

**Long-Term Debt**

At the end of the current fiscal year, the City had total bonded debt outstanding of \$30,250,789. Of this amount, \$20,921,179 is revenue or general obligation revenue debt, \$1,872,852 is notes from direct borrowings, \$34,655 is lease liability and \$7,422,103 is general obligation debt. 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 Le Sueur  
Management's Discussion and Analysis**

**Capital Asset and Debt Administration (Continued)**

**City of Le Sueur's Outstanding Debt**

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
General Obligation Bonds	\$ 7,422,103	\$ 7,993,842	\$ -	\$ -	\$ 7,422,103	\$ 7,993,842
General Obligation Improvement Bonds	-	-	-	-	-	-
General Obligation Revenue Bonds	-	-	19,546,178	18,421,438	19,546,178	18,421,438
Revenue Bonds	1,375,000	1,485,000	-	-	1,375,000	1,485,000
Direct borrowings	-	605,184	1,872,852	2,419,304	1,872,852	3,024,488
Lease liability	34,655	12,958	-	-	34,655	12,958
<b>Total</b>	<b>\$ 8,831,758</b>	<b>\$ 10,096,984</b>	<b>\$ 21,419,030</b>	<b>\$ 20,840,742</b>	<b>\$ 30,250,788</b>	<b>\$ 30,937,726</b>

The City's total debt decreased by \$686,938 or 2.2%, during the current fiscal year.

The City's current bond rating from S&P is an "AA-" rating for general obligation and revenue debt.

Minnesota statutes limit the amount of net general obligation debt a city may issue to 3 percent of the market value of taxable property within the City. Net debt is debt payable solely from ad valorem taxes. The current debt margin for the city is \$6,295,286.

Additional information on the City's long-term debt can be found in the Note 8 section of this report.

**Economic Factors and Next Year's Budgets and Rates**

- LGA increased only \$2,000.
- Building permit revenue up due to planned development.
- 10% increase assumed for workers comp and general liability insurance, along with utilities increases.
- \$80,800 increase in the Capital Improvement Plan.
- Budgeting General Fund contingency to account for inflationary pressures/fund balance improvements.

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

The property tax levy will increase from \$3,710,009 in 2024 to \$4,002,095 in 2025, or approximately 7.87%. The City is actively managing expenses across all funds and adjusting future capital plans accordingly.

**Requests for Information**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, City of Le Sueur, 203 S. Second Street, Le Sueur, MN 56058.

## **BASIC FINANCIAL STATEMENTS**

**City of Le Sueur**  
**Statement of Net Position**  
**December 31, 2024**

	Primary Government			Component Unit Economic Development Authority
	Governmental Activities	Business-Type Activities	Total	
<b>Assets</b>				
Cash and investments (including cash equivalents)	\$ 9,481,466	\$ 11,901,983	\$ 21,383,449	\$ -
Receivables				
Accounts receivable	208,361	2,039,617	2,247,978	4,830
Interest receivable	33	442	475	1,909
Taxes receivable	58,028	-	58,028	-
Special assessments receivable	1,290,311	418,270	1,708,581	-
Notes receivable	-	35,907	35,907	701,682
Lease receivable	6,019	59,262	65,281	-
Allowance for uncollectible loans and notes	-	-	-	(75,000)
Due from other governments	158,639	13,710	172,349	-
Due from component unit/primary government	823,541	-	823,541	-
Inventory	57,786	283,645	341,431	-
Prepaid items	14,844	28,150	42,994	-
Land held for resale	-	-	-	1,559,472
Capital assets not being depreciated				
Land	1,541,013	616,121	2,157,134	300,000
Construction in progress	911,947	3,053,176	3,965,123	-
Capital assets net of accumulated depreciation/amortization				
Buildings	3,193,985	942,768	4,136,753	-
Infrastructure	6,655,896	38,976,970	45,632,866	-
Machinery and equipment	1,583,132	4,034,010	5,617,142	-
Vehicles	1,523,232	570,601	2,093,833	-
Lease equipment	6,594	-	6,594	-
Lease vehicles	27,693	-	27,693	-
Net pension asset - fire relief	83,305	-	83,305	-
<b>Total assets</b>	<b>27,625,825</b>	<b>62,974,632</b>	<b>90,600,457</b>	<b>2,492,893</b>
<b>Deferred Outflows of Resources</b>				
Deferred outflows of resources related to fire relief pensions	113,553	-	113,553	-
Deferred outflows of resources related to city pensions	1,324,801	190,128	1,514,929	-
Deferred outflows of resources related to OPEB	7,036	3,127	10,163	-
<b>Total deferred outflows of resources</b>	<b>1,445,390</b>	<b>193,255</b>	<b>1,638,645</b>	<b>-</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 29,071,215</b>	<b>\$ 63,167,887</b>	<b>\$ 92,239,102</b>	<b>\$ 2,492,893</b>

**City of Le Sueur**  
**Statement of Net Position**  
**December 31, 2024**

	Primary Government			Component Unit Economic Development Authority
	Governmental Activities	Business-Type Activities	Total	
<b>Liabilities</b>				
Cash overdraft	\$ -	\$ -	\$ -	\$ 541,288
Accounts and contracts payable	191,380	1,397,607	1,588,987	400
Interest payable	23,176	72,984	96,160	-
Salaries and benefits payable	71,247	72,383	143,630	-
Due to component unit/primary government	-	-	-	823,541
Due to other governments	659,153	2,499,840	3,158,993	-
Deposits payable	-	25,366	25,366	-
Unearned revenue	49,000	-	49,000	-
Bonds payable, net				
Payable within one year	840,793	1,912,207	2,753,000	-
Payable after one year	8,144,726	17,800,131	25,944,857	-
Notes from direct borrowings				
Payable within one year	-	221,000	221,000	-
Payable after one year	-	452,000	452,000	-
Lease liability				
Payable within one year	15,070	-	15,070	-
Payable after one year	19,585	-	19,585	-
Finance purchases from direct borrowings				
Payable within one year	-	161,175	161,175	-
Payable after one year	-	1,038,677	1,038,677	-
Compensated absences payable				
Payable within one year	108,716	138,386	247,102	-
Payable after one year	158,153	170,267	328,420	-
Total OPEB liability	67,540	30,017	97,557	-
Net pension liability	1,083,446	791,703	1,875,149	-
Total liabilities	<u>11,431,985</u>	<u>26,783,743</u>	<u>38,215,728</u>	<u>1,365,229</u>
<b>Deferred Inflows of Resources</b>				
Deferred inflows of resources related to fire relief pensions	17,597	-	17,597	-
Deferred inflows of resources related to city pensions	1,743,976	650,895	2,394,871	-
Deferred inflows of resources related to OPEB	47,236	20,994	68,230	-
Deferred inflows related to leases	7,430	54,888	62,318	-
Total deferred inflows of resources	<u>1,816,239</u>	<u>726,777</u>	<u>2,543,016</u>	<u>-</u>
<b>Net Position</b>				
Net investment in capital assets	7,408,508	26,015,119	33,423,627	300,000
Restricted for				
Debt service	4,292,074	-	4,292,074	-
Economic development loans	2,063,072	-	2,063,072	-
Capital projects	40,592	-	40,592	-
Unrestricted	2,018,745	9,642,248	11,660,993	827,664
Total net position	<u>15,822,991</u>	<u>35,657,367</u>	<u>51,480,358</u>	<u>1,127,664</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 29,071,215</u>	<u>\$ 63,167,887</u>	<u>\$ 92,239,102</u>	<u>\$ 2,492,893</u>

See notes to basic financial statements.

**City of Le Sueur  
Statement of Activities  
Year Ended December 31, 2024**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities				
General government	\$ 958,184	\$ 140,642	\$ 215	\$ 3,273
Public safety	2,064,559	219,403	92,640	-
Streets and parks	1,674,008	1,690	616,119	57,558
Culture and recreation	1,262,531	424,962	-	-
Housing and economic development	-	-	-	-
Transportation	706,289	53,414	29,429	78,308
Interest and fiscal charges	281,421	-	-	-
Total governmental activities	<u>6,946,992</u>	<u>840,111</u>	<u>738,403</u>	<u>139,139</u>
Business-type activities				
Water utility	1,919,512	2,571,565	-	4,650
Sewer utility	2,790,833	4,235,229	-	4,500
Refuse and recycling	299,798	352,019	-	-
Storm utility	149,854	273,102	-	-
Electric utility	9,981,473	12,465,395	-	-
Total business-type activities	<u>15,141,470</u>	<u>19,897,310</u>	<u>-</u>	<u>9,150</u>
Total governmental and business-type activities	<u>\$ 22,088,462</u>	<u>\$ 20,737,421</u>	<u>\$ 738,403</u>	<u>\$ 148,289</u>
Component units				
Economic Development Authority	<u>\$ 177,887</u>	<u>\$ 23,796</u>	<u>\$ -</u>	<u>\$ -</u>
General revenues				
Property taxes				
Tax increments				
Intergovernmental				
Payment in lieu of taxes				
Other general revenues				
Unrestricted investment earnings				
Gain on sale of asset				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - beginning				
Net position - ending				

Net (Expense) Revenues  
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total	Component Units
\$ (814,054)	\$ -	\$ (814,054)	\$ -
(1,752,516)	-	(1,752,516)	-
(998,641)	-	(998,641)	-
(837,569)	-	(837,569)	-
-	-	-	-
(545,138)	-	(545,138)	-
(281,421)	-	(281,421)	-
<u>(5,229,339)</u>	<u>-</u>	<u>(5,229,339)</u>	<u>-</u>
-	656,703	656,703	-
-	1,448,896	1,448,896	-
-	52,221	52,221	-
-	123,248	123,248	-
-	2,483,922	2,483,922	-
<u>-</u>	<u>4,764,990</u>	<u>4,764,990</u>	<u>-</u>
(5,229,339)	4,764,990	(464,349)	-
-	-	-	(154,091)
3,705,657	-	3,705,657	-
-	-	-	191,171
1,500,688	-	1,500,688	-
3,708	-	3,708	-
171,000	-	171,000	3,586
91,509	65,756	157,265	18,432
4,562	-	4,562	-
1,687,418	(1,687,418)	-	-
<u>7,164,542</u>	<u>(1,621,662)</u>	<u>5,542,880</u>	<u>213,189</u>
1,935,203	3,143,328	5,078,531	59,098
<u>13,887,788</u>	<u>32,514,039</u>	<u>46,401,827</u>	<u>1,068,566</u>
<u>\$ 15,822,991</u>	<u>\$ 35,657,367</u>	<u>\$ 51,480,358</u>	<u>\$ 1,127,664</u>

**City of Le Sueur**  
**Balance Sheet - Governmental Funds**  
**December 31, 2024**

	General (101, 229, 240, 250, 701)	Debt Service (300s/500s)	Community Center (615)	Capital Improvements (420)
<b>Assets</b>				
Cash investments	\$ 527,872	\$ 4,292,764	\$ -	\$ 360,309
Interest receivable	-	-	-	33
Delinquent taxes receivable	58,028	-	-	-
Accounts receivable	39,626	-	-	1,523
Lease receivable	-	-	-	6,019
Special assessments receivable	-	1,287,814	-	-
Due from other governments	158,639	-	-	-
Advances to component unit	-	-	-	-
Due from other funds	943,505	-	-	-
Inventory	40,044	-	515	-
Prepaid items	7,785	-	-	400
<b>Total assets</b>	<b>\$ 1,775,499</b>	<b>\$ 5,580,578</b>	<b>\$ 515</b>	<b>\$ 368,284</b>
<b>Liabilities</b>				
Accounts payable	\$ 59,461	\$ -	\$ 20,023	\$ 25,998
Due to other governments	6,319	-	-	1,182
Due to other funds	-	11,637	525,495	-
Accrued wages payable	56,688	-	13,724	-
Unearned revenue	-	-	-	49,000
<b>Total liabilities</b>	<b>122,468</b>	<b>11,637</b>	<b>559,242</b>	<b>76,180</b>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue - taxes	58,028	-	-	-
Unavailable revenue - special assessments	-	1,287,814	-	-
Deferred inflows related to leases	-	-	-	5,501
<b>Total deferred inflows of resources</b>	<b>58,028</b>	<b>1,287,814</b>	<b>-</b>	<b>5,501</b>
<b>Fund Balances</b>				
Nonspendable for				
Inventory	40,044	-	515	-
Prepaid items	7,785	-	-	400
Restricted for				
Debt service	-	4,281,127	-	-
Capital projects	-	-	-	-
Committed for				
Fire department operations and maintenance	-	-	-	-
Ambulance operations and maintenance	-	-	-	-
Assigned for				
Economic development loans	-	-	-	-
Capital projects	-	-	-	-
Unassigned	1,547,174	-	(559,242)	286,203
<b>Total fund balances</b>	<b>1,595,003</b>	<b>4,281,127</b>	<b>(558,727)</b>	<b>286,603</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 1,775,499</b>	<b>\$ 5,580,578</b>	<b>\$ 515</b>	<b>\$ 368,284</b>

Nonmajor Governmental Funds	Total Governmental Funds
\$ 4,300,521	\$ 9,481,466
-	33
-	58,028
167,212	208,361
-	6,019
2,497	1,290,311
-	158,639
823,541	823,541
472,746	1,416,251
17,227	57,786
6,659	14,844
<u>\$ 5,790,403</u>	<u>\$ 13,515,279</u>
\$ 85,898	\$ 191,380
651,652	659,153
879,119	1,416,251
835	71,247
-	49,000
<u>1,617,504</u>	<u>2,387,031</u>
-	58,028
2,497	1,290,311
1,929	7,430
<u>4,426</u>	<u>1,355,769</u>
17,227	57,786
6,659	14,844
34,123	4,315,250
1,025,782	1,025,782
207,146	207,146
84,104	84,104
2,063,072	2,063,072
1,688,742	1,688,742
(958,382)	315,753
<u>4,168,473</u>	<u>9,772,479</u>
<u>\$ 5,790,403</u>	<u>\$ 13,515,279</u>

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**City of Le Sueur**  
**Reconciliation of the Balance Sheet to**  
**the Statement of Net Position - Governmental Funds**  
**December 31, 2024**

Total fund balances - governmental funds \$ 9,772,479

Amounts reported for governmental activities in the Statement of Net Position are different different because:

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

Cost of capital assets	34,390,867
Less accumulated depreciation/amortization	(18,947,375)

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.

Long-term liabilities at year-end consist of:

Bonds payable	(8,797,103)
Unamortized bond premium	(188,416)
Lease liability	(34,655)
Compensated absences payable	(266,869)
Total OPEB liability	(67,540)
Net pension liability	(1,083,446)

Delinquent receivables will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.

Taxes	58,028
Special assessments	19,210

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Deferred special assessments	1,271,101
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Governmental funds do not report a liability for accrued interest due and payable. (23,176)

Deferred outflows of resources and deferred inflows of resources are created as a result of various differences related to pensions and OPEB that are not recognized in the governmental funds.

Deferred inflows of resources related to fire relief pensions	(17,597)
Deferred inflows of resources related to city pensions	(1,743,976)
Deferred inflows of resources related to OPEB	(47,236)
Deferred outflows of resources related to fire relief pensions	113,553
Deferred outflows of resources related to city pensions	1,324,801
Deferred outflows of resources related to OPEB	7,036

Fire Relief Association net pension asset created through contributions to a defined benefit pension plan which is not recognized in the governmental funds.

83,305

Total net position - governmental activities \$ 15,822,991

**City of Le Sueur**  
**Statement of Revenues, Expenditure, and**  
**Changes in Fund Balances - Governmental Funds**  
**Year Ended December 31, 2024**

	General (101, 229, 240, 250, 701)	Debt Service (300s/500s)	Medical Facility Bonds 2010 (321)	Community Center (615)
<b>Revenues</b>				
Taxes	\$ 1,158,824	\$ 923,871	\$ -	\$ 777,099
Franchise fees	10,832	-	-	-
Special assessments	-	187,845	-	-
Licenses and permits	111,197	-	-	-
Intergovernmental	1,663,495	500,000	-	-
Charges for services	20,961	-	-	410,500
Fines and forfeits	30,193	-	-	-
Investment earnings	6,837	11,844	-	-
Miscellaneous	130,962	-	-	10,649
Total revenues	<u>3,133,301</u>	<u>1,623,560</u>	<u>-</u>	<u>1,198,248</u>
<b>Expenditures</b>				
<b>Current</b>				
General government	868,855	-	-	-
Public safety	1,731,389	-	-	-
Streets and parks	1,031,176	-	-	-
Culture and recreation	26,124	-	-	924,700
Transportation	-	-	-	-
<b>Capital outlay</b>				
General government	-	-	-	-
Public safety	96	-	-	-
Streets and parks	300	-	-	-
Culture and recreation	-	-	-	831
Transportation	-	-	-	-
<b>Debt service</b>				
Principal	-	1,286,923	-	1
Interest and other	11	339,407	-	200
Total expenditures	<u>3,657,951</u>	<u>1,626,330</u>	<u>-</u>	<u>925,732</u>
Excess of revenues over (under) expenditures	(524,650)	(2,770)	-	272,516
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of capital asset	-	-	-	-
Lease issuance	-	-	-	-
Transfers in	794,535	1,243,475	-	-
Transfers out	(180,000)	-	-	(219,592)
Total other financing sources (uses)	<u>614,535</u>	<u>1,243,475</u>	<u>-</u>	<u>(219,592)</u>
Net change in fund balances	89,885	1,240,705	-	52,924
<b>Fund Balances</b>				
Beginning of year	<u>1,505,118</u>	<u>3,040,422</u>	<u>34,066</u>	<u>(611,651)</u>
Change within financial reporting entity (Note 14)	-	-	(34,066)	-
Beginning of year, as restated	<u>1,505,118</u>	<u>3,040,422</u>	<u>-</u>	<u>(611,651)</u>
End of year	<u>\$ 1,595,003</u>	<u>\$ 4,281,127</u>	<u>\$ -</u>	<u>\$ (558,727)</u>

See notes to basic financial statements.

Capital Improvements (420)	Nonmajor Governmental Funds	Total Governmental Funds
\$ 672,100	\$ 170,950	\$ 3,702,844
-	-	10,832
-	-	187,845
-	-	111,197
78,308	29,429	2,271,232
5,868	238,020	675,349
-	-	30,193
2,323	66,374	87,378
22,150	40,816	204,577
<u>780,749</u>	<u>545,589</u>	<u>7,281,447</u>
-	-	868,855
-	164,500	1,895,889
-	-	1,031,176
-	58	950,882
-	545,990	545,990
22,658	-	22,658
110,341	1,336	111,773
499,956	273,751	774,007
84,791	-	85,622
117,462	-	117,462
-	-	1,286,924
603	(57)	340,164
<u>835,811</u>	<u>985,578</u>	<u>8,031,402</u>
(55,062)	(439,989)	(749,955)
4,562	-	4,562
38,343	-	38,343
-	55,000	2,093,010
-	(6,000)	(405,592)
<u>42,905</u>	<u>49,000</u>	<u>1,730,323</u>
(12,157)	(390,989)	980,368
<u>298,760</u>	<u>4,525,396</u>	<u>8,792,111</u>
-	34,066	-
<u>298,760</u>	<u>4,559,462</u>	<u>8,792,111</u>
<u>\$ 286,603</u>	<u>\$ 4,168,473</u>	<u>\$ 9,772,479</u>

City of Le Sueur  
Reconciliation of the Statement of Revenues,  
Expenditures, and Changes in Fund Balances to  
the Statement of Activities - Governmental Funds  
Year Ended December 31, 2024

Net change in fund balances - governmental funds	\$ 980,368
Amounts reported for governmental activities in the Statement of Activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.	
Capital outlay	1,070,182
Depreciation/amortization expense	(1,338,988)
Compensated absences are recognized as paid in the governmental funds but recognized as the expense is incurred in the Statement of Activities.	
	(77,843)
Governmental funds recognize OPEB contributions as expenditures at the time of payment whereas the Statement of Activities factors in items related to pensions on a full accrual perspective.	
	(173)
Governmental funds recognize pension contributions as expenditures at the time of payment whereas the Statement of Activities factors in items related to pensions on a full accrual perspective.	
Pension expense	122,120
Payments on long-term debt are recognized as expenditures in the governmental funds but as an increase in the net position in the Statement of Activities.	
Principal payments	1,286,924
Governmental funds report the effects of bond premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.	
	16,613
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and thus requires 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.	
	42,130
Issuances of long-term debt are recognized as an other financing source in the governmental Funds but have no impact on net position in the statement of activities.	
	(38,343)
Certain receivables will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.	
Delinquent property taxes	2,813
Delinquent special assessments	3,417
Deferred special assessments	(134,017)
Change in net position - governmental activities	\$ 1,935,203

**City of Le Sueur**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance -**  
**Budget and Actual - General Fund**  
**Year Ended December 31, 2024**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 1,161,637	\$ 1,161,637	\$ 1,158,824	\$ (2,813)
Franchise fees	15,000	15,000	10,832	(4,168)
Licenses and permits	68,500	68,500	111,197	42,697
Intergovernmental	1,390,470	1,390,470	1,663,495	273,025
Charges for services	10,200	10,200	20,961	10,761
Fines and forfeits	30,500	30,500	30,193	(307)
Investment earnings	5,000	5,000	6,837	1,837
Miscellaneous				
Contributions and donations	-	-	8,262	8,262
Refunds and reimbursements	30,000	30,000	110,974	80,974
Other	3,250	3,250	11,726	8,476
Total revenues	<u>2,714,557</u>	<u>2,714,557</u>	<u>3,133,301</u>	<u>418,744</u>
<b>Expenditures</b>				
<b>Current</b>				
General government	612,120	612,120	868,855	256,735
Public safety	1,575,310	1,575,310	1,731,389	156,079
Streets and parks	845,428	845,428	1,031,176	185,748
Culture and recreation	27,699	27,699	26,124	(1,575)
<b>Debt service:</b>				
Interest and other charges	-	-	11	11
<b>Capital outlay</b>				
Streets and parks	-	-	300	300
Public safety	500	500	96	(404)
Total expenditures	<u>3,061,057</u>	<u>3,061,057</u>	<u>3,657,951</u>	<u>596,894</u>
Excess of revenues over (under) expenditures	(346,500)	(346,500)	(524,650)	(178,150)
<b>Other Financing Sources (Uses)</b>				
Transfers in	526,500	526,500	794,535	268,035
Transfers out	(180,000)	(180,000)	(180,000)	-
Total other financing sources (uses)	<u>346,500</u>	<u>346,500</u>	<u>614,535</u>	<u>268,035</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	89,885	<u>\$ 89,885</u>
<b>Fund Balance</b>				
Beginning of year			<u>1,505,118</u>	
End of year			<u>\$ 1,595,003</u>	

City of Le Sueur  
Statement of Net Position - Proprietary Funds  
December 31, 2024

	Water Utility (601)	Sewer Utility (602, 606)	Electric Utility (604)	Storm Utility (605)
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	\$ 4,087,858	\$ -	\$ 6,831,617	\$ 805,421
Accounts receivable	246,690	612,615	1,096,731	32,224
Notes and mortgages receivable - current	-	-	16,797	-
Lease receivable - current	3,329	4,382	-	-
Due from other governments	134	13,576	-	-
Special assessments receivable	113	113	64,207	-
Interest receivable	24	418	-	-
Due from other funds	58,833	-	-	-
Advances to other funds - current	-	-	50,000	-
Prepaid items	3,688	3,688	20,774	-
Inventory	45,070	8,825	229,750	-
Total current assets	<u>4,445,739</u>	<u>643,617</u>	<u>8,309,876</u>	<u>837,645</u>
<b>Noncurrent assets</b>				
Notes and mortgages receivable - noncurrent	-	-	19,110	-
Lease receivable - noncurrent	21,556	29,995	-	-
Special assessments receivable - noncurrent	-	-	353,837	-
Advances to other funds - noncurrent	335,980	-	50,000	-
<b>Capital assets</b>				
Land	-	517,744	98,377	-
Buildings	2,878,778	2,623,269	450,701	-
Infrastructure	13,796,948	33,093,947	11,665,354	1,787,207
Machinery and equipment	4,618,398	820,950	3,780,118	4,795
Vehicles	358,159	526,331	1,252,810	-
Construction in progress	457,831	535,699	1,999,104	60,542
Total capital assets	<u>22,110,114</u>	<u>38,117,940</u>	<u>19,246,464</u>	<u>1,852,544</u>
Less accumulated depreciation	<u>(6,819,139)</u>	<u>(15,192,245)</u>	<u>(11,091,286)</u>	<u>(30,746)</u>
Net capital assets	<u>15,290,975</u>	<u>22,925,695</u>	<u>8,155,178</u>	<u>1,821,798</u>
Total noncurrent assets	<u>15,648,511</u>	<u>22,955,690</u>	<u>8,578,125</u>	<u>1,821,798</u>
<b>Deferred Outflows of Resources</b>				
Deferred outflows of resources related to pension activity	54,805	55,077	80,246	-
Deferred outflows of resources related to OPEB	782	1,042	1,303	-
Total deferred outflows of resources	<u>55,587</u>	<u>56,119</u>	<u>81,549</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 20,149,837</u>	<u>\$ 23,655,426</u>	<u>\$ 16,969,550</u>	<u>\$ 2,659,443</u>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Accounts payable	\$ 88,810	\$ 548,409	\$ 719,073	\$ 16,499
Advances from other funds - current	-	50,000	-	-
Due to other funds	-	58,833	-	-
Due to other governments	1,133,997	864,344	56,903	444,596
Accrued interest payable	24,405	28,666	17,022	2,891
Accrued wages payable	21,435	21,357	29,591	-
Deposits payable	-	-	25,366	-
Compensated absences payable - current	45,925	40,664	51,797	-
Notes from direct borrowing - current	-	221,000	-	-
Finance purchases from direct borrowing - current	34,145	89,958	37,072	-
Bonds payable - current	480,792	1,057,210	277,000	97,205
Total current liabilities	<u>1,829,509</u>	<u>2,980,441</u>	<u>1,213,824</u>	<u>561,191</u>
<b>Noncurrent liabilities</b>				
Advances from other funds	-	385,980	-	-
Compensated absences payable - noncurrent	35,339	39,275	95,653	-
Total OPEB liability	7,504	10,006	12,507	-
Notes from direct borrowing - noncurrent	-	452,000	-	-
Finance purchases from direct borrowing - noncurrent	316,689	378,154	343,834	-
Bonds payable - noncurrent	10,353,827	2,394,194	3,584,000	1,468,110
Net pension liability	228,211	229,344	334,148	-
Total noncurrent liabilities	<u>10,941,570</u>	<u>3,888,953</u>	<u>4,370,142</u>	<u>1,468,110</u>
Total liabilities	<u>12,771,079</u>	<u>6,869,394</u>	<u>5,583,966</u>	<u>2,029,301</u>
<b>Deferred Inflows of Resources</b>				
Deferred inflows of resources related to pension activity	187,623	188,554	274,718	-
Deferred inflows of resources related to OPEB	5,249	6,998	8,747	-
Deferred inflows related to lease receivable	21,462	33,426	-	-
Total deferred inflows of resources	<u>214,334</u>	<u>228,978</u>	<u>283,465</u>	<u>-</u>
<b>Net Position</b>				
Net investment in capital assets	2,982,316	18,155,529	5,065,387	(188,113)
Unrestricted	4,182,108	(1,598,475)	6,036,732	818,255
Total net position	<u>7,164,424</u>	<u>16,557,054</u>	<u>11,102,119</u>	<u>630,142</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 20,149,837</u>	<u>\$ 23,655,426</u>	<u>\$ 16,969,550</u>	<u>\$ 2,659,443</u>

Refuse and Recycling (607)	Total
\$ 177,087	\$ 11,901,983
51,357	2,039,617
-	16,797
-	7,711
-	13,710
-	64,433
-	442
-	58,833
-	50,000
-	28,150
-	283,645
<u>228,444</u>	<u>14,465,321</u>
-	19,110
-	51,551
-	353,837
-	385,980
-	616,121
-	5,952,748
-	60,343,456
-	9,224,261
-	2,137,300
-	3,053,176
-	81,327,062
-	(33,133,416)
-	48,193,646
-	49,004,124
-	190,128
-	3,127
-	193,255
<u>\$ 228,444</u>	<u>\$ 63,662,700</u>
\$ 24,816	\$ 1,397,607
-	50,000
-	58,833
-	2,499,840
-	72,984
-	72,383
-	25,366
-	138,386
-	221,000
-	161,175
-	1,912,207
<u>24,816</u>	<u>6,609,781</u>
-	385,980
-	170,267
-	30,017
-	452,000
-	1,038,677
-	17,800,131
-	791,703
-	20,668,775
<u>24,816</u>	<u>27,278,556</u>
-	650,895
-	20,994
-	54,888
-	726,777
-	26,015,119
<u>203,628</u>	<u>9,642,248</u>
<u>203,628</u>	<u>35,657,367</u>
<u>\$ 228,444</u>	<u>\$ 63,662,700</u>

**City of Le Sueur**  
**Statement of Revenues, Expenses, and Changes**  
**in Fund Net Position - Proprietary Funds**  
**Year Ended December 31, 2024**

	Water Utility (601)	Sewer Utility (602, 606)	Electric Utility (604)	Storm Utility (605)
<b>Operating Revenues</b>				
Charges for services	\$ 2,552,563	\$ 4,181,052	\$ 12,327,136	\$ 265,131
Permits, hookup fees and penalties	-	-	-	7,971
Total operating revenues	<u>2,552,563</u>	<u>4,181,052</u>	<u>12,327,136</u>	<u>273,102</u>
<b>Operating Expenses</b>				
Source of power	4,266	-	-	-
Power and pumping	166,610	529,919	-	-
Purification	11,001	172,912	-	-
Distribution	33,296	-	-	-
Administrative and general	891,958	-	1,010,364	16,474
Sanitary sewer maintenance	-	14,473	-	-
Sewer lift stations	-	68,691	-	-
Sewer treatment plants	-	540,126	-	-
Metering	-	4,377	-	-
Purchased power	-	274,146	7,698,560	-
Transmission and distribution	-	-	564,455	-
Depreciation	495,450	668,484	452,322	30,746
Repairs and maintenance	-	65,718	-	-
Insurance	-	41,761	-	-
Office and other supplies	-	31,474	-	-
Travel	-	4,103	-	-
Bad debt expense	-	1,237	-	-
Equipment	98,789	280,628	154,959	66,890
Total operating expenses	<u>1,701,370</u>	<u>2,698,049</u>	<u>9,880,660</u>	<u>114,110</u>
Operating income (loss)	851,193	1,483,003	2,446,476	158,992
<b>Nonoperating Revenues (Expenses)</b>				
Investment earnings	20,584	-	40,524	4,005
Rental income	57	(22)	-	-
Refunds and reimbursements	-	2,389	8,860	-
Other income	18,945	51,810	129,399	-
Interest and related expenses	(227,240)	(93,053)	(100,813)	(36,013)
Amortization of bond premium (discount)	9,098	269	-	269
Total nonoperating revenues (expenses)	<u>(178,556)</u>	<u>(38,607)</u>	<u>77,970</u>	<u>(31,739)</u>
Income (loss) before transfers and capital contributions	672,637	1,444,396	2,524,446	127,253
<b>Transfers and Capital Contributions</b>				
Capital contributions - other	4,650	4,500	-	-
Transfers out	(848,391)	(78,584)	(580,581)	(165,362)
Total transfers and capital contributions	(843,741)	(74,084)	(580,581)	(165,362)
Change in net position	(171,104)	1,370,312	1,943,865	(38,109)
<b>Net Position</b>				
Beginning of year	<u>7,335,528</u>	<u>15,186,742</u>	<u>9,158,254</u>	<u>668,251</u>
End of year	<u>\$ 7,164,424</u>	<u>\$ 16,557,054</u>	<u>\$ 11,102,119</u>	<u>\$ 630,142</u>

See notes to basic financial statements.

Refuse and Recycling (607)	Total
\$ 352,019	\$ 19,677,901
-	7,971
352,019	19,685,872
-	4,266
-	696,529
-	183,913
-	33,296
299,798	2,218,594
-	14,473
-	68,691
-	540,126
-	4,377
-	7,972,706
-	564,455
-	1,647,002
-	65,718
-	41,761
-	31,474
-	4,103
-	1,237
-	601,266
299,798	14,693,987
52,221	4,991,885
643	65,756
-	35
-	11,249
-	200,154
-	(457,119)
-	9,636
643	(170,289)
52,864	4,821,596
-	9,150
(14,500)	(1,687,418)
(14,500)	(1,678,268)
38,364	3,143,328
165,264	32,514,039
\$ 203,628	\$ 35,657,367

**City of Le Sueur**  
**Statement of Cash Flows - Proprietary Funds**  
**Year Ended December 31, 2024**

	Business-Type Activities - Enterprise Funds			
	Water Utility (601)	Sewer Utility (602, 606)	Electric Utility (604)	Storm Utility (605)
<b>Cash Flows - Operating Activities</b>				
Receipts from customers and users	\$ 2,544,080	\$ 4,225,492	\$ 12,319,927	\$ 269,562
Payments to suppliers	(559,771)	(401,974)	(8,283,674)	(88,301)
Payments to employees	(714,965)	(703,057)	(998,769)	-
Other receipts	18,691	51,370	129,399	-
Net cash flows - operating activities	<u>1,288,035</u>	<u>3,171,831</u>	<u>3,166,883</u>	<u>181,261</u>
<b>Cash Flows - Noncapital</b>				
<b>Financing Activities</b>				
Change in due from other funds	1,085,142	-	-	-
Change in due to other funds	-	(1,085,142)	-	-
Refunds and reimbursements	-	2,389	8,860	-
Transfer out	(848,391)	(78,584)	(580,581)	(165,362)
Net cash flows - noncapital financing activities	<u>236,751</u>	<u>(1,161,337)</u>	<u>(571,721)</u>	<u>(165,362)</u>
<b>Cash Flows - Capital and Related</b>				
<b>Financing Activities</b>				
Principal paid on debt	(669,983)	(1,378,698)	(257,278)	(88,471)
Interest paid on debt	(222,365)	(101,235)	(99,513)	(36,133)
Bond proceeds	2,082	-	2,961,000	-
Lease payments	(62)	(32)	-	-
Proceeds from disposal of capital assets	-	-	-	269
Payments received on assessments receivable	-	-	(3,105)	-
Payments received on notes receivable	-	-	36,547	-
Acquisition of capital assets	(160,252)	(606,507)	(2,141,142)	(39,106)
Net cash flows - capital and related financing activities	<u>(1,050,580)</u>	<u>(2,136,472)</u>	<u>546,509</u>	<u>(163,441)</u>
<b>Cash Flows - Investing Activities</b>				
Interest and dividends received	<u>20,589</u>	<u>53</u>	<u>40,524</u>	<u>4,005</u>
Net change in cash and cash equivalents	494,795	(125,925)	3,182,195	(143,537)
<b>Cash and Cash Equivalents</b>				
January 1	<u>3,593,063</u>	<u>125,925</u>	<u>3,649,422</u>	<u>948,958</u>
December 31	<u>\$ 4,087,858</u>	<u>\$ -</u>	<u>\$ 6,831,617</u>	<u>\$ 805,421</u>

Business-Type Activities -  
Enterprise Funds

Refuse and Recycling (607)	Total
\$ 350,434	\$ 19,709,495
(299,184)	(9,632,904)
-	(2,416,791)
-	199,460
<u>51,250</u>	<u>7,859,260</u>
-	1,085,142
-	(1,085,142)
-	11,249
<u>(14,500)</u>	<u>(1,687,418)</u>
<u>(14,500)</u>	<u>(1,676,169)</u>
-	(2,394,430)
-	(459,246)
-	2,963,082
-	(94)
-	269
-	(3,105)
-	36,547
-	<u>(2,947,007)</u>
-	<u>(2,803,984)</u>
<u>643</u>	<u>65,814</u>
37,393	3,444,921
<u>139,694</u>	<u>8,457,062</u>
<u>\$ 177,087</u>	<u>\$ 11,901,983</u>

**City of Le Sueur**  
**Statement of Cash Flows - Proprietary Funds**  
**Year Ended December 31, 2024**

	Business-Type Activities - Enterprise Funds		Business-Type Activities Enterprise Funds	
	Water Utility (601)	Sewer Utility (602, 606)	Electric Utility (604)	Storm Utility (605)
<b>Reconciliation of Operating Income (Loss) to Net Cash Flows - Operating Activities</b>				
Operating income (loss)	\$ 851,193	\$ 1,483,003	\$ 2,446,476	\$ 158,992
Adjustments to reconcile operating income (loss) to net cash flows				
Other income related to operations	18,691	51,370	129,399	-
Operating activities				
Depreciation expense	495,450	668,484	452,322	30,746
Pension related activity	(52,787)	(25,476)	(46,404)	-
Accounts receivable	(8,349)	45,058	(13,189)	(3,540)
Due from other governments	(134)	(618)	5,980	-
Prepaid items	23,657	10,750	12,546	-
Inventory and land held for resale	(7,299)	(68)	45,497	-
Accounts and contracts payable	4,184	430,395	90,527	16,499
Salaries and benefits payable	6,024	5,615	8,314	-
Due to other governments	(57,983)	487,942	(1,661)	(21,436)
Deposits payable	-	-	1	-
OPEB related activity	1,215	903	(1,563)	-
Compensated absences payable	14,173	14,473	38,638	-
Total adjustments	<u>436,842</u>	<u>1,688,828</u>	<u>720,407</u>	<u>22,269</u>
Net cash flows - operating activities	<u>\$ 1,288,035</u>	<u>\$ 3,171,831</u>	<u>\$ 3,166,883</u>	<u>\$ 181,261</u>
<b>Noncash capital and related Financing activities</b>				
Capital assets contributed by others	<u>\$ 4,650</u>	<u>\$ 4,500</u>	<u>\$ -</u>	<u>\$ -</u>
Capital assets acquired on account	<u>\$ 1,123,206</u>	<u>\$ 850,650</u>	<u>\$ -</u>	<u>\$ -</u>

Business-Type Activities  
Enterprise Funds

Refuse and Recycling (607)	Total
\$ 52,221	\$ 4,991,885
-	199,460
-	1,647,002
-	(124,667)
(1,585)	18,395
-	5,228
-	46,953
-	38,130
614	542,219
-	19,953
-	406,862
-	1
-	555
-	67,284
(971)	2,867,375
\$ 51,250	\$ 7,859,260
\$ -	\$ 9,150
\$ -	\$ 1,973,856

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**City of Le Sueur**  
**Notes to Basic Financial Statements**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The City of Le Sueur (the City) operates under its own Home Rule Charter. The City is governed by an elected Mayor and a six-member Council. The Council exercises legislative authority and determines all matters of policy. The Council appoints personnel responsible for the proper administration of all affairs relating to the City.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governmental units.

The City has considered all potential units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the primary government to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the primary government. As required by accounting principles generally accepted in the United States of America, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Each discretely presented component unit is reported in a separate column in the combined financial statements to emphasize that it is legally separate from the government. The discretely presented component unit has a December 31 year end.

**1. Discretely Presented Component Unit.**

The Le Sueur Economic Development Authority (the EDA) was created 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 consists of two Council members and three other Council approved members. The EDA may not exercise any of the powers enumerated by the authorizing statutes without prior approval of the City Council thus is presented as discretely presented component unit.

Separate financial statements are included in this report for the EDA to emphasize that it is legally separate from the City. The EDA is presented as governmental fund type.

**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. 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 services. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

**City of Le Sueur**  
**Notes to Basic Financial Statements**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Government-Wide and Fund Financial Statements (Continued)**

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Interest on general long-term debt is considered an indirect expense and is reported separately in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, 2) operating grants and contributions, and 3) capital grants, and contributions, including special assessments, that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues. Internally dedicated revenues are reported as general revenues rather than program revenues.

Separate fund financial statements are provided for governmental and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Aggregated information for the remaining nonmajor governmental funds is reported in a single column in the fund financial statements.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the fiscal year for which they are levied. Grants and similar items are recognized as revenue when 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 period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period. Only the portion of special assessments receivable due within the current 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.

**City of Le Sueur**  
**Notes to Basic Financial Statements**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

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.

**Description of Funds:**

Each fund is accounted for as an independent entity. Descriptions of the funds included in this report are as follows:

**Major Governmental Funds:**

General Fund - This fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Fund - This fund is used to account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Community Center Fund - This fund is used to account for the operation of the community center, outdoor swimming pool, and recreation activities offered by the City. The fund's charges for services are committed for recreation, operations, maintenance, and improvements.

Capital Project Improvements Fund - This fund is used to account for capital project improvements.

**Proprietary Funds:**

Water Utility Fund - This fund is used to account for costs associated with the City's water system and ensures that user charges are sufficient to pay for those costs.

**City of Le Sueur**  
**Notes to Basic Financial Statements**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

**Description of Funds: (Continued)**

**Proprietary Funds: (Continued)**

Sewer Utility Fund - This fund is used to account for the costs associated with the City's sewer and sewer pre-treatment systems and ensures that user charges are sufficient to pay for those costs.

Electric Utility Fund - This fund is used to account for the costs associated with the City's electric system and ensures that user charges are sufficient to pay for those costs.

Storm Utility Fund - This fund is used to account for the costs associated with the City's storm sewer system and ensures that user charges are sufficient to pay for those costs.

Refuse and Recycling Utility Fund - This fund is used to account for the costs associated with the City's refuse activity and ensures that user charges are sufficient to pay for those costs.

Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the Council has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to the general rule are charges between the City's utility functions 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. Operating expenses for the 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.

The Custodial Fund is presented in the fiduciary fund financial statements. Since, by definition these assets are being held for the benefit of a third part (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the City, these Funds are not incorporated into the government-wide statements.

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity**

**1. Deposits and Investments**

Cash and investments include balances from all funds that are combined and invested to the extent available in various securities as authorized by state law. Earnings from the pooled investments are allocated to the individual funds based on the average of month-end cash and investment balances.

**City of Le Sueur**  
**Notes to Basic Financial Statements**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity  
(Continued)**

**1. Deposits and Investments (Continued)**

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

*Minnesota Statutes* authorizes the City to invest in obligations of the U.S. Treasury, agencies, and instrumentalities, shares of investment companies whose only investments are in the aforementioned securities, obligations of the State of Minnesota or its municipalities, bankers' acceptances, future contracts, repurchase and reverse repurchase agreements, and commercial paper of the highest quality with a maturity of no longer than 270 days and in the Minnesota Municipal Investment Pool.

In accordance with GASB Statement No. 79, the Minnesota Municipal Investment Pool securities are 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.

**2. Receivables**

Accounts receivable include amounts billed for services provided before year end. Unbilled utility enterprise fund receivables are also included for services provided in 2024. Since the City is generally able to certify delinquent amounts to the County for collection as special assessments, no allowance for uncollectible accounts has been provided on current receivables.

**3. Property Taxes**

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

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

**4. Special Assessments**

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

**City of Le Sueur**  
**Notes to Basic Financial Statements**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity  
(Continued)**

**5. Due to/from Other Funds**

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

**6. Inventory**

Inventory is valued at cost using the first in, first out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

**7. 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. Prepaid items are recorded as an expenditure at the time of consumption.

**8. Land Held for Resale**

Land was acquired by the EDA for subsequent resale for redevelopment purposes. Land held for resale is an asset recorded at the lower of cost or realizable value in the fund that acquired it.

**9. 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 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 was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the City constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations, the City values these capital assets are recorded at acquisition value at the date of its donation. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

**City of Le Sueur**  
**Notes to Basic Financial Statements**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity  
(Continued)**

**9. Capital Assets (Continued)**

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

Land and land improvements	\$	25,000
Other improvements		50,000
Buildings		50,000
Building improvements		50,000
Machinery and equipment		5,000
Vehicles		5,000
Infrastructure		100,000
Other assets		5,000

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

Assets	Years
Land improvements	15 - 20
Building and improvements	10 - 40
System improvements/infrastructure	15 - 50
Machinery and equipment	5 - 15
Vehicles	5 - 15
Other assets	5 - 15

**10. Right-to-Use Lease Assets/Lease Liabilities**

The City is a lessor for several noncancellable leases. Right-to-use lease assets are initially measured at an amount equal to the initial measurement of the lease liability plus any payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right-to-use assets are amortized on a straight-line basis over the life of the related lease.

Key estimates and judgments related to leases include (1) the discount rate, (2) lease term, (3) lease payments, and (4) amortization.

The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City determines its estimated borrowing rate based on the applicable State and Local Government Securities rate. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option the City is reasonably certain to exercise.

**City of Le Sueur**  
**Notes to Basic Financial Statements**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity  
(Continued)**

**10. Right-to-Use Lease Assets/Lease Liabilities (Continued)**

The City monitors changes in circumstances that would require a re-measurement of the leases and will remeasure the right-to-use lease assets and liabilities if certain changes occur that are expected to significantly affect the amount of the lease liability.

**11. Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The City presents deferred outflows of resources on the Statement(s) of Net Position for deferred outflows of resources related to pensions and OPEB for various estimate differences that will be amortized and recognized over future years.

In addition to liabilities, the statement of financial position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items that qualify for reporting in this category. The City presents deferred inflows of resources on the Governmental Fund Balance Sheet as unavailable revenue. The governmental funds report unavailable revenues from three sources: property taxes, special assessments, and leases. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City presents deferred inflows of resources on the Statement(s) of Net Position for deferred inflows of resources related to OPEB and pensions for various estimate differences that will be amortized and recognized over future years.

**12. Long-Term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method.

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

**City of Le Sueur**  
**Notes to Basic Financial Statements**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity  
(Continued)**

**13. Compensated Absences**

It is the government's policy to permit employees to accumulate earned but unused paid time off (PTO) and sick pay benefits. A liability is recorded for accumulated PTO and sick pay benefits based on the City's estimate as to whether balances are expected to be paid or if balances are expected to more likely than not be used in future years. Compensated absences are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**14. 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 the relief association and additions to/deductions from PERA's and the relief association's fiduciary net position have been determined on the same basis as they are reported by PERA and the relief association 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.

**15. Postemployment Benefits Other than Pensions**

Under *Minnesota Statute* § 471.61, subdivision 2b., public employers must allow retirees and their dependents to continue coverage indefinitely in an employer-sponsored health care plan, under the following conditions: 1) Retirees must be receiving (or eligible to receive) an annuity from a Minnesota public pension plan, 2) Coverage must continue in group plan until age 65, and retirees must pay no more than the group premium, and 3) Retirees may obtain dependent coverage immediately before retirement. All premiums are funded on a pay-as-you-go basis. The total OPEB liability was determined in accordance with GASB Statement 75.

**16. Fund Equity**

**a. Classification**

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

- **Nonspendable Fund Balances** - These are amounts that cannot be spent because they are not in spendable form, such as prepaid items.
- **Restricted Fund Balances** - These are amounts that are restricted to specific purposes either by a) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments, or b) imposed by law through enabling legislation.
- **Committed Fund Balances** - These are amounts that can only be used for specific purposes pursuant to constraints imposed by the City Council (highest level of decision-making authority) through resolution.

**City of Le Sueur**  
**Notes to Basic Financial Statements**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity  
(Continued)**

**16. Fund Equity (Continued)**

**a. Classification (Continued)**

- Assigned Fund Balances - Amounts constrained for specific purposes that are internally imposed. In governmental funds other than the General Fund, assigned fund balance represents all remaining amounts that are not classified as nonspendable and are neither restricted nor committed. In the General Fund, assigned amounts represent intended uses established by the Council itself or by an official to which the governing body delegates the authority. The Council has adopted a fund balance policy which delegates the authority to assign amounts for specific purposes to the Finance Director or City Administrator.
- Unassigned Fund Balances - These are residual amounts in the General Fund not reported in any other classification. The General Fund is the only fund that can report a positive unassigned fund balance. Other funds would report a negative unassigned fund balance should the total of nonspendable, restricted, and committed fund balances exceed the total net resources of that fund.

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.

**b. Minimum Fund Balance**

The City has formally adopted a fund balance policy for the General Fund. The City's policy is to maintain a minimum unrestricted fund balance of 40% of budgeted operating expenditures for cash-flow timing needs.

**17. Net Position**

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

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

**18. Use of Estimates**

- a. 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 the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenditures/expense during the reporting period. Actual results could differ from those estimates.

**City of Le Sueur**  
**Notes to Basic Financial Statements**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity  
(Continued)**

**19. Budgetary Information**

An annual budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund.

In August of each year, all departments of the City submit requests for appropriations to the Administrator so that a budget may be prepared. Before September 30, the proposed budget is presented to the Council for review. The Council holds public hearings, and a final budget is prepared and adopted in early December. The City does not use encumbrance accounting.

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 Administrator. The legal level of budgetary control is the department level. Budgeted amounts are as originally adopted or as amended by the Council. No budget amendments were made during the year.

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Excess of Expenditures over Appropriations**

The actual expenditures exceeded budgeted expenditures in the General Fund and Community Center Fund as follows:

Fund/Department	Budget	Actual	Excess of Expenditures Over Appropriations
General			
City Administrator	\$ 153,650	\$ 172,913	\$ 19,263
City Attorney	25,000	25,489	489
Planning and Zoning	20,750	58,865	38,115
Crime Control and Investigations	1,369,800	1,521,855	152,055
Automotive Charges	23,500	32,395	8,895
Streets and Parks	845,428	1,031,176	185,748
Vehicle Maintenance	-	300	300
Information Technology	-	353,484	353,484
Debt Service	-	11	11

**City of Le Sueur**  
**Notes to Basic Financial Statements**

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)**

**B. Deficit Fund Equity**

The following funds had deficit fund balances at December 31, 2024:

Fund	Amount
Special Revenue	
Community Center	\$ 558,727
Capital Projects	
2021A Bonds Capital Projects	472,746
2022 Equipment Certificates	22,080
2023 Equipment Certificates	5,967
2025 N 4th St Improvement	457,589
Debt Service	
2005 G.O. Crossover Refunding Bonds	200
2006 G.O. Johnson Controls	11,437

The above deficits will be eliminated through transfers from other funds, future tax and assessment collections, loan repayments, grants, and charges for services.

**NOTE 3 - DEPOSITS AND INVESTMENTS**

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

**A. Deposits**

**Custodial Credit Risk - Deposits:** This is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City has a policy that requires the City's deposits be collateralized as required by *Minnesota Statutes* for an amount exceeding FDIC, SAIF, BIF, or FCUA coverage. As of December 31, 2024, the City's bank balance of \$19,389,648 was not exposed to custodial credit risk because it was insured and fully collateralized with securities held by the pledging financial institution's trust department or agent and in the City's name. The book balance as of December 31, 2024, was \$19,164,866 for deposits.

**City of Le Sueur**  
**Notes to Basic Financial Statements**

**NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)**

**B. Investments**

As of December 31, 2024, the City had the following investments:

Type of Investments	Rating	Fair Value	Less than 1 year	1-2 years	2-5 years	5+ years
Pooled Investments						
Certificates of deposit	NR	\$ 1,670,478	\$ 1,670,478	\$ -	\$ -	\$ -
4M	NR	6,367	-	-	-	6,367
Total Investments		<u>\$ 1,676,845</u>	<u>\$ 1,670,478</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,367</u>

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

- Investments of \$ 1,670,478 are valued using a quoted market prices (Level 2 inputs).

**Concentration of Credit Risk:** The City's investment policy states the City will diversify its investment portfolios to reduce the risk of loss resulting from the over concentration of assets in a specific maturity, a specific issuer, or a specific class of maturities.

**Credit Risk:** The City's investment policy limits investments to those specified in statute.

**Interest Rate Risk:** This is the risk that market values of securities in a portfolio would decrease due to changes in market value interest rates. The City's objective relating to interest rate risk is to mitigate declines in market value of investments due to changes in interest rates. The policy states the "prudent investor" standard of judgment should be used by those making investment decisions. The policy calls for diversity in type and maturity in order to achieve market rate of return and prevent loss.

**Custodial Credit Risk - Investments:** This is the risk in the event of the failure of the counterparty the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's policy states all investments must be fully insured and registered in the name of the City. Some City Securities held by the City's broker-dealer are not registered to the City but are held in an insured account. The account is insured up to \$500,000 SIPC insurance and the broker-dealer provides an additional aggregate insurance policy for all of its customers as a group, not individually. It is unknown what portion of this policy is applicable to the City's portfolio.

The Minnesota Municipal Money Market Fund (the 4M Fund) is a customized cash management and investment program for Minnesota public funds. Sponsored and governed by the League of Minnesota Cities since 1987, the 4M Fund is a unique investment alternative designed to address the daily and long-term investment needs of Minnesota cities and other municipal entities. Allowable under *Minnesota Statutes*, the 4M Fund is comprised of top quality, rated investments.

**City of Le Sueur**  
**Notes to Basic Financial Statements**

**NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)**

**C. Cash and Investments**

*Cash on Hand*

Cash in the possession of the City, consisting of petty cash and change funds, totals \$450.

*Deposit and Investments Summary*

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

Deposits - pooled	\$ 19,164,866
Petty cash	450
Investments - pooled	<u>1,676,845</u>
 Total cash and investments	 <u><u>\$ 20,842,161</u></u>
Statement of Net Position	
Governmental Funds	\$ 9,481,466
Proprietary Funds	11,901,983
Discretely Presented Component Unit	<u>(541,288)</u>
 Total Cash and Investments	 <u><u>\$ 20,842,161</u></u>

**NOTE 4 - NOTES RECEIVABLE**

The EDA has \$701,682 in notes receivable from revolving loan funds. Of this amount, \$75,000 has been estimated to be uncollectible and therefore, an allowance for uncollectible notes has been established. Notes mature between five to ten years with final maturities occurring on June 1, 2027. Interest rates for outstanding notes receivable are at 3%.

The City also has various other notes outstanding at December 31, 2024, totaling \$35,907.

**City of Le Sueur**  
**Notes to Basic Financial Statements**

**NOTE 5 - INTERFUND RECEIVABLES AND PAYABLES**

Individual interfund receivables and payables balances at year-end were as follows:

Due to/from other funds

Receivable Fund	Payable Fund	Amount
General Fund	Community Center	\$ 525,495
	Debt Service	11,637
	Nonmajor governmental funds	406,373
Nonmajor governmental funds	Nonmajor governmental funds	472,746
Water Utility	Sewer Utility	58,833
Total		<u>\$ 1,475,084</u>

Advances to/from other funds

Receivable Fund	Payable Fund	Amount
Water Utility	Sewer Utility	\$ 335,980
Electric Utility	Sewer Utility	100,000
Total		<u>\$ 435,980</u>

The due to/due from other funds balances represent borrowing to resolve deficit cash balances. The advances were primarily capital related, and amortization schedules have been established for payback of the loans.

Advances from/to primary government/component unit are as follows:

Receivable Entity	Payable Entity	Amount
Primary government	Component unit	
Revolving loan	Economic Development Authority	\$ 670,308
Nonmajor governmental	Economic Development Authority	153,233
Total		<u>\$ 823,541</u>

The EDA owes the City \$823,541 relating to the Le Sueur Hilltop Transportation Project Abatement. The EDA paid off debt early with a loan from the City. This will be paid off as the land from this project is sold.

**City of Le Sueur**  
**Notes to Basic Financial Statements**

**NOTE 6 - INTERFUND TRANSFERS**

Transfers during the year ended December 31, 2024, were as follows:

Fund	Transfer In			Total
	General	Debt Service	Nonmajor Governmental	
<b>Transfers out</b>				
General	\$ 125,000	\$ -	\$ 55,000	\$ 180,000
Community Center	13,750	205,842	-	219,592
Nonmajor governmental	6,000	-	-	6,000
Water Utility	39,585	808,806	-	848,391
Sewer Utility	27,300	51,284	-	78,584
Electric Utility	562,400	18,181	-	580,581
Storm Utility	6,000	159,362	-	165,362
Refuse and Recycling	14,500	-	-	14,500
Total transfers out	<u>\$ 794,535</u>	<u>\$ 1,243,475</u>	<u>\$ 55,000</u>	<u>\$ 2,093,010</u>

During the year ended December 31, 2024, the City made the transfers above. Transfers were made to subsidize the General Fund for administration and information technology costs, to provide resources for debt service payments, to provide resources for future capital purchases, and to assist with fund operations. A transfer was made from the Electric Utility Fund to the General Fund representing a franchise fee of approximately 5% of gross revenue of said utility fund. The City also made various transfers for debt service.

**City of Le Sueur**  
**Notes to Basic Financial Statements**

**NOTE 7 - CAPITAL ASSETS**

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated/amortized				
Land	\$ 1,541,013	\$ -	\$ -	\$ 1,541,013
Construction in progress	1,366,834	355,859	810,746	911,947
Total capital assets not being depreciated	<u>2,907,847</u>	<u>355,859</u>	<u>810,746</u>	<u>2,452,960</u>
Capital assets being depreciated/amortized				
Buildings	8,491,830	-	-	8,491,830
Infrastructure	15,627,325	872,808	-	16,500,133
Machinery and equipment	3,397,636	575,753	14,051	3,959,338
Lease asset - equipment	23,194	-	-	23,194
Lease asset - vehicles	-	38,344	-	38,344
Vehicles	2,886,904	38,164	-	2,925,068
Total capital assets being depreciated	<u>30,426,889</u>	<u>1,525,069</u>	<u>14,051</u>	<u>31,937,907</u>
Less accumulated depreciation/ amortization for				
Buildings	(4,980,590)	(317,255)	-	(5,297,845)
Infrastructure	(9,296,483)	(547,754)	-	(9,844,237)
Machinery and equipment	(2,118,138)	(272,119)	(14,051)	(2,376,206)
Lease asset - equipment	(10,336)	(6,264)	-	(16,600)
Lease asset - vehicles	-	(10,651)	-	(10,651)
Vehicles	(1,216,891)	(184,945)	-	(1,401,836)
Total accumulated depreciation/ amortization	<u>(17,622,438)</u>	<u>(1,338,988)</u>	<u>(14,051)</u>	<u>(18,947,375)</u>
Total capital assets being depreciated, amortized, net	<u>12,804,451</u>	<u>186,081</u>	<u>-</u>	<u>12,990,532</u>
Governmental activities capital assets, net	<u>\$ 15,712,298</u>	<u>\$ 541,940</u>	<u>\$ 810,746</u>	<u>\$ 15,443,492</u>

**City of Le Sueur**  
**Notes to Basic Financial Statements**

**NOTE 7 - CAPITAL ASSETS (CONTINUED)**

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

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets not being depreciated				
Land	\$ 616,121	\$ -	\$ -	\$ 616,121
Construction in progress	18,139,589	2,393,780	17,480,193	3,053,176
Total capital assets not being depreciated	<u>18,755,710</u>	<u>2,393,780</u>	<u>17,480,193</u>	<u>3,669,297</u>
Capital assets being depreciated				
Buildings	5,831,568	121,180	-	5,952,748
Infrastructure	45,067,045	15,276,411	-	60,343,456
Machinery and equipment	6,774,970	2,449,291	-	9,224,261
Vehicles	1,959,283	195,688	17,671	2,137,300
Total capital assets being depreciated	<u>59,632,866</u>	<u>18,042,570</u>	<u>17,671</u>	<u>77,657,765</u>
Less accumulated depreciation for				
Buildings	(5,001,387)	(8,593)	-	(5,009,980)
Infrastructure	(20,054,975)	(1,311,511)	-	(21,366,486)
Machinery and equipment	(5,022,498)	(167,753)	-	(5,190,251)
Vehicles	(1,425,225)	(159,145)	(17,671)	(1,566,699)
Total accumulated depreciation	<u>(31,504,085)</u>	<u>(1,647,002)</u>	<u>(17,671)</u>	<u>(33,133,416)</u>
Total capital assets being depreciated, net	<u>28,128,781</u>	<u>16,395,568</u>	<u>-</u>	<u>44,524,349</u>
Business-type activities capital assets, net	<u>\$ 46,884,491</u>	<u>\$ 18,789,348</u>	<u>\$ 17,480,193</u>	<u>\$ 48,193,646</u>

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

Governmental activities	
General government	\$ 73,490
Public safety	214,954
Streets and parks	625,624
Culture and recreation	267,371
Transportation	<u>157,549</u>
Total depreciation/amortization expense - governmental activities	<u>\$ 1,338,988</u>

**City of Le Sueur**  
**Notes to Basic Financial Statements**

**NOTE 7 - CAPITAL ASSETS (CONTINUED)**

Business-type activities	
Water Utility	\$ 495,450
Sewer Utility	668,484
Electric Utility	452,322
Storm Utility	30,746
	<u>1,647,002</u>
Total depreciation expense - business-type activities	<u>\$ 1,647,002</u>

**NOTE 8 - LONG-TERM DEBT**

**A. General Obligation Bonds**

General obligation bonds are direct obligations and pledge the full faith and credit of the government. General obligation bonds currently outstanding are as follows:

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Governmental activities					
G.O. Refunding					
Bonds of 2014A-fire	\$ 1,080,000	2.00% - 3.00%	12/01/14	12/01/28	\$ 350,000
G.O. Street Reconstruction					
Refunding Bonds of 2013B (2011A)	800,000	.90 - 3.20	10/01/13	12/01/26	140,000
G.O. Street Reconstruction					
Bond of 2017A	1,970,000	1.35 - 3.00	08/10/17	12/01/32	1,350,000
G.O. Street Reconstruction					
Bond of 2020A	1,169,927	1.00 - 1.55	12/17/20	02/01/36	968,215
G.O. Tax Abatement					
Bond of 2021A	1,390,000	2.00	06/09/21	02/01/37	1,275,000
G.O. Equipment Certificate					
Bond of 2021A	1,000,000	2.00	06/09/21	02/01/31	845,000
G.O. Bond CSAH 36 Project					
Bond of 2022A	1,247,942	4.75	11/28/22	02/01/28	1,226,888
G.O. Equipment Certificate					
Bond of 2022B	779,000	3.85	12/06/22	02/01/32	779,000
G.O. Equipment Certificate					
Bond of 2023A	488,000	5.10	12/01/23	02/01/32	488,000
					<u>7,422,103</u>
Total general obligation bonds					<u>\$ 7,422,103</u>

**City of Le Sueur**  
**Notes to Basic Financial Statements**

**NOTE 8 - LONG-TERM DEBT (CONTINUED)**

**A. General Obligation Bonds (Continued)**

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

Year Ending December 31,	General Obligation Bonds Governmental Activities		
	Principal	Interest	Total
2025	\$ 730,793	\$ 215,010	\$ 945,803
2026	790,707	194,365	985,072
2027	739,621	172,041	911,662
2028	754,449	150,522	904,971
2029	687,449	128,339	815,788
2030-2034	2,530,267	359,581	2,889,848
2035-2039	844,291	138,175	982,466
2040-2044	344,526	33,639	378,165
Total	<u>\$ 7,422,103</u>	<u>\$ 1,391,672</u>	<u>\$ 8,813,775</u>

**B. Revenue Bonds**

The following bonds were issued to finance capital improvements in the governmental funds. They will be retired from a variety of resources including tax levies, loan repayments, and charges for services of the governmental funds.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Governmental activities					
Gross revenue recreational Facility Bonds of 2014A	\$ 2,330,000	4.50 %	09/04/14	12/01/34	\$ 1,375,000
Total revenue bonds					<u>\$ 1,375,000</u>

**City of Le Sueur**  
**Notes to Basic Financial Statements**

**NOTE 8 - LONG-TERM DEBT (CONTINUED)**

**B. Revenue Bonds**

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

Year Ending December 31,	Revenue Bonds Governmental Activities		
	Principal	Interest	Total
2025	\$ 110,000	\$ 63,105	\$ 173,105
2026	115,000	58,705	173,705
2027	120,000	53,760	173,760
2028	130,000	48,600	178,600
2029	135,000	42,750	177,750
2030-2034	765,000	114,300	879,300
Total	<u>\$ 1,375,000</u>	<u>\$ 381,220</u>	<u>\$ 1,756,220</u>

**C. G.O. Revenue Bonds and G.O. Bonds**

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

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Business-type activities					
G.O. Revenue Bonds of 2007 (PFA)	\$ 16,353,395	1.00%	09/26/07	08/20/27	\$ 2,843,000
Electric Utility Revenue Bonds of 2020A	1,455,000	1.75	10/12/20	12/01/30	900,000
G.O. Revenue Bonds of 2013A	965,000	1.10 - 4.20	10/01/13	12/01/25	100,000
Utility Revenue Bond of 2017A	310,000	1.35 - 3.00	08/10/17	12/01/32	190,000
G.O. Bond of 2020B	4,420,073	1.00 - 1.55	12/17/20	02/01/36	3,586,785
G.O. Utility Revenue Bonds 2021A	5,430,000	2	06/09/21	02/01/42	4,975,000
G.O. Revenue Bonds 2021 (PFA)	2,312,072	1.064	09/27/21	08/20/41	2,012,280
G.O. Bond of 2022A	2,012,058	4.75	11/28/22	02/01/28	1,978,113
Electric Utility Revenue Bonds of 2024A	2,961,000	4.55	12/19/24	12/01/39	2,961,000
Total business-type activities					<u>\$ 19,546,178</u>

**City of Le Sueur**  
**Notes to Basic Financial Statements**

**NOTE 8 - LONG-TERM DEBT (CONTINUED)**

**C. G.O. Revenue Bonds and G.O. Bonds**

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

Year Ending December 31,	G.O. Bonds Business-Type Activities			G.O. Revenue Bonds Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 342,207	\$ 132,077	\$ 474,284	\$ 1,570,000	\$ 279,182	\$ 1,849,182
2026	345,293	125,972	471,265	1,493,000	258,595	1,751,595
2027	353,379	119,700	473,079	1,524,000	234,730	1,758,730
2028	364,551	113,170	477,721	580,000	210,019	790,019
2029	369,551	106,453	476,004	598,000	194,414	792,414
2030-2034	1,998,732	421,273	2,420,005	2,536,000	736,810	3,272,810
2035-2039	1,235,709	212,603	1,448,312	2,708,000	345,236	3,053,236
2040-2043	555,476	54,236	609,712	960,000	29,406	989,406
Total	<u>\$ 5,564,898</u>	<u>\$ 1,285,484</u>	<u>\$ 6,850,382</u>	<u>\$ 11,969,000</u>	<u>\$ 2,288,392</u>	<u>\$ 14,257,392</u>

The G.O. Revenue Bonds 2021 (PFA) were excluded from maturity schedule above as a final amortization schedule will not be available until the project is complete.

**D. Notes from Direct Borrowings**

As part of the transfer of operations of Minnesota River Valley Public Utilities (MRVPUC) to the City of Le Sueur described in Note 10, the City has entered into an agreement with the City of Henderson to make the City of Henderson's 2007 Public Facilities Authority (PFA) debt payments until the maturity of the loan. As a result, the City has a note payable to the City of Henderson as of December 31, 2024, as follows:

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Business-type activities					
Notes from direct borrowings	\$ 1,729,000	1.00%	12/01/19	08/20/27	\$ 673,000

**City of Le Sueur**  
**Notes to Basic Financial Statements**

**NOTE 8 - LONG-TERM DEBT (CONTINUED)**

**D. Notes from Direct Borrowings (Continued)**

The annual debt service requirements to maturity for notes from direct borrowings are as follows:

Year Ending December 31,	Notes from Direct Borrowings Business-Type Activities		
	Principal	Interest	Total
2025	\$ 221,000	\$ 10,028	\$ 231,028
2026	224,000	6,735	230,735
2027	228,000	3,397	231,397
2028	-	-	-
Total	<u>\$ 673,000</u>	<u>\$ 20,160</u>	<u>\$ 693,160</u>

**E. Finance Purchases from Direct Borrowing**

The City has entered into a lease purchase agreement with Kinetic Leasing Inc, for the acquisition of a vehicle. The assets purchased with finance purchase lease are classified as vehicle totaled \$464,209. The associated accumulated depreciation for this asset is \$265,263 for net value of \$198,947.

The City has entered into a lease purchase agreement with Government Capital Corp., for the acquisition of a meters. The assets purchased with finance purchase lease are classified as equipment totaled \$1,530,462. The associated accumulated depreciation for this asset is \$592,872 for net value of \$937,590.

The annual debt service requirements to maturity for finance purchases from direct borrowings are as follows:

Year Ending December 31,	Finance Purchases from Direct Borrowing Business-Type Activities		
	Principal	Interest	Total
2025	\$ 161,175	\$ 50,398	\$ 211,573
2026	226,783	42,356	269,139
2027	172,804	34,013	206,817
2028	109,724	27,880	137,604
2028	114,107	23,496	137,603
2029-2033	415,259	46,541	461,800
Total	<u>\$ 1,199,852</u>	<u>\$ 224,684</u>	<u>\$ 1,424,536</u>

**City of Le Sueur**  
**Notes to Basic Financial Statements**

**NOTE 8 - LONG-TERM DEBT (CONTINUED)**

**F. Changes in Long-Term Liabilities**

	Beginning Balance	Adjustment	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities						
Bonds payable						
General obligation bonds	\$ 7,993,842	\$ -	\$ -	\$ (571,739)	\$ 7,422,103	\$ 730,793
General obligation improvement bonds	-	-	-	-	-	-
Revenue bonds	1,485,000	-	-	(110,000)	1,375,000	110,000
Bond premium	205,029	-	-	(16,613)	188,416	-
Total bonds payable	<u>9,683,871</u>	<u>-</u>	<u>-</u>	<u>(698,352)</u>	<u>8,985,519</u>	<u>840,793</u>
Finance purchases from direct borrowing	<u>605,184</u>	<u>-</u>	<u>-</u>	<u>(605,184)</u>	<u>-</u>	<u>-</u>
Lease liability	<u>12,958</u>	<u>-</u>	<u>38,343</u>	<u>(16,646)</u>	<u>34,655</u>	<u>15,070</u>
Compensated absences payable	<u>189,026</u>	<u>-</u>	<u>77,843</u>	<u>-</u>	<u>266,869</u>	<u>108,716</u>
Governmental activity long-term liabilities	<u>\$ 10,491,039</u>	<u>\$ -</u>	<u>\$ 116,186</u>	<u>\$ (1,320,182)</u>	<u>\$ 9,287,043</u>	<u>\$ 964,579</u>
Business-type activities						
Bonds payable						
General obligation revenue bonds	\$ 12,547,200	\$ -	\$ 2,963,082	\$ (1,529,000)	\$ 13,981,282	\$ 1,637,892
General obligation bonds	5,874,238	-	-	(309,342)	5,564,896	274,315
Bond premium	175,796	-	-	(9,636)	166,160	-
Total bonds payable	<u>18,597,234</u>	<u>-</u>	<u>2,963,082</u>	<u>(1,847,978)</u>	<u>19,712,338</u>	<u>1,912,207</u>
Notes from direct borrowings	<u>891,000</u>	<u>-</u>	<u>-</u>	<u>(218,000)</u>	<u>673,000</u>	<u>221,000</u>
Finance purchases from direct borrowing	<u>1,528,304</u>	<u>-</u>	<u>-</u>	<u>(328,452)</u>	<u>1,199,852</u>	<u>161,175</u>
Compensated absences payable	<u>241,369</u>	<u>-</u>	<u>67,284</u>	<u>-</u>	<u>308,653</u>	<u>138,386</u>
Business-type activity long-term liabilities	<u>\$ 21,257,907</u>	<u>\$ -</u>	<u>\$ 3,030,366</u>	<u>\$ (2,394,430)</u>	<u>\$ 21,893,843</u>	<u>\$ 2,432,768</u>

**City of Le Sueur**  
**Notes to Basic Financial Statements**

**NOTE 9 - PENSION PLANS**

The City participates in various pension plans. Total pension expense for the year ended December 31, 2024, was \$247,107. The components of pension expense are noted in the following plan summaries.

The General Fund, Water Utility Fund, Sewer Utility Fund, and Electric Utility Fund typically liquidate the liability related to the pensions.

General Employees Retirement Plan

**Public Employees' Retirement Association**

**A. Plan Description**

The City participates in the following cost-sharing multiple-employer defined benefit pension plans administered by PERA. PERA's defined benefit pension plans are established and administered in accordance with *Minnesota Statutes* Chapters 353, 353D, 353E, 353G, and 356. Minnesota Statutes Chapter 356 defines each plan's financial reporting requirements. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

General Employees Retirement Plan

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

Public Employees Police and Fire Plan

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

**B. Benefits Provided**

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

**City of Le Sueur**  
**Notes to Basic Financial Statements**

**NOTE 9 - PENSION PLANS (CONTINUED)**

**Public Employees' Retirement Association (Continued)**

**B. Benefits Provided (Continued)**

**General Employees Plan Benefits**

General Employees Plan requires three years of service to vest. Benefits are based on a member's highest average salary for any 5 successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for General Plan members. Members hired prior to July 1, 1989, receive the higher of Step or Level formulas. Only the Level formula is used for members hired after June 30, 1989. Under the Step formula, General Plan members receive 1.2% of the highest average salary for each of the first 10 years of service and 1.7% for each additional year. Under the Level formula, General Plan members receive 1.7% of the highest average salary for all years of service. For members hired prior to July 1, 1989, a full retirement benefit is available when age plus years of service equal 90 and normal retirement age is 65. Members can receive a reduced requirement benefit as early as age 55 if they have three or more years of service. Early retirement benefits are reduced by .25% for each month under age 65. Members with 30 or more years of service can retire at any age with a reduction of .25% for each month the member is younger than age 62. The Level formula allows General Plan members to receive a full retirement benefit at age 65 if they were first hired before July 1, 1989, or at age 66 if they were hired on or after July 1, 1989. Early retirement begins at age 55 with an actuarial reduction applied to the benefit.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. The 2024 annual increase was 1.5%. 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.

**Police and Fire Plan Benefits**

Benefits for the Police and Fire Plan members hired before July 1, 2010, are vested after three years of service. Members hired on or after July 1, 2010, are 50% vested after five years of service and 100% vested after 10 years. After five years, vesting increase by 10% each full year of service until members are 100% vested after 10 years. Police and Fire Plan members receive 3% of highest average salary for all years of service. Police and Fire Plan members receive a full retirement benefit when they are 55 and vested, or when their age plus their years of service equals 90 or greater if they were first hired before July 1, 1989. Early retirement starts at age 50, and early retirement benefits are reduced by 0.417% each month members are younger than age 55.

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

**City of Le Sueur  
Notes to Basic Financial Statements**

**NOTE 9 - PENSION PLANS (CONTINUED)**

**Public Employees' Retirement Association (Continued)**

**C. Contributions**

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

**General Employees Fund Contributions**

General Plan members were required to contribute 6.5% of their annual covered salary in fiscal year 2024, and the City was required to contribute 7.5% for General Plan members. The City's contributions to the General Employees Fund for the year ended December 31, 2024, were \$203,362. The City's contributions were equal to the required contributions as set by state statute.

**Police and Fire Fund Contributions**

Police and Fire Plan members were required to contribute 11.8% of their annual covered salary in fiscal year 2024, and the City was required to contribute 17.7% for Police and Fire Plan members. The City's contributions to the Police and Fire Fund for the year ended December 31, 2024, were \$158,072. The City's contributions were equal to the required contributions as set by state statute.

**D. Pension Costs**

**General Employees Fund Pension Costs**

At December 31, 2024, the City reported a liability of \$1,219,215 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 \$31,526.

City's proportionate share of the net pension liability	\$ 1,219,215
State of Minnesota's proportionate share of the net pension liability associated with the City	31,526
Total	\$ 1,250,741

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's 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, 2023, through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0330% at the end of the measurement period and 0.0359% for the beginning of the period.

**City of Le Sueur**  
**Notes to Basic Financial Statements**

**NOTE 9 - PENSION PLANS (CONTINUED)**

**Public Employees' Retirement Association (Continued)**

**D. Pension Costs (Continued)**

General Employees Fund Pension Costs (Continued)

For the year ended December 31, 2024, the City recognized pension expense of \$69,187 for its proportionate share of General Employees Plan's pension expense. Included in the amount, the City recognized \$845 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

During the plan year ended June 30, 2024, the State of Minnesota contributed \$170.1 million to the General Employees Fund. The State of Minnesota is not included as a non-employer contributing entity in the General Employees Plan pension allocation schedule for the \$170.1 million in direct state aid because this contribution was not considered to meet the definition of a special funding situation. The City recognized \$56,097 for the year ended December 31, 2024 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the General Employees Fund.

At December 31, 2024, 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
	<u>                    </u>	<u>                    </u>
Differences between expected and actual economic experience	\$ 117,623	\$ -
Changes in actuarial assumptions	6,173	491,297
Net difference between projected and actual investment earnings	-	373,629
Changes in proportion	67,320	137,446
Contributions paid to PERA subsequent to the measurement date	101,681	-
	<u>                    </u>	<u>                    </u>
Total	<u><u>\$ 292,797</u></u>	<u><u>\$ 1,002,372</u></u>

**City of Le Sueur  
Notes to Basic Financial Statements**

**NOTE 9 - PENSION PLANS (CONTINUED)**

**Public Employees' Retirement Association (Continued)**

**D. Pension Costs (Continued)**

General Employees Fund Pension Costs (Continued)

The \$101,681 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Pension Expense Amount</u>
2025	\$ (442,200)
2026	(81,853)
2027	(193,758)
2028	<u>(93,445)</u>
Total	<u>\$ (811,256)</u>

Police and Fire Fund Pension Costs

At December 31, 2024, the City reported a liability of \$655,934 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's 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, 2023, through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0499% at the end of the measurement period and 0.0562% for the beginning of the period.

**City of Le Sueur**  
**Notes to Basic Financial Statements**

**NOTE 9 - PENSION PLANS (CONTINUED)**

**Public Employees' Retirement Association (Continued)**

**D. Pension Costs (Continued)**

**Police and Fire Fund Pension Costs (Continued)**

The State of Minnesota contributed \$37.4 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2024. The contribution consisted of \$9 million in direct state aid that meets the definition of a special funding situation, additional one-time direct state aid contribution of \$19.4 million, and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. Additionally, \$9 million supplemental state aid was paid on October 1, 2024. Thereafter, by October 1 of each year, the State will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90% funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90% funded, whichever occurs later. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$25,004.

City's proportionate share of the net pension liability	\$ 655,934
State of Minnesota's proportionate share of the net pension liability associated with the City	25,004
Total	\$ 680,938

For the year ended December 31, 2024, the City recognized pension expense of \$145,982 for its proportionate share of the Police and Fire Plan's pension expense. Included in this amount, the City recognized \$2,428 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$9 million to the Police and Fire Fund.

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$28.4 million in supplemental state aid because this contribution was not considered to meet the definition of a special funding situation. The City recognized \$4,487 for the year ended December 31, 2024, as revenue and an offsetting reduction of the net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund.

**City of Le Sueur**  
**Notes to Basic Financial Statements**

**NOTE 9 - PENSION PLANS (CONTINUED)**

**Public Employees' Retirement Association (Continued)**

**D. Pension Costs (Continued)**

**Police and Fire Fund Pension Costs (Continued)**

At December 31, 2024, the City reported its proportionate share of the Police and Fire 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	\$ 271,197	\$ -
Changes in actuarial assumptions	738,862	1,088,471
Net difference between projected and actual investment earnings	-	207,276
Changes in proportion	133,037	96,752
Contributions paid to PERA subsequent to the measurement date	79,036	-
Total	\$ 1,222,132	\$ 1,392,499

The \$79,036 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Pension Expense Amount
2025	\$ (35,836)
2026	164,722
2027	(105,338)
2028	(269,814)
2029	(3,137)
Total	\$ (249,403)

**City of Le Sueur**  
**Notes to Basic Financial Statements**

**NOTE 9 - PENSION PLANS (CONTINUED)**

**Public Employees' Retirement Association (Continued)**

**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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	33.5 %	5.10 %
International equity	16.5	5.30
Fixed income	25.0	0.75
Private markets	25.0	5.90
Total	<u>100.0 %</u>	

**F. Actuarial Methods and Assumptions**

The total pension liability in the June 30, 2024, 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%. 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 considered reasonable by the actuary. An investment return of 7.0% is within that range.

Inflation is assumed to be 2.25% for the General Employees Plan and 2.25% for the Police and Fire Plan. Benefit increases after retirement are assumed to be 1.25% for the General Employees Plan and 1% for the Police and Fire Plan.

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

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

**City of Le Sueur  
Notes to Basic Financial Statements**

**NOTE 9 - PENSION PLANS (CONTINUED)**

**Public Employees' Retirement Association (Continued)**

**F. Actuarial Methods and Assumptions (Continued)**

Actuarial assumptions for the General Employees Plan are reviewed every four years. The General Employees Plan was last reviewed in 2022. The assumption changes were adopted by the Board and became effective with the July 1, 2023, actuarial valuation. The Police and Fire Plan was reviewed in 2024. PERA anticipates the experience study will be approved by the Legislative Commission on Pensions and Retirement and become effective with the July 1, 2025, actuarial valuation.

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

**General Employees Fund**

**Changes in Actuarial Assumptions**

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

**Changes in Plan Provisions**

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

**Police and Fire Fund**

**Changes in Plan Provisions**

- The State contribution of \$9.0 million per year will continue until the earlier of 1) both the Police and Fire Plan and the State Patrol Retirement Fund attain 90% funded status for three consecutive years (on an actuarial value of assets basis) or 2) July 1, 2048. The contribution was previously due to expire after attaining a 90% funded status for one year.
- The additional \$9.0 million contribution will continue until the Police and Fire Plan is fully funded for a minimum of three consecutive years on an actuarial value of assets basis, or July 1, 2048, whichever is earlier. This contribution was previously due to expire upon attainment of fully funded status on an actuarial value of assets basis for one year (or July 1, 2048, if earlier).

**City of Le Sueur**  
**Notes to Basic Financial Statements**

**NOTE 9 - PENSION PLANS (CONTINUED)**

**Public Employees' Retirement Association (Continued)**

**G. Discount Rate**

The discount rate used to measure the total pension liability in 2024 was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from Plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net positions of the General Employees and Police and Fire Plans were projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**H. Pension Liability Sensitivity**

The following presents the City's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease in Discount Rate (6.0%)	Current Discount Rate (7.0%)	1% Increase in Discount Rate (8.0%)
City's proportionate share of the General Employees Fund net pension liability	\$ 2,662,961	\$ 1,219,215	\$ 31,602
	1% Decrease in Discount Rate (6.0%)	Current Discount Rate (7.0%)	1% Increase in Discount Rate (8.0%)
City's proportionate share of the Police and Fire Fund net pension liability	\$ 1,550,096	\$ 655,934	\$ (78,363)

**I. Pension Plan Fiduciary Net Position**

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

**Defined Benefit Pension Plan - Volunteer Firefighter's Relief Association**

**A. Plan Description**

The Le Sueur Fire Department participates in the Statewide Volunteer Firefighter Retirement Plan (SVF), an agent multiple-employer lump-sum defined benefit pension plan administered by the Public Employees Retirement Association of Minnesota (PERA). The SVF 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 24 active firefighters and 3 vested terminated firefighters whose pension benefits are deferred. The plan is established and administered in accordance with *Minnesota Statutes* Chapter 353 G.

**City of Le Sueur**  
**Notes to Basic Financial Statements**

**NOTE 9 - PENSION PLANS (CONTINUED)**

**Defined Benefit Pension Plan - Volunteer Firefighter's Relief Association (Continued)**

**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 5 years of service. Plan provisions include a pro-rated vesting schedule that increases from 5 years at 40% through 20 years at 100%.

**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 \$47,724 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. In addition, the City made voluntary contributions of \$0 to the plan.

**City of Le Sueur**  
**Notes to Basic Financial Statements**

**NOTE 9 - PENSION PLANS (CONTINUED)**

**Defined Benefit Pension Plan - Volunteer Firefighter's Relief Association (Continued)**

**D. Pension Costs**

At December 31, 2024, the City reported a net pension asset of \$83,305 for the Volunteer Firefighter Fund. The net pension asset was measured as of December 31, 2023. The total pension liability used to calculate the net pension asset in accordance with GASB 68 was determined by PERA applying an actuarial formula to specific census data certified by the fire department. The table on the following page presents the changes in net pension liability during the year.

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
	<u>(a)</u>	<u>(b)</u>	<u>(a) - (b)</u>
Balances at December 31, 2022	\$ 1,109,779	\$ 1,107,392	\$ 2,387
Changes for the year			
Service cost	61,415	-	61,415
Interest on pension liability	66,267	-	66,267
Difference between expected and actual experience	711	-	711
Municipal contribution	-	-	-
State contributions	-	52,806	(52,806)
Projected investment return	-	64,023	(64,023)
Changes in benefit level	-	-	-
Gain or loss	-	97,256	(97,256)
Benefit payments	(133,500)	(133,500)	-
Administrative expense	-	-	-
Net changes	<u>(5,107)</u>	<u>80,585</u>	<u>(85,692)</u>
Balances at December 31, 2023	<u>\$ 1,104,672</u>	<u>\$ 1,187,977</u>	<u>\$ (83,305)</u>

For the year ended December 31, 2024, the City recognized pension expense of \$31,938.

**City of Le Sueur  
Notes to Basic Financial Statements**

**NOTE 9 - PENSION PLANS (CONTINUED)**

**Defined Benefit Pension Plan - Volunteer Firefighter's Relief Association (Continued)**

**D. Pension Costs (Continued)**

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 568	\$ 17,597
Difference between projected and actual investment earnings	54,055	-
City contributions subsequent to the measurement date	58,930	-
Total	\$ 113,553	\$ 17,597

The \$58,930 reported as deferred outflows of resources related to pensions resulting from City and State contributions (both statutorily required and voluntary, as applicable) subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Pension Expense Amount
2025	\$ (2,040)
2026	24,061
2027	34,315
2028	(19,310)
Total	\$ 37,026

**E. Actuarial Assumptions**

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

Retirement eligibility at the later of age 50 or 20 years of service	
Inflation	3.0 %
Investment rate of return	6.0

**City of Le Sueur  
Notes to Basic Financial Statements**

**NOTE 9 - PENSION PLANS (CONTINUED)**

**Defined Benefit Pension Plan - Volunteer Firefighter's Relief Association (Continued)**

**E. Actuarial Assumptions (Continued)**

There were no changes in actuarial assumptions in 2023.

**F. Discount Rate**

The discount rate used to measure the total pension liability was 6.0%. The projection of cash flows used to determine the discount rate assumed that contributions to the Volunteer Firefighter Fund will be made as specified in statute. Based on that assumption and considering the funding ratio of the plan, the fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**G. Pension Liability Sensitivity**

The following presents the City's net pension asset for the Volunteer Firefighter Fund, calculated using the assumed discount rate as well as what the City's net pension asset would be if it were calculated using a discount rate 1% lower or 1% higher than the current discount rate:

	1% Decrease in Discount Rate (5.0%)	Current Discount Rate Rate (6.0%)	1% Increase in Discount Rate (7.0%)
Net pension liability (asset)	<u>\$ (45,088)</u>	<u>\$ (83,305)</u>	<u>\$ (121,005)</u>

**H. Plan Investments**

*Investment Policy*

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

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

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

**City of Le Sueur  
Notes to Basic Financial Statements**

**NOTE 9 - PENSION PLANS (CONTINUED)**

**Defined Benefit Pension Plan - Volunteer Firefighter's Relief Association (Continued)**

**H. Plan Investments (Continued)**

*Asset Allocation*

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	35.5 %	5.10 %
Private Markets	25.0	5.90
Fixed Income	20.0	0.75
International Equity	17.5	5.90
Cash Equivalents	2.0	0.00
 Total	 <u>100.0 %</u>	

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

The SBI made no significant changes to their investment policy during fiscal year 2023 for the Volunteer Firefighter Fund.

**I. Pension Plan Fiduciary Net Position**

Detailed information about the Volunteer Firefighter Fund's fiduciary net position as of June 30, 2023, is available in a separately issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained at [www.mnpera.org](http://www.mnpera.org).

**NOTE 10 - CONTINGENCIES**

**A. Legal Claims**

The City has usual and customary type of miscellaneous legal claims pending at year-end. Although the outcome of these lawsuits is not presently determinable, the City's management believes the City will not incur any material monetary loss resulting from these claims. No loss has been recorded on the City's financial statements relating to these claims.

**City of Le Sueur**  
**Notes to Basic Financial Statements**

**NOTE 10 - CONTINGENCIES (CONTINUED)**

**B. Grants**

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

**NOTE 11 - RISK MANAGEMENT**

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

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

**NOTE 12 - POST-EMPLOYMENT HEALTH CARE PLAN**

**A. Plan Description**

The City administers a single employer defined benefit healthcare plan ("the Retiree Health Plan"). The plan provides healthcare insurance for eligible retirees and their spouses through the City's group health insurance plan until Medicare age, which covers both active and retired members. There are 23 active participants.

**B. Benefits Provided**

Benefit provisions are established through negotiations between the City and the unions representing the City employees and are renegotiated each bargaining period. Retired employees receive no retiree benefits except the allowance to continue health insurance that is mandated by Minnesota Law. The Retiree Health Plan does not issue a publicly available financial report.

**C. Annual Other Post-Employment Benefit Cost and Net Other Post-Employment Benefit Obligation**

The City has historically funded these liabilities on a pay-as-you-go basis. Contribution requirements are negotiated between the City and union representatives. The City does not contribute any of the cost of current-year premiums for eligible retired plan members or their spouses. For 2024, the City contributed \$0 to the plan.

**City of Le Sueur**  
**Notes to Basic Financial Statements**

**NOTE 12 - POST-EMPLOYMENT HEALTH CARE PLAN (CONTINUED)**

**D. Members**

As of December 31, 2024, the following were covered by the benefit terms:

Active employees	23
Total	23

**E. Actuarial Assumptions**

The total OPEB liability was determined by an actuarial valuation as of December 31, 2024, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Key Methods and Assumptions Used in Valuation of Total OPEB Liability

Investment rate of return	N/A
Salary increases	3.00%, including inflation
Inflation	2.50%
Healthcare cost trend increases	6.50% decreasing to 5.00% then 4.00%.
Mortality assumption	Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2021 Generational Improvement Scale.

The actuarial assumptions used in the December 31, 2024, valuation was based on the results of an actuarial experience study for the period January 1, 2024, through December 31, 2024.

The discount rate used to measure the total OPEB liability was 3.70% which is equal to the 20-Year Municipal Bond Yield.

**Actuarial Assumption Changes:**

- The health care trend rates were updated
- The inflation rate was changed from 2.00% to 2.50%.
- The discount rate was changed from 2.00% to 3.70%.

**City of Le Sueur**  
**Notes to Basic Financial Statements**

**NOTE 12 - POST-EMPLOYMENT HEALTH CARE PLAN (CONTINUED)**

**F. Total OPEB Liability**

The City's total OPEB liability of \$97,557 was measured as of December 31, 2024, and was determined by an actuarial valuation as of that date.

	Total OPEB Liability
Balances at January 1, 2024	\$ 95,132
Changes for the year	
Service cost	11,858
Interest	2,139
Differences between expected and actual economic experience	5,064
Assumption changes	(16,528)
Benefit payments	(108)
Net changes	2,425
Balances at December 31, 2024	\$ 97,557

The General Fund, Water Utility Fund, Sewer Utility Fund, and Electric Utility Fund typically liquidate the Liability related to OPEB.

**G. OPEB Liability Sensitivity**

The following presents the City's total OPEB liability calculated using the discount rate of 3.70% as well as the liability measured using 1% lower and 1% higher than the current discount rate.

Total OPEB Liability		
1% Decrease in Discount Rate (2.70%)	Current Discount Rate (3.70%)	1% Increase in Discount Rate (4.70%)
\$ 108,212	\$ 97,557	\$ 87,670

**City of Le Sueur**  
**Notes to Basic Financial Statements**

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower and 1% higher than the current healthcare cost trend rates.

Total OPEB Liability		
1% Decrease in Trend Rate (5.50% Decreasing to 4.0%)	Current Trend Rate (6.50% Decreasing to 5.0%)	1% Increase in Trend Rate (7.50% Decreasing to 6.0%)
\$ 82,735	\$ 97,557	\$ 115,199

**H. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended December 31, 2024, the City recognized OPEB expense of \$727. At December 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on OPEB plan investments	\$ 4,431	\$ 52,575
Changes of assumptions	5,732	15,655
Total	\$ 10,163	\$ 68,230

**NOTE 13 - TAX INCREMENT FINANCING**

The City has entered into five Tax Increment Financing agreements, two of which meet the criteria for disclosure under *Governmental Accounting Standards Board Statement No. 77 Tax Abatement Disclosures*. The City's authority to enter into these agreements comes from 469. The City entered into these agreements for the purpose of housing and economic development.

Under each agreement, the City and developer agree on an amount of development costs to be reimbursed to the developer by the City through tax revenues from the additional taxable value of the property generated by the development (tax increment). A "pay-as-you-go" note is established for this amount, on which the City makes payments for a fixed period of time with available tax increment revenue after deducting for certain administrative costs.

**City of Le Sueur**  
**Notes to Basic Financial Statements**

**NOTE 13 - TAX INCREMENT FINANCING (CONTINUED)**

During the year ended December 31, 2024, the City generated \$191,171 in tax increment revenue and made \$92,833 in payments to developers.

The two agreements which meet the criteria for disclosure each exceeded 10% of the total tax increment generated throughout the year are listed below.

- TIF District No. 19 was established in 2015 for the development of the Oak Terrace Senior Housing Facility. Under the agreement, up to \$1,784,880 of development costs will be reimbursed through tax increment over an eighteen-year period. During the year ended December 31, 2024, the City generated \$67,718 of tax increment revenue and made payments on the pay-as-you-go note of \$64,332. The note's balance at year end was \$1,270,653.

**NOTE 14 - RESTATEMENTS AND ADJUSTMENTS OF BEGINNING NET POSITION AND FUND BALANCES**

For the year ended December 31, 2024, the City's Medical Facility Bonds 2010 Fund was changed from a major governmental fund to a nonmajor governmental fund, resulting in an increase of beginning fund balance for the nonmajor governmental funds of \$34,066.

	Reporting Units Affected by Adjustments to and Restatements of Beginning Balances	
	Governmental Funds	
	Medical Facility Bonds 2010	Other Governmental Funds
12/31/2023, as previously reported	\$ 34,066	\$ 4,525,396
Change within financial reporting entity	(34,066)	34,066
12/31/2023, as adjusted or restated	\$ -	\$ 4,559,462

**REQUIRED SUPPLEMENTARY INFORMATION**

**City of Le Sueur**  
**Schedule of Changes in Total OPEB Liability**  
**and Related Ratios**

	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021
<b>Total OPEB Liability</b>				
Service cost	\$ 11,858	\$ 12,339	\$ 11,980	\$ 11,039
Interest	2,139	1,938	3,802	3,735
Differences between expected and actual experience	5,064	-	(46,573)	-
Changes of assumptions	(16,528)	-	7,203	-
Changes of benefit terms	-	-	-	-
Benefit payments	(108)	(7,342)	(14,582)	(12,227)
Other changes	-	-	-	-
Net change in total OPEB liability	<u>2,425</u>	<u>6,935</u>	<u>(38,170)</u>	<u>2,547</u>
Beginning of year	<u>95,132</u>	<u>88,197</u>	<u>126,367</u>	<u>123,820</u>
End of year	<u>\$ 97,557</u>	<u>\$ 95,132</u>	<u>\$ 88,197</u>	<u>\$ 126,367</u>
Covered-employee payroll	\$ 2,137,964	\$ 2,047,200	\$ 1,987,573	\$ 2,153,677
Total OPEB liability as a percentage of covered-employee payroll	4.56%	4.65%	4.44%	5.87%

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

December 31, 2020	December 31, 2019	December 31, 2018
\$ 10,692	\$ 11,582	\$ 12,193
6,989	6,404	6,424
(57,417)	-	-
2,492	(4,774)	-
-	-	-
(24,120)	(20,818)	(16,468)
-	-	-
<u>(61,364)</u>	<u>(7,606)</u>	<u>2,149</u>
<u>185,184</u>	<u>192,790</u>	<u>190,641</u>
<u>\$ 123,820</u>	<u>\$ 185,184</u>	<u>\$ 192,790</u>
\$ 2,085,886	\$ 1,627,080	\$ 1,579,689
5.94%	11.38%	12.20%

**City of Le Sueur**  
**Schedule of City's Proportionate Share**  
**of Net Pension Liability**  
**General Employees Retirement Fund**  
**Last Ten Years**

Year Ended June 30,	City's Proportionate Share (Percentage) of the Net Pension Liability (Asset)	City's Proportionate Share (Amount) of the Net Pension Liability (Asset)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with the City	City's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with the City	City's Covered- Employee	City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered- Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	0.0330%	\$ 1,219,215	\$ 31,526	\$ 1,250,741	\$ 2,791,200	43.68%	89.08%
2023	0.0359%	2,007,488	55,355	2,062,843	2,855,547	70.30%	83.10%
2022	0.0342%	2,708,651	79,404	2,788,055	2,560,200	105.80%	76.67%
2021	0.0356%	1,520,279	46,442	1,566,721	2,564,720	59.28%	87.00%
2020	0.0354%	2,122,392	65,462	2,187,854	2,521,867	84.16%	79.06%
2019	0.0324%	1,791,323	55,664	1,846,987	2,292,947	78.12%	80.23%
2018	0.0313%	1,736,396	57,086	1,793,482	2,105,560	82.47%	79.53%
2017	0.0309%	1,972,636	24,786	1,997,422	1,989,173	99.17%	75.90%
2016	0.0315%	2,557,644	33,392	2,591,036	1,953,720	130.91%	68.91%
2015	0.0344%	1,782,787	-	-	1,985,947	89.77%	78.19%

**Schedule of City's Proportionate Share**  
**of Net Pension Liability**  
**Public Employees Police and Fire Retirement Fund**  
**Last Ten Years**

Year Ended June 30,	City's Proportion of the Net Pension Liability (Asset)	City's Proportionate Share of the Net Pension Liability (Asset)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with the City	City's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with the City	City's Covered- Employee Payroll	City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered- Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	0.0499%	\$ 655,934	\$ 25,004	\$ 680,938	\$ 690,401	95.01%	90.17%
2023	0.0562%	970,501	39,050	1,009,551	737,418	131.61%	86.47%
2022	0.0520%	2,262,835	98,905	2,361,740	632,147	357.96%	70.53%
2021	0.0491%	374,581	17,036	391,617	580,655	64.51%	93.66%
2020	0.0495%	652,463	15,381	667,844	546,701	119.35%	87.19%
2019	0.0516%	542,368	N/A	542,368	557,377	97.31%	89.26%
2018	0.0470%	497,798	N/A	497,798	496,278	100.31%	86.61%
2017	0.0480%	643,737	N/A	643,737	495,333	129.96%	85.43%
2016	0.0510%	2,042,129	N/A	2,042,129	486,648	419.63%	63.88%
2015	0.0520%	590,842	N/A	590,842	465,630	126.89%	86.61%

**City of Le Sueur  
Schedule of City Contributions  
General Employees Retirement Fund  
Last Ten Years**

Fiscal Year Ending December 31,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	City's Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2024	\$ 203,362	\$ 203,362	\$ -	\$ 2,711,493	7.5%
2023	193,556	193,556	-	2,580,747	7.5%
2022	182,087	182,087	-	2,427,827	7.5%
2021	171,457	171,457	-	2,286,093	7.5%
2020	192,354	192,354	-	2,564,720	7.5%
2019	158,638	158,638	-	2,115,173	7.5%
2018	145,019	145,019	-	1,933,587	7.5%
2017	149,188	149,188	-	1,989,173	7.5%
2016	142,273	142,273	-	1,896,973	7.5%
2015	144,639	144,639	-	1,928,520	7.5%

**Schedule of City Contributions  
Public Employees Police and Fire Retirement Fund  
Last Ten Years**

Fiscal Year Ending December 31,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	City's Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2024	\$ 158,072	\$ 158,072	\$ -	\$ 893,062	17.70%
2023	128,807	128,807	-	727,723	17.70%
2022	131,532	131,532	-	743,119	17.70%
2021	113,742	113,742	-	642,610	17.70%
2020	102,776	102,776	-	580,655	17.70%
2019	100,748	100,748	-	594,383	16.95%
2018	91,685	91,685	-	565,957	16.20%
2017	80,244	80,244	-	495,333	16.20%
2016	82,433	82,433	-	508,846	16.20%
2015	85,580	85,580	-	528,272	16.20%

**City of Le Sueur**  
**Schedule of Changes in Net Pension Liability - Fire Relief Association -**  
**General Employees Retirement Fund**  
**Last Ten Years**

	2023	2022	2021	2020
<b>Total Pension Liability (TPL)</b>				
Service cost	\$ 61,415	\$ 61,415	\$ 55,529	\$ 54,239
Interest on the pension liability	66,267	67,167	63,942	54,907
Actuarial experience (gains)/losses	711	(15,378)	(6,712)	(28,429)
Changes in benefit level	-	-	59,551	206,464
Benefit payments	(133,500)	(122,900)	(126,000)	(149,776)
Net change in TPL	<u>(5,107)</u>	<u>(9,696)</u>	<u>46,310</u>	<u>137,405</u>
TPL - beginning	<u>1,109,779</u>	<u>1,119,475</u>	<u>1,073,165</u>	<u>935,760</u>
TPL - ending	<u><u>\$ 1,104,672</u></u>	<u><u>\$ 1,109,779</u></u>	<u><u>\$ 1,119,475</u></u>	<u><u>\$ 1,073,165</u></u>
<b>Plan Fiduciary Net Position (PFNP)</b>				
First state aid	\$ 43,835	\$ 38,878	\$ 36,997	\$ 36,021
Fire supplemental aid	7,971	7,846	7,773	7,951
Supplemental benefit reimbursement	1,000	1,000	3,000	2,000
Voluntary municipal contribution	-	-	-	-
Required municipal contribution	-	-	-	-
Adjustment to initial asset transfer	-	-	-	-
Net investment income	161,280	(200,476)	124,864	177,967
PERA administrative fee	-	(750)	(840)	(810)
Auditor/accounting fee	-	-	-	-
SBI investment fee	-	(81)	(74)	(77)
Benefit payments	(133,500)	(122,900)	(126,000)	(149,776)
Net change in PFNP	<u>80,586</u>	<u>(276,483)</u>	<u>45,720</u>	<u>73,276</u>
PFNP - beginning	<u>1,107,391</u>	<u>1,383,874</u>	<u>1,338,154</u>	<u>1,264,878</u>
PFNP - ending	<u><u>\$ 1,187,977</u></u>	<u><u>\$ 1,107,391</u></u>	<u><u>\$ 1,383,874</u></u>	<u><u>\$ 1,338,154</u></u>
Net pension asset - ending	<u><u>\$ (83,305)</u></u>	<u><u>\$ 2,388</u></u>	<u><u>\$ (264,399)</u></u>	<u><u>\$ (264,989)</u></u>
Plan fiduciary net position as a percentage of the total pension liability	107.5%	99.8%	123.6%	124.7%

2019	2018	2017	2016	2015	2014
\$ 37,848	\$ 39,417	\$ 40,458	\$ 36,734	\$ 35,664	\$ 34,604
57,941	64,251	56,673	51,513	46,929	43,185
2,255	(22,151)	2,723	(5,964)	(7,206)	(14,859)
-	-	122,478	-	-	-
(180,240)	(190,000)	-	-	-	-
<u>(82,196)</u>	<u>(108,483)</u>	<u>222,332</u>	<u>82,283</u>	<u>75,384</u>	<u>62,930</u>
<u>1,017,956</u>	<u>1,126,439</u>	<u>904,107</u>	<u>821,824</u>	<u>746,440</u>	<u>685,151</u>
<u>\$ 935,760</u>	<u>\$ 1,017,956</u>	<u>\$ 1,126,439</u>	<u>\$ 904,107</u>	<u>\$ 821,824</u>	<u>\$ 748,081</u>
\$ 33,544	\$ 32,973	\$ 32,650	\$ 32,998	\$ 33,106	\$ 31,404
7,766	7,846	7,900	8,005	8,100	7,598
2,000	-	-	-	-	-
25,000	25,000	50,000	-	25,000	17,602
-	-	-	-	-	7,588
-	-	-	-	-	-
215,394	(46,999)	146,233	69,324	985	53,719
(870)	(810)	(810)	(810)	(810)	(810)
-	-	-	-	-	-
(74)	(74)	(68)	(76)	(31)	-
(180,240)	(190,000)	-	-	-	-
<u>102,520</u>	<u>(172,064)</u>	<u>235,905</u>	<u>109,441</u>	<u>66,351</u>	<u>117,101</u>
<u>1,162,358</u>	<u>1,334,422</u>	<u>1,098,516</u>	<u>989,074</u>	<u>922,723</u>	<u>805,622</u>
<u>\$ 1,264,878</u>	<u>\$ 1,162,358</u>	<u>\$ 1,334,421</u>	<u>\$ 1,098,515</u>	<u>\$ 989,074</u>	<u>\$ 922,723</u>
<u>\$ (329,118)</u>	<u>\$ (144,402)</u>	<u>\$ (207,982)</u>	<u>\$ (194,408)</u>	<u>\$ (167,250)</u>	<u>\$ (174,642)</u>
135.2%	114.2%	118.5%	121.5%	120.4%	123.3%

**City of Le Sueur**  
**Notes to Required Supplementary Information**

**General Employees Fund**

**2024 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

**2023 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- An additional one-time direct state aid contribution of \$170.1 million was 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% minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

**2022 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**2021 Changes**

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.5% to 6.5% for financial reporting purposes.
- The mortality improvement scale was changed from scale MP-2019 to scale MP-2020.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**2020 Changes**

Changes in Actuarial Assumptions

- The price inflation assumption was decreased from 2.5% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.0%.

**City of Le Sueur  
Notes to Required Supplementary Information**

**General Employees Fund (Continued)**

**2020 Changes (Continued)**

Changes in Actuarial Assumptions (Continued)

- 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 and Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint and Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions

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

**2019 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

**2018 Changes**

Changes in Actuarial Assumptions

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.0% per year through 2044 and 2.5% per year thereafter to 1.25% per year.

Changes in Plan Provisions

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

**City of Le Sueur**  
**Notes to Required Supplementary Information**

**General Employees Fund (Continued)**

**2018 Changes (Continued)**

Changes in Plan Provisions (Continued)

- Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Annual increases were changed from 1.00% per year with a provision to increase to 2.50% upon attainment of 90.00% funding ratio to 50.00% of the Social Security Cost of Living Adjustment, not less than 1.00% and not more than 1.50%, 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. This does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

**2017 Changes**

Changes in Actuarial Assumptions

- The CSA loads were changed from 0.8% for active members and 60% for vested and non-vested deferred members. The revised CSA loads are now 0.0% for active member liability, 15% for vested deferred member liability and 3% for non-vested deferred member liability.
- The assumed annual increase rate was changed from 1.0% per year for all years to 1.0% per year through 2044 and 2.5% per year thereafter.

Changes in Plan Provisions

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

**2016 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**2015 Changes**

Changes in Actuarial Assumptions

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

**City of Le Sueur  
Notes to Required Supplementary Information**

**General Employees Fund (Continued)**

**2015 Changes (Continued)**

Changes in Plan Provisions

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

**City of Le Sueur**  
**Notes to Required Supplementary Information**

**Other Post-Employment Plan**

**2024 Changes**

Changes in Actuarial Assumptions

- The health care trend rates were updated
- The inflation rate was changed from 2.00% to 2.50%.
- The discount rate was changed from 2.00% to 3.70%.

**2022 Changes**

Changes in Actuarial Assumptions

- The health care trend rates were changed to better anticipate short term and long-term medical increases.
- The mortality tables were updated from the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2019 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2021 Generational Improvement Scale.
- The salary increase rates were updated to reflect the latest experience study.
- The retirement and withdrawal rates were updated to reflect the latest experience study.
- The inflation rate was changed from 2.50% to 2.00%.
- The discount rate was changed from 2.90% to 2.00%.
- These changes increased the liability \$7,203.

**2020 Changes**

Changes in Actuarial Assumptions

- The health care trend rates were changed to better anticipate short term and long-term medical increases.
- The mortality tables were updated from the RP-2014 Mortality Tables (Blue Collar for Public Safety, White Collar for Others) with MP-2017 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2019 Generational Improvement Scale.
- The salary increase rates were changed from a flat 3.00% per year for all employees to rates which vary by service and PERA group.
- The discount rate was changed from 3.80% to 2.90%.
- These changes increased the liability \$2,492.

**City of Le Sueur**  
**Notes to Required Supplementary Information**

**Police and Fire Fund**

**2024 Changes**

Changes in Plan Provisions

- The State contribution of \$9.0 million per year will continue until the earlier of 1) both the Police and Fire Plan and the State Patrol Retirement Fund attain 90% funded status for three consecutive years (on an actuarial value of assets basis) or 2) July 1, 2048. The contribution was previously due to expire after attaining a 90% funded status for one year.
- The additional \$9.0 million contribution will continue until the Police and Fire Plan is fully funded for a minimum of three consecutive years on an actuarial value of assets basis, or July 1, 2048, whichever is earlier. This contribution was previously due to expire upon attainment of fully funded status on an actuarial value of assets basis for one year (or July 1, 2048 if earlier).

**2023 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

**2022 Changes**

Changes in Actuarial Assumptions

- The mortality improvement scale was changed from scale MP-2020 to scale MP-2021.
- The single discount rate was changed from 6.5% to 5.4%.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**2021 Changes**

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.5% to 6.5% for financial reporting purposes.
- The inflation assumption was changed from 2.5% to 2.25%.
- The payroll growth assumption was changed from 3.25% to 3.0%.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety mortality table. The mortality improvement scale was changed from MP-2019 to MP-2020.

**City of Le Sueur**  
**Notes to Required Supplementary Information**

**Police and Fire Fund (Continued)**

**2021 Changes (Continued)**

Changes in Actuarial Assumptions (Continued)

- The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 14, 2020, experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 14, 2020, experience study. The changes resulted in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes resulted in more assumed terminations.
- Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates resulted in more projected disabilities.
- Assumed percent married for active female members was changed from 60% to 70%. Minor changes to form of payment assumptions were applied.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**2020 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**2019 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**2018 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- Annual increases were changed to 1.00% for all years, with no trigger.
- An end date of July 1, 2048, was added to the existing \$9.0 million state contribution.
- New annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9.0 million thereafter until the plan reaches 100% funding, or July 1, 2048, if earlier.
- Member contributions were changed from 10.80% to 11.30% of pay, effective January 1, 2019, and 11.80% of pay, effective January 1, 2020.
- Employer contributions were changed from 16.20% to 16.95% of pay, effective January 1, 2019, and 17.70% of pay, effective January 1, 2020.
- Interest credited on member contributions decreased from 4.00% to 3.00%, beginning July 1, 2018.

**City of Le Sueur**  
**Notes to Required Supplementary Information**

**Police and Fire Fund (Continued)**

**2018 Changes (Continued)**

Changes in Plan Provisions (Continued)

- Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

**2017 Changes**

Changes in Actuarial Assumptions

- Assumed salary increases were changed as recommended in the June 30, 2016, experience study. The net effect is proposed rates that average 0.34% lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The CSA load was 30% for vested and non-vested deferred members. The CSA has been changed to 33% for vested members and 2% for non-vested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3% for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65% to 60%.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing Joint and Survivor annuities was increased.
- The assumed annual benefit increase rate was changed from 1% for all years to 1% per year through 2064 and 2.5% thereafter.
- The single discount rate was changed from 5.6% per annum to 7.5% per annum.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**2016 Changes**

Changes in Actuarial Assumptions

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2037 and 2.5% thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate changed from 7.9% to 5.6%.
- The single discount rate changed from 7.90% to 5.60%.
- The assumed future salary increases, payroll growth, and inflation was decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**City of Le Sueur**  
**Notes to Required Supplementary Information**

**Police and Fire Fund (Continued)**

**2015 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

**SUPPLEMENTARY INFORMATION**

**City of Le Sueur  
Combining Balance Sheet -  
Nonmajor Governmental Funds  
December 31, 2024**

	Special Revenue	Debt Service		Nonmajor Governmental Funds
		Medical Facility Bonds 2010 (321)	Capital Projects	
<b>Assets</b>				
Cash and investments	\$ 1,534,021	\$ 34,123	\$ 2,732,377	\$ 4,300,521
Accounts receivable	167,212	-	-	167,212
Special assessments receivable	-	-	2,497	2,497
Advances to component unit	670,308	-	153,233	823,541
Due from other funds	-	-	472,746	472,746
Inventory	17,227	-	-	17,227
Prepaid items	6,659	-	-	6,659
<b>Total assets</b>	<b>\$ 2,395,427</b>	<b>\$ 34,123</b>	<b>\$ 3,360,853</b>	<b>\$ 5,790,403</b>
<b>Liabilities</b>				
Accounts payable	\$ 6,635	\$ -	\$ 79,263	\$ 85,898
Due to other governments	7,820	-	643,832	651,652
Accrued wages payable	835	-	-	835
Due to other funds	-	-	879,119	879,119
<b>Total liabilities</b>	<b>15,290</b>	<b>-</b>	<b>1,602,214</b>	<b>1,617,504</b>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue - special assessments	-	-	2,497	2,497
Deferred inflows related to leases	1,929	-	-	1,929
<b>Total deferred inflows of resources</b>	<b>1,929</b>	<b>-</b>	<b>2,497</b>	<b>4,426</b>
<b>Fund Balances</b>				
Nonspendable for				
Prepaid items	6,659	-	-	6,659
Inventory	17,227	-	-	17,227
Restricted for				
Capital projects	-	-	1,025,782	1,025,782
Debt Service	-	34,123	-	34,123
Committed for				
Fire department operations and maintenance	207,146	-	-	207,146
Airport operations and maintenance	84,104	-	-	84,104
Assigned for				
Capital projects	-	-	1,688,742	1,688,742
Economic development	2,063,072	-	-	2,063,072
Unassigned	-	-	(958,382)	(958,382)
<b>Total fund balances</b>	<b>2,378,208</b>	<b>34,123</b>	<b>1,756,142</b>	<b>4,168,473</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 2,395,427</b>	<b>\$ 34,123</b>	<b>\$ 3,360,853</b>	<b>\$ 5,790,403</b>

**City of Le Sueur**  
**Combining Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Nonmajor Governmental Funds**  
**Year Ended December 31, 2024**

	Debt Service			Nonmajor Governmental Funds
	Special Revenue	Medical Facility Bonds 2010 (321)	Capital Projects	
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ 170,950	\$ 170,950
Intergovernmental	29,429	-	-	29,429
Charges for services	238,020	-	-	238,020
Investment earnings	-	-	66,374	66,374
Miscellaneous	9,461	-	31,355	40,816
Total revenues	<u>276,910</u>	<u>-</u>	<u>268,679</u>	<u>545,589</u>
<b>Expenditures</b>				
Current				
Public safety	164,500	-	-	164,500
Transportation	88,401	-	457,589	545,990
Parks and recreation	58	-	-	58
Debt service				
Interest and other charges	-	(57)	-	(57)
Capital outlay				
Public safety	1,336	-	-	1,336
Streets and parks	-	-	273,751	273,751
Total expenditures	<u>254,295</u>	<u>(57)</u>	<u>731,340</u>	<u>985,578</u>
Excess of revenues over (under) expenditures	22,615	57	(462,661)	(439,989)
<b>Other Financing Sources (Uses)</b>				
Transfers in	55,000	-	-	55,000
Transfers out	(6,000)	-	-	(6,000)
Total other financing sources (uses)	<u>49,000</u>	<u>-</u>	<u>-</u>	<u>49,000</u>
Net change in fund balances	71,615	57	(462,661)	(390,989)
<b>Fund Balances</b>				
Beginning of year	<u>2,306,593</u>	<u>-</u>	<u>2,218,803</u>	<u>4,525,396</u>
Change within financial reporting entity (Note 14)	-	34,066	-	34,066
Beginning of year, as restated	<u>2,306,593</u>	<u>34,066</u>	<u>2,218,803</u>	<u>4,559,462</u>
End of year	<u>\$ 2,378,208</u>	<u>\$ 34,123</u>	<u>\$ 1,756,142</u>	<u>\$ 4,168,473</u>

**City of Le Sueur  
Combining Balance Sheet -  
Nonmajor Special Revenue Funds  
December 31, 2024**

	Special Revenue			Total
	Fire Service (225)	Economic Development Revolving Loan (228, 231)	Airport (235)	
<b>Assets</b>				
Cash and investments	\$ 63,006	\$ 1,392,764	\$ 78,251	\$ 1,534,021
Accounts receivable	156,263	-	10,949	167,212
Advances to component unit	-	670,308	-	670,308
Inventory	-	-	17,227	17,227
Prepaid Items	-	-	6,659	6,659
Total assets	<u>\$ 219,269</u>	<u>\$ 2,063,072</u>	<u>\$ 113,086</u>	<u>\$ 2,395,427</u>
<b>Liabilities</b>				
Accounts payable	\$ 4,724	\$ -	\$ 1,911	\$ 6,635
Due to other governments	7,399	-	421	7,820
Accrued wages payable	-	-	835	835
Total liabilities	<u>12,123</u>	<u>-</u>	<u>3,167</u>	<u>15,290</u>
<b>Deferred Inflows of Resources</b>				
Deferred inflows related to leases	-	-	1,929	1,929
<b>Fund Balances</b>				
Nonspendable for				
Prepaid items	-	-	6,659	6,659
Inventory	-	-	17,227	17,227
Assigned for				
Economic development loans	-	2,063,072	-	2,063,072
Committed for				
Fire Department operations and maintenance	207,146	-	-	207,146
Airport operations and maintenance	-	-	84,104	84,104
Total fund balances	<u>207,146</u>	<u>2,063,072</u>	<u>107,990</u>	<u>2,378,208</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 219,269</u>	<u>\$ 2,063,072</u>	<u>\$ 113,086</u>	<u>\$ 2,395,427</u>

**City of Le Sueur**  
**Combining Statement of Revenues, Expenditures, and Changes**  
**in Fund Balances - Nonmajor Special Revenue Funds**  
**Year Ended December 31, 2024**

	Special Revenue			Total
	Fire Service (225)	Economic Development Revolving Loan (228, 231)	Airport (235)	
<b>Revenues</b>				
Intergovernmental	\$ -	\$ -	\$ 29,429	\$ 29,429
Charges for services	184,647	-	53,373	238,020
Miscellaneous	5,480	3,940	41	9,461
Total revenues	<u>190,127</u>	<u>3,940</u>	<u>82,843</u>	<u>276,910</u>
<b>Expenditures</b>				
Current				
Public safety	164,500	-	-	164,500
Transportation	-	-	88,401	88,401
Economic development	-	58	-	58
Capital outlay				
Public safety	1,336	-	-	1,336
Total expenditures	<u>165,836</u>	<u>58</u>	<u>88,401</u>	<u>254,295</u>
Excess of revenues over (under) expenditures	<u>24,291</u>	<u>3,882</u>	<u>(5,558)</u>	<u>22,615</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	33,000	-	22,000	55,000
Transfers out	(6,000)	-	-	(6,000)
Total other financing source (uses)	<u>27,000</u>	<u>-</u>	<u>22,000</u>	<u>49,000</u>
Net change in fund balances	51,291	3,882	16,442	71,615
<b>Fund Balances</b>				
Beginning of year	<u>155,855</u>	<u>2,059,190</u>	<u>91,548</u>	<u>2,306,593</u>
End of year	<u>\$ 207,146</u>	<u>\$ 2,063,072</u>	<u>\$ 107,990</u>	<u>\$ 2,378,208</u>

**City of Le Sueur  
Combining Balance Sheet -  
Nonmajor Capital Projects Funds  
December 31, 2024**

	Capital Projects			
	Sidewalk Reconstruction (415)	2021A Bonds Capital Projects (426)	North Highway 169 Frontage Road Improvements (477)	Special Assessments/ Improvements (501)
<b>Assets</b>				
Cash and investments	\$ 731	\$ -	\$ 1,414,970	\$ 119,808
Special assessments receivable				
Deferred	-	-	-	2,497
Due from other funds	-	-	-	-
Advances to component unit	-	-	153,233	-
	<u>731</u>	<u>-</u>	<u>1,568,203</u>	<u>122,305</u>
<b>Total assets</b>	<b>\$ 731</b>	<b>\$ -</b>	<b>\$ 1,568,203</b>	<b>\$ 122,305</b>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	472,746	-	-
Due to Other Governments	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>472,746</b>	<b>-</b>	<b>-</b>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue - special assessments	-	-	-	2,497
<b>Fund Balances</b>				
Restricted	-	-	-	-
Assigned for capital projects	731	-	1,568,203	119,808
Unassigned	-	(472,746)	-	-
<b>Total fund balances</b>	<b>731</b>	<b>(472,746)</b>	<b>1,568,203</b>	<b>119,808</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 731</b>	<b>\$ -</b>	<b>\$ 1,568,203</b>	<b>\$ 122,305</b>

Capital Projects

2020 Street Improvements (425)	2022 CSAH 36 Street/Trail (427)	2022 Equipment Certificate (428)	2023 Equipment Certificate (429)	2025 N 4TH ST Improvement (431)	Total
\$ 471,343	\$ 725,525	\$ -	\$ -	\$ -	\$ 2,732,377
-	-	-	-	-	2,497
472,746	-	-	-	-	472,746
-	-	-	-	-	153,233
<u>\$ 944,089</u>	<u>\$ 725,525</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,360,853</u>
\$ -	\$ -	\$ -	\$ -	\$ 79,263	\$ 79,263
-	-	22,080	5,967	378,326	879,119
-	643,832	-	-	-	643,832
-	<u>643,832</u>	<u>22,080</u>	<u>5,967</u>	<u>457,589</u>	<u>1,602,214</u>
-	-	-	-	-	2,497
944,089	81,693	-	-	-	1,025,782
-	-	-	-	-	1,688,742
-	-	(22,080)	(5,967)	(457,589)	(958,382)
<u>944,089</u>	<u>81,693</u>	<u>(22,080)</u>	<u>(5,967)</u>	<u>(457,589)</u>	<u>1,756,142</u>
<u>\$ 944,089</u>	<u>\$ 725,525</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,360,853</u>

**City of Le Sueur**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -**  
**Nonmajor Capital Projects Funds**  
**Year Ended December 31, 2024**

	Capital Projects			
	Sidewalk Reconstruction (415)	2021A Bonds Capital Projects (426)	North Highway 169 Frontage Road Improvements (477)	Special Assessments/ Improvements (501)
<b>Revenues</b>				
Property taxes	\$ -	\$ -	\$ 170,950	\$ -
Investment earnings	-	-	55,405	506
Loan repayments	-	-	-	313
Refunds and reimbursements	-	-	-	-
Total revenues	-	-	226,355	819
<b>Expenditures</b>				
<b>Current</b>				
Public Works	-	-	-	-
<b>Capital outlay</b>				
Streets and parks	-	-	26	-
Total expenditures	-	-	26	-
Excess of revenues over (under) expenditures	-	-	226,329	819
<b>Fund Balances</b>				
Beginning of year	731	(472,746)	1,341,874	118,989
End of year	\$ 731	\$ (472,746)	\$ 1,568,203	\$ 119,808

Capital Projects

2020 Street Improvements (425)	2022 CSAH 36 Street/Trail (427)	2022 Equipment Certificate (428)	2023 Equipment Certificate (429)	2025 N 4TH ST Improvement (431)	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 170,950
4,097	5,453	913	-	-	66,374
-	-	-	-	-	313
-	31,042	-	-	-	31,042
<u>4,097</u>	<u>36,495</u>	<u>913</u>	<u>-</u>	<u>-</u>	<u>268,679</u>
-	-	-	-	457,589	457,589
-	-	-	273,725	-	273,751
-	-	-	<u>273,725</u>	<u>457,589</u>	<u>731,340</u>
4,097	36,495	913	(273,725)	(457,589)	(462,661)
<u>939,992</u>	<u>45,198</u>	<u>(22,993)</u>	<u>267,758</u>	<u>-</u>	<u>2,218,803</u>
<u>\$ 944,089</u>	<u>\$ 81,693</u>	<u>\$ (22,080)</u>	<u>\$ (5,967)</u>	<u>\$ (457,589)</u>	<u>\$ 1,756,142</u>

**City of Le Sueur**  
**Schedule of Revenues, Expenditures, and Changes**  
**in Fund Balance - Budget and Actual -**  
**General Fund**  
**Year Ended December 31, 2024**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
<b>Revenues</b>				
Property taxes	\$ 1,161,637	\$ 1,161,637	\$ 1,158,824	\$ (2,813)
Franchise fees	15,000	15,000	10,832	(4,168)
Licenses and permits				
Business	8,500	8,500	10,450	1,950
Nonbusiness	60,000	60,000	100,747	40,747
Total licenses and permits	<u>68,500</u>	<u>68,500</u>	<u>111,197</u>	<u>42,697</u>
Intergovernmental				
State				
Local government aid	1,237,749	1,237,749	1,240,249	2,500
Property tax credits and aids	-	-	444	444
Police aid	70,000	70,000	83,028	13,028
Other state aids	9,000	9,000	277,477	268,477
County				
Highway aid	73,721	73,721	62,297	(11,424)
Total intergovernmental	<u>1,390,470</u>	<u>1,390,470</u>	<u>1,663,495</u>	<u>273,025</u>
Charges for services				
General government	5,700	5,700	13,912	8,212
Public safety	2,000	2,000	2,597	597
Streets and highways	500	500	1,690	1,190
Culture and recreation	2,000	2,000	2,762	762
Total charges for services	<u>10,200</u>	<u>10,200</u>	<u>20,961</u>	<u>10,761</u>
Fines and forfeits	30,500	30,500	30,193	(307)
Interest earnings	5,000	5,000	6,837	1,837
Miscellaneous				
Contributions and donations	-	-	8,262	8,262
Refunds and reimbursements	30,000	30,000	110,974	80,974
Other	3,250	3,250	11,726	8,476
Total miscellaneous	<u>33,250</u>	<u>33,250</u>	<u>130,962</u>	<u>97,712</u>
Total revenues	<u>\$ 2,714,557</u>	<u>\$ 2,714,557</u>	<u>\$ 3,133,301</u>	<u>\$ 418,744</u>

**City of Le Sueur**  
**Schedule of Revenues, Expenditures, and Changes**  
**in Fund Balance - Budget and Actual -**  
**General Fund**  
**Year Ended December 31, 2024**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>Expenditures</b>				
General government				
Mayor and City Council				
Personal services	\$ 29,080	\$ 29,080	\$ 28,672	\$ (408)
Supplies	2,000	2,000	615	(1,385)
Other services and charges	2,000	2,000	1,154	(846)
Total Mayor and City Council	<u>33,080</u>	<u>33,080</u>	<u>30,441</u>	<u>(2,639)</u>
City administrator				
Personal services	104,600	104,600	107,557	2,957
Other services and charges	49,050	49,050	65,356	16,306
Total City Administrator	<u>153,650</u>	<u>153,650</u>	<u>172,913</u>	<u>19,263</u>
Elections				
Supplies	<u>1,000</u>	<u>1,000</u>	<u>280</u>	<u>(720)</u>
Accounting				
Personal services	46,320	46,320	45,701	(619)
Supplies	1,000	1,000	-	(1,000)
Other services and charges	43,000	43,000	36,981	(6,019)
Total accounting	<u>90,320</u>	<u>90,320</u>	<u>82,682</u>	<u>(7,638)</u>
City attorney				
Other services and charges	<u>25,000</u>	<u>25,000</u>	<u>25,489</u>	<u>489</u>
Total general government buildings	<u>25,000</u>	<u>25,000</u>	<u>25,489</u>	<u>489</u>
Planning and zoning				
Other services and charges	<u>20,750</u>	<u>20,750</u>	<u>58,865</u>	<u>38,115</u>
Total planing and zoning	<u>20,750</u>	<u>20,750</u>	<u>58,865</u>	<u>38,115</u>
General government buildings				
Supplies	400	400	-	(400)
Other services and charges	20,497	20,497	17,062	(3,435)
Total general government buildings	<u>20,897</u>	<u>20,897</u>	<u>17,062</u>	<u>(3,835)</u>
Insurance				
Workers' compensation	99,656	99,656	69,066	(30,590)
Property and liability	45,042	45,042	33,815	(11,227)
Total insurance	<u>144,698</u>	<u>144,698</u>	<u>102,881</u>	<u>(41,817)</u>

City of Le Sueur  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Budget and Actual -  
General Fund  
Year Ended December 31, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
<b>Expenditures (Continued)</b>				
General governmental (Continued)				
Miscellaneous				
Other charges	\$ 23,500	\$ 23,500	\$ 17,840	\$ (5,660)
Safety and wellness program	1,000	1,000	621	(379)
Projects	98,225	98,225	6,297	(91,928)
Total miscellaneous	<u>122,725</u>	<u>122,725</u>	<u>24,758</u>	<u>(97,967)</u>
Information technology				
Other services and charges	-	-	353,484	353,484
Total general government	<u>612,120</u>	<u>612,120</u>	<u>868,855</u>	<u>256,735</u>
Public safety				
Crime control and investigations				
Personal services	1,235,600	1,235,600	1,311,900	76,300
Supplies	24,200	24,200	48,111	23,911
Other services and charges	110,000	110,000	161,844	51,844
Total crime control and investigations	<u>1,369,800</u>	<u>1,369,800</u>	<u>1,521,855</u>	<u>152,055</u>
Communication services				
Other services and charges	<u>3,990</u>	<u>3,990</u>	<u>2,280</u>	<u>(1,710)</u>
Automotive services				
Supplies	15,000	15,000	13,983	(1,017)
Other services and charges	8,500	8,500	18,412	9,912
Total automotive services	<u>23,500</u>	<u>23,500</u>	<u>32,395</u>	<u>8,895</u>

**City of Le Sueur**  
**Schedule of Revenues, Expenditures, and Changes**  
**in Fund Balance - Budget and Actual -**  
**General Fund**  
**Year Ended December 31, 2024**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
<b>Expenditures (Continued)</b>				
Public safety (Continued)				
Building inspection				
Personal services	\$ 157,820	\$ 157,820	\$ 156,545	\$ (1,275)
Supplies	500	500	785	285
Other services and charges	3,700	3,700	1,929	(1,771)
Total building inspection	<u>162,020</u>	<u>162,020</u>	<u>159,259</u>	<u>(2,761)</u>
Animal control				
Other services and charges	<u>16,000</u>	<u>16,000</u>	<u>15,600</u>	<u>(400)</u>
Total public safety	<u>1,575,310</u>	<u>1,575,310</u>	<u>1,731,389</u>	<u>156,079</u>
Streets and parks				
Streets and parks				
Personal services	574,990	574,990	614,685	39,695
Supplies	93,500	93,500	127,176	33,676
Other services and charges	176,938	176,938	289,315	112,377
Total streets and alleys	<u>845,428</u>	<u>845,428</u>	<u>1,031,176</u>	<u>185,748</u>
Vehicle maintenance				
Capital outlay	<u>-</u>	<u>-</u>	<u>300</u>	<u>300</u>
Total vehicle maintenance	<u>-</u>	<u>-</u>	<u>300</u>	<u>300</u>
Total streets and parks	<u>845,428</u>	<u>845,428</u>	<u>1,031,476</u>	<u>186,048</u>

**City of Le Sueur**  
**Schedule of Revenues, Expenditures, and Changes**  
**in Fund Balance - Budget and Actual -**  
**General Fund**  
**Year Ended December 31, 2024**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
<b>Expenditures (Continued)</b>				
Library maintenance				
Other services and charges	\$ 27,699	\$ 27,699	\$ 26,124	\$ (1,575)
Total current	3,060,557	3,060,557	3,657,844	597,287
<b>Capital outlay</b>				
Public safety	500	500	96	(404)
<b>Debt service</b>				
Interest	-	-	11	11
Total debt service	-	-	11	11
Total expenditures	3,061,057	3,061,057	3,657,951	596,894
Excess of revenues under expenditures	(346,500)	(346,500)	(524,650)	(178,150)
<b>Other Financing Sources (Uses)</b>				
Transfers in	526,500	526,500	794,535	268,035
Transfers out	(180,000)	(180,000)	(180,000)	-
Total other financing sources (uses)	346,500	346,500	614,535	268,035
Net change in fund balance	\$ -	\$ -	89,885	\$ 89,885
<b>Fund Balance</b>				
Beginning of year			1,505,118	
End of year			\$ 1,595,003	

**City of Le Sueur**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance -**  
**Budget and Actual - Community Center Fund**  
**Year Ended December 31, 2024**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original and Final		Amounts	Over (Under)
<b>Revenues</b>				
Taxes	\$ 777,100		\$ 777,099	\$ (1)
Charges for services	465,300		410,500	(54,800)
Miscellaneous				
Contributions and donations	-		10,500	10,500
Other	-		149	149
Total revenues	1,242,400		1,198,248	(44,152)
<b>Expenditures</b>				
<b>Current</b>				
Culture and recreation	1,021,208		924,700	(96,508)
<b>Debt service:</b>				
Principal	-		1	1
Interest and other charges	-		200	200
<b>Capital outlay</b>				
Culture and recreation	1,600		831	(769)
Total expenditures	1,022,808		925,732	(97,076)
Excess of revenues over expenditures	219,592		272,516	52,924
<b>Other Financing Sources (Uses)</b>				
Lease issuance	-		-	-
Transfers out	(219,592)		(219,592)	-
Net change in fund balance	\$ -		52,924	\$ 52,924
<b>Fund Balance</b>				
Beginning of year			(611,651)	
End of year			\$ (558,727)	

**City of Le Sueur  
Combining Balance Sheet -  
Debt Service Funds  
December 31, 2024**

	Debt Service			
	2014A Recreational Facilities Bonds (301)	2005 G.O. Crossover Refunding Bonds (502)	2002 G.O. Fire Station Bonds (310)	2004 Equipment Lease Purchase (312)
<b>Assets</b>				
Cash and investments	\$ 146,589	\$ -	\$ 51,416	\$ -
Special assessments receivable				
Delinquent	-	-	-	-
Deferred	-	-	-	-
Total assets	\$ 146,589	\$ -	\$ 51,416	\$ -
<b>Liabilities</b>				
Due to other funds	\$ -	\$ 200	\$ -	\$ -
Total liabilities	-	200	-	-
<b>Deferred Inflows of Resources</b>				
Unavailable revenue - special assessments	-	-	-	-
<b>Fund Balances</b>				
Restricted for debt service	146,589	(200)	51,416	-
Total fund balances	146,589	(200)	51,416	-
Total liabilities, deferred inflows of resources, and fund balances	\$ 146,589	\$ -	\$ 51,416	\$ -

Debt Service

2006C G.O. Johnson Controls (316)	LS Powerhouse Abatement (323)	2019 Capital Lease (324)	2002 G.O. Improvement Bonds (505)	2005 G.O. Improvement/ 2011B Refunding Bonds (507)	2006A G.O. Improvement/ 2012A Refunding Bonds (508)
\$ -	\$ 13,837	\$ 74,557	\$ 673	\$ 517,366	\$ 173,463
-	-	-	-	2,166	-
-	-	-	2,962	15,655	-
<u>\$ -</u>	<u>\$ 13,837</u>	<u>\$ 74,557</u>	<u>\$ 3,635</u>	<u>\$ 535,187</u>	<u>\$ 173,463</u>
\$ 11,437	\$ -	\$ -	\$ -	\$ -	\$ -
<u>11,437</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	2,962	17,821	-
(11,437)	13,837	74,557	673	517,366	173,463
<u>(11,437)</u>	<u>13,837</u>	<u>74,557</u>	<u>673</u>	<u>517,366</u>	<u>173,463</u>
<u>\$ -</u>	<u>\$ 13,837</u>	<u>\$ 74,557</u>	<u>\$ 3,635</u>	<u>\$ 535,187</u>	<u>\$ 173,463</u>

**City of Le Sueur  
Combining Balance Sheet -  
Debt Service Funds  
December 31, 2024**

	Debt Service			
	2013B (2011A) G.O. Street Reconstruction Refunding Bonds (510)	2017A G.O. Street Reconstruction Bond (314)	2020 Street Improvement Bond (325)	Main Street Bond (326)
<b>Assets</b>				
Cash and investments	\$ 56,203	\$ 312,135	\$ 1,106,961	\$ 686,332
Current				
Deferred	-	730	508	-
Accounts Receivable	-	128,712	637,343	-
Total assets	<u>\$ 56,203</u>	<u>\$ 441,577</u>	<u>\$ 1,744,812</u>	<u>\$ 686,332</u>
<b>Liabilities</b>				
Cash Overdraft				
Due to other governments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
	-	-	-	-
<b>Deferred Inflows of Resources</b>				
Unavailable Revenue - Property Taxes				
Total deferred inflows of resources	-	129,442	637,851	-
<b>Fund Balances</b>				
Restricted for debt service	<u>56,203</u>	<u>312,135</u>	<u>1,106,961</u>	<u>686,332</u>
	<u>56,203</u>	<u>312,135</u>	<u>1,106,961</u>	<u>686,332</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 56,203</u>	<u>\$ 441,577</u>	<u>\$ 1,744,812</u>	<u>\$ 686,332</u>

Debt Service

2022 CSAH36 Improvement Bond (327)	2022B Equipment Certificate (328)	2023A Equipment Certificate (329)	2025 N 4TH ST Improvement Bond (331)	Total
\$ 491,318	\$ 133,029	\$ 28,439	\$ 500,446	\$ 4,292,764
15,806	-	-	-	19,210
<u>483,932</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,268,604</u>
<u>\$ 991,056</u>	<u>\$ 133,029</u>	<u>\$ 28,439</u>	<u>\$ 500,446</u>	<u>\$ 5,580,578</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,637</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,637</u>
499,738	-	-	-	1,287,814
<u>491,318</u>	<u>133,029</u>	<u>28,439</u>	<u>500,446</u>	<u>4,281,127</u>
<u>491,318</u>	<u>133,029</u>	<u>28,439</u>	<u>500,446</u>	<u>4,281,127</u>
<u>\$ 991,056</u>	<u>\$ 133,029</u>	<u>\$ 28,439</u>	<u>\$ 500,446</u>	<u>\$ 5,580,578</u>

**City of Le Sueur**  
**Combining Schedule of Revenues, Expenditures, and Changes**  
**in Fund Balances - Debt Service Funds**  
**Year Ended December 31, 2024**

	Debt Service			
	2014A Recreational Facilities Bonds (301)	2005 G.O. Crossover Refunding Bonds (502)	2002 G.O. Fire Station Bonds (310)	2006C G.O. Johnson Controls (316)
<b>Revenues</b>				
Property taxes	\$ -	\$ -	\$ 92,900	\$ -
Special assessments	-	-	-	-
Intergovernmental	-	-	-	-
Miscellaneous				
Investment earnings	874	-	273	-
Total revenues	874	-	93,173	-
<b>Expenditures</b>				
Debt Service				
Principal	110,000	-	80,000	-
Interest and other	69,470	-	13,894	-
Total expenditures	179,470	-	93,894	-
Excess of revenues over (under) expenditures	(178,596)	-	(721)	-
<b>Other Financing Sources (Uses)</b>				
Transfers in	177,175	-	-	-
Net change in fund balances	(1,421)	-	(721)	-
<b>Fund Balances</b>				
Beginning of year	148,010	(200)	52,137	(11,437)
End of year	\$ 146,589	\$ (200)	\$ 51,416	\$ (11,437)

Debt Service

LS Powerhouse Abatement (323)	2019 Capital Lease (324)	2002 G.O. Improvement Bonds (505)	2005 G.O. Improvement /2011B Refunding Bonds (507)	2006A G.O. Improvement /2012A Refunding Bonds (508)	2013B (2011A) G.O. Street Reconstruction Refunding Bonds (510)
\$ -	\$ 218,284	\$ -	\$ -	\$ -	\$ 56,720
-	-	-	19,668	-	-
-	-	-	-	-	-
-	866	-	2,200	754	324
-	219,150	-	21,868	754	57,044
-	605,184	-	-	-	70,000
-	42,312	-	-	-	7,715
-	647,496	-	-	-	77,715
-	(428,346)	-	21,868	754	(20,671)
-	-	-	-	-	-
-	(428,346)	-	21,868	754	(20,671)
13,837	502,903	673	495,498	172,709	76,874
<u>\$ 13,837</u>	<u>\$ 74,557</u>	<u>\$ 673</u>	<u>\$ 517,366</u>	<u>\$ 173,463</u>	<u>\$ 56,203</u>

**City of Le Sueur**  
**Combining Schedule of Revenues, Expenditures, and Changes**  
**in Fund Balances - Debt Service Funds**  
**Year Ended December 31, 2024**

	Debt Service			
	2017A G.O. Street Reconstruction Bond (314)	2020 Street Improvement Bond (325)	Main Street Bond (326)	2022 CSAH36 Improvement Bond (327)
<b>Revenues</b>				
Property taxes	\$ 192,300	\$ -	\$ 259,520	\$ 59,147
Special assessments	23,190	74,816	-	70,171
Intergovernmental	-	-	-	-
Miscellaneous				
Investment earnings	1,442	2,596	473	1,169
Total revenues	216,932	77,412	259,993	130,487
<b>Expenditures</b>				
Debt Service				
Principal	150,000	80,685	170,000	21,054
Interest and other	43,300	12,254	45,100	58,778
Total expenditures	193,300	92,939	215,100	79,832
Excess of revenues over (under) expenditures	23,632	(15,527)	44,893	50,655
<b>Other Financing Sources (Uses)</b>				
Transfers in	25,950	411,938	368,966	152,038
Net change in fund balances	49,582	396,411	413,859	202,693
<b>Fund Balances</b>				
Beginning of year	262,553	710,550	272,473	288,625
End of year	\$ 312,135	\$ 1,106,961	\$ 686,332	\$ 491,318

Debt Service

2022B Equipment Certificate (328)	2023A Equipment Certificate (329)	2025 N 4TH ST Improvement Bond (331)	Total
\$ -	\$ 45,000	\$ -	\$ 923,871
-	-	-	187,845
-	-	500,000	500,000
427	-	446	11,844
<u>427</u>	<u>45,000</u>	<u>500,446</u>	<u>1,623,560</u>
-	-	-	1,286,923
29,992	16,592	-	339,407
<u>29,992</u>	<u>16,592</u>	<u>-</u>	<u>1,626,330</u>
(29,565)	28,408	500,446	(2,770)
<u>107,408</u>	<u>-</u>	<u>-</u>	<u>1,243,475</u>
77,843	28,408	500,446	1,240,705
<u>55,186</u>	<u>31</u>	<u>-</u>	<u>3,040,422</u>
<u>\$ 133,029</u>	<u>\$ 28,439</u>	<u>\$ 500,446</u>	<u>\$ 4,281,127</u>

**City of Le Sueur**  
**Balance Sheet - Component Unit -**  
**Le Sueur Economic Development Authority**  
**December 31, 2024**

**Assets**

Accounts receivable	\$ 4,830
Interest receivable	1,909
Notes receivable	701,682
Allowance for uncollectible notes	(75,000)
Land held for resale	<u>1,559,472</u>
Total assets	<u><u>\$ 2,192,893</u></u>

**Liabilities  
and Fund Balances**

Cash overdraft	\$ 541,288
Accounts payable	400
Due to component unit/primary government	<u>823,541</u>
Total liabilities	<u><u>1,365,229</u></u>

**Fund Balance**

Restricted	<u>827,664</u>
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Total liabilities and fund balance	<u><u>\$ 2,192,893</u></u>
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Reconciliation of the balance sheet to  
the statement of net position

Fund balance	\$ 827,664
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Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds.

Cost of capital assets	<u>300,000</u>
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Net position	<u><u>\$ 1,127,664</u></u>
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**City of Le Sueur**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Component Unit -**  
**Le Sueur Economic Development Authority**  
**Year Ended December 31, 2024**

<b>Revenues</b>	
Tax increments	\$ 191,171
Land rental	23,796
Investment income	18,432
Other	3,586
Total revenues	<u>236,985</u>
<b>Expenditures</b>	
Current	
Economic development	<u>\$ 177,887</u>
Excess of revenues over (under) expenditures	59,098
<b>Fund Balance</b>	
Beginning of year	<u>768,566</u>
End of year	<u><u>\$ 827,664</u></u>
Reconciliation of the schedule of revenues, expenditures, and changes in fund balance to the Statement of Activities.	
Net change in fund balance	<u>\$ 59,098</u>
Change in net position	<u><u>\$ 59,098</u></u>

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**Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters Based on an  
Audit of Financial Statements Performed in  
Accordance with *Government Auditing Standards***

**Independent Auditor's Report**

Honorable Mayor and Members  
of the City Council  
City of Le Sueur  
Le Sueur, 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 (Government Auditing Standards), the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Le Sueur, Minnesota, as of and for the year ended December 31, 2024, and the related notes to financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 26, 2025.

**Report on Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses on Legal Compliance and Internal Control as Audit Finding 2024-001 and Audit Finding 2024-002 to be a material weakness.

**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*.

**The City's Responses to Findings**

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. The City's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

**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.

*BerganKDV, Ltd.*

Minneapolis, Minnesota  
June 26, 2025



## Minnesota Legal Compliance

### Independent Auditor's Report

Honorable Mayor and Members  
of the City Council  
City of Le Sueur  
Le Sueur, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Le Sueur, Minnesota, as of and for the year ended December 31, 2024, and the related notes to financial statements, and have issued our report thereon dated June 26, 2025.

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

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.

*BerganKDV, Ltd.*

Minneapolis, Minnesota  
June 26, 2025

**City of Le Sueur  
Schedule of Findings and  
Responses on Legal Compliance and Internal Control  
December 31, 2024**

**CURRENT AND PRIOR YEAR INTERNAL CONTROL FINDINGS**

**Material Weaknesses:**

**Audit Finding 2024-001 - Lack of Segregation of Accounting Duties**

During the year ended December 31, 2024, the City had a lack of segregation of accounting duties in the following areas due to a limited number of office employees:

- Cash Receipts - The Receptionist maintains receipts journal and accounts receivable records, posts transactions to the general ledger, and receives and endorses checks.
- Utility Billing - The Utility Billing Coordinator approves new accounts, sets up customers and rates in the billing system, generates statements, enters readings, and makes adjustments to accounts.
- Community Center - The Administrative Assistant can initiate transactions, has the ability to void transactions, reconciles sales, and prepares the deposit before it is brought to City Hall.
- Financial Reporting - The Finance Director can initiate transactions, can record journal entries without review, reconciles accounts, and prepares internal financial reports.

Management is aware of this condition and has taken certain steps to compensate for the lack of segregation. However, due to the small accounting staff needed to handle all of the accounting duties, the cost of obtaining desirable segregation of accounting duties can often exceed benefits which could be derived. Due to this reason, management has determined a complete segregation of accounting duties is impractical to correct. However, management, along with the City Council, must remain aware of this situation and should continually monitor the accounting system, including changes that occur.

*City's Response:*

Management of the City takes its responsibility for internal controls very seriously and has weighed the costs and benefits of an additional office employee to eliminate this risk and has determined the benefit does not exceed the cost. The City's management team diligently follows the City's internal control policies to ensure the protection of public funds.

**Audit Finding 2024-002 - Material Audit Adjustments**

There was a material audit adjustment needed to ensure the financial statements were free from material misstatement. The following audit adjustment was required:

- To record capital asset activity and related balances

*City's Response:*

Management of the City will review year-end procedures and improve internal controls to avoid material misstatements.

**City of Le Sueur  
Schedule of Findings and  
Responses on Legal Compliance and Internal Control  
December 31, 2024**

**PRIOR YEAR INTERNAL CONTROL FINDINGS**

**Audit Finding 2023-001 - Improve Grant Reconciliation Process**

During the 2023 audit, we noted the City's grant reconciliation process was not sufficient to ensure grant revenue and receivable balances were properly recorded and properly classified to the correct general ledger codes.

During the current year audit, we did not note any adjustments needed to the grant process.

**Audit Finding 2023-004 - Prior Period Adjustments**

During the audit for the year ended December 31, 2023, a prior period adjustment was required to adjust beginning net position and fund balances to correct an error in the prior period financial statements related to grant revenue and related receivables balances that should have been recognized as of December 31, 2022. This condition could adversely affect the City's ability to present financial statements that are free of material misstatements.

During the current year audit, there were no prior period adjustments identified.

**Audit Finding 2023-005 - Obtain Sufficient Collateral**

The depositories of public funds and public investment laws of *Minnesota Statutes* 118A.01 and 118A.03 require that all deposits with financial institutions must be collateralized in an amount equal to 110% of deposits in excess of Federal Depository Insurance Corporation (FDIC) insurance.

During our prior year audit, we noted the City's deposits were undercollateralized as of December 31, 2023.

During the current year audit, the City was fully collateralized as of December 31, 2024.