CITY OF ST. BONIFACIUS

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

Year Ended December 31, 2024

CITY OF ST. BONIFACIUS, MINNESOTA
OFFICIALS

ELECTED OFFICIALS

		Term Expires
Kerry Taylor	Mayor	2024
Terrill Anderson	Council Member	2024
Robert Smestad, Jr.	Council Member	2024
Randy Ebert	Council Member	2026
Carolyn Brooks	Council Member	2026

EX OFFICIO

Brenda Fisk	Administrator/Clerk/Treasurer	Appointed

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Council
City of St. Bonifacius, Minnesota

Qualified and Unmodified Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of St. Bonifacius, Minnesota, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Summary of Opinions

Opinion Unit	Type of Opinion
Governmental Activities	Qualified
Business-Type Activities	Unmodified
Governmental Funds	Unmodified
Proprietary Funds	Unmodified

Qualified Opinion on the Governmental Activities

In our opinion, except for the effects of the matter described in the Basis for Qualified and Unmodified Opinions section of our report, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the City of St. Bonifacius, Minnesota, as of December 31, 2024, and the changes in financial position for the year ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions on Business-Type Activities, Governmental Funds, and Proprietary Funds

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of the City of St. Bonifacius, Minnesota, as of December 31, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of St. Bonifacius, Minnesota, 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.

Matter Giving Rise to the Qualified Opinion on the Governmental Activities

The City has not implemented Governmental Accounting Standards Board Statement (GASB) No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27,* with respect to the fire relief association. Accounting principles generally accepted in the United States of America require that the City report deferred inflows of resources, deferred outflows of resources and a net pension liability or asset measured in accordance with GASB Statement No. 68 within the governmental activities opinion unit. The amount by which this departure would affect the assets, deferred inflows of resources, net position, and expenses of the Governmental Activities has not been determined.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of St. Bonifacius, Minnesota'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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of City of St. Bonifacius, Minnesota'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 St. Bonifacius, Minnesota'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 budgetary comparison information and pension-related schedules be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the required supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Report on Other Legal and Regulatory Requirements

In accordance with the *Legal Compliance Audit Guide* prepared by the Office of the State Auditor pursuant to Minn. Stat. §6.65, we have also issued our report dated April 21, 2025, on our consideration of the City's compliance with aspects of the provisions of the *Minnesota Legal Compliance Audit Guide for Cities*. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing, and not directed primarily toward obtaining knowledge of noncompliance. That report is an integral part of procedures performed in accordance with the Office of the State Auditor's *Minnesota Legal Compliance Audit Guide for Cities* in considering the City's compliance with certain regulatory requirements pursuant to Minn. Stat. §6.65.

Carlson AV LLP

Fergus Falls, Minnesota
April 21, 2025

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements

CITY OF ST. BONIFACIUS, MINNESOTA
STATEMENT OF NET POSITION
December 31, 2024

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets			
Cash and investments	$ 2,007,462	$ 1,040,829	$ 3,048,291
Accounts receivable	-	104,375	104,375
Taxes receivable	6,708	-	6,708
Special assessments receivable	639,116	4,527	643,643
Due from other governmental units	12,839	-	12,839
Lease receivable	794,200	-	794,200
Prepaid expenses	10,479	4,818	15,297
Total Current Assets	3,470,804	1,154,549	4,625,353
Noncurrent assets			
Capital assets not being depreciated	480,795	236,754	717,549
Capital assets net of accumulated depreciation	10,147,570	2,379,200	12,526,770
Total Noncurrent Assets	10,628,365	2,615,954	13,244,319
Total Assets	14,099,169	3,770,503	17,869,672
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferments	25,514	-	25,514
LIABILITIES			
Current Liabilities			
Accounts payable	70,226	6,097	76,323
Cash overdraft	27,647	-	27,647
Accrued payroll	7,827	-	7,827
Accrued interest payable	8,493	1,662	10,155
Unearned revenue	91,511	-	91,511
Current portion of long-term debt	364,012	38,000	402,012
Total Current Liabilities	569,716	45,759	615,475
Long-Term Liabilities			
Compensated absences	22,357	-	22,357
Bonds and loans payable, net	4,306,134	157,000	4,463,134
Net pension liability	139,935	-	139,935
Total Long-Term Liabilities	4,468,426	157,000	4,625,426
Total Liabilities	5,038,142	202,759	5,240,901
DEFERRED INFLOWS OF RESOURCES			
Pension deferments	74,836	-	74,836
Unearned revenue - lease receivable	794,200	-	794,200
Total Deferred Inflows of Resources	869,036	-	869,036
NET POSITION			
Net investment in capital assets	5,958,219	2,420,954	8,379,173
Restricted	776,970	-	776,970
Unrestricted	1,537,610	1,146,790	2,684,400
TOTAL NET POSITION	**$ 8,272,799**	**$ 3,567,744**	**$ 11,840,543**

(The accompanying notes are an integral part of these financial statements.)

CITY OF ST. BONIFACIUS, MINNESOTA
STATEMENT OF ACTIVITIES
Year Ended December 31, 2024

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total
Governmental Activities							
General government	$ 635,030	$ 141,352	$ 1,541	$ -	$ (492,137)	$ -	$ (492,137)
Public safety	799,841	351,472	113,283	41,591	(293,495)	-	(293,495)
Public works	560,376	-	-	-	(560,376)	-	(560,376)
Sanitation	4,144	-	11,128	-	6,984	-	6,984
Culture and recreation	92,847	1,450	-	34,510	(56,887)	-	(56,887)
Interest and fiscal costs on long-term debt	235,291	712,402	-	-	477,111	-	477,111
Total Governmental Activities	2,327,529	1,206,676	125,952	76,101	(918,800)	-	(918,800)
Business-Type Activities							
Water	346,174	478,605	-	-	-	132,431	132,431
Sewer	391,571	393,091	-	-	-	1,520	1,520
Storm sewer	22,733	80,254	-	-	-	57,521	57,521
Total Business-Type Activities	760,478	951,950	-	-	-	191,472	191,472
TOTAL PRIMARY GOVERNMENT	**$ 3,088,007**	**$ 2,158,626**	**$ 125,952**	**$ 76,101**	(918,800)	191,472	(727,328)
General revenues							
Property taxes					964,486	-	964,486
Aids and payments from the state					428,326	-	428,326
Gain (loss) on sale of equipment					68,010	-	68,010
Unrestricted net investment earnings					58,229	-	58,229
Miscellaneous							
Other					20,977	1,308	22,285
Transfers					146,738	(146,738)	-
Total General Revenues					1,686,766	(145,430)	1,541,336
CHANGE IN NET POSITION					767,966	46,042	814,008
NET POSITION – BEGINNING					7,504,833	3,521,702	11,026,535
NET POSITION – ENDING					**$ 8,272,799**	**$ 3,567,744**	**$ 11,840,543**

(The accompanying notes are an integral part of these financial statements.)

Fund Financial Statements

CITY OF ST. BONIFACIUS, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2024

	General	2012A G.O. Improvement Bonds	2013 Street Project Debt Service	2023 Street Improvement Project	Wildwood Ave Improvement Project	Total Governmental Funds
ASSETS						
Cash and investments	$ 1,287,171	$ -	$ 183,993	$ 591,592	$ -	$ 2,062,756
Taxes receivable	4,167	-	930	1,611	-	6,708
Special assessments receivable	-	-	22,364	616,752	-	639,116
Due from other governmental units	10,579	-	2,260	-	-	12,839
Lease receivable	794,200	-	-	-	-	794,200
Prepaid expenses	10,479	-	-	-	-	10,479
TOTAL ASSETS	**$ 2,106,596**	**$ -**	**$ 209,547**	**$ 1,209,955**	**$ -**	**$ 3,526,098**
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities						
Accounts payable	$ 69,351	$ -	$ -	$ 875	$ -	$ 70,226
Cash overdraft	-	-	-	-	27,647	27,647
Accrued payroll	7,827	-	-	-	-	7,827
Unearned revenue	91,511	-	-	-	-	91,511
Total Liabilities	168,689	-	-	875	27,647	197,211
Deferred Inflows of Resources						
Unavailable revenue - taxes	4,167	-	930	1,611	-	6,708
Unavailable revenue - special assessments	-	-	22,364	616,752	-	639,116
Unearned revenue - lease receivable	794,200	-	-	-	-	794,200
Total Deferred Inflows of Resources	798,367	-	23,294	618,363	-	1,440,024
Fund Balances						
Nonspendable for prepaid items	10,479	-	-	-	-	10,479
Restricted for						
Debt service	-	-	186,253	-	-	186,253
Project expenses	-	-	-	590,717	-	590,717
Unrestricted						
Committed for						
Highland Rd Minnetrista bond repayment	44,685	-	-	-	-	44,685
Park improvements and capital expenses	188,663	-	-	-	-	188,663
Public works capital expenses	109,645	-	-	-	-	109,645
City office capital expenses	2,982	-	-	-	-	2,982
Fire department operations	61,545	-	-	-	-	61,545
Fire department capital expenses	169,193	-	-	-	-	169,193
Fire reserve	19,967	-	-	-	-	19,967
Public safety expenses	28,028	-	-	-	-	28,028
WAFTA fees	101,068	-	-	-	-	101,068
Unassigned	403,285	-	-	-	(27,647)	375,638
Total Fund Balances	1,139,540	-	186,253	590,717	(27,647)	1,888,863
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	**$ 2,106,596**	**$ -**	**$ 209,547**	**$ 1,209,955**	**$ -**	**$ 3,526,098**

(The accompanying notes are an integral part of these financial statements.)

CITY OF ST. BONIFACIUS, MINNESOTA
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
December 31, 2024

TOTAL FUND BALANCES – GOVERNMENTAL FUNDS		$ 1,888,863
Amounts reported for the governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources; therefore, they are not reported as assets in the governmental funds:		
General capital assets	$ 36,840,934	
Accumulated depreciation	(26,212,569)	10,628,365
Other long-term assets (delinquent taxes, special assessments) are not available to pay for current-period expenditures; therefore, they are considered deferred outflows of resources in the governmental funds until the amounts are received. Deferred outflows of resources at year-end consists of:		
Unavailable revenue - taxes	6,708	
Unavailable revenue - special assessments	639,116	645,824
Accrued severance pay is not due and payable with current financial resources; therefore, it is not reported as a liability in the governmental funds.		(22,357)
Accrued interest on bonds is not recorded as a liability in the governmental funds; however, the statement of net position records this amount. Accrued interest at year-end is:		(8,493)
Long-term debt payable is not due and payable in the current period; therefore, they are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of:		
Bonds and notes		(4,670,146)
Some liabilities, including net pension obligations, are not due and payable in the current period; therefore, they are not reported in the governmental funds.		(139,935)
Deferred outflows and inflows of resources related to pension are applicable to future periods; therefore, they are not reported in the governmental funds.		
Deferred outflows of resources related to pensions		25,514
Deferred inflows of resources related to pensions		(74,836)
TOTAL NET POSITION – GOVERNMENTAL ACTIVITIES		**$ 8,272,799**

(The accompanying notes are an integral part of these financial statements.)

CITY OF ST. BONIFACIUS, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2024

	General	2012A G.O. Improvement Bonds	2013 Street Project Debt Service	2023 Street Improvements Project	Wildwood Ave Improvements Project	Total Governmental Funds
REVENUES						
Property taxes	$ 558,541	$ -	$ 129,513	$ 275,424	$ -	$ 963,478
Special assessments	-	-	7,588	102,792	-	110,380
Licenses and permits	56,481	-	-	-	-	56,481
Intergovernmental	554,278	-	-	-	-	554,278
Charges for services	430,475	-	-	-	-	430,475
Fines and forfeits	7,318	-	-	-	-	7,318
Net investment earnings	58,229	-	-	-	-	58,229
Contributions and donations	76,101	-	-	-	-	76,101
Other	20,977	-	-	-	-	20,977
Total Revenues	1,762,400	-	137,101	378,216	-	2,277,717
EXPENDITURES						
Current						
General government	329,055	-	-	-	-	329,055
Public safety	679,385	-	-	-	-	679,385
Public works	445,444	-	-	-	-	445,444
Sanitation	4,144	-	-	-	-	4,144
Culture and recreation	61,588	-	-	-	-	61,588
Debt service						
Principal	48,346	-	115,000	155,000	-	318,346
Interest	15,639	-	20,383	209,126	-	245,148
Capital outlay	602,412	-	-	347,891	27,647	977,950
Total Expenditures	2,186,013	-	135,383	712,017	27,647	3,061,060
REVENUES OVER (UNDER) EXPENDITURES	(423,613)	-	1,718	(333,801)	(27,647)	(783,343)
OTHER FINANCING SOURCES (USES)						
Sale of property	68,010	-	-	-	-	68,010
Transfers in	148,921	-	-	-	-	148,921
Transfers out	-	(2,183)	-	-	-	(2,183)
Net Other Financing Sources (Uses)	216,931	(2,183)	-	-	-	214,748
NET CHANGE IN FUND BALANCES	(206,682)	(2,183)	1,718	(333,801)	(27,647)	(568,595)
FUND BALANCES – BEGINNING	1,346,222	2,183	184,535	924,518	-	2,457,458
FUND BALANCES – ENDING	**$ 1,139,540**	**$ -**	**$ 186,253**	**$ 590,717**	**$ (27,647)**	**$ 1,888,863**

(The accompanying notes are an integral part of these financial statements.)

CITY OF ST. BONIFACIUS, MINNESOTA
RECONCILIATION OF THE CHANGE IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2024

NET CHANGE IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS		$ (568,595)
Amounts reported for the governmental activities in the statement of activities are different because:		
Capital assets are reported as expenditures in governmental funds. However, in the statement of activities the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
Capital outlay	$ 977,950	
Depreciation	(602,242)	375,708
Interest on long-term debt is not recognized until due in the governmental funds. In the statement of activities, interest is recognized as it accrues. This adjustment is the difference in accrued interest payable between the prior year and the current year.		
Accrued interest payable - December 31, 2024	(8,493)	
Accrued interest payable - December 31, 2023	12,575	4,082
Delinquent property taxes receivable will be collected, but are not available soon enough to pay for the current period's expenditures; therefore, they are deferred inflows of resources. This amount represents the change in deferred inflows of resources in the current period.		
Unavailable taxes - December 31, 2024	6,708	
Unavailable taxes - December 31, 2023	(5,700)	1,008
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This amount represents the change in unearned revenue in the current period.		
Unavailable taxes - special assessments - December 31, 2024	639,116	
Unavailable taxes - special assessments - December 31, 2023	(37,094)	602,022
The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:		
Principal payments on long-term debt	318,346	
Amortization of bond discount and premium	5,776	324,122
In the statement of activities, accrued compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount paid during the year:		
Compensated absences - December 31, 2024	(22,357)	
Compensated absences - December 31, 2023	17,852	(4,505)
Governmental funds report City pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense:		
Net pension liability - December 31, 2024	(139,935)	
Net pension liability - December 31, 2023	206,900	
Deferred outflows of resources - December 31, 2024	25,514	
Deferred outflows of resources - December 31, 2023	(44,088)	
Deferred inflows of resources - December 31, 2024	(74,836)	
Deferred inflows of resources - December 31, 2023	60,569	34,124
CHANGE IN NET POSITION – GOVERNMENTAL ACTIVITIES		**$ 767,966**

(The accompanying notes are an integral part of these financial statements.)

CITY OF ST. BONIFACIUS, MINNESOTA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2024

	Business-Type Activities – Enterprise Funds			
	Water	Sewer	Storm Sewer	Total
ASSETS				
Current Assets				
Cash and investments	$ 686,347	$ 226,597	$ 127,885	$ 1,040,829
Accounts receivable	53,584	39,742	11,049	104,375
Special assessments receivable	2,263	1,766	498	4,527
Prepaid expenses	2,409	2,409	-	4,818
Total Current Assets	744,603	270,514	139,432	1,154,549
Noncurrent Assets				
Capital assets not being depreciated	89,745	89,669	57,340	236,754
Capital assets being depreciated, net	1,309,014	790,475	279,711	2,379,200
Total Noncurrent Assets	1,398,759	880,144	337,051	2,615,954
Total Assets	2,143,362	1,150,658	476,483	3,770,503
LIABILITIES				
Current Liabilities				
Accounts payable	4,059	1,019	1,019	6,097
Accrued interest payable	1,662	-	-	1,662
Current portion of long-term debt	38,000	-	-	38,000
Total Current Liabilities	43,721	1,019	1,019	45,759
Noncurrent Liabilities				
Bonds and loans payable	157,000	-	-	157,000
Total Liabilities	200,721	1,019	1,019	202,759
NET POSITION				
Net investment in capital assets	1,203,759	880,144	337,051	2,420,954
Unrestricted	738,882	269,495	138,413	1,146,790
TOTAL NET POSITION	**$ 1,942,641**	**$ 1,149,639**	**$ 475,464**	**$ 3,567,744**

(The accompanying notes are an integral part of these financial statements.)

CITY OF ST. BONIFACIUS, MINNESOTA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
Year Ended December 31, 2024

	Business-Type Activities – Enterprise Funds			
	Water	Sewer	Storm Sewer	Total
OPERATING REVENUES				
Charges for services	$ 466,790	$ 383,874	$ 77,655	$ 928,319
OPERATING EXPENSES				
Repairs and maintenance	19,302	5,907	2,050	27,259
Insurance	10,655	10,655	-	21,310
Utilities	31,816	319,323	-	351,139
Supplies	72,841	686	-	73,527
Office expense	9,995	3,283	3,283	16,561
Professional fees	20,666	3,855	200	24,721
Testing	8,654	-	-	8,654
Depreciation	161,216	47,305	17,200	225,721
Miscellaneous	6,514	557	-	7,071
Total Operating Expenses	341,659	391,571	22,733	755,963
OPERATING INCOME (LOSS)	125,131	(7,697)	54,922	172,356
NONOPERATING REVENUES (EXPENSES)				
Special assessments	11,815	9,217	2,599	23,631
Other income	654	654	-	1,308
Interest expense	(4,515)	-	-	(4,515)
Net Nonoperating Revenues (Expenses)	7,954	9,871	2,599	20,424
NET INCOME BEFORE TRANSFERS	133,085	2,174	57,521	192,780
TRANSFERS				
Transfers out	(86,165)	(39,625)	(20,948)	(146,738)
CHANGE IN NET POSITION	46,920	(37,451)	36,573	46,042
TOTAL NET POSITION – BEGINNING	1,895,721	1,187,090	438,891	3,521,702
TOTAL NET POSITION – ENDING	**$ 1,942,641**	**$ 1,149,639**	**$ 475,464**	**$ 3,567,744**

(The accompanying notes are an integral part of these financial statements.)

CITY OF ST. BONIFACIUS, MINNESOTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended December 31, 2024

	Business-Type Activities – Enterprise Funds			
	Water	Sewer	Storm Sewer	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	$ 463,941	$ 381,090	$ 75,606	$ 920,637
Payments for supplies and services	(182,963)	(342,522)	(5,333)	(530,818)
Other receipts	654	654	-	1,308
Other payments	(6,514)	(557)	-	(7,071)
Net Cash Provided by Operating Activities	275,118	38,665	70,273	384,056
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers to other funds	(86,165)	(39,625)	(20,948)	(146,738)
Special assessments	9,552	7,451	2,101	19,104
Net Cash Used by Noncapital Financing Activities	(76,613)	(32,174)	(18,847)	(127,634)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	(33,752)	-	(32,617)	(66,369)
Principal paid on capital debt	(37,000)	-	-	(37,000)
Interest paid on capital debt	(4,515)	-	-	(4,515)
Net Cash Used by Capital and Related Financing Activities	(75,267)	-	(32,617)	(107,884)
NET INCREASE IN CASH AND INVESTMENTS	123,238	6,491	18,809	148,538
CASH AND INVESTMENTS – BEGINNING	563,109	220,106	109,076	892,291
CASH AND INVESTMENTS – ENDING	**$ 686,347**	**$ 226,597**	**$ 127,885**	**$ 1,040,829**
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	$ 125,131	$ (7,697)	$ 54,922	$ 172,356
Adjustments to reconcile operating income (loss) to net cash provided by operating activities				
Depreciation expense	161,216	47,305	17,200	225,721
Other income related to operations	654	654	-	1,308
Net operating changes in				
Accounts receivable	(2,849)	(2,784)	(2,049)	(7,682)
Prepaid items	168	168	-	336
Accounts payable	(9,202)	1,019	200	(7,983)
NET CASH PROVIDED BY OPERATING ACTIVITIES	**$ 275,118**	**$ 38,665**	**$ 70,273**	**$ 384,056**

(The accompanying notes are an integral part of these financial statements.)

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity
The City of St. Bonifacius, Minnesota was incorporated under the laws of the State of Minnesota and is governed by an elected Mayor and four-member Council.

The financial statements of the reporting entity include those of the City (the primary government) and the component units for which the primary government is financially accountable. The criteria used to determine if the primary government is financially accountable for a component unit includes whether or not the primary government appoints the voting majority of the potential component unit's governing body, is able to impose its will on the potential component unit, is in a relationship of financial benefit or burden with the potential component unit or the potential component unit is fiscally dependent on the City.

Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same or substantially the same as the City Council or the component unit provides services entirely to the City. These component unit's funds are blended into those of the City by appropriate activity type to compose the primary government presentation. The City has no blended component units.

Discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending. The City has no discretely presented component units.

The following represents the significant accounting policies used by the City:

Basis of Presentation
Government-Wide Financial Statements
The Statement of Net Position and the Statement of Activities display information about the primary government. These statements include the financial activities of the overall government. As a general rule, eliminations have been made to minimize the double counting of internal activities. There are some exceptions to that general rule, certain charges between the City's enterprise functions and various other functions of the government. Elimination of those charges would distort the direct costs and program revenues reported for the various functions concerned. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed, in whole or in part, by fees charged to external parties.

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Government-Wide Financial Statements (Continued)

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the Statement of Activities. Program revenues include a) fees and charges paid by the recipients of goods or services offered by the programs and b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The fund financial statements provide information about the City's funds. Separate statements for each fund category – governmental and proprietary– are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

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

A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

1. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type, and
2. The same element of the individual governmental fund or enterprise fund that met the 10% test is at least 5% of the corresponding total for all governmental and enterprise funds combined.
3. In addition, any other governmental or enterprise fund that the City believes is particularly important to financial statement users may be reported as a major fund.

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)
Fund Financial Statements (Continued)
The City reports the following funds:
Governmental Funds

General Fund – the General Fund is the general operating fund of the City. It is used to account for all financial resources and transactions, except those required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, State grants, and various other taxes and licenses. The primary expenditures are for public safety, public works, parks and recreation, and general government services.

Special Revenue Funds – used to account for specific revenue sources (other than expendable trusts and agency funds or major capital assets) that are restricted or committed to expenditures for specific purposes other than debt service or capital projects. The City has no major special revenue funds.

Debt Service Funds – used to account for the accumulation of, resources for, and the payment of, long-term debt principal, interest, and related costs. The City's major debt service funds are as follows:

2012A G.O. Improvement Bonds – accounts for the sources of revenue for and the payment of the 2012A general obligation improvement refunding bonds.

2013 Street Project Debt Service – accounts for the sources of revenue for and the payment of the 2013C bonds.

Capital Project Funds – used to account for the financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). The City's major capital projects fund and its purpose is as follows:

2023 Street Improvement Project – accounts for the costs related to the City's street improvement project.

Wildwood Ave Improvement Project - used to account for the costs related to Wildwood Ave street improvement project

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)
Fund Financial Statements (Continued)
The City reports the following funds: (Continued)
Proprietary Funds

Enterprise Funds – account for operations that are financed and operated in a manner similar to private business enterprise, where the intent is that the cost of providing goods or services be financed or recovered primarily through user charges. The City's major enterprise funds and their purposes are as follows:

Water – accounts for the activities of the City's water distribution operations.

Sewer – accounts for the activities of the City's sewage pumping stations and collection systems.

Storm Sewer – accounts for the activities of the City's storm sewer systems.

Measurement Focus and Basis of Accounting
Government-Wide and Proprietary Fund Financial Statements
The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when a liability is incurred, regardless of when the related cash flows take place.

Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. Under the accrual basis of accounting, revenue from property taxes is recognized in the year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Interfund activity consists of transfers, services provided and/or used, reimbursements, advances, and loans. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule include interfund services provided and/or used. Interfund services provided and/or used are accounted for as revenues and expenses since the elimination of such revenues and expenses would distort the direct costs and program revenues reported for the various functions.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than program revenues. Likewise, general revenues include all taxes.

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting (Continued)

Government-Wide and Proprietary Fund Financial Statements (Continued)

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 enterprise funds include but are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Governmental Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt and claims and judgments, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds and proceeds from general long-term debt and acquisitions under finance agreements are reported as other financing sources.

The City considers all revenues available if they are collected within 60 days after year-end, except for property taxes. All taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Estimates

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 and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Temporary Investments (Including Cash Equivalents)
Available cash balances from all funds are pooled and invested in accordance with *Minnesota Statutes*. Each fund's share of the pool is shown on the financial statements as "cash and investments." For reporting purposes, petty cash and change funds are also considered cash and investments. For the purposes of the proprietary fund-type statement of cash flows, the City considers all highly liquid investments with an initial maturity of three months or less to be investments. Certificates of deposit are valued at cost plus reinvested dividends, and other investments are stated at fair value.

Receivables
Activity between funds that is 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."

Property tax levies are set by the City Council in December of each year and are certified to Hennepin County for collection in the following year. In Minnesota, counties act as collection agencies for all property taxes. The county spreads the levy over assessable property. Property taxes become a lien on January 1. Property tax payments are due in two equal installments, on May 15 and October 15. Taxes become delinquent if not paid by the due date. The County is required to distribute collections to the City three times each year.

Property taxes receivable which have been collected and received by the City within 60 days subsequent to year end are considered measurable and available, and are recognized as revenues in the governmental fund financial statements. All other property taxes receivable are offset by deferred revenue because they are not deemed available to finance operations of the current period. Property tax receivables are deemed to be substantially collectable or recoverable through foreclosure. Accordingly, no allowance for doubtful tax accounts is deemed necessary.

Receivables for federal and state grants, and state, county, and local shared revenue, are recorded as revenue in all fund types as earned.

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables (Continued)
Assessment liens receivable are recorded as receivables at the time property owners are assessed for property improvements. Assessment lien installments which are expected to be collected in the following year in accordance with the modified accrual basis of accounting are considered measurable and available and are recognized as revenues. All other assessment liens receivable are offset by unearned revenues and, accordingly, have not been recorded as revenue. Assessments are payable over a term of years at an interest rate established by the City Council.

Receivables of the proprietary fund types are recorded as revenue when earned, including services earned but not billed.

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 and expensed as the items are used.

Capital Assets
Capital asses, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and are defined by the government as assets with an initial individual cost of more than $1,000 and estimated useful life in excess of one year. Capital assets are recorded at cost or estimated historical cost. Donated capital assets are recorded at acquisition value at the time of donation. Intangible assets with an indefinite useful life are included in nondepreciable assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets are depreciated using the straight-line method over their estimated useful lives. Useful lives vary from 5 to 40 years for land improvements and buildings, and 5 to 15 years for equipment. Capital assets not being depreciated include land and construction in progress, if any.

In governmental fund financial statements, capital assets purchased are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Compensated Absences
It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation and sick pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only as a result of employee resignations or retirements. The liability for compensated absences is typically liquidated in the fund that incurred the expenditure at the time of the occurrence (i.e. vacation being taken or upon retirement).

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has one type of item that qualifies for reporting in this category – pension deferrals reported in the government-wide Statement of Net Position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items that qualify for reporting in this category, unavailable revenue, which arises only under a modified accrual basis of accounting and is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources, property taxes and special assessments earned but not yet available. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City has several items that qualify for reporting in this category – property taxes receivable, special assessments receivable, lease receivable, and pension deferrals.

Long-Term Obligations

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

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources and payments of principal and interest are reported as expenditures. 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.

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position and Fund Balances

Net Position

Net position in the government-wide and proprietary fund financial statements is classified as net investment in capital assets; restricted and unrestricted. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any debt used to build or acquire the capital asset. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through State statute. When both restricted and unrestricted net position is available for use, it is the City's policy to use restricted first and then unrestricted.

Fund Balance

Governmental funds report components of fund balance to provide information about fund balance availability for appropriation. Restricted fund balance represents amounts available for appropriation but intended for a specific use and is legally restricted by outside parties. Committed fund balance represents constraints on spending that the government imposes upon itself by high-level formal action prior to the close of the fiscal period. Assigned fund balance represents resources intended for spending for a purpose set by the governing body itself or by some person or body delegated to exercise such authority in accordance with policy established by the council. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, followed by committed, assigned, and unassigned fund balance.

Pensions

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

New Accounting Standards

In June 2022, GASB issued Statement No. 101, Compensated Absences. The objective of this statement is to better meet the information needs of the financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The City adopted the requirements of the guidance effective January 1, 2024. There was no material impact on the City's net position and changes in net position as a result of adoption of this standard.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Deficit Fund Equity
At December 31, 2024, the Wildwood Ave Improvements Project had a deficit in fund balance of $27,647. This deficit will be eliminated in the future when the project is completed or appropriates from the General Fund if necessary.

Budgetary Information
GASB Statement No. 34 requires that budget vs. actual information be presented for the general fund and all major special revenue funds that have legally adopted budgets. Budget vs. actual information and related notes can be found in the required supplementary information following this report.

NOTE 3 – DEPOSITS AND INVESTMENTS

Deposits
Minnesota Statutes authorize the City to deposit its cash and to invest in certificates of deposit in financial institutions designated by the City Council.

Custodial Credit Risk – deposits – the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City maintains its deposits in accordance with Minn. Stat. § 118A.03. Under that statute, all deposits must be covered by Federal Deposit Insurance Corporation (FDIC) or collateralized with eligible securities in an amount equal to 110% of the deposits not covered by FDIC or corporate surety bonds. As of December 31, 2024, the City's deposits with various financial institutions had a bank balance of $1,992,883. Of these deposits, $280,877 was covered by FDIC insurance and $1,712,006 was collateralized in accordance with Minn. Stat. § 118A.03.

Investments
Investment of City funds is restricted by *Minnesota Statutes*. Authorized investments include obligations of the U.S. Treasury and U.S. Agencies, bankers' acceptances, certain repurchase agreements and commercial paper rated A-1 by Standard & Poor's Corporate or P-1 by Moody's Commercial Paper Record.

		Investment Maturities in Years			
	Fair Value	Less than 1	1 to 5	6 to 10	More than 10
Money market funds	$ 8,333	$ 8,333	$ -	$ -	$ -
Certificates of deposit	944,366	454,686	489,680	-	-
US Treasury Bills	154,182	154,182	-	-	-
TOTAL	**$ 1,106,881**	**$ 617,201**	**$ 489,680**	**$ -**	**$ -**

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)
The investments of the City are exposed to various risks as follows:

Interest Rate Risk – the risk that the market value of securities in the portfolio will fall due to changes in general interest rates. The City will minimize Interest Rate Risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.

Credit Risk – the risk that an issuer or other counterparty to an investment will not fulfill its obligation. Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality per GASB Statement No. 40. The City's investments in money market and certificates of deposit are not rated.

Concentration of Credit Risk – the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City places no limit on the amount that the City may invest in any one issuer.

Fair Value Hierarchy – GASB Statement No. 72, *Fair Value Measurement and Application*, establishes accounting and financial reporting standards for fair value measurements, the level of fair value hierarchy, and valuation techniques. Various inputs are used in determining the fair value of investments. These inputs to valuation techniques are categorized into a fair value hierarchy consisting of three broad levels for financial statement purposes as follows:

Level 1 – unadjusted price quotations in active markets/exchanges for identical assets or liabilities, that each fund has the ability to access.

Level 2 – other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, loss severities, credit risks and default rates) or other market-corroborated inputs.

Level 3 – unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including each Fund's own assumptions used in determining the fair value of investments). The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)
The categorization of a value determined for investments is based on the pricing transparency of the investments and is not necessarily an indication of the risks associated with investing in those securities. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The City has recorded its investments at fair value, and primarily uses the market approach to valuing each security. The City applies fair value updates to its securities on a monthly basis. Assets are categorized by asset type, which is a key component of determining hierarchy levels. Asset types allowable per the City's investment policy generally fall within hierarchy levels 1 and 2.

The City has the following recurring fair value measurement:

		Fair Value Measurements at		
	Total Carrying Value at 12-31-2024	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial instruments				
Certificates of deposit	$ 944,366	$ 944,366	$ -	$ -
Money market	8,333	8,333	-	-
US Treasury Bills	154,182	154,182	-	-

NOTE 4 – INTERFUND TRANSFERS

The City transferred cash between funds as follows:

Transferred From	Transferred To	Amount
2012A G.O. Improvement Bonds	General	$ 2,183
Water	General	86,165
Sewer	General	39,625
Storm Sewer	General	20,948

The transfer from the 2012A G.O. Improvement Bonds Fund to the General Fund was to close out the debt service fund. The transfers from the Water, Sewer and Storm Sewer Funds to the General Fund were for each enterprise fund's portion of public works labor, public safety, city hall utilities, and staff wages.

NOTE 5 – CAPITAL ASSETS

Activity in capital assets for the City was as follows:

Governmental Activities	Balance 2023	Additions	Removals	Balance 2024
Capital assets not being depreciated				
Land	$ 149,092	$ -	$ -	$ 149,092
Construction in progress	3,153,701	331,703	3,153,701	331,703
Total capital assets not being depreciated	3,302,793	331,703	3,153,701	480,795
Capital assets being depreciated				
Land improvements	126,722	-	-	126,722
Buildings	1,466,318	-	-	1,466,318
Equipment	1,299,988	132,031	22,348	1,409,671
Infrastructure	27,698,090	3,501,592	-	31,199,682
Vehicles	2,019,855	166,325	28,434	2,157,746
Total capital assets being depreciated	32,610,973	3,799,948	50,782	36,360,139
Accumulated depreciation for				
Land improvements	(3,547)	(6,336)	-	(9,883)
Buildings	(866,313)	(40,565)	-	(906,878)
Equipment	(846,434)	(51,940)	(22,348)	(876,026)
Infrastructure	(23,014,546)	(396,907)	-	(23,411,453)
Vehicles	(930,269)	(106,494)	(28,434)	(1,008,329)
Total accumulated depreciation	(25,661,109)	(602,242)	(50,782)	(26,212,569)
Total capital assets being depreciated, net	6,949,864	3,197,706	-	10,147,570
GOVERNMENTAL ACTIVITIES, NET	**$10,252,657**	**$ 3,529,409**	**$ 3,153,701**	**$ 10,628,365**

NOTE 5 – CAPITAL ASSETS (Continued)

Business-Type Activities	Balance 2023	Additions	Removals	Balance 2024
Capital assets not being depreciated				
Land	$ 204,137	$ -	$ -	$ 204,137
Construction in progress	-	32,617	-	32,617
Total capital assets not being depreciated	204,137	32,617	-	236,754
Capital assets being depreciated				
Buildings	446,143	-	-	446,143
Equipment	394,248	33,752	-	428,000
Infrastructure	5,826,888	-	-	5,826,888
Vehicles	36,848	-	18,527	18,321
Total capital assets being depreciated	6,704,127	33,752	18,527	6,719,352
Accumulated depreciation for				
Buildings	(167,304)	(11,154)	-	(178,458)
Equipment	(292,224)	(17,528)	-	(309,752)
Infrastructure	(3,636,582)	(197,039)	-	(3,833,621)
Vehicles	(36,848)	-	(18,527)	(18,321)
Total accumulated depreciation	(4,132,958)	(225,721)	(18,527)	(4,340,152)
Total capital assets being depreciated, net	2,571,169	(191,969)	-	2,379,200
BUSINESS-TYPE ACTIVITIES, NET	**$ 2,775,306**	**$ (159,352)**	**$ -**	**$ 2,615,954**

NOTE 5 – CAPITAL ASSETS (Continued)

Depreciation expense was charged to the following functions or programs as follows:

Governmental Activities		
General government	$	316,641
Public safety		139,409
Culture and recreation		31,259
Public works		114,933
TOTAL	**$**	**602,242**
Business-Type Activities		
Water	$	161,216
Sewer		47,305
Storm sewer		17,200
TOTAL	**$**	**225,721**

NOTE 6 – LONG-TERM OBLIGATIONS

Bonds and notes payable outstanding as of December 31, 2024, consisted of the following issues:

Bond Issue and Purpose	Interest Rate	Balance 2024
Governmental Activities		
G.O. refunding bonds of 2013C of $1,620,000, due in annual installments of $100,000 to $140,000 through December 15, 2028	2.0-3.25%	$ 525,000
G.O. bonds of 2023A of $4,155,000, due in annual installments of $20,000 to $350,000 through December 15, 2038	4.0-5.0%	3,980,000
Note payable to City of Minnetrista, due in annual installments through 2027	0.5-2.8%	89,276
TOTAL GOVERNMENTAL ACTIVITIES		**$ 4,594,276**
Business-Type Activities		
General Obligation Revenue Notes		
G.O. drinking water revenue note of $664,864, due in annual installments $34,000 to $40,000 through August 20, 2029	1.709%	**$ 195,000**

General Obligation Bonds. The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities and are direct obligations and pledge the full faith and credit of the City.

Drinking Water Revenue Notes. The City issued $664,864 general obligation revenue note for the construction of a well that serves all the residents and businesses within the City. The bonds are covered by the revenue resulting from water fund operations.

Note Payable. In 2012, the City entered into an agreement with the City of Minnetrista to fund a road project. Payments are made to the City of Minnetrista from the City's General Fund.

NOTE 6 – LONG-TERM OBLIGATIONS (Continued)

Changes in long-term obligations for the year ended December 31, 2024, are as follows:

	Balance 2023	Increases	Decreases	Balance 2024	Due Within One Year
Governmental Activities					
General obligation bonds	$ 4,795,000	$ -	$ 290,000	$ 4,505,000	$ 335,000
Note payable	117,622	-	28,346	89,276	29,012
Total Bonds and Notes	4,912,622	-	318,346	4,594,276	364,012
Add (less) unamortized premium (discount)	81,646	-	5,776	75,870	-
Net bonds and notes payable	4,994,268	-	324,122	4,670,146	364,012
Other Long-Term Liabilities					
Compensated absences	17,852	4,505	-	22,357	-
Net pension liability	206,900	-	66,965	139,935	-
Total Other Long-Term Liabilities	224,752	4,505	66,965	162,292	-
TOTAL GOVERNMENTAL ACTIVITIES	**$ 5,219,020**	**$ 4,505**	**$ 391,087**	**$ 4,832,438**	**$ 364,012**

	Balance 2023	Additions	Reductions	Balance 2024	Due Within One Year
Business-Type Activities					
General obligation bonds	$ 232,000	$ -	$ 37,000	$ 195,000	$ 38,000
TOTAL BUSINESS-TYPE ACTIVITIES	**$ 232,000**	**$ -**	**$ 37,000**	**$ 195,000**	**$ 38,000**

Debt service requirements on long-term debt at December 31, 2024 are as follows:

	Governmental Activities		Business-Type Activities	
Year Ending December 31,	Principal	Interest	Principal	Interest
2025	$ 364,012	$ 195,193	$ 38,000	$ 3,332
2026	384,738	180,087	38,000	2,684
2027	405,526	164,115	39,000	2,034
2028	390,000	147,300	40,000	1,368
2029	265,000	130,250	40,000	684
2030 - 2034	1,470,000	450,850	-	-
2035 - 2038	1,315,000	134,200	-	-
TOTAL	**$ 4,594,276**	**$ 1,401,995**	**$ 195,000**	**$ 10,102**

NOTE 7 – CONDUIT DEBT

From time to time, the City has issued revenue bonds and notes to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2024, there were two revenue bonds or notes outstanding. One is related to the PHS/Lake Minnetonka Campus Project and the other is for the Crown College Project with principal amounts payable of approximately $5,107,756 and $7,003,239, respectively.

NOTE 8 – LESSOR TENANT AGREEMENTS

The City is a lessor for three noncancellable leases of property with lease terms through 2041. For the year ending December 31, 2024, the City recognized $67,704 in lease revenue released from the deferred inflows of resources on the statement of changes in net position. The City recognized interest revenue of $2,031 for the year ending December 31, 2024. No inflows of resources were recognized in the year related to termination penalties or residual value guarantees during the year. The balance of the leases receivable was $794,200 as of December 31, 2024.

NOTE 9 – NET INVESTMENT IN CAPITAL ASSETS

Governmental activities net investment in capital assets and restricted net position reported on the government-wide statement of net position includes the following:

Land	$	149,092
Construction in progress		331,703
Capital assets being depreciated, net		10,147,570
Less: long-term debt outstanding, net of unspent proceeds		(4,670,146)
NET INVESTMENT IN CAPITAL ASSETS - GOVERNMENTAL ACTIVITIES	**$**	**5,958,219**

NOTE 9 – NET INVESTMENT IN CAPITAL ASSETS (Continued)

Business-type activities net investment in capital assets and restricted net position reported on the government-wide statement of net position includes the following:

Capital assets not being depreciated	$	236,754
Capital assets being depreciated, net		2,379,200
Long-term debt outstanding		(195,000)
NET INVESTMENT IN CAPITAL ASSETS	**$**	**2,420,954**

NOTE 10 – DEFINED BENEFIT PENSION PLANS

Plan Description

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

General Employees Retirement Plan

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

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.

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

Benefits Provided (Continued)
General Employees Plan requires three years of service to vest. Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for General Plan members. Members hired prior to July 1, 1989, receive the higher of the Step or Level formulas. Only the Level formula is used for members hired after June 30, 1989. Under the Step formula, General Plan members receive 1.2% 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 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 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. The 2024 annual increase was 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a prorated increase.

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

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in calendar year 2024 and the City was required to contribute 7.50% for Coordinated Plan members. The City's contributions to the General Employees Fund for the year ended December 31, 2024, were $25,073. The City's contributions were equal to the required contributions as set by state statute.

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

Pension Costs

At December 31, 2024, the City reported a liability of $139,935 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 $3,618.

City's proportionate share of the net pension liability	$	139,935
State of Minnesota's proportionate share of the net pension liability associated with the City		3,618
TOTAL	**$**	**143,553**

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2023 through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0038% at the end of the measurement period and 0.0037% for the beginning of the period.

For the year ended December 31, 2024, the City recognized pension expense of $8,345 for its proportionate share of General Employees Plan's pension expense. In addition, the City recognized an additional $97 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.

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

Pension Costs (Continued)
At December 31, 2024, the City reported its proportionate share of General Employees Plan's deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 9,797	$ -
Changes in actuarial assumptions	501	39,070
Net collective difference between projected and actual investment earnings	-	34,164
Changes in proportion	2,679	1,602
Contributions paid to PERA subsequent to the measurement date	12,537	-
TOTAL	**$ 25,514**	**$ 74,836**

The $12,537 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 Ended December 31:	Pension Expense Amount
2025	$ (36,296)
2026	(4,334)
2027	(12,649)
2028	(8,580)
TOTAL	**$ (61,859)**

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

Long-Term Expected Return on Investment

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic stocks	33.50%	5.10%
International stocks	16.50%	5.30%
Bonds (fixed income)	25.00%	0.75%
Alternative assets (private markets)	25.00%	5.90%
TOTAL	**100.00%**	

Actuarial Methods and Assumptions

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

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

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

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table.

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

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 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.

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 position of the General Employees Fund was 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.

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

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:

Sensitivity Analysis

Net Pension Liability (Asset) at Different Discount Rates

		General Employees Fund
1% lower	6.00%	$ 305,640
Current discount rate	7.00%	139,935
1% higher	8.00%	3,627

Pension Plan Fiduciary Net Position

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

NOTE 11 – VOLUNTEER FIRE RELIEF ASSOCIATION

Defined Contribution Plan

The City remits a state aid payment to the St. Bonifacius Volunteer Fire Department (the Association) a single-employer public employee retirement system that acts as an administrator for volunteer firefighters.

All volunteer firefighters of the City are members of the Association. Retiring individuals receive a lump-sum distribution in an amount equal to $5,700 per year of service. The minimum retirement age is 50 and members are fully vested after 20 years. These benefit provisions and all other requirements are consistent with enabling state statutes.

The City passes through state aids allocated to the plan in accordance with state statutes. The state aid passed through in 2024 was $77,753.

NOTE 12 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; job-related illnesses or injuries to employees and natural disasters. The City has entered into a joint powers agreement with the League of Minnesota Cities Insurance Trust (LMCIT). The LMCIT is a public entity risk pool currently operating as a common risk management and insurance program for Minnesota cities. The City also carries commercial insurance for certain other risks of loss, including employee health insurance.

The agreement for formation of the LMCIT provides that the pool will be self-sustaining through member assessments and will reinsure through commercial companies for claims in excess of reserved amounts for each insured event. LMCIT can make additional assessments to make the pool self-sustaining. The City has determined that it is not possible to estimate the amount of such additional assessments; however, they are not expected to be material to the financial statements.

There were no significant reductions in insurance coverage from the previous year or settlements in excess of insurance coverage for any of the past three fiscal years.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ST. BONIFACIUS, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
Year Ended December 31, 2024

	Budgeted Amounts		Actual Amounts	Variance Over (Under)
	Original	Final		
REVENUES				
Taxes				
Property taxes	$ 555,263	$ 555,263	$ 558,541	$ 3,278
Licenses and permits	65,630	65,630	56,481	(9,149)
Intergovernmental				
State				
Local government aid	428,284	428,284	428,283	(1)
Market value credit	-	-	43	43
Fire relief aid	60,000	60,000	77,753	17,753
Other	-	-	37,071	37,071
County				
Highway aid	5,000	5,000	-	(5,000)
Recycling grants	9,700	9,700	11,128	1,428
Total Intergovernmental	502,984	502,984	554,278	51,294
Charges for Services				
General government fees	10,250	10,250	9,565	(685)
Fire services	346,220	346,220	344,154	(2,066)
Rental income	91,448	91,448	76,756	(14,692)
Total Charges for Services	447,918	447,918	430,475	(17,443)
Fines and Forfeitures	8,000	8,000	7,318	(682)
Investment Earnings	8,000	8,000	58,229	50,229
Contributions and Donations	-	-	76,101	76,101
Other	23,900	23,900	20,977	(2,923)
Total Revenues	1,611,695	1,611,695	1,762,400	150,705
EXPENDITURES				
Current				
General Government				
Mayor and council	16,624	16,624	16,427	(197)
Clerk/finance and administration	282,992	282,992	283,497	505
Elections	5,000	5,000	2,683	(2,317)
Professional fees (legal, audit, etc.)	62,400	62,400	26,448	(35,952)
Total General Government	367,016	367,016	329,055	(37,961)
Public Safety				
Police	297,909	297,909	297,909	-
Fire	355,395	355,395	345,923	(9,472)
Building inspection	16,000	16,000	18,953	2,953
Other public safety (prosecuting attorney, civil defense siren)	16,600	16,600	16,600	-
Total Public Safety	685,904	685,904	679,385	(9,472)

CITY OF ST. BONIFACIUS, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
Year Ended December 31, 2024

	Budgeted Amounts		Actual Amounts	Variance Over (Under)
	Original	Final		
EXPENDITURES (Continued)				
Public Works				
Street maintenance	$ 397,830	$ 397,830	$ 400,401	$ 2,571
Snow and ice removal	24,100	24,100	5,028	(19,072)
Street lighting	42,684	42,684	40,015	(2,669)
Total Public Works	464,614	464,614	445,444	(19,170)
Sanitation	4,500	4,500	4,144	(356)
Culture and Recreation				
Parks and recreation	36,440	36,440	61,588	25,148
Miscellaneous				
Other	18,901	18,901	-	(18,901)
Debt Service				
Principal	48,346	48,346	48,346	-
Interest	16,471	16,471	15,639	(832)
Total Debt Service	64,817	64,817	63,985	(832)
Capital Outlay				
Public safety	-	-	103,050	103,050
Streets and highways	61,000	61,000	195,306	134,306
Culture and recreation	23,100	23,100	304,056	280,956
Total Capital Outlay	84,100	84,100	602,412	518,312
Total Expenditures	1,726,292	1,726,292	2,186,013	456,768
REVENUES UNDER EXPENDITURES	(114,597)	(114,597)	(423,613)	(309,016)
OTHER FINANCING SOURCES				
Sale of property	28,065	28,065	68,010	39,945
Transfers in	146,738	146,738	148,921	2,183
Net Other Financing Sources	174,803	174,803	216,931	42,128
NET CHANGE IN FUND BALANCES	60,206	60,206	(206,682)	(266,888)
FUND BALANCES – BEGINNING	1,346,222	1,346,222	1,346,222	-
FUND BALANCES – ENDING	**$ 1,406,428**	**$ 1,406,428**	**$ 1,139,540**	**$ (266,888)**

CITY OF ST. BONIFACIUS, MINNESOTA
SCHEDULE OF CONTRIBUTIONS
PUBLIC EMPLOYEES GENERAL EMPLOYEES RETIREMENT FUND
(Last Ten Years)

Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered-Employee Payroll (d)	Contributions as a Percentage of Covered-Employee Payroll (b/d)
December 31, 2024	$ 25,073	$ 25,073	$ -	$ 334,293	7.50%
December 31, 2023	22,883	22,883	-	305,111	7.50%
December 31, 2022	21,452	21,452	-	286,030	7.50%
December 31, 2021	20,511	20,511	-	273,480	7.50%
December 31, 2020	20,878	20,878	-	278,368	7.50%
December 31, 2019	20,133	20,133	-	268,709	7.49%
December 31, 2018	19,842	19,842	-	264,749	7.49%
December 31, 2017	18,965	18,965	-	252,867	7.50%
December 31, 2016	20,318	20,318	-	270,902	7.50%
December 31, 2015	18,696	18,696	-	249,276	7.50%

CITY OF ST. BONIFACIUS, MINNESOTA
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
PUBLIC EMPLOYEES GENERAL EMPLOYEES RETIREMENT FUND
(Last Ten Years)

Fiscal Year Ending *	Employer's Proportion (Percentage) of the Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with the City (b)	Employer's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with the City (a+b)	Employer's Covered-Employee Payroll (c)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2024	0.0037%	$ 139,935	$ 3,618	$ 143,553	$ 334,293	41.9%	89.08%
June 30, 2023	0.0037%	206,900	5,701	212,601	305,111	67.8%	83.10%
June 30, 2022	0.0037%	293,041	8,572	301,613	286,030	102.5%	76.67%
June 30, 2021	0.0039%	166,547	5,062	171,609	273,480	60.9%	87.00%
June 30, 2020	0.0038%	227,827	6,995	234,822	271,215	84.0%	79.10%
June 30, 2019	0.0037%	204,565	6,500	211,065	265,831	77.0%	80.20%
June 30, 2018	0.0038%	210,808	6,871	217,679	241,033	87.5%	79.50%
June 30, 2017	0.0041%	261,741	3,302	265,043	264,973	98.8%	75.90%
June 30, 2016	0.0043%	349,139	4,501	353,640	264,237	132.1%	68.90%
June 30, 2015	0.0042%	217,666	-	217,666	255,209	85.3%	78.20%

* The year reported for this schedule coincides with the measurement date used for the net pension liability.

CITY OF ST. BONIFACIUS, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2024

NOTE 1 – BUDGETARY INFORMATION

Budgetary Data
An operating budget is adopted each year for the general fund and is prepared on a basis consistent with generally accepted accounting principles. Annual appropriations lapse at year-end. Encumbrances outstanding at year-end expire and are not reported in the financial statements. Budgeted amounts are as originally adopted or as amended by the council.

Budgetary control is maintained at the object of expenditure category level within each activity, and in compliance with State requirements. Also, inherent in this controlling function is the management philosophy that the existence of a particular item or appropriation in the approved budget does not automatically mean that it will be spent. The budget process has flexibility in that, where need has been properly demonstrated, an adjustment can be made within the department budget by the City Council. Therefore, there is a constant review process and expenditures are not approved until it has been determined that (a) adequate funds were appropriated; (b) the expenditure is still necessary; and (c) funds are available.

Compliance
The General Fund's disbursements exceeded budget appropriations by $456,768 for the year ended December 31, 2024. The overage, considered by City management to be a result of necessary disbursements critical to operation, were approved by City Council.

NOTE 2 – SCHEDULE OF CHANGES IN NET PENSION LIABILITIES AND RELATED RATIOS

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.

NOTE 2 – SCHEDULE OF CHANGES IN NET PENSION LIABILITIES AND RELATED RATIOS (Continued)

2024 Changes (Continued)
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 will be contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, non-compounding benefit increase of 2.5% minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

2022 Changes
Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

2021 Changes
Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

NOTE 2 – SCHEDULE OF CHANGES IN NET PENSION LIABILITIES AND RELATED RATIOS (Continued)

2020 Changes

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

NOTE 2 – SCHEDULE OF CHANGES IN NET PENSION LIABILITIES AND RELATED RATIOS (Continued)

2019 Changes

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- The employer supplemental contribution was changed prospectively, decreasing from $31.0 million to $21.0 million per year. The State's special funding contribution was changed prospectively, requiring $16 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 1.00% per year through 2044 and 2.50% 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% to 3%, beginning July 1, 2018.
- Deferred augmentation was changed to 0%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Postretirement benefit increases were changed from 1% per year with a provision to increase to 2.50% upon attainment of 90% funding ratio to 50% of the Social Security Cost of Living Adjustment, not less than 1% 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; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 Changes

Changes in Actuarial Assumptions:

- The Combined Service Annuity (CSA) loads were changed from 0.8% for active members and 60% for vested and non-vested deferred members. The revised CSA loads are now 0.0% for active member liability, 15.0% for vested deferred member liability, and 3.0% for non-vested deferred member liability.

NOTE 2 – SCHEDULE OF CHANGES IN NET PENSION LIABILITIES AND RELATED RATIOS (Continued)

2017 Changes (Continued)

Changes in Actuarial Assumptions (Continued)

- The assumed post-retirement benefit 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, and inflation were 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.

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.

OTHER REPORTS

INDEPENDENT AUDITOR'S REPORT ON MINNESOTA LEGAL COMPLIANCE

To the Honorable Mayor and Members of the City Council
City of St. Bonifacius, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the governmental activities, the business-type activities, and each major fund of the City of St. Bonifacius, Minnesota as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 21, 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 Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

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

Carlson SV LLP

Fergus Falls, Minnesota
April 21, 2025