

**CITY OF ATWATER
ATWATER, MINNESOTA
ANNUAL FINANCIAL REPORT
YEAR ENDED
December 31, 2023**

WESTBERG EISCHENS, PLLP
Certified Public Accountants
Willmar, Minnesota 56201

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**CITY OF ATWATER, MINNESOTA
CITY COUNCIL AND ADMINISTRATIVE OFFICIALS
December 31, 2023**

<u>Position</u>	<u>Name</u>	<u>Term Expires</u>
Mayor	Mark Olson	01/01/2025
Council Member	Deb Mickle	01/01/2025
Council Member	Shane Hagstrom	01/01/2025
Council Member	Anthony Holtz	01/01/2027
Council Member	Brian Carlson	01/01/2027
City Clerk/Treasurer	Goldie Smith	Appointed

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and City Council Members
City of Atwater, Minnesota

Report on the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Atwater, Minnesota, as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Atwater, 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.

Responsibilities of Management for the Financial Statements

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

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

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

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 5, 2024, on our consideration of the City of Atwater, Minnesota's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Atwater, Minnesota's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Atwater, Minnesota's internal control over financial reporting and compliance.

Westberg Eischens, PLLP

Westberg Eischens, PLLP
Willmar, Minnesota

August 5, 2024

**CITY OF ATWATER, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2023**

This section of the basic financial statements of the City of Atwater (the City) presents a discussion and analysis of the City's financial performance during the fiscal year ended December 31, 2023. Please read it in conjunction with the City's basic financial statements following this section.

Financial Highlights

- The assets of the City exceeded liabilities by \$7,922,436. Of this amount, \$2,797,043 may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fiscal policies.
- The City's total net position increased by \$703,311.
- The City's governmental funds reported combined ending fund balances of \$2,045,551, a decrease of \$251,027 in comparison to the prior year.
- At the end of the current fiscal year, the fund balance for the General Fund was \$1,760,043. Of this total amount, approximately 47% has been committed for purposes imposed by formal Council action and 21% has been assigned for specific purposes. Details of the fund balance classifications can be found in Note 1 of the financial statements.

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements are presented after the Statement of Activities. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's funds. The notes to the basic financial statements provide information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. This report also contains other supplementary information in addition to the basic financial statements.

The City as a Whole: Statement of Net Position and Statement of Activities

Our analysis of the City of Atwater begins with the Statement of Net Position and the Statement of Activities. One of the most important questions asked about the City's finances is, "Is the City as a whole better off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities both report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the City's net position and changes in them. You can think of the City's net position – the difference between assets and liabilities – as one way to measure the City's financial health. Over time, increases and decreases in the City's net position are one indicator of whether the City's financial health is improving or deteriorating.

However, you will need to consider other nonfinancial factors to assess the overall health of the City of Atwater.

**CITY OF ATWATER, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2023**

In the Statement of Net Position and the Statement of Activities, we divided the City into two kinds of activities:

Governmental Activities – Most of the City's basic services are reported here, which includes: the police, public works, parks departments, and general administration. These services are mostly financed by property taxes and state grants.

Business-Type Activities – The City charges a fee to customers to help cover all or most of the costs of certain services it provides. The City's water and sewer funds are reported here.

The City's Most Significant Funds: Fund Financial Statements

Our analysis of the City of Atwater's major funds begins with the fund financial statements. These statements provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by state law and by bond covenants. However, the City Council establishes other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The City of Atwater's two types of funds – governmental and proprietary – use different accounting approaches.

Governmental Funds – Most of the City of Atwater's basic services are reported in governmental funds. Governmental funds focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps the reader of the statements determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in the reconciliation after the fund financial statements.

The governmental fund financial statements can be found on pages 13-16 of this report.

Proprietary Funds – When the City of Atwater charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds are the same as the business-type activities we report in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds.

The proprietary fund financial statements can be found on pages 17-19 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20-40 of this report.

**CITY OF ATWATER, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2023**

Statement of Net Position

The City of Atwater's net position increased from a year ago. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the City's governmental and business-type activities.

Table 1
Condensed Statement of Net Position

	Governmental Activities			Business-Type Activities		
	2023	2022	Increase (Decrease)	2023	2022	Increase (Decrease)
Current and other assets	\$ 2,240,873	\$ 2,607,113	\$ (366,240)	\$ 1,506,329	\$ 1,484,892	\$ 21,437
Net capital assets	3,806,650	2,994,058	812,592	2,617,857	2,653,971	(36,114)
Total Assets	<u>6,047,523</u>	<u>5,601,171</u>	<u>446,352</u>	<u>4,124,186</u>	<u>4,138,863</u>	<u>(14,677)</u>
Deferred outflows related to pension	165,234	201,622	(36,388)	-	-	-
Other liabilities	64,246	166,831	(102,585)	235,527	228,934	6,593
Long-term liabilities	209,255	411,584	(202,329)	1,703,778	1,876,778	(173,000)
Total Liabilities	<u>273,501</u>	<u>578,415</u>	<u>(304,914)</u>	<u>1,939,305</u>	<u>2,105,712</u>	<u>(166,407)</u>
Deferred inflows related to pension	201,701	38,404	163,297	-	-	-
Net position						
Net investment in capital assets	3,777,401	2,957,508	819,893	741,079	607,193	133,886
Restricted	169,291	226,672	(57,381)	388,654	403,104	(14,450)
Unrestricted	1,790,863	2,001,794	(210,931)	1,055,148	1,022,854	32,294
Total Net Position	<u>\$ 5,737,555</u>	<u>\$ 5,185,974</u>	<u>\$ 551,581</u>	<u>\$ 2,184,881</u>	<u>\$ 2,033,151</u>	<u>\$ 151,730</u>

Governmental Activities

The net position of the City's governmental activities increased by \$551,581. Table 2 presents key elements of the increase.

Business-Type Activities

The net position of the City's business-type activities increased by \$151,730. Operating income was \$35,847 and \$26,504 for water and sewer, respectively.

**CITY OF ATWATER, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2023**

The following table indicates the changes in net position for the City's governmental and business-type activities:

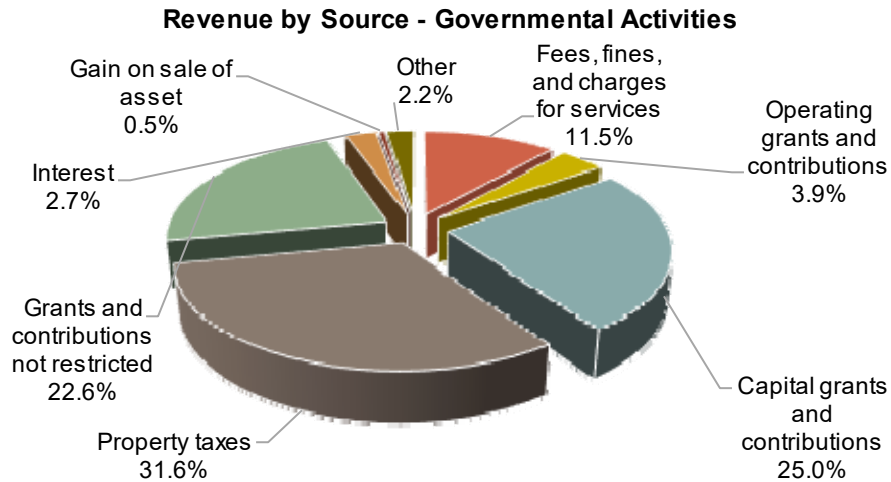
Table 2
Condensed Statement of Activities

	Governmental Activities			Business-Type Activities		
	2023	2022	Increase (Decrease)	2023	2022	Increase (Decrease)
Revenues						
Program revenues:						
Charges for services	\$ 181,923	\$ 158,129	\$ 23,794	\$ 304,948	\$ 293,960	\$ 10,988
Operating grants/contributions	62,665	35,945	26,720	-	-	-
Capital grants/contributions	400,544	63,227	337,317	8,440	8,630	(190)
General revenues:						
Property taxes	506,080	487,876	18,204	80,065	81,013	(948)
Grants and contributions not restricted to specific programs	362,041	415,564	(53,523)	-	-	-
Interest	43,322	12,872	30,450	26,021	6,539	19,482
Gain (loss) on sale of asset	8,268	12,041	(3,773)	-	-	-
Other	35,888	29,310	6,578	-	-	-
Total Revenues	1,600,731	1,214,964	385,767	419,474	390,142	29,332
Expenses						
General government	307,677	272,397	35,280	-	-	-
Public safety	300,755	296,826	3,929	-	-	-
Streets and highways	305,770	287,211	18,559	-	-	-
Sanitation	6,663	9,090	(2,427)	-	-	-
Culture and recreation	126,374	121,925	4,449	-	-	-
Economic development	-	8,868	(8,868)	-	-	-
Interest on long-term debt	1,911	811	1,100	-	-	-
Water utility	-	-	-	174,532	184,563	(10,031)
Sewer utility	-	-	-	93,212	133,479	(40,267)
Total Expenses	1,049,150	997,128	52,022	267,744	318,042	(50,298)
Change in Net Position	551,581	217,836	333,745	151,730	72,100	79,630
Net Position - Beginning of Year	5,185,974	4,968,138	217,836	2,033,151	1,961,051	72,100
Net Position - End of Year	<u>\$ 5,737,555</u>	<u>\$ 5,185,974</u>	<u>\$ 551,581</u>	<u>\$ 2,184,881</u>	<u>\$ 2,033,151</u>	<u>\$ 151,730</u>

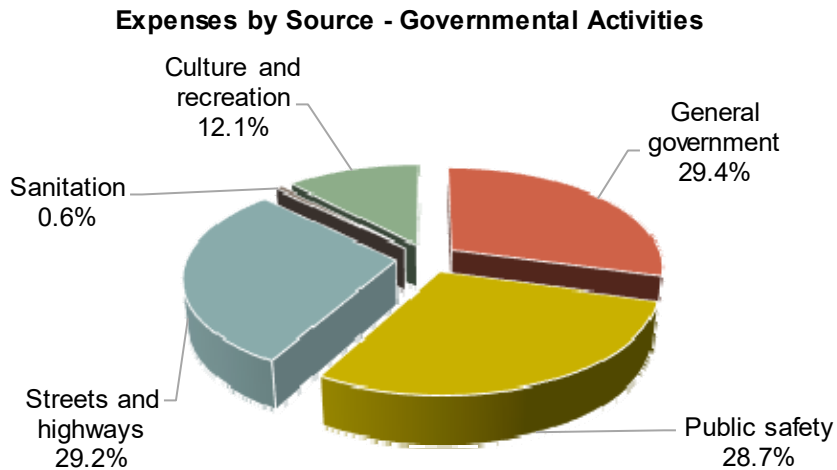
**CITY OF ATWATER, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2023**

Governmental Activities

Revenues – The following chart visually illustrates the City's revenues by source for the governmental activities:



Expenses – The following chart visually illustrates the City's expenses by source for the governmental activities:



Financial Analysis of the City's Funds

General Fund – The City's General Fund balance decreased by \$163,450 for 2023.

Capital Projects Fund – The Capital Projects Fund balance decreased by \$80,565 for 2023.

Special Revenue Fund – The City's Special Revenue Fund balance decreased by \$7,012 for 2023.

**CITY OF ATWATER, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2023**

General Fund Budgetary Highlights

Over the course of the year, the City of Atwater's City Council did not revise the budget. The General Fund had insufficient revenues to cover expenditures resulting in a decrease in fund balance.

Capital Assets

At the end of 2023, the City of Atwater had \$6,482,338 (net of accumulated depreciation) invested in a broad range of capital assets. Refer to Note 3 of the notes to the financial statements for a schedule showing the City's capital asset activity.

Long-Term Debt

At the end of 2023, the City of Atwater had \$1,906,027 in bonds outstanding. Refer to Note 3 of the notes to the financial statements for a schedule showing the City's long-term debt activity.

Contacting the City's Financial Management

This financial report is designated to provide our residents, customers, and creditors with a general overview of the City of Atwater's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional information, contact the City of Atwater, 322 Atlantic Ave W, P.O. Box 59, Atwater, MN 56209, 320-974-8760.

CITY OF ATWATER, MINNESOTA
STATEMENT OF NET POSITION
December 31, 2023

	Governmental Activities	Business-Type Activities	Total Primary Government	EDA Component Unit
ASSETS				
Cash	\$ 2,028,024	\$ 1,305,939	\$ 3,333,963	\$ 82,642
Receivables:				
Accounts	9,077	29,475	38,552	-
Delinquent taxes	30,019	4,979	34,998	-
Special assessments	122,722	164,982	287,704	-
Interest	2,407	954	3,361	-
Notes	27,640	-	27,640	-
Prepaid expenses	20,984	-	20,984	-
Due from other funds	-	-	-	2,732
Capital assets:				
Non-depreciable	1,098,367	40,925	1,139,292	-
Depreciable, net of accumulated depreciation	<u>2,708,283</u>	<u>2,576,932</u>	<u>5,285,215</u>	<u>57,831</u>
TOTAL ASSETS	<u>6,047,523</u>	<u>4,124,186</u>	<u>10,171,709</u>	<u>143,205</u>
DEFERRED OUTFLOWS OF RESOURCES				
Related to pensions	<u>165,234</u>	-	<u>165,234</u>	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>165,234</u>	-	<u>165,234</u>	-
LIABILITIES				
Accounts payable	49,807	33,539	83,346	-
Accrued payroll liabilities	3,975	-	3,975	-
Customer deposits	-	28,988	28,988	-
Due to other funds	2,732	-	2,732	-
Long-term liabilities:				
Due within one year	7,732	173,000	180,732	-
Due in more than one year	21,517	1,703,778	1,725,295	-
Net pension liability	<u>187,738</u>	-	<u>187,738</u>	-
TOTAL LIABILITIES	<u>273,501</u>	<u>1,939,305</u>	<u>2,212,806</u>	-
DEFERRED INFLOWS OF RESOURCES				
Related to pensions	<u>201,701</u>	-	<u>201,701</u>	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>201,701</u>	-	<u>201,701</u>	-
NET POSITION				
Net investment in capital assets	3,777,401	741,079	4,518,480	57,831
Restricted for:				
Public Safety Aid	48,968	-	48,968	-
Debt service	-	388,654	388,654	-
Economic development	169,291	-	169,291	-
Unrestricted	<u>1,741,895</u>	<u>1,055,148</u>	<u>2,797,043</u>	<u>85,374</u>
TOTAL NET POSITION	<u>\$ 5,737,555</u>	<u>\$ 2,184,881</u>	<u>\$ 7,922,436</u>	<u>\$ 143,205</u>

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

CITY OF ATWATER, MINNESOTA
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2023

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
FUNCTIONS/PROGRAMS							
Governmental Activities:							
General government	\$ 307,677	\$ 5,025	\$ -	\$ -	\$ (302,652)	\$ -	\$ (302,652)
Public safety	300,755	154,662	62,665	47,824	(35,604)	-	(35,604)
Streets and highways	305,770	-	-	5,891	(299,879)	-	(299,879)
Sanitation	6,663	-	-	-	(6,663)	-	(6,663)
Culture and recreation	126,374	22,236	-	346,829	242,691	-	242,691
Interest and fiscal charges on long term debt	1,911	-	-	-	(1,911)	-	(1,911)
Total Governmental Activities	1,049,150	181,923	62,665	400,544	(404,018)	-	(404,018)
Business-Type Activities:							
Water	174,532	196,544	-	4,388	-	26,400	26,400
Sewer	93,212	108,404	-	4,052	-	19,244	19,244
Total Business-Type Activities	267,744	304,948	-	8,440	-	45,644	45,644
TOTAL	\$ 1,316,894	\$ 486,871	\$ 62,665	\$ 408,984	(404,018)	45,644	(358,374)
General revenues:							
Property taxes levied for general purposes					506,080	-	506,080
Property taxes levied for debt service					-	80,065	80,065
Intergovernmental revenue not restricted to specific programs					362,041	-	362,041
Investment income					43,322	26,021	69,343
Gain (loss) on sale of asset					8,268	-	8,268
Miscellaneous					35,888	-	35,888
Total general revenues					955,599	106,086	1,061,685
Change in net position					551,581	151,730	703,311
Net Position - Beginning					5,185,974	2,033,151	7,219,125
Net Position - Ending					\$ 5,737,555	\$ 2,184,881	\$ 7,922,436
Component Unit - EDA							
Revenues:							
Charges for services						\$ 11,750	
Total Revenues						11,750	
Expenses							
Change in net position - EDA						1,672	
Net Position - Beginning						141,533	
Net Position - Ending						\$ 143,205	

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

**CITY OF ATWATER, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2023**

	General Fund	Capital Projects Fund	Special Revenue		Totals
			Revolving Loan Fund	Splash Pad	
ASSETS					
Cash and investments	\$ 1,721,013	\$ 159,469	\$ 144,383	\$ 3,159	\$ 2,028,024
Receivables:					
Accounts	9,077	-	-	-	9,077
Delinquent taxes	30,019	-	-	-	30,019
Special assessments	122,722	-	-	-	122,722
Interest	2,407	-	-	-	2,407
Notes	-	-	27,640	-	27,640
Prepaid expenses	20,984	-	-	-	20,984
TOTAL ASSETS	<u>\$ 1,906,222</u>	<u>\$ 159,469</u>	<u>\$ 172,023</u>	<u>\$ 3,159</u>	<u>\$ 2,240,873</u>
LIABILITIES					
Accounts payable	\$ 3,396	\$ 36,456	\$ -	\$ 9,955	\$ 49,807
Accrued payroll liabilities	3,975	-	-	-	3,975
Due to component unit	-	-	2,732	-	2,732
TOTAL LIABILITIES	<u>7,371</u>	<u>36,456</u>	<u>2,732</u>	<u>9,955</u>	<u>56,514</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - taxes	16,086	-	-	-	16,086
Unavailable revenue - special assessments	122,722	-	-	-	122,722
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>138,808</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>138,808</u>
FUND BALANCES					
Nonspendable	20,984	-	-	-	20,984
Restricted	48,968	-	169,291	-	218,259
Committed	834,114	-	-	-	834,114
Assigned	361,258	123,013	-	-	484,271
Unassigned	494,719	-	-	(6,796)	487,923
TOTAL FUND BALANCES	<u>1,760,043</u>	<u>123,013</u>	<u>169,291</u>	<u>(6,796)</u>	<u>2,045,551</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 1,906,222</u>	<u>\$ 159,469</u>	<u>\$ 172,023</u>	<u>\$ 3,159</u>	<u>\$ 2,240,873</u>

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

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

Total Fund Balances-Governmental Funds	\$ 2,045,551
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the funds.	
Governmental capital assets	10,828,459
Less: accumulated depreciation	(7,021,809)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	
Delinquent property taxes	16,086
Special assessments receivable	122,722
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.	
Deferred outflows - pensions	165,234
Deferred inflows - pensions	(201,701)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	
Note payable	(29,249)
Net pension liability	<u>(187,738)</u>
Total Net Position-Governmental Activities	<u>\$ 5,737,555</u>

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

CITY OF ATWATER, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2023

	General Fund	Capital Projects Fund	Special Revenue		Totals
			Revolving Loan Fund	Splash Pad	
REVENUES					
Property taxes	\$ 509,814	\$ -	\$ -	\$ -	\$ 509,814
Special assessments	14,354	-	-	-	14,354
License and permits	9,390	-	-	-	9,390
Intergovernmental	424,410	346,829	-	-	771,239
Charges for services	181,923	-	-	-	181,923
Fines and forfeits	1,391	-	-	-	1,391
Interest income	36,099	3,461	3,762	-	43,322
Miscellaneous	72,931	-	-	-	72,931
Total Revenues	1,250,312	350,290	3,762	-	1,604,364
EXPENDITURES					
Current:					
General government	274,236	-	-	-	274,236
Public safety	248,733	-	-	-	248,733
Streets and highways	167,196	-	-	-	167,196
Sanitation	6,663	-	-	-	6,663
Culture and recreation	93,991	-	-	10,774	104,765
Capital outlay:					
Public safety	52,204	-	-	-	52,204
Streets and highways	65,278	499,936	-	-	565,214
Culture and recreation	14,056	421,612	-	-	435,668
Debt service					
Principal	7,301	-	-	-	7,301
Interest	1,911	-	-	-	1,911
Total Expenditures	931,569	921,548	-	10,774	1,863,891
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	318,743	(571,258)	3,762	(10,774)	(259,527)
OTHER FINANCING SOURCES (USES)					
Sale of assets	8,500	-	-	-	8,500
Transfer from other funds	-	490,693	-	-	490,693
Transfer to other funds	(490,693)	-	-	-	(490,693)
Total Other Financing Sources (Uses)	(482,193)	490,693	-	-	8,500
NET CHANGE IN FUND BALANCE	(163,450)	(80,565)	3,762	(10,774)	(251,027)
FUND BALANCE JANUARY 1	1,923,493	203,578	165,529	3,978	2,296,578
FUND BALANCE DECEMBER 31	\$ 1,760,043	\$ 123,013	\$ 169,291	\$ (6,796)	\$ 2,045,551

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

CITY OF ATWATER, MINNESOTA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2023

Net Change in Fund Balances-Governmental Funds	\$ (251,027)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures.	
However, in the statement of activities the costs of those assets are allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay	1,053,086
Depreciation expense	(240,262)
The statement of activities reports gains and losses arising from the disposal of capital assets. Governmental funds do not report any gain or loss on disposal of capital assets.	
Sale of asset	(232)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Property taxes	(3,734)
Special assessments	(8,463)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Principal retirement of long-term debt	7,301
In the statement of activities, pension expense is measured by the amount earned during the year. In the governmental funds, however, expenditures for the items are measured by the amount of financial resources used.	
Change in net pension liability, deferred outflows, and deferred inflows	<u>(5,088)</u>
Change in Net Position-Governmental Activities	<u>\$ 551,581</u>

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

CITY OF ATWATER, MINNESOTA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2023

	Water Fund	Sewer Fund	Total Primary Government	EDA Component Unit
ASSETS				
Current Assets				
Cash	\$ 605,027	\$ 477,240	\$ 1,082,267	\$ 82,642
Receivables:				
Accounts receivable	19,401	10,074	29,475	-
Delinquent taxes	2,590	2,389	4,979	-
Interest	581	373	954	-
Due from other funds	-	-	-	2,732
Total Current Assets	<u>627,599</u>	<u>490,076</u>	<u>1,117,675</u>	<u>85,374</u>
Noncurrent Assets				
Cash restricted for debt service	103,762	119,910	223,672	-
Special assessments receivable	85,790	79,192	164,982	-
Capital assets:				
Non-depreciable	40,925	-	40,925	-
Depreciable assets	1,984,275	2,026,225	4,010,500	130,352
Less accumulated depreciation	<u>(656,369)</u>	<u>(777,199)</u>	<u>(1,433,568)</u>	<u>(72,521)</u>
Total capital assets, net	<u>1,368,831</u>	<u>1,249,026</u>	<u>2,617,857</u>	<u>57,831</u>
Total Noncurrent Assets	<u>1,558,383</u>	<u>1,448,128</u>	<u>3,006,511</u>	<u>57,831</u>
TOTAL ASSETS	<u>2,185,982</u>	<u>1,938,204</u>	<u>4,124,186</u>	<u>143,205</u>
LIABILITIES				
Current Liabilities				
Accounts payable	33,028	511	33,539	-
Customer deposits	28,988	-	28,988	-
Current portion bonds payable	<u>95,000</u>	<u>78,000</u>	<u>173,000</u>	<u>-</u>
Total Current Liabilities	<u>157,016</u>	<u>78,511</u>	<u>235,527</u>	<u>-</u>
Noncurrent Liabilities				
Bonds payable	<u>886,000</u>	<u>817,778</u>	<u>1,703,778</u>	<u>-</u>
Total Noncurrent Liabilities	<u>886,000</u>	<u>817,778</u>	<u>1,703,778</u>	<u>-</u>
TOTAL LIABILITIES	<u>1,043,016</u>	<u>896,289</u>	<u>1,939,305</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	387,831	353,248	741,079	57,831
Restricted	189,552	199,102	388,654	-
Unrestricted	<u>565,583</u>	<u>489,565</u>	<u>1,055,148</u>	<u>85,374</u>
TOTAL NET POSITION	<u>\$ 1,142,966</u>	<u>\$ 1,041,915</u>	<u>\$ 2,184,881</u>	<u>\$ 143,205</u>

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

CITY OF ATWATER, MINNESOTA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended December 31, 2023

	Water Fund	Sewer Fund	Total Primary Government	EDA Component Unit
OPERATING REVENUES				
Charges for services	\$ 196,544	\$ 108,404	\$ 304,948	\$ 11,750
Total Operating Revenues	<u>196,544</u>	<u>108,404</u>	<u>304,948</u>	<u>11,750</u>
OPERATING EXPENSES				
Personal services	10,128	9,278	19,406	-
Contract services	21,804	-	21,804	-
Materials and supplies	4,910	4,245	9,155	-
Repairs and maintenance	18,409	7,755	26,164	-
Other expenses	50,960	10,230	61,190	7,180
Depreciation	54,486	50,392	104,878	2,898
Total Operating Expenses	<u>160,697</u>	<u>81,900</u>	<u>242,597</u>	<u>10,078</u>
Operating Income	35,847	26,504	62,351	1,672
NON-OPERATING REVENUES (EXPENSES)				
Property taxes	44,596	35,469	80,065	-
Special assessments	4,388	4,052	8,440	-
Interest income	13,272	12,749	26,021	-
Interest expense	(13,835)	(11,312)	(25,147)	-
Total Non-Operating Revenues	<u>48,421</u>	<u>40,958</u>	<u>89,379</u>	<u>-</u>
Change in Net Position	84,268	67,462	151,730	1,672
NET POSITION, JANUARY 1	<u>1,058,698</u>	<u>974,453</u>	<u>2,033,151</u>	<u>141,533</u>
NET POSITION, DECEMBER 31	<u>\$ 1,142,966</u>	<u>\$ 1,041,915</u>	<u>\$ 2,184,881</u>	<u>\$ 143,205</u>

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

CITY OF ATWATER, MINNESOTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2023

	Water Fund	Sewer Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 197,165	\$ 107,283	\$ 304,448
Payments to suppliers	(92,962)	(21,758)	(114,720)
Payments to employees	(10,128)	(9,278)	(19,406)
NET CASH PROVIDED BY OPERATING ACTIVITIES	94,075	76,247	170,322
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	-	(68,765)	(68,765)
Property taxes	44,838	35,871	80,709
Special assessments	12,363	11,413	23,776
Principal paid on long-term debt	(93,000)	(77,000)	(170,000)
Interest paid on long-term debt	(13,835)	(11,312)	(25,147)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(49,634)	(109,793)	(159,427)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received on investments	12,789	12,420	25,209
NET CASH PROVIDED BY INVESTING ACTIVITIES	12,789	12,420	25,209
NET INCREASE (DECREASE) IN CASH	57,230	(21,126)	36,104
CASH AND CASH EQUIVALENTS, JANUARY 1	651,559	618,276	1,269,835
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 708,789	\$ 597,150	\$ 1,305,939
RECONCILIATION OF OPERATING INCOME TO CASH FLOWS FROM OPERATING ACTIVITIES:			
Operating income	\$ 35,847	\$ 26,504	\$ 62,351
Adjustments to reconcile operating income to net cash flows from operating activities:			
Depreciation	54,486	50,392	104,878
Change in assets and liabilities:			
(Increase) decrease in receivables	621	(1,121)	(500)
Increase in accounts payable	3,472	472	3,944
Decrease in customer deposits	(351)	-	(351)
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 94,075	\$ 76,247	\$ 170,322
RECONCILIATION OF CASH AND CASH EQUIVALENTS			
Unrestricted	\$ 605,027	\$ 477,240	\$ 1,082,267
Restricted cash	103,762	119,910	223,672
TOTAL CASH AND CASH EQUIVALENTS	\$ 708,789	\$ 597,150	\$ 1,305,939

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

CITY OF ATWATER, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Atwater's financial statements are prepared in accordance with generally accepted accounting principles (GAAP) as of and for the year ended December 31, 2023. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the City are discussed below.

A. Financial Reporting Entity

Atwater was established in 1889 pursuant to applicable Minnesota laws and statutes. The governing body consists of a four-member council, and mayor elected by eligible voters of the City. Two members are elected every two years for a four-year term. The mayor's office is for two years. The accompanying financial statements present the City's primary government and component units over which the City exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the City (as distinct from legal relationships).

1. Component Unit

a. Discretely Presented Component Unit: Atwater Economic Development Authority (EDA)

The authority is an entity legally separate from the City. It is governed by a five-member board including a City Council member. The remainder of the Board is appointed by the mayor. The City Council has the ability to modify or overrule decisions made by the EDA Board. The City is legally obligated to finance operating deficits of the EDA and the EDA is financially accountable to the City.

The component unit columns in the combined financial statements include only the financial data of the EDA. This component unit is reported in a separate column to emphasize that it is legally separate from the City. Separate financial statements are not issued for this component unit. The City has no other component units with significant operational or financial relationships.

2. Related Organization

The Atwater Fire Relief Association (the "Association") is organized as a non-profit organization, legally separate from the City, by its members to provide pension and other benefits to such members in accordance with Minnesota Statutes. The Board of Directors is appointed by the membership of the Association and not by City Council. All relief funding is conducted in accordance with Minnesota Statutes whereby state aid flows to the Association, tax levies are determined by the Association and are only reviewed by the City, and the Association pays benefits directly to its members. The financial statements of the Association have not been included within the City's reporting entity because the Association is fiscally independent of the City.

B. Basic Financial Statements

1. Government-Wide Statements

The government-wide financial statements (the statement of net position and the statement of activities) display information about the primary government and its component unit. These statements include the financial activities of the overall City government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external parties for support.

CITY OF ATWATER, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basic Financial Statements (continued)

1. Government-Wide Statements (continued)

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

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

2. Fund Financial Statements

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

a. Governmental Funds

The City reports the following major governmental funds:

General Fund

The General Fund is the primary operating fund of the City and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

b. Enterprise Funds

The City reports the following major enterprise funds:

Water and Sewer Funds

The water and sewer funds account for activities of the public trust in providing water and sewer services to the public.

CITY OF ATWATER, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus and Basis of Accounting

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. The City considers all revenues as available if collected within 60 days after the end of the current period, except for reimbursement (expenditure driven) grants for which the period is 90 days. Property and other taxes, shared revenues, licenses, and interest are all considered susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent that they have matured. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

D. Assets, Liabilities, and Net Position/Fund Balances

1. Cash and Cash Equivalents

The City has defined cash and cash equivalents to include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Additionally, each fund's equity in the City's investment pool is treated as a cash equivalent because the City can deposit or effectively withdraw cash at any time without prior notice or penalty.

2. Deposits and Investments

The cash balances of substantially all funds are pooled and invested by the City in certificates of deposit. Earnings on cash accounts are allocated to individual funds based upon the month-end balances.

3. Receivables

Accounts receivable include amounts billed for services provided before year-end. Unbilled utility enterprise fund receivables are also included for services provided in 2023. All receivables are shown net of an allowance for uncollectible accounts.

Property taxes are levied by the City Council in October of each year and are certified to Kandiyohi County for collection in the following year. The property taxes attach an enforceable lien on taxable property within the City on January 1 and are payable by the property owners in two installments in May and October. The County collects the taxes and periodically remits them to the City. The majority of these remittances are made in June and November.

Taxes that remain unpaid are classified as delinquent taxes receivable. Revenue from delinquent property taxes not collected within 60 days of year-end is deferred in the fund financial statements because they are not known to be available to finance the operations of the City in the current year.

CITY OF ATWATER, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities, and Net Position/Fund Balances (continued)

3. Receivables (continued)

Assessments are levied at various times upon City Council resolution for property owner improvements made by the City. Generally, assessment collections are deferred over periods ranging from one to fifteen years. Revenue from these assessments is recognized when assessed in the government-wide financial statements and as the annual installments become collectible in the governmental funds of the fund financial statements. Annual installments not collected as of each December 31 are classified as delinquent assessments receivable. Delinquent assessments are deferred revenue in the governmental funds of the fund financial statements because they are not known to be available to finance current expenditures.

4. Prepaid Items

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

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (such as roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$3,000 and an estimated useful life in excess of two years.

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life is not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the current period, the City did not have any capitalized interest.

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

<u>Assets</u>	<u>Years</u>
Buildings	25 - 40
Building improvements	20 - 30
Infrastructure	15 - 20
Furniture, equipment, and vehicles	3 - 15

6. Compensated Absences

Full-time employees are granted from five to fifteen days of vacation time per year depending on years of employment. Sick leave may accumulate up to 60 days total, but employees are not compensated for unused sick days.

CITY OF ATWATER, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities, and Net Position/Fund Balances (continued)

7. Deferred Outflow/Inflows of Resources

In addition to assets, the statement of net position and fund financial statements will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent 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 that time. The City of Atwater has one item that qualifies for reporting in this category – a deferred outflow relating to pension activity, reported in the government-wide statement of net position. A deferred outflow relating to pension activity results from the net effect of the change in proportionate share and employer contributions.

In addition to liabilities, the statement of net position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element 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 of Atwater has one item that qualifies for reporting in this category under full accrual basis of accounting. Accordingly, the item, deferred inflow relating to pension activity, is reported in the government-wide statement of net position. A deferred inflow relating to pension activity is a result of the net difference between projected and actual earnings on plan investments. The City of Atwater also has one item that qualifies for reporting in this category under modified accrual basis of accounting. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from the following sources: taxes, special assessments, and notes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

8. Long-Term Obligations

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

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

9. Net Position/Fund Balances

The government-wide and business-type activities fund financial statements use a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.

Restricted net position – This category presents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

CITY OF ATWATER, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities, and Net Position/Fund Balances (continued)

9. Net Position/Fund Balances (continued)

Unrestricted net position – This category represents net assets of the City, not restricted for any project or other purpose.

In the fund financial statements, governmental funds report reservations of fund balance for amounts not available for appropriation or legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans subject to change.

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

Nonspendable – consists of amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact, such as, inventories and prepaid items.

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

Committed – consists of amounts that are constrained for specific purposes that are internally imposed by formal action of the City Council. Those committed amounts cannot be used for any other purpose unless, the Council removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. These constraints are established by Resolution of the Council.

Assigned – consists of amounts intended to be used by the City Council for specific purposes but do not meet the criteria to be classified as restricted or committed. In the General Fund, assigned amounts represent intended uses established by the governing body itself or by an official to which the governing body delegates the authority.

Unassigned – is the residual classification for the General Fund.

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

10. Use of 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, liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements; and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

11. Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, 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.

CITY OF ATWATER, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgets

Annual budgets are adopted on a basis consistent with generally accepted accounting principles. The City Clerk submits an annual budget to the City Council for the General Fund. Once approved, the City Council may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Assets

1. Deposits and Investments

a. Deposits

Minn. Stat. § 118A.02 and § 118A.04 authorize the City to designate a depository for public funds and to invest in certificates of deposit. Minn. Stat. § 118A.03 requires that all City deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged shall be at least ten percent more than the amount on deposit plus accrued interest at the close of the financial institution's banking day, not covered by insurance or bonds.

Authorized collateral includes treasury bills, notes, and bonds; issues of U.S. government agencies; general obligations rated "A" or better and revenue obligations rated "AA" or better; irrevocable standby letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution failure, the City's deposits may not be returned to it. It is the City's policy that collateral or bonds will be required for all uninsured amounts on deposit and the additional insurance will be documented to show compliance with state law and a perfected security interest under federal law. At December 31, 2023, the City deposits were entirely covered by federal depository insurance or collateral held by the City or its agent in the City's name.

b. Investments

Minn. Stat. § 118A.04 and § 118A.05 generally authorize the following types of investments as available to the City:

(1) securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, except mortgage-backed securities defined as "high risk" by Minn. Stat. § 118A.04, subd. 6;

(2) mutual funds through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments;

(3) general obligations of the State of Minnesota and its municipalities, and in certain state agency and local obligations of Minnesota and other states provided such obligations have certain specified bond ratings by a national bond rating service;

CITY OF ATWATER, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 3 DETAILED NOTES ON ALL FUNDS (continued)

A. Assets (continued)

1. Deposits and Investments (continued)

b. Investments (continued)

(4) bankers' acceptances of United States banks;

(5) commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by two nationally recognized rating agencies and matures in 270 days or less; and

(6) with certain restrictions, in repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts.

Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. The City does not have a formal investment policy that addresses interest rate risk.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City does not have a formal investment policy that addresses credit risk.

Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities in the possession of an outside party. The City does not have a formal investment policy that addresses custodial credit risk.

Concentration of Credit Risk

As of and during the year ended December 31, 2023, the City did not own any investments that required disclosure regarding interest rate risk, credit risk, or concentration of credit risk.

CITY OF ATWATER, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 3 DETAILED NOTES ON ALL FUNDS (continued)

A. Assets (continued)

2. Capital Assets

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

Governmental activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 47,210	\$ -	\$ -	\$ 47,210
Construction in progress	129,609	921,548	-	1,051,157
Total capital assets not being depreciated	<u>176,819</u>	<u>921,548</u>	<u>-</u>	<u>1,098,367</u>
Capital assets being depreciated:				
Buildings and structures	1,183,631	-	3,690	1,179,941
Infrastructure and improvements	6,659,815	-	15,250	6,644,565
Machinery and equipment	1,809,330	131,538	35,282	1,905,586
Total capital assets being depreciated	<u>9,652,776</u>	<u>131,538</u>	<u>54,222</u>	<u>9,730,092</u>
Less accumulated depreciation for:				
Buildings and structures	620,702	28,091	3,690	645,103
Infrastructure and improvements	5,022,094	126,966	15,250	5,133,810
Machinery and equipment	1,192,741	85,205	35,050	1,242,896
Total accumulated depreciation	<u>6,835,537</u>	<u>240,262</u>	<u>53,990</u>	<u>7,021,809</u>
Total capital assets being depreciated, net	<u>2,817,239</u>	<u>(108,724)</u>	<u>232</u>	<u>2,708,283</u>
Governmental activities capital assets, net	<u>\$ 2,994,058</u>	<u>\$ 812,824</u>	<u>\$ 232</u>	<u>\$ 3,806,650</u>

CITY OF ATWATER, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 3 DETAILED NOTES ON ALL FUNDS (continued)

A. Assets (continued)

2. Capital Assets (continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets not being depreciated:				
Land	\$ 4,915	\$ -	\$ -	\$ 4,915
Construction in progress	36,010	-	-	36,010
Total capital assets not being depreciated	40,925	-	-	40,925
Capital assets being depreciated:				
Buildings and structures	24,430	-	-	24,430
Infrastructure and improvements	3,793,924	36,364	-	3,830,288
Machinery and equipment	123,379	32,403	-	155,782
Total capital assets being depreciated	3,941,733	68,767	-	4,010,500
Less accumulated depreciation for:				
Buildings and structures	24,430	-	-	24,430
Infrastructure and improvements	1,255,944	96,357	-	1,352,301
Machinery and equipment	48,316	8,521	-	56,837
Total accumulated depreciation	1,328,690	104,878	-	1,433,568
Total capital assets being depreciated, net	2,613,043	(36,111)	-	2,576,932
Business-type activities capital assets, net	\$ 2,653,968	\$ (36,111)	\$ -	\$ 2,617,857
Economic Development Authority	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets being depreciated:				
Buildings and structures	\$ 86,191	\$ -	\$ -	\$ 86,191
Improvements	44,161	-	-	44,161
Total capital assets being depreciated	130,352	-	-	130,352
Less accumulated depreciation for:				
Buildings and structures	43,668	2,209	-	45,877
Improvements	25,955	689	-	26,644
Total accumulated depreciation	69,623	2,898	-	72,521
Total capital assets being depreciated, net	60,729	(2,898)	-	57,831
Economic Development Authority capital assets, net	\$ 60,729	\$ (2,898)	\$ -	\$ 57,831

CITY OF ATWATER, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 3 DETAILED NOTES ON ALL FUNDS (continued)

A. Assets (continued)

2. Capital Assets (continued)

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

Governmental activities		
General government	\$	29,647
Public safety		54,639
Public works		134,367
Parks and recreation		<u>21,609</u>
Total depreciation expense - governmental activities	\$	<u>240,262</u>
 Business-type activities		
Water	\$	54,486
Sewer		<u>50,392</u>
Total depreciation expense - business-type activities	\$	<u>104,878</u>
 EDA		
Total depreciation expense	\$	<u>2,898</u>

B. Interfund Receivables, Payables, and Transfers

1. Interfund Transfers

Transfers are used to move unrestricted general fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grants programs. Interfund transfers during the year ended December 31, 2023 consisted of the following:

Transfer to	Transfers from	Total
Capital Projects Fund	General Fund	\$ 490,693

2. Interfund Receivables and Payables

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

Receivable Fund	Payable Fund	Amount
EDA Component Unit	Revolving Loan Fund	\$ 2,732
		<u>\$ 2,732</u>

CITY OF ATWATER, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 3 DETAILED NOTES ON ALL FUNDS (continued)

C. Liabilities

1. Long-Term Debt

Governmental activities

Notes payable – The City issued a note payable for the purchase of equipment. The note will be repaid with general revenues.

Description	Issue Date	Maturity Date	Interest Rate	Original Issue Amount	Outstanding Balance at Year End
Notes from Direct Borrowings:					
Note payable					
John Deere Financial	2022	2027	5.75%	\$ 40,345	\$ 29,249

The annual debt service requirements to maturity for the note payable are as follows:

Year Ending December 31	Governmental Activities		
	Notes from Direct Borrowings		
	Principal	Interest	Total
2024	\$ 7,732	\$ 1,480	\$ 9,212
2025	8,188	1,024	9,212
2026	8,672	540	9,212
2027	4,657	80	4,737
Total	<u>\$ 29,249</u>	<u>\$ 3,124</u>	<u>\$ 32,373</u>

Business-type activities

General obligation revenue bonds

These bonds were issued to finance capital improvements to the Water and Sewer funds. These bonds will be retired from net revenue of these enterprise funds, ad valorem levies and special assessments.

Description	Issue Date	Maturity Date	Interest Rate	Original Issue Amount	Outstanding Balance at Year End
Notes from Direct Borrowings:					
General Obligation Water Revenue Note of 2011	2011	2030	1.777%	\$ 897,318	\$ 376,000
General Obligation Water Improvement Note of 2015	2015	2036	1.000%	901,632	605,000
General Obligation Sewer Revenue Note of 2011	2011	2030	1.776%	496,770	207,778
General Obligation Sewer Improvement Note of 2015	2015	2036	1.000%	1,042,194	<u>688,000</u>
Total Business-Type Activities					<u>\$ 1,876,778</u>

CITY OF ATWATER, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 3 DETAILED NOTES ON ALL FUNDS (continued)

C. Liabilities (continued)

1. Long-Term Debt (continued)

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

Year Ending December 31	Business-Type Activities		
	Notes from Direct Borrowings		
	Principal	Interest	Total
2024	\$ 173,000	\$ 23,306	\$ 196,306
2025	175,000	20,962	195,962
2026	178,000	18,583	196,583
2027	180,000	16,166	196,166
2028	183,000	13,714	196,714
2029-2033	674,778	35,459	710,237
2034-2036	313,000	6,280	319,280
Total	\$ 1,876,778	\$ 134,470	\$ 2,011,248

Changes in Long-Term Liabilities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Notes from direct borrowings	\$ 36,550	\$ -	\$ 7,301	\$ 29,249	\$ 7,732
Net pension liability	382,335	-	194,597	187,738	-
Total governmental activities	\$ 418,885	\$ -	\$ 201,898	\$ 216,987	\$ 7,732
Business-type activities					
Notes from direct borrowings	\$ 2,046,778	\$ -	\$ 170,000	\$ 1,876,778	\$ 173,000
Total business-type activities	\$ 2,046,778	\$ -	\$ 170,000	\$ 1,876,778	\$ 173,000

CITY OF ATWATER, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 3 DETAILED NOTES ON ALL FUNDS (continued)

D. Fund Balance Classification

At December 31, 2023, a summary of the governmental fund balance classifications are as follows:

	General Fund	Capital Projects	Revolving Loan Fund	Slash pad Fund	Totals
Nonspendable					
Prepaid expenses	\$ 20,984	\$ -	\$ -	\$ -	\$ 20,984
Restricted					
Public Safety Aid					
Police	16,323	-	-	-	16,323
Fire	16,323	-	-	-	16,323
Ambulance	16,322	-	-	-	16,322
Revolving loans	-	-	169,291	-	169,291
Committed					
Street improvement	37,884	-	-	-	37,884
Parks	16,010	-	-	-	16,010
Public works - equipment	84,153	-	-	-	84,153
Public safety					
Police equipment	38,312	-	-	-	38,312
Fire equipment	550,007	-	-	-	550,007
Ambulance equipment	107,748	-	-	-	107,748
Assigned					
Working capital	215,000	-	-	-	215,000
City hall maintenance	146,258	-	-	-	146,258
Street projects	-	123,013	-	-	123,013
Unassigned	494,719	-	-	(6,796)	487,923
	<u>494,719</u>	<u>-</u>	<u>-</u>	<u>(6,796)</u>	<u>487,923</u>
Total Fund Balances	<u>\$ 1,760,043</u>	<u>\$ 123,013</u>	<u>\$ 169,291</u>	<u>\$ (6,796)</u>	<u>\$ 2,045,551</u>

NOTE 4 DEFINED BENEFIT PENSION PLANS

A. Plan Description

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

1. General Employees Retirement Plan

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

2. Public Employees Police and Fire Plan

The Police and Fire Plan, originally established for police officers and firefighters not covered by a local relief association, now covers all police officers and firefighters hired since 1980. Effective July 1, 1999, the Police and Fire Plan also covers police officers and firefighters belonging to local relief associations that elect to merge with and transfer assets and administration to PERA.

CITY OF ATWATER, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 4 DEFINED BENEFIT PENSION PLANS (continued)

B. Benefits Provided

PERA provides retirement, disability, and death benefits. Benefits 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.

1. General Employees Plan Benefits

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

Benefit increases are provided to benefit recipients each January. The postretirement increase will be equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1.0% and a maximum of 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least one month but less than a full year as of June 30 before the effective date of the increase will receive a reduced prorated increase. In 2023, legislation repealed the statute delaying increases for members retiring before full retirement age.

2. Police and Fire Plan Benefits

Benefits for Police and Fire Plan members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50 percent after five years up to 100 percent after ten years of credited service. Benefits for Police and Fire Plan members first hired after June 30, 2014, vest on a prorated basis from 50 percent after ten years up to 100 percent after twenty years of credited service. The annuity accrual rate is 3 percent of the average salary for each year of service. For Police and Fire Plan members who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equals at least 90.

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

C. Contributions

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

1. General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2023 and the City of Atwater was required to contribute 7.50% for Coordinated Plan members. The City of Atwater's contributions to the General Employees Fund for the year ended December 31, 2023, were \$13,860. The City of Atwater's contributions were equal to the required contributions as set by state statute.

CITY OF ATWATER, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 4 DEFINED BENEFIT PENSION PLANS (continued)

C. Contributions (continued)

2. Police and Fire Fund Contributions

Police and Fire Plan members were required to contribute 11.80% of their annual covered salary in fiscal year 2023 and the City of Atwater was required to contribute 17.70% for Police and Fire Plan members. The City of Atwater's contributions to the Police and Fire Fund for the year ended December 31, 2023, were \$9,253. The City of Atwater's contributions were equal to the required contributions as set by state statute.

D. Pension Costs

1. General Employees Fund Pension Cost

At December 31, 2023, the City of Atwater reported a liability of \$134,205 for its proportionate share of the General Employees Fund's net pension liability. The City of Atwater'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 of Atwater's totaled \$3,750.

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City of Atwater's proportion of the net pension liability was based on the City of Atwater's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2022, through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. The City of Atwater's proportionate share was 0.0024% at the end of the measurement period and 0.0023% at the beginning of the period.

City's proportionate share of the net pension liability	\$ 134,205
State of Minnesota's proportionate share of the net pension liability associated with the City	<u>3,750</u>
Total	<u><u>\$ 137,955</u></u>

For the year ended December 31, 2023, the City of Atwater recognized pension expense of \$3,535 for its proportionate share of the General Employees Plan's pension expense. In addition, the City of Atwater recognized an additional \$17 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	\$ 4,363	\$ 925
Changes in actuarial assumptions	21,689	36,784
Net collective difference between projected and actual investment	-	7,312
Changes in proportion	7,439	2,135
Contributions paid to PERA subsequent to the measurement date	<u>7,002</u>	<u>-</u>
Total	<u><u>\$ 40,493</u></u>	<u><u>\$ 47,156</u></u>

CITY OF ATWATER, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 4 DEFINED BENEFIT PENSION PLANS (continued)

D. Pension Costs (continued)

1. General Employees Fund Pension Cost (continued)

The City of Atwater contributed \$7,002 subsequent to the measurement date. This amount will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	Pension Expense Amount
2024	\$ 4,808
2025	\$ (19,958)
2026	\$ 4,397
2027	\$ (2,912)

2. Police and Fire Fund Pension Costs

At December 31, 2023, the City of Atwater reported a liability of \$53,533 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City of Atwater's proportionate share of the net pension liability was based on the City of Atwater's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2022 through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. The City of Atwater's proportionate share was 0.0031% at the end of the measurement period and 0.0046% for the beginning of the period.

The State of Minnesota also contributed \$18 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2023. The contribution consisted of \$9 million in direct state aid that does meet the definition of a special funding situation and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. The \$9 million direct state was paid on October 1, 2022. Thereafter, by October 1 of each year, the state will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90 percent funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$2,207.

City's proportionate share of the net pension liability	\$ 53,533
State of Minnesota's proportionate share of the net pension liability associated with the City	<u>2,207</u>
Total	<u>\$ 55,740</u>

The State of Minnesota is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$9 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the State of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended June 30, 2023, the City of Atwater recognized pension expense of \$(1,403) for its proportionate share of the Police and Fire Plan's pension expense. The City of Atwater recognized \$(133) as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's pension expense of \$9 million to the Police and Fire Fund.

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in supplemental state aid. The City of Atwater also recognized \$279 for the year ended December 31, 2023 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund.

CITY OF ATWATER, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 4 DEFINED BENEFIT PENSION PLANS (continued)

D. Pension Cost (continued)

2. Police and Fire Fund Pension Costs (continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	\$ 18,664	\$ -
Changes in actuarial assumptions	97,625	75,765
Net collective difference between projected and actual investment earnings	-	5,591
Changes in proportion	2,484	73,189
Contributions paid to PERA subsequent to the measurement date	5,968	-
Total	\$ 124,741	\$ 154,545

The \$5,968 reported as deferred outflows of resources related to pensions resulting from the City of Atwater contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	Pension Expense Amount
2024	\$ (4,583)
2025	\$ (8,681)
2026	\$ 11,705
2027	\$ (10,054)
2028	\$ (24,159)

E. Long-Term Expected Return on Investment

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	33.5%	5.10%
International Equity	16.5%	5.30%
Fixed Income	25.0%	0.75%
Private Markets	25.0%	5.90%
Total	100%	

CITY OF ATWATER, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 4 DEFINED BENEFIT PENSION PLANS (continued)

F. Actuarial Methods and Assumptions

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

Inflation is assumed to be 2.25% for the General Employees Plan, and the Police and Fire Plan. Benefit increases after retirement are assumed to be 1.25% for the General Employees Plan, and 1.0% for the Police and Fire Plan.

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

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

Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study for the General Employees Plan was completed in 2022. The assumption changes were adopted by the Board and became effective with the July 1, 2023, actuarial valuation. The most recent four-year experience study for the Police and Fire was completed in 2020 and was adopted by the Board and became effective with the July 1, 2021, actuarial valuation.

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

General Employees Fund

Changes in Actuarial Assumptions:

- The investment return assumption and single discount rate were changed from 6.50% to 7.00%.

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 2.50% minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

Police and Fire Fund

Changes in Actuarial Assumptions:

- The investment return assumption was changed from 6.50% to 7.00%.
- The single discount rate changed from 5.40% to 7.00%.

Changes in Plan Provisions:

- Additional one-time direct state aid contribution of 19.4 million will be contributed to the Plan on October 1, 2023.
- Vesting requirement for new hires after June 30, 2014, was changed from a graded 20-year vesting schedule to a graded 10-year vesting schedule, with 50% vesting after five years, increasing incrementally to 100% after 10 years.
- A one-time, non-compounding benefit increase of 3.00% will be payable in a lump sum for calendar year 2024 by March 31, 2024.

**CITY OF ATWATER, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2023**

NOTE 4 DEFINED BENEFIT PENSION PLANS (continued)

F. Actuarial Methods and Assumptions (continued)

Police and Fire Fund (continued)

Changes in Plan Provisions: (continued)

- Psychological treatment is required effective July 1, 2023, prior to approval for a duty disability benefit for a psychological condition relating to the member’s occupation.
- The total and permanent duty disability benefit was increased, effective July 1, 2023.

G. Discount Rate

The discount rate used to measure the total pension liability in 2023 was 7.00%. 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, and Police and Fire Plans were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

H. Pension Liability Sensitivity

The following presents the City of Atwater’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 of Atwater’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					
<i>Net Pension Liability (Asset) at Different Discount Rates</i>					
	General Employees Fund			Police and Fire Fund	
1% Lower	6.00%	\$	237,420	6.00%	\$ 106,216
Current Discount Rate	7.00%	\$	134,205	7.00%	\$ 53,533
1% Higher	8.00%	\$	49,307	8.00%	\$ 10,221

I. Pension Plan Fiduciary Net Position

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

NOTE 5 DEFINED BENEFIT LUMP SUM SERVICE PENSION PLAN – VOLUNTEER FIRE RELIEF ASSOCIATION

A. Plan Description

The Atwater Fire Department participates in the Atwater Fire Fighters Relief Association pension plan, a single employer, lump-sum, defined benefit pension plan administered by the Atwater Fire Fighters Relief Association. The plan covers the volunteer firefighters of the municipal fire department. As of December 31, 2023, the plan covered 27 active firefighters and 4 vested terminated firefighters whose pension benefits are deferred. The plan is established and administered in accordance with Minnesota Statutes, Chapter 69.051 and 69.80 and Chapter 424.

B. Benefits Provided

The plan provides lump-sum retirement, disability, death and supplemental benefits to covered firefighters and survivors. Benefits are paid based on the number of years of service multiplied by a benefit level per year of service approved by the City. The benefit at December 31, 2023, was \$1,600 per year of service. Members are eligible for a lump-sum retirement benefit at 50 years of age with five years of service. Plan provisions include a pro-rated vesting schedule that increases from 5 years at 40% through 20 years at 100%.

CITY OF ATWATER, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 5 DEFINED BENEFIT LUMP SUM SERVICE PENSION PLAN – VOLUNTEER FIRE RELIEF ASSOCIATION

C. Contributions

The plan is funded by fire state aid, investment earnings, and if necessary, employer contributions as specified in Minnesota Statutes, and voluntary City contributions. The State of Minnesota contributed \$-0- in fire state aid to the plan on behalf of the Atwater Fire Department for the year ended December 31, 2023, which was recorded as a revenue. Required employer contributions are calculated annually based on statutory provisions. The City's statutorily-required contribution to the plan for the year ended December 31, 2023, was \$-0-.

D. Pension Costs

For the year ended December 31, 2023, the City recognized pension expense of \$-0-. This amount was equal to the contribution provided by the State of Minnesota and recognized as revenue in the financial statements.

E. Pension Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position as of December 31, 2023, is available in a separately issued financial report prepared in accordance with Minnesota Statutes. That report may be obtained by writing the plan at Atwater Fire Fighters Relief Association, P.O. Box 68, Atwater, Minnesota 56221.

NOTE 6 RISK MANAGEMENT

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

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

The workers' compensation policy is a retrospectively rated policy with premiums that accrue based on the ultimate cost of the experience to date. There is no way to estimate what the change in premium may be. Generally, it has been minimal. There were no claims in 2023.

NOTE 7 OTHER COMMITMENTS

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

NOTE 8 SUBSEQUENT EVENTS

Subsequent to year end, the City issued \$2,160,000 General Obligation Improvement Bonds, Series 2024A, \$4,362,602 Taxable General Obligation Water Revenue Note of 2024B and \$3,487,059 Taxable General Obligation Disposal System Revenue Note of 2024B to finance infrastructure improvements.

The City has evaluated subsequent events through August 5, 2024, the date the financial statements were available to be issued.

CITY OF ATWATER, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
REVENUES				
Taxes				
Property taxes	\$ 511,259	\$ 511,259	\$ 509,814	\$ (1,445)
Special assessments	25,300	25,300	14,354	(10,946)
License and permits	7,590	7,590	9,390	1,800
Total Taxes	544,149	544,149	533,558	(10,591)
Intergovernmental Revenue				
State Grants and Aid				
Local government aid	363,436	363,436	362,041	(1,395)
Fire aid	19,000	19,000	-	(19,000)
Other state grants	13,000	13,000	62,369	49,369
Total Intergovernmental Revenue	395,436	395,436	424,410	28,974
Charges for Services				
General government	5,000	5,000	4,600	(400)
Public safety				
Fire contracts and calls	67,600	67,600	87,319	19,719
Ambulance calls	50,000	50,000	67,343	17,343
Culture and recreation	16,300	16,300	22,661	6,361
Total Charges for Services	138,900	138,900	181,923	43,023
Fines and Forfeits	1,520	1,520	1,391	(129)
Miscellaneous Revenues				
Investment income	8,000	8,000	36,099	28,099
Donations	5,000	5,000	47,824	42,824
Refunds and reimbursements	3,000	3,000	25,107	22,107
Total Miscellaneous Revenues	16,000	16,000	109,030	93,030
TOTAL REVENUES	1,096,005	1,096,005	1,250,312	154,307
OTHER FINANCING SOURCES				
Sale of assets	-	-	8,500	8,500
TOTAL REVENUES AND OTHER FINANCING SOURCES	1,096,005	1,096,005	1,258,812	162,807

See notes to required supplementary information.

CITY OF ATWATER, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
EXPENDITURES				
General Government				
Governing Board				
Salaries	8,600	8,600	6,810	(1,790)
Payroll taxes and benefits	660	660	521	(139)
Other expenses	1,400	1,400	904	(496)
Total Governing Board	<u>10,660</u>	<u>10,660</u>	<u>8,235</u>	<u>(2,425)</u>
Administration and Finance				
Salaries	85,982	85,982	87,630	1,648
Payroll taxes and benefits	21,111	21,111	21,225	114
Supplies	4,500	4,500	3,208	(1,292)
Occupancy	1,320	1,320	1,558	238
Other expenses	4,750	4,750	4,224	(526)
Total Administration and Finance	<u>117,663</u>	<u>117,663</u>	<u>117,845</u>	<u>182</u>
Government Buildings				
Occupancy	55,500	55,500	30,062	(25,438)
Total Government Buildings	<u>55,500</u>	<u>55,500</u>	<u>30,062</u>	<u>(25,438)</u>
Other General Government				
Insurance	50,000	50,000	43,299	(6,701)
Elections	2,100	2,100	285	(1,815)
Assessor	13,000	13,000	11,056	(1,944)
Professional services	28,500	28,500	27,897	(603)
Publishing	1,500	1,500	893	(607)
Other expenses	27,900	27,900	34,664	6,764
Total Other General Government	<u>123,000</u>	<u>123,000</u>	<u>118,094</u>	<u>(4,906)</u>
Total General Government	<u>306,823</u>	<u>306,823</u>	<u>274,236</u>	<u>(32,587)</u>
Public Safety				
Police Department				
Salaries	67,494	67,494	52,277	(15,217)
Payroll taxes and benefits	23,488	23,488	8,472	(15,016)
Contract services	6,000	6,000	5,073	(927)
Supplies	3,000	3,000	2,655	(345)
Occupancy	2,100	2,100	2,546	446
Repairs and maintenance	11,000	11,000	9,298	(1,702)
Other expenses	5,900	5,900	8,388	2,488
Total Police Department	<u>118,982</u>	<u>118,982</u>	<u>88,709</u>	<u>(30,273)</u>

See notes to required supplementary information.

**CITY OF ATWATER, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended December 31, 2023**

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
EXPENDITURES (continued)				
Public Safety				
Ambulance				
Salaries	28,000	28,000	29,023	1,023
Payroll taxes and benefits	2,000	2,000	2,285	285
Supplies	6,000	6,000	7,825	1,825
Repairs and maintenance	3,000	3,000	14,478	11,478
Other expenses	20,000	20,000	20,991	991
Total Ambulance	<u>59,000</u>	<u>59,000</u>	<u>74,602</u>	<u>15,602</u>
Fire Department				
Salaries	10,000	10,000	8,739	(1,261)
Payroll taxes and benefits	2,000	2,000	1,032	(968)
Supplies	1,500	1,500	2,321	821
Occupancy	6,000	6,000	8,494	2,494
Repairs and maintenance	15,500	15,500	28,508	13,008
Other expenses	45,500	45,500	30,493	(15,007)
Capital outlay	-	-	52,204	52,204
Total Fire Department	<u>80,500</u>	<u>80,500</u>	<u>131,791</u>	<u>51,291</u>
Other Protection				
Building inspection	3,500	3,500	4,494	994
Civil defense	5,000	5,000	1,250	(3,750)
Animal control	100	100	91	(9)
Total Other Protection	<u>8,600</u>	<u>8,600</u>	<u>5,835</u>	<u>(2,765)</u>
Total Public Safety	<u>267,082</u>	<u>267,082</u>	<u>300,937</u>	<u>33,855</u>
Streets and Highways				
Street Maintenance				
Salaries	43,739	43,739	48,246	4,507
Payroll taxes and benefits	27,229	27,229	13,890	(13,339)
Supplies	4,000	4,000	5,364	1,364
Occupancy	5,500	5,500	9,598	4,098
Repairs and maintenance	28,000	28,000	43,186	15,186
Other expenses	4,500	4,500	5,305	805
Capital outlay	210,000	210,000	65,278	(144,722)
Total Street Maintenance	<u>322,968</u>	<u>322,968</u>	<u>190,867</u>	<u>(132,101)</u>
Snow and Ice Removal				
Salaries	6,998	6,998	8,454	1,456
Other expenses	2,000	2,000	5,772	3,772
Total Snow and Ice Removal	<u>8,998</u>	<u>8,998</u>	<u>14,226</u>	<u>5,228</u>
Street Lighting	<u>22,000</u>	<u>22,000</u>	<u>27,381</u>	<u>5,381</u>
Total Streets and Highways	<u>353,966</u>	<u>353,966</u>	<u>232,474</u>	<u>(121,492)</u>

See notes to required supplementary information.

**CITY OF ATWATER, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended December 31, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
EXPENDITURES (continued)				
Sanitation				
Weed and Pest Control				
Salaries	2,625	2,625	4,916	2,291
Other expenses	<u>2,000</u>	<u>2,000</u>	<u>1,747</u>	<u>(253)</u>
Total Sanitation	<u>4,625</u>	<u>4,625</u>	<u>6,663</u>	<u>2,038</u>
Culture and Recreation				
Library	18,000	18,000	20,475	2,475
Parks and Recreation				
Salaries	32,871	32,871	38,835	5,964
Payroll taxes and benefits	2,638	2,638	2,967	329
Supplies	4,500	4,500	8,235	3,735
Repairs and maintenance	5,500	5,500	6,734	1,234
Other expenses	13,500	13,500	16,745	3,245
Capital outlay	<u>15,000</u>	<u>15,000</u>	<u>14,056</u>	<u>(944)</u>
Total Culture and Recreation	<u>92,009</u>	<u>92,009</u>	<u>108,047</u>	<u>16,038</u>
Debt Service				
Principal	-	-	7,301	7,301
Interest	<u>-</u>	<u>-</u>	<u>1,911</u>	<u>1,911</u>
Total Debt Service	<u>-</u>	<u>-</u>	<u>9,212</u>	<u>9,212</u>
TOTAL EXPENDITURES	<u>1,024,505</u>	<u>1,024,505</u>	<u>931,569</u>	<u>(92,936)</u>
OTHER FINANCING USES				
Transfer out	<u>134,000</u>	<u>134,000</u>	<u>490,693</u>	<u>356,693</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>1,158,505</u>	<u>1,158,505</u>	<u>1,422,262</u>	<u>263,757</u>
NET CHANGE IN FUND BALANCE	<u>\$ (62,500)</u>	<u>\$ (62,500)</u>	(163,450)	<u>\$ 100,950</u>
FUND BALANCE, JANUARY 1			<u>1,923,493</u>	
FUND BALANCE, DECEMBER 31			<u>\$ 1,760,043</u>	

See notes to required supplementary information.

CITY OF ATWATER, MINNESOTA
SCHEDULES OF PROPORTIONATE SHARE OF NET PENSION LIABILITY

General Employees Retirement Fund Pension Plan

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, 2023	0.0024%	\$ 134,205	\$ 3,750	\$ 137,955	\$ 193,120	71.4%	83.10%
June 30, 2022	0.0023%	\$ 182,161	\$ 5,414	\$ 187,575	\$ 173,667	108.0%	76.67%
June 30, 2021	0.0024%	\$ 102,491	\$ 3,164	\$ 105,655	\$ 174,667	60.5%	87.00%
June 30, 2020	0.0023%	\$ 137,896	\$ 4,304	\$ 142,200	\$ 167,547	84.9%	79.06%
June 30, 2019	0.0023%	\$ 127,162	\$ 3,833	\$ 130,995	\$ 161,173	81.3%	80.23%
June 30, 2018	0.0023%	\$ 127,595	\$ 4,229	\$ 131,824	\$ 156,493	84.2%	79.53%
June 30, 2017	0.0023%	\$ 146,830	\$ 1,884	\$ 148,714	\$ 151,200	98.4%	75.90%
June 30, 2016	0.0023%	\$ 186,749	\$ 2,408	\$ 189,157	\$ 140,747	134.4%	68.90%
June 30, 2015	0.0024%	\$ 124,380	\$ -	\$ 124,380	\$ 139,614	89.1%	78.20%

Public Employees Police and Fire Pension Plan

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, 2023	0.0031%	\$ 53,533	\$ 2,207	\$ 55,740	\$ 41,124	135.5%	86.47%
June 30, 2022	0.0046%	\$ 200,174	\$ 8,743	\$ 208,917	\$ 55,367	377.3%	70.53%
June 30, 2021	0.0054%	\$ 41,682	\$ 1,893	\$ 43,575	\$ 64,362	67.7%	93.66%
June 30, 2020	0.0076%	\$ 100,176	\$ 2,336	\$ 102,512	\$ 83,424	122.9%	87.19%
June 30, 2019	0.0069%	\$ 73,457	\$ -	\$ 73,457	\$ 71,086	103.3%	89.26%
June 30, 2018	0.0070%	\$ 74,613	\$ -	\$ 74,613	\$ 73,852	101.0%	88.84%
June 30, 2017	0.0080%	\$ 108,010	\$ -	\$ 108,010	\$ 79,401	136.0%	85.43%
June 30, 2016	0.0070%	\$ 280,922	\$ -	\$ 280,922	\$ 64,747	433.9%	63.88%
June 30, 2015	0.0060%	\$ 68,174	\$ -	\$ 68,174	\$ 50,383	135.3%	86.61%

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

**CITY OF ATWATER, MINNESOTA
SCHEDULES OF EMPLOYER CONTRIBUTIONS**

General Employees Retirement Fund Pension Plan

Fiscal Year Ending	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contribution	Contribution Deficiency (Excess)	Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
December 31, 2023	\$ 13,860	\$ 13,860	\$ -	\$ 184,796	7.50%
December 31, 2022	\$ 13,371	\$ 13,371	\$ -	\$ 178,285	7.50%
December 31, 2021	\$ 13,993	\$ 13,993	\$ -	\$ 186,577	7.50%
December 31, 2020	\$ 12,802	\$ 12,802	\$ -	\$ 170,693	7.50%
December 31, 2019	\$ 12,345	\$ 12,345	\$ -	\$ 164,494	7.50%
December 31, 2018	\$ 11,833	\$ 11,833	\$ -	\$ 157,775	7.50%
December 31, 2017	\$ 11,562	\$ 11,562	\$ -	\$ 154,157	7.50%
December 31, 2016	\$ 11,216	\$ 11,216	\$ -	\$ 149,548	7.50%
December 31, 2015	\$ 10,046	\$ 10,046	\$ -	\$ 133,947	7.50%

Public Employees Police and Fire Pension Plan

Fiscal Year Ending	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contribution	Contribution Deficiency (Excess)	Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
December 31, 2023	\$ 9,253	\$ 9,253	\$ -	\$ 52,277	17.70%
December 31, 2022	\$ 7,026	\$ 7,026	\$ -	\$ 39,696	17.70%
December 31, 2021	\$ 11,078	\$ 11,078	\$ -	\$ 62,589	17.70%
December 31, 2020	\$ 14,374	\$ 14,374	\$ -	\$ 81,212	17.70%
December 31, 2019	\$ 14,435	\$ 14,435	\$ -	\$ 85,163	16.95%
December 31, 2018	\$ 10,434	\$ 10,434	\$ -	\$ 64,409	16.20%
December 31, 2017	\$ 13,526	\$ 13,526	\$ -	\$ 83,495	16.20%
December 31, 2016	\$ 11,715	\$ 11,715	\$ -	\$ 72,315	16.20%
December 31, 2015	\$ 9,059	\$ 9,059	\$ -	\$ 55,906	16.20%

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

CITY OF ATWATER, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2023

NOTE 1 BUDGETARY INFORMATION

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- a) The City Clerk/Treasurer prepares an annual operating budget for the General Fund.
- b) Public hearings are conducted to obtain taxpayer comments.
- c) The budget is legally enacted by a budget resolution.
- d) The City Clerk/Treasurer is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.
- e) Budgets are adopted on a basis consistent with generally accepted accounting principles in the United States of America. Budgeted amounts are as originally adopted, or as amended by the City Council. Appropriations for annually budgeted fund lapse at year-end.

NOTE 2 CHANGES IN NET PENSION LIABILITIES AND RELATED RATIOS

General Employees Fund:

2023 Changes:

Changes in Actuarial Assumptions:

- The investment return assumption and single discount rate were changed from 6.50% to 7.00%.

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 2.50% 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.

2020 Changes:

Changes in Actuarial Assumptions:

- The price inflation assumption 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.

CITY OF ATWATER, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2023

NOTE 2 CHANGES IN NET PENSION LIABILITIES AND RELATED RATIOS (continued)

General Employees Fund: (continued)

2020 Changes: (continued)

Changes in Actuarial Assumptions: (continued)

- 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.

2019 Changes:

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

2018 Changes:

Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.00% 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 4.00% to 3.00%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Postretirement benefit increases were changed from 1.00% 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 1.00% and not more than 1.50%, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 Changes:

Changes in Actuarial Assumptions:

- The Combined Service Annuity (CSA) loads were changed from 0.80% for active members and 60% for vested and non-vested deferred members. The revised CSA loads are now 0% for active member liability, 15% for vested deferred member liability and 3% for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1% per year for all years to 1% per year through 2044 and 2.50% per year thereafter.

CITY OF ATWATER, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2023

NOTE 2 CHANGES IN NET PENSION LIABILITIES AND RELATED RATIOS (continued)

General Employees Fund: (continued)

2017 Changes: (continued)

Changes in Plan Provisions:

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

2016 Changes:

Changes in Actuarial Assumptions:

- The assumed postretirement benefit increase rate was changed from 1.00% per year through 2035 and 2.50% per year thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.90% to 7.50%. The single discount rate was changed from 7.90% to 7.50%.
- 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 postretirement benefit increase rate was changed from 1.00% per year through 2030 and 2.50% per year thereafter to 1.0% per year through 2035 and 2.50% 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; the State's contribution of \$6.0 million, which meets the special funding situation definition, was due September 2015.

Police and Fire Fund:

2023 Changes:

Changes in Actuarial Assumptions:

- The investment return assumption was changed from 6.50% to 7.00%.
- The single discount rate changed from 5.40% to 7.00%.

Changes in Plan Provisions:

- Additional one-time direct state aid contribution of 19.4 million will be contributed to the Plan on October 1, 2023.
- Vesting requirement for new hires after June 30, 2014, was changed from a graded 20-year vesting schedule to a graded 10-year vesting schedule, with 50% vesting after five years, increasing incrementally to 100% after 10 years.
- A one-time, non-compounding benefit increase of 3.00% will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- Psychological treatment is required effective July 1, 2023, prior to approval for a duty disability benefit for a psychological condition relating to the member's occupation.
- The total and permanent duty disability benefit was increased, effective July 1, 2023.

2022 Changes:

Changes in Actuarial Assumptions:

- The mortality scale was changed from Scale MP-2020 to Scale MP-2021.
- The single discount rate changed from 6.50% to 5.40%.

CITY OF ATWATER, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2023

NOTE 3 CHANGES IN NET PENSION LIABILITIES AND RELATED RATIOS (continued)

Police and Fire Fund: (continued)

2022 Changes: (continued)

Changes in Plan Provisions:

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

2021 Changes:

Changes in Actuarial Assumptions:

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes.
- The inflation assumption was changed from 2.50 percent to 2.25 percent.
- The payroll growth assumption was changed from 3.25 percent to 3.00 percent.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MN-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 14, 2020, experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 14, 2020, experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations.
- Assumed rates of disability increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities.
- Assumed percent married for active female members was changed from 60 percent to 70 percent. Minor changes to the form of payment assumptions were applied.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

2020 Changes:

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

2019 Changes:

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

2018 Changes:

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

CITY OF ATWATER, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2023

NOTE 3 CHANGES IN NET PENSION LIABILITIES AND RELATED RATIOS (continued)

Police and Fire Fund: (continued)

2018 Changes: (continued)

Changes in Plan Provisions: (continued)

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

2017 Changes:

Changes in Actuarial Assumptions:

- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34% lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The Combined Service Annuity (CSA) load was 30% for vested and non-vested deferred members. The CSA has been changed to 33% for vested members and 2% for non-vested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3% for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65% to 60%.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing Joint and Survivor annuities was increased.
- The assumed post-retirement benefit increase rate was changed from 1% for all years to 1% per year through 2064 and 2.50% thereafter.
- The Single Discount Rate was changed from 5.60% per annum to 7.50% per annum.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

2016 Changes:

Changes in Actuarial Assumptions:

- The assumed post-retirement benefit increase rate was changed from 1.00% per year through 2037 and 2.50% thereafter to 1% per year for all future years.
- The assumed investment return was changed from 7.90% to 7.50%. The single discount rate changed from 7.90% percent to 5.60%.
- The single discount rate changed from 7.90% to 5.60%.
- 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% per year through 2030 and 2.50% per year thereafter to 1% per year through 2037 and 2.50% per year thereafter.

Changes in Plan Provisions:

- The post-retirement benefit increases to be paid after attainment of the 90% funding threshold was changed from inflation up to 2.50%, to a fixed rate of 2.50%.

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

Mayor and City Council
City of Atwater, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Atwater, Minnesota as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City of Atwater, Minnesota's basic financial statements, and have issued our report thereon dated August 5, 2024

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2023-001 and 2023-002 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

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

Minnesota Legal Compliance

In connection with our audit, nothing came to our attention that caused us to believe that the City of Atwater, Minnesota failed to comply with the provisions of the contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, and miscellaneous provisions sections of the *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to Minn. Stat. 6.65, insofar as they relate to accounting matters. However, 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 of Atwater, Minnesota's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

City of Atwater's Response to Findings

Government Auditing Standards require the auditor to perform limited procedures on the City of Atwater, Minnesota's responses to the findings identified in our audit and described in the accompanying schedule of findings and responses. The City of Atwater's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

Westberg Eischens, PLLP

Westberg Eischens, PLLP
Willmar, Minnesota

August 5, 2024

**CITY OF ATWATER, MINNESOTA
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended December 31, 2023**

FINANCIAL STATEMENT FINDINGS

Finding 2023-001

Criteria:

Generally, a system of internal control contemplates separation of duties such that no individual has responsibility to execute a transaction, have physical access to the related assets, and have responsibility or authority to record the transaction.

Condition:

Due to the limited size of the City's business staff, the City has limited segregation of duties.

Context:

The City has informed us that the small size of its business office staff precludes proper separation of duties at this time.

Effect:

The lack of segregation of duties increases the risk of misappropriation of assets.

Cause:

Limited number of staff in the business office.

Recommendation:

We recommend that the City continue to separate incompatible duties as best it can within the limits of what the City considers to be cost beneficial.

CORRECTIVE ACTION PLAN (CAP)

Finding 2023-001

Explanation of Disagreement with Audit Finding:

There is no disagreement with the audit finding.

Actions Planned in Response to Finding:

The City reviews and makes improvements to its internal controls on an ongoing basis and attempts to maximize the segregation of duties in all areas within the limits of the staff available.

Officer Responsible for Ensuring CAP:

Mayor and Council

Planned Completion Date:

Not Applicable

Plan to Monitor Completion of CAP:

Not Applicable

**CITY OF ATWATER, MINNESOTA
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended December 31, 2023**

FINANCIAL STATEMENT FINDINGS (continued)

Finding 2023-002

Criteria:

Generally, a system of internal control includes the ability to understand and prepare the City's financial statements and related disclosures in accordance with accounting principles generally accepted in the United States of America (GAAP).

Condition:

The City relies upon the auditor to prepare the financial statements and related disclosures in accordance with GAAP.

Effect:

There is a risk that the City may not detect or prevent financial statement misstatements.

Cause:

The limited size of the City's business staff and the related resources available precludes the City from preparing the financial statements.

Recommendation:

We recommend that the City continue to review the auditor prepared financial statements with the intention of understanding and acceptance of responsibility for reporting under GAAP.

CORRECTIVE ACTION PLAN (CAP)

Finding 2023-002

Explanation of Disagreement with Audit Finding:

There is no disagreement with the audit finding.

Actions Planned in Response to Finding:

The City will continue to review auditor prepared financial statements with the intention of understanding and acceptance of responsibility for reporting under GAAP.

Officer Responsible for Ensuring CAP:

Clerk/Treasurer

Planned Completion Date:

Not Applicable

Plan to Monitor Completion of CAP:

Not Applicable