COLLABORATORS | COACHES | ADVOCATES | MENTORS
FRIENDS | VOLUNTEERS | REGULARS | DINERS | VISITORS
CPAs | CONSULTANTS | WEALTH ADVISORS | *NEIGHBORS*
COLLABORATORS | COACHES | ADVOCATES | MENTORS |
CONNOISSEURS | CUSTOMERS | TEACHERS |
| VOLUNTEERS |

CITY OF GILBERT, MINNESOTA

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2023

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CITY OF GILBERT, MINNESOTA
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INTRODUCTORY SECTION

CITY OF GILBERT, MINNESOTA
ORGANIZATION
DECEMBER 31, 2023

CITY COUNCIL

Mayor	Karl Oberstar Jr.
Council Members	Joseph Pulles Mark Heitzman Jeremy Skenzich Rocco Leoni

ADMINISTRATION

Clerk-Treasurer	Jill Zallar

APPOINTED

City Attorney	Trenti Law Firm

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of the City Council
City of Gilbert
Gilbert, Minnesota

Report on the Audit of the Financial Statements

Adverse and Unmodified Opinions

We have audited the financial statements of the City of Gilbert (the City), Minnesota, which comprise the statement of balances arising from cash transactions for each major governmental fund and the aggregate remaining fund information, the electric fund and the sanitation fund and the statement of net position for water fund and the sewer fund as of December 31, 2023, and the related statement of cash receipts, disbursements, and changes in cash fund balances for each major governmental fund and the aggregate remaining fund information, the electric fund and the sanitation fund, and changes in net position of the water fund and sewer fund, and where applicable, cash flows thereof for the year then ended, and the related notes to the financial statements.

Unmodified Opinions on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the balances arising from cash transactions of each major governmental funds, the aggregate remaining fund information, the electric fund, and the sanitation fund, and the financial position of the water fund and sewer fund of the City of Gilbert, Minnesota, as of December 31, 2023, and the respective cash receipts, disbursements, and changes in cash fund balances of each major governmental fund, the aggregate remaining fund information, the electric fund, and the sanitation fund and the statement of revenues, expenses and changes in net position of the water fund and sewer fund and, where applicable, cash flows thereof for the year then ended, in accordance with the financial reporting provisions of the Minnesota Office of the State Auditor, as described in Note 1.

Adverse Opinion on Accounting Principle Generally Accepted in the United States of America

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America section of our report, the accompanying financial statements referred to above do not present fairly in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the City of Gilbert, Minnesota, as of December 31, 2023, or the changes in fund balance/net position and cash flows thereof, for the year then ended.

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Basis for Adverse and Unmodified Opinions

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

Matters Giving Rise to Adverse Opinion on Accounting Principle Generally Accepted in the United States of America

As described in Note 1, the financial statements are prepared by the City of Gilbert, Minnesota, on the basis of the financial reporting provisions of the Minnesota Office of the State Auditor, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Minnesota Office of the State Auditor. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Emphasis of Matter – Restatement

As described in Note 16 to the financial statements, the beginning net position of the Sewer Fund has been adjusted to correct an error related to the recording of a receivable in the prior year. Our opinion is not modified with respect to this matter.

Also discussed in Note 16 to the financial statements the City restated beginning fund balance of the governmental funds and the electric and sanitation enterprise funds for the conversion of the City's basis of accounting from accounting principles generally accepted in the United States of America to the regulatory basis of accounting. Our opinion is modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions and the accounting practices prescribed or permitted by the Minnesota Office of the State Auditor as described in Note 1, to meet the requirements of the Minnesota Office of the State Auditor. Management is also responsible 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.

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Gilbert's regulatory basis financial statements. The combining and individual statements and schedules, schedule of changes in the City's OPEB liability and related ratios, and schedules of the City's proportionate share of the net pensions and schedules of contributions and schedule of changes in net pension liability (asset) and relation schedule of city contributions are presented for purposes of additional analysis and are not a required part of the regulatory basis financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the regulatory basis financial statements. The information has been subjected to the auditing procedures applied in the audit of the regulatory basis financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the regulatory basis financial statements or to the regulatory basis financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual statements and schedules, schedule of changes in the City's OPEB liability and related ratios and schedules of the City's proportionate share of the net pensions and schedules of contributions and schedule of changes in net pension liability (asset) and relation schedule of city contributions are fairly stated, in all material respects, in relation to the regulatory basis financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section, the schedule of accounts receivable, and the schedule of accounts payable but does not include the regulatory basis financial statements and our auditors' report thereon. Our opinions on the regulatory 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 regulatory basis financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the regulatory basis 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 September 11, 2026 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
September 11, 2026

FINANCIAL STATEMENTS

CITY OF GILBERT, MINNESOTA
STATEMENT OF BALANCES ARISING FROM CASH TRANSACTIONS
REGULATORY BASIS
GOVERNMENTAL FUNDS
DECEMBER 31, 2023

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	$ 1,521,209	$ 56,513	$ (508,820)	$ 1,068,902
Total Assets	$ 1,521,209	$ 56,513	$ (508,820)	$ 1,068,902
CASH FUND BALANCES				
Restricted	$ -	$ 56,513	$ 73,398	$ 129,911
Committed	-	-	185,888	185,888
Unassigned Reported in:				
General Fund	1,521,209	-	-	1,521,209
Capital Projects Funds	-	-	(768,106)	(768,106)
Total Cash Fund Balances	$ 1,521,209	$ 56,513	$ (508,820)	$ 1,068,902

See accompanying Notes to Basic Financial Statements.

CITY OF GILBERT, MINNESOTA
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH FUND BALANCES – REGULATORY BASIS
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2023

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
RECEIPTS				
Taxes	$ 1,303,660	$ 94,599	$ 107,406	$ 1,505,665
Special Assessments	-	-	2,088	2,088
Licenses and Permits	17,000	-	-	17,000
Intergovernmental	1,028,515	-	28,436	1,056,951
Charges for Services	441,757	-	197,436	639,193
Fines	13,923	-	5,531	19,454
Interest	2,419	-	372	2,791
Miscellaneous	120,733	-	26,018	146,751
Total Receipts	2,928,007	94,599	367,287	3,389,893
DISBURSEMENTS				
Current:				
General Government	401,418	-	-	401,418
Public Safety	1,280,438	-	-	1,280,438
Public Works	924,109	-	-	924,109
Sanitation	270	-	-	270
Culture and Recreation	69,871	-	376,869	446,740
Miscellaneous	360,670	-	-	360,670
Debt Service:				
Principal	-	15,000	10,022	25,022
Interest and Fiscal Charges	-	24,648	-	24,648
Capital Outlay:				
Public Safety	980,940	-	-	980,940
Public Works	169,494	-	303,605	473,099
Culture and Recreation	-	-	26,964	26,964
Total Disbursements	4,187,210	39,648	717,460	4,944,318
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(1,259,203)	54,951	(350,173)	(1,554,425)
OTHER FINANCING SOURCES (USES)				
Transfers In	15,643	-	-	15,643
Transfers Out	-	-	(15,643)	(15,643)
Bond Issuance	1,219,000	-	-	1,219,000
Sale of Capital Assets	21,140	-	-	21,140
Total Other Financing Sources (Uses)	1,255,783	-	(15,643)	1,240,140
NET CHANGE IN CASH FUND BALANCES	(3,420)	54,951	(365,816)	(314,285)
Fund Balance - Beginning of Year	1,503,335	2,412	(175,907)	1,329,840
Prior Period Adjustments	21,294	(850)	32,903	53,347
Cash Fund Balance - As Restated	1,524,629	1,562	(143,004)	1,383,187
CASH FUND BALANCE - END OF YEAR	$ 1,521,209	$ 56,513	$ (508,820)	$ 1,068,902

See accompanying Notes to Basic Financial Statements.

CITY OF GILBERT, MINNESOTA
STATEMENT OF NET POSTION/CASH NET POSITION
REGULATORY BASIS
PROPRIETARY FUNDS
DECEMBER 31, 2023

	Business-Type Activities - Enterprise Funds				
	Water Enterprise Fund (Accrual)	Electric Enterprise Fund (Cash)	Sewer Usage Enterprise Fund (Accrual)	Sanitation Enterprise Fund (Cash)	Totals
ASSETS					
CURRENT ASSETS					
Cash and Cash Equivalents	$ 374,115	$ 400,155	$ 250,030	$ (165,945)	$ 858,355
Special Assessments Receivable	7,878	-	48,082	-	55,960
Accounts Receivable	174,084	-	361,039	-	535,123
Due from Other Governments	609	-	-	-	609
Prepaids	3,952	-	10,015	-	13,967
Total Current Assets	560,638	400,155	669,166	(165,945)	1,464,014
NONCURRENT ASSETS					
Capital Assets:					
Land and Improvements	10,500	-	18,086	-	28,586
Construction in Progress	-	-	538,305	-	538,305
Distribution System	5,052,821	-	4,517,603	-	9,570,424
Production System	2,476,102	-	-	-	2,476,102
Sewage Treatment Plant	-	-	15,911,586	-	15,911,586
General Assets	159,969	-	76,141	-	236,110
Less: Accumulated Depreciation	(4,316,226)	-	(5,279,488)	-	(9,595,714)
Total Noncurrent Assets	3,383,166	-	15,782,233	-	19,165,399
Total Assets	3,943,804	400,155	16,451,399	(165,945)	20,629,413
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Amounts Related to Pensions	15,789	-	16,005	-	31,794
Total Deferred Outflows of Resources of Resources	15,789	-	16,005	-	31,794
LIABILITIES					
CURRENT LIABILITIES					
Accounts Payable	18,239	-	24,415	-	42,654
Salaries Payable	6,331	-	5,452	-	11,783
Accrued Interest Payable	42,244	-	11,450	-	53,694
Severance Benefits - Current	20,617	-	7,154	-	27,771
Notes Payable - Current	-	-	327,000	-	327,000
Bonds Payable - Current	48,333	-	56,667	-	105,000
Total Current Liabilities	135,764	-	432,138	-	567,902
NONCURRENT LIABILITIES					
Severance Benefits	20,617	-	7,153	-	27,770
Notes Payable	693,000	-	4,378,000	-	5,071,000
Bonds Payable	1,016,099	-	1,044,432	-	2,060,531
Net Pension Liability	60,487	-	61,315	-	121,802
Total Noncurrent Liabilities	1,790,203	-	5,490,900	-	7,281,103
Total Liabilities	1,925,967	-	5,923,038	-	7,849,005
DEFERRED INFLOWS OF RESOURCES					
Deferred Amounts Related to Pensions	19,924	-	20,197	-	40,121
Total Deferred Inflows of Resources	19,924	-	20,197	-	40,121
NET POSITION / NET CASH POSITION (DEFICIT)					
Net Investment in Capital Assets	1,625,734	-	9,976,134	-	11,601,868
Unrestricted	387,968	400,155	548,035	(165,945)	1,170,213
Total Net Position / Net Cash Position (Deficit)	$ 2,013,702	$ 400,155	$ 10,524,169	$ (165,945)	$ 12,772,081

See accompanying Notes to Basic Financial Statements.

CITY OF GILBERT, MINNESOTA
STATEMENT OF ACTIVITIES AND RECEIPTS/REVENUES, DISBURSEMENTS/EXPENSES, AND CHANGES IN NET POSITION/CASH NET POSITION – REGULATORY BASIS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2023

	Business-Type Activities - Enterprise Funds				
	Water Enterprise Fund (Accrual)	Electric Enterprise Fund (Cash)	Sewer Usage Enterprise Fund (Accrual)	Sanitation Enterprise Fund (Cash)	Totals
OPERATING REVENUES/RECEIPTS					
Charges for Services	$ 653,250	$ 1,127,422	$ 1,388,640	$ 222,780	$ 3,392,092
Miscellaneous	1,166	1,353	-	-	2,519
Total Operating Revenues / Receipts	654,416	1,128,775	1,388,640	222,780	3,394,611
OPERATING EXPENSES/DISBURSEMENTS					
Source of Supply	-	821,089	-	-	821,089
Personal Services	186,016	50,336	135,983	-	372,335
Employee Benefits	109,686	16,770	130,193	-	256,649
Contractual Services	99,734	54,105	11,704	231,078	396,621
Utilities	80,159	7,593	175,903	-	263,655
Repairs and Maintenance	78,024	-	111,795	8,854	198,673
Other Supplies and Expenses	87,044	35,984	60,229	37,859	221,116
Insurance Claims and Expenses	21,672	5,916	4,922	-	32,510
Depreciation	177,108	-	493,669	-	670,777
Miscellaneous	44,542	4,763	49,620	-	98,925
Total Operating Expenses / Disbursements	883,985	996,556	1,174,018	277,791	3,332,350
OPERATING INCOME (LOSS)	(229,569)	132,219	214,622	(55,011)	62,261
NONOPERATING REVENUES (EXPENSES/DISBURSEMENTS)					
Fiscal Agent Fees	-	-	(8,780)	-	(8,780)
Interest Expense	(84,426)	(39)	(86,896)	-	(171,361)
Total Nonoperating Revenues/Receipts (Expenses/Disbursements)	(84,426)	(39)	(95,676)	-	(180,141)
INCOME (LOSS) BEFORE CAPITAL GRANTS, CAPITAL CONTRIBUTIONS, AND TRANSFERS	(313,995)	132,180	118,946	(55,011)	(117,880)
CAPITAL GRANTS, CAPITAL CONTRIBUTIONS, AND TRANSFERS					
Capital Grants	-	-	1,082,130	-	1,082,130
Total Capital Grants, Capital Contributions, and Transfers	-	-	1,082,130	-	1,082,130
CHANGE IN NET POSITION / CASH NET POSITION	(313,995)	132,180	1,201,076	(55,011)	964,250
Net Position/Cash Net Position - Beginning of Year	2,327,697	1,759,786	9,749,777	(102,471)	13,734,789
Prior Period Adjustments	-	(1,491,811)	(426,684)	(8,463)	(1,926,958)
Net Position/Cash Net Position - As Restated	2,327,697	267,975	9,323,093	(110,934)	11,807,831
NET POSITION/CASH NET POSITION - END OF YEAR	$ 2,013,702	$ 400,155	$ 10,524,169	$ (165,945)	$ 12,772,081

See accompanying Notes to Basic Financial Statements.

CITY OF GILBERT, MINNESOTA
STATEMENT OF CASH FLOWS – REGULATORY BASIS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2023

	Business-Type Activities - Enterprise Funds		
	Water Enterprise Fund (Accrual)	Sewer Usage Enterprise Fund (Accrual)	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	$ 553,644	$ 1,185,643	$ 1,739,287
Cash Paid to Suppliers	(344,047)	(478,620)	(822,667)
Cash Paid to Employees	(363,714)	(788,581)	(1,152,295)
Net Cash Used by Operating Activities	(154,117)	(81,558)	(235,675)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase or Construction of Capital Assets	-	(760,531)	(760,531)
General Obligation Revenue Bonds and Notes	693,000	-	693,000
Fiscal Agent Fees	-	(8,780)	(8,780)
Principal Paid on Long-Term Debt	(114,722)	(434,591)	(549,313)
Interest Paid on Long-Term Debt	(57,764)	(107,365)	(165,129)
Capital Grants	-	1,603,757	1,603,757
Capital Contributions from Special Assessments	7,718	39,098	46,816
Net Cash Provided by Capital and Related Financing Activities	528,232	331,588	859,820
NET INCREASE IN CASH AND CASH EQUIVALENTS	374,115	250,030	624,145
Cash and Cash Equivalents - Beginning of Year	-	-	-
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 374,115	$ 250,030	$ 624,145

See accompanying Notes to Basic Financial Statements.

CITY OF GILBERT, MINNESOTA
STATEMENT OF CASH FLOWS – REGULATORY BASIS (CONTINUED)
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2023

	Business-Type Activities - Enterprise Funds		
	Water Enterprise Fund (Accrual)	Sewer Usage Enterprise Fund (Accrual)	Totals
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES			
Operating Income (Loss)	$ (229,569)	$ 214,622	$ (14,947)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation	177,108	493,669	670,777
Net Pension Liability, Deferred Outflows, and Deferred Inflows Related to Pensions	23,966	24,851	48,817
Changes in Assets and Liabilities:			
(Increase) Decrease in:			
Accounts Receivable	(100,772)	(202,997)	(303,769)
Due from Other Governments	64,585	-	64,585
Prepaids	(3,952)	(10,015)	(13,967)
Increase (Decrease) in:			
Accounts Payable	6,495	(54,432)	(47,937)
Salaries Payable	1	(878)	(877)
Due to Other Funds	(132,424)	(559,896)	(692,320)
Severance Benefits	40,445	13,518	53,963
Net Cash Used by Operating Activities	$ (154,117)	$ (81,558)	$ (235,675)

See accompanying Notes to Basic Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Gilbert (the City), Minnesota operates pursuant to applicable Minnesota laws. The governing body consists of a four-member council and a mayor elected by voters of the City.

A. Financial Reporting Entity

The City of Gilbert, Minnesota, a political subdivision of the state of Minnesota, is a charter city. The charter was adopted on November 6, 1941 (amended effective January 1, 1978, and December 17, 2002). The City is governed by elected officials and operates under a council-mayor form of government.

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

Blended Component Units

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

Discretely Presented Component Units

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation – Fund Financial Statements

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts. Government resources are allocated to and accounted for in individual funds based upon the purposes for which such resources are to be spent and the means by which spending activities are controlled. The City reports the following fund types:

Governmental Funds

General Fund
The General Fund is used to account for and report all financial resources not accounted for and reported in another fund.

Debt Service Fund
The Debt Service Fund is used to account for and report financial resources accumulated and payments made for principal and interest and related costs on the City's long-term debt of governmental funds.

Nonmajor Governmental Funds

Special Revenue Funds
Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Debt Service Funds
Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Capital Projects Funds
Capital Projects Funds are used to account for financial resources used for the acquisition or construction of major capital assets other than those financed by proprietary funds.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statements (Continued)

Fund Financial Statements

Proprietary funds are used to account for activities that are similar to those often found in the private sector. These funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. All of the City's proprietary funds are considered to be enterprise funds. The City has presented the following proprietary funds:

Proprietary Funds

Water Enterprise Fund (Accrual)
The Water Enterprise Fund is used to account for revenues generated from the charges for water services provided to the residential and commercial users of the City.

Electric Enterprise Fund
The Electric Enterprise Fund is used to account for revenues generated from the charges for electric services provided to the residential and commercial users of the City.

Sewer Usage Enterprise Fund (Accrual)
The Sewer Usage Enterprise Fund is used to account for revenues generated from the charges for wastewater treatment services provided to the residential and commercial users of the City.

Sanitation Enterprise Fund
The Sanitation Enterprise Fund is used to account for revenues generated from the charges for garbage services provided to the residential and commercial users of the City.

C. Basis of Accounting

The City follows the cash basis accounting for all governmental funds and all proprietary funds except for the Water and Sewer Funds. These procedures are in accordance with the *Reporting and Publishing Requirements for City Audited Financial Statements for Cities under 2,500 in Population Reporting on the Cash or Regulatory Basis of Accounting* as prescribed by the Minnesota Office of the State Auditor. For all funds, except the Water and Sewer Funds, the statements were prepared on the cash basis and accordingly, receipts and disbursements are recognized only as cash is received or paid out. These statements do not give effect to receivables, payables, accrued expenses, or inventories and accordingly, are not presented in accordance with accounting principles generally accepted in the United States of America. The Water and Sewer Funds are presented on the accrual basis as allowed by the Minnesota Office of the State Auditor. Revenues are recognized when earned and expenses are recognized when incurred.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Cash and Cash Equivalents

For the purpose of the statement of cash flows, cash and cash equivalents are defined as cash on hand, demand deposits and short-term investments purchased with a maturity of three months or less.

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance

1) Cash balances for all funds of the City are maintained on a combined basis and invested to the extent possible, in allowable short-term investments. All investments are stated at fair value.

2) The City has no significant inventories and records supplies and materials as expenditures when purchased.

3) Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both governmental and proprietary funds.

4) Capital assets, which include land and improvements; construction in progress; distribution system; production system; sewage treatment plant; and general assets are reported in the applicable business-type activities columns in the proprietary fund financial statements.

   Capital assets are capitalized at historical cost in the Water and Sewer funds, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their acquisition value at the date of donation. The City maintains a threshold level of $2,500 or more for capitalizing everything except land. The threshold for capitalizing land is $10,000 or more. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives is not capitalized.

   Capital assets are depreciated using the straight-line method over their estimated useful lives. When assets are no longer needed by the City, such assets are either disposed of if it is determined there is no value, or sold for an immaterial amount. Useful lives vary from ten to forty years for distribution system; five to forty years for production system; 20 years for the sewage treatment plant; and five to ten years for general assets. Capital assets not being depreciated include land and improvements and construction in progress.

5) Deferred outflows of resources represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The City has one item in this category, related to pensions. See Notes 7 and 15 for details.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance (Continued)

6) Receivables from and payables to external parties are reported separately and are not offset in the proprietary fund financial statements unless a right of offset exists.

7) In the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable proprietary fund type statement of net position. Bond premiums and discounts, if material, are reported as deferred charges and amortized over the life of the related debt using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Debt issuance costs are expenses in the period incurred. The long-term liabilities consist primarily of general obligation bonds, general obligation revenue notes payable, financed purchases, other postemployment benefits payable, net pension liability and severance benefits.

   In the fund financial statements, proprietary fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Payment of principal and interest, along with severance pay and post-employment benefits, are recognized as expenditures when paid.

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

9) Deferred inflows of resources represent an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has one item that qualifies for reporting in this category. One item is related to pensions. See Notes 14 and 15 for details.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance (Continued)

10) Fund balance, in the fund financial statements, is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of resources reported in the Governmental Funds. The classifications of fund balances are described below:

Nonspendable – Amounts that cannot be spent because they are not in spendable form, such as prepaid items, inventory, due from other funds, and advances to other funds.

Restricted – Amounts that can be spent only for specific purposes because of enabling legislation or because of constraints that are externally imposed by creditors, granters, contributors, or the laws or regulations of other governments.

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

Assigned – Amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. In Governmental Funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the governing body itself.

Unassigned – All other spendable amounts. The General Fund should be the only fund that reports a positive unassigned fund balance amount. The City considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The City has not formally adopted a fund balance policy for the General Fund.

Net position represents the difference between assets and liabilities in the proprietary fund financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted in the statement of net position when there are limitations imposed on their use through external restrictions imposed by creditors, granters, or laws or regulations of other governments.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Receipts, Revenues, Disbursements, and Expenses

1) The property tax calendar in Minnesota follows the calendar year. Property tax levies are certified to the County Auditor in December of each year for collection from taxpayers in May and October of the following calendar year. In Minnesota, counties act as collection agents for all property taxes. The County spreads all levies over taxable property. Property taxes become a lien on the property the following January 1. The County generally remits taxes to the City at periodic intervals as they are collected. A portion of property taxes levied is paid by the state of Minnesota through various tax credits

   St. Louis County also collects special assessments throughout the year and remits them to the City in three settlements. In the government-wide and proprietary fund financial statements, special assessments revenue is recognized in the year levied and recorded as a receivable at the date they become a lien on the property. In governmental funds, revenue is recognized on a modified accrual basis; therefore, special assessments not received within sixty days of year-end are reported as unavailable revenue.

   Federal, state, and other revenues are reported under the legal and contractual requirements of the individual programs and are classified into essentially two types of revenues. In one, monies must be expended for the specific purpose before any amounts will be paid to the City; therefore, revenues are recognized based on expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure, and the resources are recorded as revenue at the time of receipt or earlier if they are available.

2) Employees earn vacation and sick leave based on various bargaining units and length of service. Vacation time must be used annually. Sick leave is available to employees in the event of illness related absences and is recorded as an expenditure when taken. Vested unused sick leave will be paid as severance pay upon retirement and is accrued in the government-wide and proprietary fund financial statements.

3) As provided in union and employment contracts, qualified employees meeting all of the service requirements may be eligible for certain other postemployment benefits from the City.

NOTE 2 STEWARDSHIP AND ACCOUNTABILITY

Fund Deficits

The following individual funds had deficit fund balances or net position at December 31, 2023:

Sanitation Enterprise Fund	$	165,945
Nonmajor Governmental Fund:		
Campground Fund		24,160
Permanent Improvement and Replacement Capital Projects Fund		743,946

The Sanitation Enterprise Fund deficit net position occurred because the fund reported an operating loss of $52,489. The Campground Fund deficit occurred because the fund reported an operating loss and transfer out of $68,775. Nonmajor Permanent Improvement Capital Projects Fund deficit occurred because expenditures exceeded revenues in the current and past years and have not been fully funded.

NOTE 3 DEPOSITS AND INVESTMENTS

The City maintains a cash pool that is available for use by all funds. In accordance with Minnesota Statutes, the City maintains deposits at financial institutions which are authorized by the City Council.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk and follows Minnesota Statutes for deposits.

Minnesota Statutes require that all deposits with financial institutions be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110% of deposits not covered by insurance or corporate surety bonds.

Deposits

Authorized collateral include U.S. government treasury bills, notes, or bonds; issues of a U.S. government agency; general obligations of a state or local government rated "A" or better; revenue obligations of a state or local government rated "AA" or better; irrevocable standby letter of credit issued by a Federal Home Loan Bank; and time deposits insured by a federal agency. Minnesota Statutes require securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or at an account at a trust departments of a commercial bank or other financial institution not owned or controlled by the depository.

The City's deposits in banks at December 31, 2023 were properly collateralized by the federal depository insurance, national credit union administration, or by surety bonds and collateral in accordance with Minnesota Statutes.

NOTE 3 CASH AND CASH EQUIVALENTS (CONTINUED)

Investments

Reconciliation of the City's total cash and cash equivalents to the financial statements follows:

Governmental Funds	$ 1,068,902
Proprietary Funds	858,355
Total Cash and Cash Equivalents	$ 1,927,257

As of December 31, 2023, the City had the following investments:

Investment	Fair Value	Rating
Minnesota Municipal Money Market (4M) Fund	$ 244,120	Not Rated

The Minnesota Municipal Money Market Fund Trust is a common law trust organized in accordance with the Minnesota Joint Powers Act, which invests only in investment instruments allowable under Minnesota Statutes. The Minnesota Municipal Money Market Trust Fund is a money market account that is valued at amortized cost with maturities of investments of one year or less.

Credit Risk – The Minnesota Municipal Money Market Trust Fund does not have its own credit rating. MBIA, Inc., who administers the Minnesota Municipal Money Market Fund Trust holds an organization credit rating of AA by Standard & Poor's.

Interest Rate Risk – The risk that changes in interest rates could adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City can manage its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities to meet cash requirements for ongoing operations.

Concentration of Credit Risk – The risk of loss that may be caused by the City's investment in a single issuer. The City places no limit on the amount that it may invest in any one issuer.

The City had the following deposits and investments at December 31, 2023:

Petty Cash	$ 425
Cash	1,682,712
Investments	244,120
Total Cash and Cash Equivalents	$ 1,927,257

NOTE 4 LOANS RECEIVABLE

The City is involved in several economic/community development projects. Several businesses received loans from the City in prior years. No new loans were issued during the current year. The unpaid principal balance on these loans as of December 31, 2023, was $101,182 and will be collected in the Community Development Revolving Loan Special Revenue Fund.

NOTE 5 CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital Assets, Not Being Depreciated:				
Land and Improvements	$ 28,586	$ -	$ -	$ 28,586
Construction in Progress	879,946	760,531	(1,102,172)	538,305
Total Capital Assets, Not Being Depreciated	908,532	760,531	(1,102,172)	566,891
Capital Assets, Being Depreciated:				
Distribution System	8,468,252	1,102,172	-	9,570,424
Production System	2,476,102	-	-	2,476,102
Sewage Treatment Plant	15,911,586	-	-	15,911,586
Equipment	236,110	-	-	236,110
Total Capital Assets, Being Depreciated	27,092,050	1,102,172	-	28,194,222
Less Accumulated Depreciation for:				
Distribution System	(3,191,576)	(229,954)	-	(3,421,530)
Production System	(1,660,500)	(58,734)	-	(1,719,234)
Sewage Treatment Plant	(3,869,698)	(376,424)	-	(4,246,122)
General Assets	(203,164)	(5,664)	-	(208,828)
Total Accumulated Depreciation	(8,924,938)	(670,776)	-	(9,595,714)
Total Capital Assets, Being Depreciated, Net	18,167,112	431,396	-	18,598,508
Business-Type Activities Capital Assets, Net	$ 19,075,644	$ 1,191,927	$ (1,102,172)	$ 19,165,399

Depreciation expense was charged to functions/programs as follows:

Water	$ 177,108
Sewer Usage	493,669
Total Depreciation Expense - Business-Type Activities	$ 670,777

NOTE 6 LONG-TERM DEBT

A summary of the changes in the City's long-term liabilities for the year ended December 31, 2023, are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Funds:					
General Obligation Bonds:					
Taxable GO CIP Energy Conservation Bonds Series 2012B	$ 15,000	$ -	$ (15,000)	$ -	$ -
Financed Purchase - Fire Truck	-	1,219,000	-	1,219,000	-
Financed Purchase - Mower	31,691	-	(10,022)	21,669	10,554
Governmental Funds Long-Term Debt	$ 46,691	$ 1,219,000	$ (25,022)	$ 1,240,669	$ 10,554
Business-Type Activities:					
Bonds Payable:					
GO Utility Revenue Bonds, Series 2012A	$ 135,000	$ -	$ (25,000)	$ 110,000	$ 25,000
Taxable GO Utility Revenue Energy Conservation Bonds, Series 2012B	20,000	-	(20,000)	-	-
GO Utility Revenue Bonds, Series 2022A	2,070,000	-	(85,000)	1,985,000	80,000
Total GO Revenue Bonds Payable	2,225,000	-	(130,000)	2,095,000	105,000
Bond Premiums	76,830	-	(6,299)	70,531	-
Total Bonds Payable	2,301,830	-	(136,299)	2,165,531	105,000
GO Improvement Refunding Note 2018A					
Revenue Notes Payable:					
GO Revenue Note of 2003	10,000	-	(10,000)	-	-
GO Revenue Note of 2010	567,000	-	(68,000)	499,000	69,000
GO Revenue Note of 2019	4,095,000	-	(237,000)	3,858,000	240,000
GO Revenue Note of 2021	343,314	21,686	(17,000)	348,000	18,000
GO Revenue Note of 2023	-	693,000	-	693,000	-
Business-Type Activities Long-Term Debt	$ 7,317,144	$ 714,686	$ (468,299)	$ 7,563,531	$ 432,000

The City issues general obligation bonds, revenue notes, and financed purchase agreements to finance the construction of major capital facilities, improvements, and acquisition of equipment. Components of long-term debt are as follows:

	Issue Date	Interest Rates	Original Issue	Final Maturity	Principal Outstanding
Governmental Funds:					
Financed Purchase - Fire Truck	5/4/2023	6.25%	$ 1,219,000	2/1/2039	$ 1,219,000
Financed Purchase - Mower	1/30/2020	5.31%	61,949	1/1/2025	21,669
Governmental Funds Long-Term Debt					$ 1,240,669

	Issue Date	Interest Rates	Original Issue	Final Maturity	Principal Outstanding
Business-Type Activities:					
GO Bonds and Notes:					
GO Utility Revenue Bonds, Series 2012A	3/1/2012	0.40 - 2.50%	365,000	5/1/2027	$ 110,000
GO Utility Revenue Bonds, Series 2022A	3/17/2022	2.00 - 3.00%	2,070,000	2/1/2042	1,985,000
GO Revenue Note of 2010	7/14/2010	1.00%	1,337,076	8/20/2030	499,000
GO Revenue Note of 2019	8/29/2018	1.00%	4,911,117	8/20/2038	3,858,000
GO Revenue Note of 2021	6/28/2021	1.00%	352,296	8/20/2041	348,000
GO Revenue Note of 2023	8/22/2023	4.50%	693,000	8/1/2026	693,000
Business-Type Activities Long-Term Debt					7,493,000
Total Long-Term Debt					$ 8,733,669

NOTE 6 LONG-TERM DEBT (CONTINUED)

Enterprise Funds

The City has pledged future water fund revenues, net of any normal and reasonable expenses of operations, to repay a $157,764 GO revenue note issued in 2003. Proceeds from this note were used to connect two wells to the water treatment plant. Principal and interest paid for the current year was $10,317. This bond was paid in full in August of 2023.

In 2010, the City issued a $1,337,076 GO revenue note and pledged future sewer usage fund revenues, net of any normal and reasonable expenses of operations, to repay it. Proceeds from the note were used to finance a wastewater treatment project. Principal and interest paid for the current year was $73,670. At December 31, 2023, principal and interest on the 2010 revenue note to maturity in 2030 to be paid from pledged future revenues totaled $519,150.

In 2012, the City issued $1,025,000 in GO Refunding Bonds, Series 2012A. Of those bonds, $236,500 of the bonds were used to finance improvements to the City's water utility system while $128,500 of the bonds were used for improvements to the City's sewer utility system. Principal and interest paid for the current year on both issues totaled $28,063. At December 31, 2023, principal and interest to maturity in 2027 on the bonds to be paid from net revenues of the City's municipal sewer and water utility systems totaled $77,300 for the water bonds and $38,075 for the sewer bonds.

Of the $350,000 Taxable General Obligation Improvement Plan and Utility Revenue Bonds, Series 2012B, $120,000 was used to finance the energy conservation improvements to the City's water plant and $90,000 was used to finance the energy conservation improvements to the City's sewer plant. Principal and interest paid for the current year totaled $20,300. This bond was paid in full in February of 2023.

In 2018, the City issued $315,000 GO improvement refunding notes, Series 2018A. The proceeds were used to pay off the 2008A improvement bonds which were used for sewer upgrades. Principal and interest paid during the year was $112,233 This bond was paid in full in August of 2023.

In 2018, the City also issued $1,430,389 GO Revenue Notes, Series 2019. The City issued an additional $2,591,755 in 2019, $452,477 in 2020, $9,812 in 2021, and $426,684 in 2022 of GO Revenue Notes. Proceeds were used to finance construction at the sewer treatment plant. Principal and interest paid for the current year totaled $292,384. At December 31, 2023, principal and interest to maturity in 2038 to be paid from pledged future sewer revenues totaled $4,173,800.

In 2021, the City issued $295,094 GO Revenue Notes, Series 2021. The City issued an additional $57,203 in 2022. Proceeds were used to fund additional sanitary sewer infrastructure projects. Principal and interest paid for the current year totaled $22,005. At December 31, 2023, principal and interest to maturity in 2041 to be paid from pledged future sewer revenues totaled $348,000.

NOTE 6 LONG-TERM DEBT (CONTINUED)

Enterprise Funds (Continued)

In 2022, the City issued $2,070,000 GO Water and Sewer Revenues Bonds, Series 2022A. Proceeds were used to provide long-term financing for the Phase I & II Utility Project by refunding GO Temporary Water and Sewer Bonds, Series 2020A and 2020B. Principal and interest paid for the current year totaled $163,094. At December 31, 2023, principal and interest to maturity in 2042 which will be paid from net revenues of the water and sewer systems totaled $1,272,316 for the water bonds and $1,272,316 for the sewer bonds.

In 2023, the City issued $693,000 GO Temporary Water Revenue Note, Series 2023B. Proceeds were used to provide long-term financing for the construction of a water treatment plant. There were no principal or interest payments made during the year. At December 31, 2023, principal and interest to maturity in 2026 to be paid from pledged future water revenues totaled $91,736.

Minimum annual principal and interest payments required to retire long-term debt are as follows:

	Business-Type Activities	
Year Ending December 31	Principal	Interest
2024	$ 432,000	$ 132,683
2025	440,000	127,328
2026	1,142,000	120,520
2027	456,000	82,515
2028	429,000	76,455
2029-2033	2,020,000	294,285
2034-2038	2,006,000	161,638
2039-2042	568,000	32,085
Total	$ 7,493,000	$ 1,027,509

A summary of the changes in the City's long-term liabilities for the year ended December 31, 2023, are as follows for governmental funds:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Funds:					
Financed Purchases					
Mower Purchase	$ 31,691	$ -	$ (10,022)	$ 21,669	$ 10,554
Fire Truck Purchase	-	1,219,000	-	1,219,000	-
Total Financed Purchases	31,691	1,219,000	(10,022)	1,240,669	10,554
GO Bonds					
GO Bonds Series 2012B	15,000	-	(15,000)	-	-
Governmental Funds Long-Term Debt	$ 46,691	$ 1,219,000	$ (25,022)	$ 1,240,669	$ 10,554

NOTE 6 LONG-TERM DEBT (CONTINUED)

Governmental Funds

The City issues general obligation bonds, revenue notes, and financed purchase agreements to finance the construction of major capital facilities, improvements, and acquisition of equipment. Components of long-term debt are as follows:

	Issue Date	Interest Rates	Original Issue	Final Maturity	Principal Outstanding
Governmental Funds:					
Financed Purchases					
Mower Purchase	Jan 2020	5.31%	$ 70,236	2025	$ 21,669
Fire Truck Purchase	May 2023	6.25%	1,219,000	2039	1,219,000
Governmental Funds Long-Term Debt					1,240,669
Total Long-Term Debt					$ 1,240,669

In 2012, the City issued $350,000 Taxable General Obligation Improvement Plan and Utility Revenue Bonds, Series 2012B. $140,000 of these bonds were used to finance the energy conservation improvements to the City Hall and Library facilities. Principal and interest paid for the current year totaled $15,225. This bond was paid in full in February of 2023.

In 2020, the City purchased a lawn mower through a financed purchase agreement in the amount of $70,236. This agreement will be paid in full in 2025.

In 2023 the City financed the purchase of a fire truck in the amount of $1,219,000, due in annual installments through 2039.

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The City operates a single-employer retiree benefit plan that provides postemployment health insurance benefits to eligible employees and their spouses. The City reports its Other Postemployment Benefits (OPEB) plan in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which requires the liability of the City's defined benefit OPEB (net OPEB liability) to be measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position. The City elected to report the value of their net OPEB liability in accordance with the Alternative Measurement Method prescribed by GASB 75 for employers with under 100 plan participants. The liability is reported on the City's government-wide financial statements.

Benefits Provided

Benefits and eligibility are established and amended through contracts with bargaining units or other employment contracts. Participants meeting certain eligibility requirements receive a direct City subsidy toward their health insurance premium.

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Plan Membership

At **December 31, 2022**, plan membership consisted of the following:

Active Employees Electing Coverage	23
Active Employees Waiving Coverage	3
Retirees Electing Coverage	13
Total	39

Contributions

The City and retirees make contributions toward health insurance premiums based on their employment contracts. During the year ended December 31, 2023, the City pays postemployment benefits on a pay-as-you-go method. Contributions into individual health accounts for current employees are also paid on a pay-as-you go method. The City has not advance-funded or established a funding methodology. The City will continue to contribute towards the medical premium for grandfathered retirees and employees hired before dates specified in employee contracts. The contribution amount is either part of or the full amount of the medical premium and continues for the life of the retiree. The City will not pay any premiums for future retirees that were hired after dates specified in employee contracts.

Total OPEB Liability

The City's total OPEB liability of $774,669 was measured as of December 31, 2023, and was determined by the Alternative Measurement Method prescribed by GASB Statement No. 75 for employers with under 100 plan participants.

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial Methods and Assumptions

The total OPEB liability was determined by an actuarial valuation as of December 31, 2023, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Plan Type	Single Employer
Discount Rate	4.05%
Expected Return on Plan Assets	N/A
Inflation Rate	2.50%
Mortality:	
General Employees	From the July 1, 2022, PERA of Minnesota General Employees Retirement Plan actuarial valuation, Pub-2010 General mortality tables with projected mortality improvements based on scale MP-2021, and other adjustments.
Police and Fire	From the July 1, 2022, PERA of Minnesota Public Employees' Police and Fire Plan actuarial Pub-2010 Public Safety mortality tables with projected mortality improvements based on scale MP-2021, and other adjustments.
Healthcare Cost Trend Rate:	
Pre-65	6.8% for FY2022, gradually decreasing over several decades to an ultimate rate of 3.9% in FY2075 and later years.
Post-65	5.4% for FY2022, gradually decreasing over several decades to an ultimate rate of 3.9% in FY2075 and later years.

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial Methods and Assumptions (Continued)

The discount rate was based on the Fidelity 20-Year Municipal GO AA Index because it meets the GASB requirements and is based on a large amount of municipal security data.

The City has elected to use the GASB 75 "lookback" method where assets and liabilities are measured as of the prior fiscal year-end, but applied to the current fiscal year. The measurement date (when assets and liabilities are measured) is **December 31, 2022**.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance - Beginning of Year	$ 1,092,918
Changes for the Year:	
Service Cost	9,090
Interest	18,930
Differences Between Expected and Actual Experience	(10,760)
Change in Assumptions	(189,072)
Changes of Benefit Terms	-
Benefit Payments	(146,437)
Net Changes	(318,249)
Balance - End of Year	$ 774,669

The discount rate used to measure the total OPEB liability was 4.05%, an increase from the 1.84% discount rate used in the last actuarial report measured as of **December 31, 2022**.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.05%) or 1-percentage-point higher (5.05%) than the current discount rate.

	1% Decrease (3.05%)	Current Discount Rate (4.05%)	1% Increase (5.05%)
Net OPEB Liability	$ 851,354	$ 774,669	$ 709,682

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following represents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates.

	1% Decrease	Current Trends Rate	1% Increase
Net OPEB Liability	$ 699,844	$ 774,669	$ 864,536

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the year ended December 31, 2023, the City recognized OPEB expense of $(171,812). At December 31, 2023, the City reported total deferred outflows of resources related to contributions between the measurement date and reporting date in the amount of $137,169. The deferred contributions will be offset against the OPEB liability in the subsequent year.

NOTE 8 INTERFUND BALANCES AND ACTIVITY

Interfund transfers for the year ended December 31, 2023, consisted of the following:

Transfer In	Transfer Out	Amount
	Nonmajor:	
General Fund	Campground Special Revenue Fund	$ 15,643

The transfers were made to allocate bond proceeds and to fund debt service costs.

NOTE 9 FUND EQUITY

Fund Balances

As of December 31, 2023, fund balances are comprised of the following:

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total
Cash Fund Balance:				
Restricted:				
Rehabilitation Loans	$ -	$ -	$ 73,398	$ 73,398
Debt Service	-	56,513	-	56,513
Total Restricted	-	56,513	73,398	129,911
Committed:				
Storefront Loans	-	-	66,525	66,525
Library	-	-	119,363	119,363
Total Committed	-	-	185,888	185,888
Unassigned	1,521,209	-	(768,106)	753,103
Total Cash Fund Balances	$ 1,521,209	$ 56,513	$ (508,820)	$ 1,068,902

NOTE 10 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. Risks of loss associated with workers' compensation claims are insured through participating in the League of Minnesota Cities Insurance Trust. The League of Minnesota Cities Insurance Trust is a public entity risk pool currently operating as a common risk management and insurance program for its members. The City pays annual premiums to the Trust Fund for its insurance coverage. The City pays an annual premium based on its annual payroll and an experience modification factor for workers' compensation coverage. All other risks of loss are insured by the purchase of commercial insurance. There were no significant reductions in insurance coverage from the previous year. There were no settlements in excess of insurance for any of the past three fiscal years.

NOTE 11 OTHER COMMITMENTS AND CONTINGENCIES

Grants

The City participates in grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the City has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at December 31, 2023, may be impaired. In the opinion of the City, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

Construction Projects

The City had outstanding construction projects as of December 31, 2023. The projects were evidenced by contractual commitments with contractors and engineers.

Project	Spent-to-Date	Remaining Commitment
Water Treatment Plan Restoration	$ 538,306	$ -

NOTE 11 OTHER COMMITMENTS AND CONTINGENCIES (CONTINUED)

Electric Utility Commitments

The City of Gilbert, Minnesota, has entered into several agreements with Minnesota Power relating to the City's electrical distribution system. The Electric Service Agreement provides that Minnesota Power will supply electric power and associated energy sufficient for the City to meet its electric system requirements for resale to its retail customers in its service area. This agreement is in effect until December 31, 2024, and will continue thereafter with either Minnesota Power or the City having the right to terminate the agreement upon three years written notice to the other party after December 31, 2021. The contract also provides for rate adjustments throughout the term of the contract.

The Electric Maintenance Agreement establishes the rights, duties, and responsibilities with respect to Minnesota Power's performance of the electric system maintenance for the City. The City has retained the services of Minnesota Power to perform routine maintenance and upkeep, including emergency and nonemergency service calls, for the electric system owned and operated by the City. This agreement will terminate upon the earlier of 1) termination of the Electric Service Agreement with Minnesota Power; or 2) one year after written notice of termination by either party. The costs of these services are determined on agreed upon rates and rates will be revised annually.

Other Commitment

The City has a contract with an area business for solid waste removal services within the City of Gilbert, Minnesota. The contractor collects and disposes of all refuse and any other waste materials as set forth by the City. This contract is in effect until December 31, 2024. The contractor charges the City an agreed upon rate times the number of residential customers. The contract provides a 36% increase for 2023 and 2024.

NOTE 12 JOINT VENTURES

Police Services

The City has entered into a joint powers agreement with the City of Biwabik, Minnesota, to provide police services for the City of Biwabik. Both cities appoint members to a joint advisory commission which will review and monitor the services to ensure the agreement is meeting the expectations of both cities. Any recommendations of the commission are strictly advisory.

The agreement sets forth the terms and conditions under which the City of Gilbert will provide police services to the City of Biwabik. The City of Gilbert has full authority and responsibility to provide services in accordance with all enabling legislation under the laws of the State of Minnesota and the ordinances of the City of Biwabik.

The agreement will continue until terminated by either city. Notification to terminate must be given by April 1 of the year the party intends to terminate. Termination will then be effective at the end of the calendar year.

NOTE 12 JOINT VENTURES (CONTINUED)

Police Services (Continued)

In consideration of services, the City of Biwabik has agreed to pay an annual fee to the City of Gilbert. This fee is established by the Cities of Gilbert and Biwabik on an annual basis by September 7 of each year. The City of Gilbert requests payment from the City of Biwabik on a quarterly basis. During 2023, the City of Biwabik paid the City of Gilbert $261,175 for police services.

Tri-Cities Biosolids Disposal Authority

The City is a member in a joint authority agreement with the Cities of Mountain Iron and Eveleth, Minnesota, for the operation of the Tri-Cities Biosolids Disposal Authority, which owns and operates a biosolids truck for the member cities. Each city appoints one member to the Tri-Cities Biosolids Disposal Authority Board which oversees the operations.

Upon termination, if the expenses and liabilities of the Authority exceed the proceeds received from the sale, the loss shall be divided between the members on the same basis as member contributions to capital and operation cost. If upon termination, the assets of the Authority exceed its liabilities, the net proceeds from the sale thereof shall be divided between the members on the same basis as the contributions to capital and operation cost. Each member city contributes to the budget of the Authority based on actual loads hauled during the previous year. The City of Gilbert's contribution to the Authority's budget during 2023 was $16,707. Complete financial information can be obtained from the Tri-Cities Biosolids Disposal Authority, 413 Pierce Street, Eveleth, Minnesota 55734.

Biosolids Disposal Site Authority

The City is a member in a joint authority agreement with the Cities of Mountain Iron, Eveleth, and Virginia, Minnesota, for the operation of the Biosolids Disposal Site Authority, which owns and manages the Biosolids Site property. Each city appoints one member to the Biosolids Disposal Site Authority Board which oversees the operations.

Upon termination, if the expenses and liabilities of the Authority exceed the proceeds received from the sale, the loss shall be divided between the members on the same basis as member contributions to capital and operation cost. If upon termination, the assets of the Authority exceed its liabilities, the net proceeds from the sale thereof shall be divided between the members on the same basis as the contributions to capital and operation cost.

Each member city contributes to the budget of the Authority based on the per capita reported in the 2020 Census. The City of Gilbert's contribution to the Authority's budget for 2023 was $3,752. Complete financial information can be obtained from the Biosolids Disposal Site Authority, 413 Pierce Street, Eveleth, Minnesota 55734.

NOTE 12 JOINT VENTURES (CONTINUED)

Quad Cities Joint Recreational Authority

The City is a member in a joint powers agreement with the Cities of Mountain Iron, Eveleth, and Virginia, Minnesota, to cooperatively acquire property, construct a building, maintain the property and building and operate the Quad Cities Joint Recreational Authority. The Authority is governed by nine commissioners; two commissioners are appointed by each member city. One at-large commissioner is appointed by the governing board.

In the event of dissolution and following the payment of all outstanding obligations, assets of the Authority will be distributed between the members in direct proportion to their cumulative annual membership contributions. If those obligations exceed the assets of the Authority, the net deficit of the Authority will be charged to and paid by the then existing members in direct proportion to their cumulative annual membership contributions.

The City of Gilbert's contribution to the Authority's budget during 2023 was $9,300. Complete financial information can be obtained from the Quad Cities Recreation Center, P.O. Box 707, Eveleth, Minnesota 55734.

ATV/OHM/Snowmobile Trail Board

The City has entered into a joint powers agreement with the City of Eveleth, Minnesota, to sponsor, construct, maintain, and manage ATV/OHM/Snowmobile and off-road vehicle trails located between the City of Eveleth and the City of Gilbert. The AIV/OHM/Snowmobile Trail Board will organize, lease real estate, construct trails on public and private property, and maintain and manage the trails between the Cities of Gilbert and Eveleth.

The ATV/OHM/Snowmobile Trail Board is governed by a five-member board composed of two members appointed by each city, with those four members appointing one member. In the event of dissolution and following the payment of all outstanding obligations, assets will be distributed between the members in a proportion commensurate with the party's representation on the Board, or as otherwise agreed upon by the parties.

The City of Gilbert contributed $14,410 to the ATV/OHM/Snowmobile Trail Board during 2023. Complete financial information can be obtained from the ATV/OHM/Snowmobile Trail Board, City of Gilbert, P.O. Box 548, Gilbert, Minnesota 55741.

NOTE 13 SEVERANCE BENEFITS

Upon retirement, the City provides most retirees a severance amount based on accumulated unused sick leave hours and rate of pay at the date of retirement, as established by contracts with bargaining units and other employment agreements. The agreements establish the terms for this severance amount, which may vary between bargaining units or employee groups. Severance activity for the year ended December 31, 2023, was as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Business-Type Activities	$ 1,578	$ 53,963	$ -	$ 55,541	$ 27,771
Total	$ 1,578	$ 53,963	$ -	$ 55,541	$ 27,771

NOTE 14 DEFINED BENEFIT PENSION PLANS

A. Plan Description

The City participates in the following cost-sharing multiemployer 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 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 elected to merge with and transfer assets and administration to PERA.

NOTE 14 DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Benefits Provided

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

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, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2% 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 is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. In 2023, legislation repealed the statute delaying increases for members retiring before full retirement age.

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% after five years up to 100% 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% after ten years up to 100% after twenty years of credited service. The annuity accrual rate is 3% of 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 equal at least 90.

NOTE 14 DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

2. Police and Fire Plan Benefits (Continued)

Benefit increases are provided to benefit recipients each January. The postretirement increase is fixed at 1%.Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the 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. The City was required to contribute 7.50% for Coordinated Plan members. The City's contributions to the General Employees Fund for the year ended December 31, 2023, were $68,508. The City's contributions were equal to the required contributions as set by state statute.

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 was required to contribute 17.70% for Police and Fire Plan members. The City's contributions to the Police and Fire Fund for the year ended December 31, 2023, were $99,282. The City's contributions were equal to the required contributions as set by state statute.

D. Pension Costs

1. General Employees Fund Pension Costs

At December 31, 2023, the City allocated a liability of $643,067 for its proportionate share of the General Employees Plan's net pension liability. The City's net pension liability reflected a reduction due to the state of Minnesota's contribution of $16 million. The state of Minnesota is considered a nonemployer contributing entity and the state's contribution meets the definition of a special funding situation. The state of Minnesota's proportionate share of the net pension liability associated with the City totaled $16,937.

NOTE 14 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

1. General Employees Fund Pension Costs (Continued)

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2022 through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0115% at the end of the measurement period and 0.0112% for the beginning of the period.

City's Proportionate Share of the Net Pension Liability	$ 643,067
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the City	16,937
Total	$ 660,004

For the year ended December 31, 2023, the City recognized pension expense of $112,299 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized an additional $80 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota's contribution of $16 million to the General Employees Plan.

At December 31, 2023, the City allocated 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	$ 21,119	$ 4,430
Changes in Actuarial Assumptions	104,104	176,259
Net Collective Difference Between Projected and Actual Investment Earnings	-	24,049
Changes in Proportion	13,592	7,081
Contributions Paid to PERA Subsequent to the Measurement Date	29,045	-
Totals	$ 167,860	$ 211,819

NOTE 14 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

1. General Employees Fund Pension Costs (Continued)

The $29,045 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Pension Expense Amount
2024	$ 16,030
2025	(94,629)
2026	19,545
2027	(13,950)

2. Police and Fire Fund Pension Costs

At December 31, 2023, the City allocated a liability of $737,373 for its proportionate share of the Police and Fire Plan'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's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2022 through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0465% at the end of the measurement period and 0.0449% for the beginning of the period.

The state of Minnesota 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 meets 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%funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90%funded, whichever occurs later. The state of Minnesota's proportionate share of the net pension liability associated with the City totaled $29,689.

NOTE 14 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. Police and Fire Fund Pension Costs (Continued)

City's Proportionate Share of the Net Pension Liability	$ 737,373
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the City	29,689
Total	$ 767,062

The State of Minnesota is included as a nonemployer 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 recognized pension expense of $204,659 for its proportionate share of the Police and Fire Plan's pension expense. The City recognized $1,788 as a reduction to grant revenue and pension expense for its proportionate share of the state of Minnesota's pension expense for the contribution of $9 million to the Police and Fire Fund.

The state of Minnesota is not included as a nonemployer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the $9 million in supplemental state aid. The City recognized $3,843 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.

At December 31, 2023, the City allocated 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	$ 203,319	$ -
Changes in Actuarial Assumptions	855,662	1,036,756
Net Collective Difference Between Projected and Actual Investment Earnings	-	35,398
Changes in Proportion	29,747	73,544
Contributions Paid to PERA Subsequent to the Measurement Date	49,016	-
Totals	$ 1,137,744	$ 1,145,698

NOTE 14 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. Police and Fire Fund Pension Costs (Continued)

A total of $49,016 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Pension Expense Amount
2024	$ 21,335
2025	(7,615)
2026	176,716
2027	(55,009)
2028	(192,397)

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 Percent	Long-Term Expected Real Rate of Return Percent
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	100.0 %	

NOTE 14 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 return 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 2.25% for the Police and Fire Plan. Benefit increases after retirement are assumed to be 1.25% for the General Employees Plan and 1.00% 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 twenty-seven 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 twenty-four 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 studies for the Police and Fire and the Correctional Plan were completed in 2020 were adopted by the board and became effective with the July 1, 2021 actuarial valuation.

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

General Employees Fund

Changes in Actuarial Assumptions:

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

NOTE 14 DEFINED BENEFIT PENSION PLANS (CONTINUED)

F. Actuarial Methods and Assumptions

General Employees Fund (Continued)

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 year of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on after January 1, 2024, was eliminated.
- A one-time, noncompounding benefit increase of 2.5% minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

Police and Fire Fund

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

G. Discount Rate

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

NOTE 14 DEFINED BENEFIT PENSION PLANS (CONTINUED)

H. Pension Liability Sensitivity

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

	General Employees		
	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
Net Pension Liability	$ 1,137,637	$ 643,067	$ 236,264

	Police and Fire Fund		
	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
Net Pension Liability	$ 1,463,037	$ 737,373	$ 140,781

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 15 DEFINED BENEFIT PENSION PLAN – FIRE DEPARTMENT

Plan Description

The City of Gilbert, Minnesota Volunteer Fire Department Relief Association participates in the Statewide Volunteer Firefighter Retirement Plan (Volunteer Firefighter Plan accounted for in the Volunteer Firefighter Fund), an agent multiemployer lump-sum defined benefit pension plan administered by the Public Employees Retirement Association of Minnesota (PERA). The Volunteer Firefighter Plan covers volunteer firefighters with municipal fire departments or independent nonprofit firefighting corporations that have elected to join the plan. As of the December 31, 2023 valuation date, the plan covered 18 active firefighters and two vested terminated firefighters whose pension benefits are deferred. The plan is established and administered in accordance with Minnesota Statutes, Chapter 353 G.

NOTE 15 DEFINED BENEFIT PENSION PLANS – FIRE DEPARTMENT (CONTINUED)

Benefits Provided

Authority for payment of pension benefits is established in Minnesota Statutes §69.771 and 424A.091, and may be amended only by the Minnesota State Legislature. Each member who is at least 50 years of age, has retired from the Fire Department, has served at least twenty years of active service with such department before retirement shall be entitled to a lump sum service pension in the amount of $6,500 for each year of active Fire Department service but not exceeding the maximum amount per year of service allowed by law for the minimum average amount of available financing per firefighter as prescribed by law.

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

Contributions

The volunteer Firefighter Plan is funded by fire state aid, investment earnings, and if necessary, employer contributions as specified in *Minnesota Statutes*, and voluntary City Contributions. The state of Minnesota contributed $13,942 in fire state aid directly to the fund for the measurement period ended December 31, 2023. Required employer contributions are calculated annually based on statutory provisions. The City's statutorily-required contributions to the Volunteer Firefighter Fund for the year ended December 31, 2023 were $-0-. The City's contributions were equal to the required contributions as set by state statute.

The minimum contribution from the City and state aid is determined as follows:

	Normal Cost
+	Amortization Payment on Unfunded Accrued Liability Prior to Any Change
+	Amortization Contribution on Unfunded Accrued Liability Attributed to Any Change
+	Administrative Expense
-	Anticipated State Aid
-	Projected Investment Earnings
=	Total Contribution Required

NOTE 15 DEFINED BENEFIT PENSION PLANS – FIRE DEPARTMENT (CONTINUED)

Pension Costs

At December 31, 2023, the City has a net pension liability of $51,641 for the Volunteer Firefighter Fund. The net pension liability was measured as of December 31, 2023. The total pension liability used to calculate the net pension asset in accordance with GASB 68 was determined by PERA applying an actuarial formula to specific census data certified by the fire department.

The following table presents the changes in net pension liability during the year.

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a-b)
Balance - Beginning of Year	$ 315,284	$ 336,348	$ (21,064)
Changes for the Year:			
Service Cost	13,962	-	13,962
Interest on pension liability	17,835	-	17,835
Actuarial Experience (Gain) / Loss	67,379	-	67,379
Projected Investment Earnings	-	18,679	(18,679)
Changes in Benefit Level	33,520	-	33,520
Contributions (ER/State)	-	13,942	(13,942)
Asset (Gain)/Loss	-	27,370	(27,370)
Benefit Payouts	(64,000)	(64,000)	-
PERA Administrative Fee	-	-	-
Net Changes	68,696	(4,009)	72,705
Balance - End of Year	$ 383,980	$ 332,339	$ 51,641

The lump sum service pension benefit level increased from $6,100 to $6,500 for each year of active Fire Department service during the measurement period.

Total Pension Expense

The City recognized a total pension expense of $354,179 for both the General Employees and Police and Fire Fund plans as well as the City's Fire Relief Association pension plan. This includes total pension expense of $112,299 for the General Employees Fund, a total pension expense of $204,659 for the Police and Fire Fund, and a total reduction of pension expense of $37,221 for the City's Fire Relief Association pension plan.

Actuarial Assumptions

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

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

No changes in actuarial assumptions were made in 2023.

NOTE 15 DEFINED BENEFIT PENSION PLANS – FIRE DEPARTMENT (CONTINUED)

Discount Rate

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

Pension Plan Fiduciary Net Position

Detailed information about the Volunteer Firefighter Fund's fiduciary net position as of December 31, 2023, is available in separately issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained at www.mnpera.org.

Pension Allocation

The City presents its governmental funds on the cash basis. The City also presents the Electric enterprise fund on the cash basis. The Water and Sewer Funds are reported using the accrual basis. Therefore, the deferred outflows of resources, the net pension liability, and the deferred inflows of resources that are associated with accounting for pensions, are only recorded in the financial statements for the Water and Sewer Fund.

Below is the allocation of the pension related amounts to the various funds:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Pension Liability	Net Pension Asset	Pension Expense	State Proportionate Share of NPL	Special Funding Revenue/ Expense
Governmental Funds (Cash Basis)	$ 1,375,639	$ 1,382,350	$ 1,228,378	$ 51,641	$ 327,929	$ 43,205	$ (1,728)
Electric Fund (Cash Basis)	7,899	9,967	30,260	-	5,303	833	4
Sewer Fund (Full Accrual)	16,005	20,197	61,315		10,746	1,688	8
Water Fund (Full Accrual)	15,789	19,924	60,487		10,601	1,665	8
Total	$ 1,415,332	$ 1,432,438	$ 1,380,440	$ 51,641	$ 354,579	$ 47,391	$ (1,708)

NOTE 16 PRIOR PERIOD ADJUSTMENTS

During the year ended December 31, 2023, beginning fund balances of all governmental funds and net position of the electric and sanitation enterprise funds were restated due to converting the City's records from a basis of accounting principles generally accepted in the United States of America (GAAP) to the regulatory basis of accounting (see Note 1). The Sewer Fund was restated due to an error in beginning net position.

	General Fund	Debt Service Fund	Other Governmental Funds	Electric Fund	Sanitation Fund	Sewer Fund
December 31, 2022	$ 1,503,335	$ 2,412	$ (175,907)	$ 1,759,786	$ (102,471)	$ 9,749,777
Change in Basis of Accounting	21,294	(850)	32,903	(1,491,811)	(8,463)	-
Correction of an Error	-	-	-	-	-	(426,684)
December 31, 2022, As Restated	$ 1,524,629	$ 1,562	$ (143,004)	$ 267,975	$ (110,934)	$ 9,323,093

NOTE 16 PRIOR PERIOD ADJUSTMENTS (CONTINUED)

A. Change in the Basis of Accounting

During fiscal year 2023, City of Gilbert determined that the City would convert all funds reported with the exception of the Water and Sewer funds to the Regulatory Basis of Accounting, as allowed under Minnesota Statutes (See Note 1). Therefore, the City's fund balances and net positions, as noted in the table above were adjusted for this change.

B. Correction of an Error

During fiscal year 2023, it was determined there was an error in the beginning net position of the Sewer Fund related to the accounting for the City's PFA loan. The City recorded a receivable in the amount of $426,684 related to a loan disbursement made in 2023, that related to 2022 construction activity.

CITY OF GILBERT, MINNESOTA
BUDGETARY COMPARISON SCHEDULE – REGULATORY BASIS
GENERAL FUND
YEAR ENDED DECEMBER 31, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	$ 1,204,404	$ 1,204,404	$ 1,303,660	$ 99,256
Licenses and Permits	10,000	10,000	17,000	7,000
Intergovernmental	807,556	807,556	1,028,515	220,959
Charges for Services	342,603	342,603	441,757	99,154
Fines	3,100	3,100	13,923	10,823
Interest	-	-	2,419	2,419
Miscellaneous	5,000	5,000	120,733	115,733
Total Receipts	2,372,663	2,372,663	2,928,007	555,344
DISBURSEMENTS				
Current:				
General Government	437,244	437,244	401,418	35,826
Public Safety	1,275,538	1,275,538	1,280,438	(4,900)
Public Works	744,587	744,587	924,109	(179,522)
Sanitation	-	-	270	(270)
Culture and Recreation	-	-	69,871	(69,871)
Miscellaneous	7,800	7,800	360,670	(352,870)
Capital Outlay:				
Public Safety	41,000	41,000	980,940	(939,940)
Public Works	57,200	57,200	169,494	(112,294)
Total Disbursements	2,563,369	2,563,369	4,187,210	(1,623,841)
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(190,706)	(190,706)	(1,259,203)	2,179,185
OTHER FINANCING SOURCES (USES)				
Transfers In	150,000	150,000	15,643	(134,357)
Bond Issuance	-	-	1,219,000	1,219,000
Sale of Capital Assets	500	500	21,140	20,640
Total Other Financing Sources (Uses)	150,500	150,500	1,255,783	1,105,283
NET CHANGE IN CASH FUND BALANCES	(40,206)	(40,206)	(3,420)	3,284,468
Fund Balance - Beginning of Year	1,503,335	1,503,335	1,503,335	-
Prior Period Adjustments	21,294	21,294	21,294	-
Cash Fund Balance - As Restated	1,524,629	1,524,629	1,524,629	-
CASH FUND BALANCE - END OF YEAR	$ 1,484,423	$ 1,484,423	$ 1,521,209	$ 3,284,468

See accompanying Notes to the Supplementary Information.

CITY OF GILBERT, MINNESOTA
SCHEDULE OF CHANGES IN THE CITY'S NET OPEB LIABILITY
AND RELATED RATIOS
YEAR ENDED DECEMBER 31, 2023

	2023	2022	2021	2020	2019	2018
Total OPEB Liability:						
Service Cost	$ 9,090	$ 7,395	$ 5,823	$ 4,991	$ 13,405	$ 13,405
Interest	18,930	25,951	35,275	26,232	444	444
Differences Between Expected and Actual Experience	(10,760)	(167,142)	25,761	558,115	-	-
Changes in Assumptions	(189,072)	1,281	99,256	69,751	134,565	-
Changes in Benefit Terms	-	(129,463)	(25,411)	-	-	-
Benefit Payments Paid Directly	(146,437)	-	(150,863)	(163,089)	(148,414)	(153,838)
Net Change in Total Pension Liability	(318,249)	(261,978)	(10,159)	496,000	-	(139,989)
Total OPEB Liability - Beginning	1,092,918	1,354,896	1,365,055	869,055	869,055	1,009,044
Total OPEB Liability - Ending	$ 774,669	$ 1,092,918	$ 1,354,896	$ 1,365,055	$ 869,055	$ 869,055
Payroll for Measurement Period	$ 1,499,373	$ 1,030,056	$ 1,217,275	$ 1,217,276	$ 1,299,583	$ 1,252,279
Net OPEB Liability as a Percentage of Employee Payroll	51.67 %	106.10 %	111.31 %	112.14 %	66.87 %	69.40 %

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

See accompanying Notes to the Supplementary Information.

CITY OF GILBERT, MINNESOTA
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) – GENERAL EMPLOYEES RETIREMENT FUND
YEAR ENDED DECEMBER 31, 2023

Fiscal Year Ended June 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015
Employer's Proportion of the Net Pension Liability (Asset)	0.0115 %	0.0112 %	0.0114 %	0.0115 %	0.0105 %	0.0101 %	0.0110 %	0.0116 %	0.0121 %
Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	$ 643,067	$ 887,044	$ 486,830	$ 689,478	$ 580,521	$ 560,308	$ 702,232	$ 941,862	$ 627,085
State's Proportionate Share of the Net Pension Liability Associated with the City (b)	16,937	25,942	14,806	21,163	17,999	18,324	8,831	12,247	-
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)	$ 660,004	$ 912,986	$ 501,636	$ 710,641	$ 598,520	$ 578,632	$ 711,063	$ 954,109	$ 627,085
Employer's Covered Payroll (c)	$ 856,289	$ 835,693	$ 820,373	$ 816,560	$ 732,403	$ 679,342	$ 708,688	$ 719,187	$ 710,177
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll ((a+b)/c)	77.08 %	109.25 %	61.15 %	87.03 %	81.72 %	85.18 %	100.34 %	132.66 %	88.30 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.10 %	76.70 %	87.00 %	79.10 %	80.23 %	79.50 %	75.90 %	68.91 %	78.19 %

Note: This schedule is provided prospectively beginning with the fiscal year ended December 31, 2015.

Note: For purposes of this schedule, covered payroll is defined as "pensionable wages."

See accompanying Notes to the Supplementary Information.

CITY OF GILBERT, MINNESOTA
SCHEDULE OF THE CITY'S CONTRIBUTIONS – GENERAL EMPLOYEES RETIREMENT FUND
YEAR ENDED DECEMBER 31, 2023

Fiscal Year Ended December 31,	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily Required Contribution (a)	$ 68,508	$ 67,112	$ 60,121	$ 64,387	$ 58,418	$ 53,224	$ 51,155	$ 52,833	$ 54,510
Contributions in Relation to the Statutorily Required Contribution (b)	68,508	67,112	60,121	64,387	58,418	53,224	51,155	52,833	54,510
Contribution Deficiency (Excess) (a-b)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll (d)	$ 913,440	$ 894,827	$ 801,613	$ 858,493	$ 778,907	$ 709,653	$ 682,067	$ 704,440	$ 726,802
Contributions as a Percentage of Covered Payroll (b/d)	7.50 %	7.50 %	7.50 %	7.50 %	7.50 %	7.50 %	7.50 %	7.50 %	7.50 %

Note: This schedule is provided prospectively beginning with the fiscal year ended December 31, 2015.

Note: For purposes of this schedule, covered payroll is defined as "pensionable wages."

See accompanying Notes to the Supplementary Information.

CITY OF GILBERT, MINNESOTA
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) – PUBLIC EMPLOYEES POLICE AND FIRE FUND
YEAR ENDED DECEMBER 31, 2023

Fiscal Year Ended June 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015
Employer's Proportion of the Net Pension Liability (Asset)	0.0427 %	0.0465 %	0.0449 %	0.0437 %	0.0483 %	0.0466 %	0.0470 %	0.0490 %	0.0490 %
Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	$ 737,373	$ 2,023,496	$ 346,580	$ 576,013	$ 514,202	$ 496,708	$ 634,556	$ 1,966,455	$ 556,755
State's Proportionate Share of the Net Pension Liability Associated with the City (b)	29,689	88,340	15,608	13,561	-	-	-	-	-
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)	$ 767,062	$ 2,111,836	$ 362,188	$ 589,574	$ 514,202	$ 496,708	$ 634,556	$ 1,966,455	$ 556,755
Employer's Covered Payroll (c)	$ 585,634	$ 564,322	$ 531,226	$ 493,661	$ 512,475	$ 491,303	$ 481,654	$ 468,574	$ 462,408
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll ((a+b)/c)	130.98 %	374.23 %	68.18 %	119.43 %	100.34 %	101.10 %	131.75 %	419.67 %	120.40 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.47 %	70.50 %	93.70 %	87.20 %	89.30 %	88.80 %	85.40 %	63.88 %	86.61 %

Note: This schedule is provided prospectively beginning with the fiscal year ended December 31, 2015.

Note: For purposes of this schedule, covered payroll is defined as "pensionable wages."

See accompanying Notes to the Supplementary Information.

CITY OF GILBERT, MINNESOTA
SCHEDULE OF THE CITY'S CONTRIBUTIONS
PUBLIC EMPLOYEES POLICE AND FIRE FUND
YEAR ENDED DECEMBER 31, 2023

Fiscal Year Ended December 31,	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily Required Contribution (a)	$ 99,282	$ 93,344	$ 98,309	$ 92,166	$ 85,313	$ 82,445	$ 78,120	$ 76,729	$ 75,797
Contributions in Relation to the Statutorily Required Contribution (b)	99,282	93,344	98,309	92,166	85,313	82,445	78,120	76,729	75,797
Contribution Deficiency (Excess) (a-b)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll (d)	$ 560,915	$ 527,367	$ 555,418	$ 520,712	$ 509,334	$ 508,920	$ 482,222	$ 473,636	$ 467,883
Contributions as a Percentage of Covered Payroll (b/d)	17.70 %	17.70 %	17.70 %	17.70 %	16.75 %	16.20 %	16.20 %	16.20 %	16.20 %

Note: This schedule is provided prospectively beginning with the fiscal year ended December 31, 2015.

Note: For purposes of this schedule, covered payroll is defined as "pensionable wages."

See accompanying Notes to the Supplementary Information.

CITY OF GILBERT, MINNESOTA
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET)
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION –
GILBERT VOLUNTEER FIRE DEPARTMENT
YEAR ENDED DECEMBER 31, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability:									
Service Cost	$ 13,962	$ 13,962	$ 14,827	$ 16,094	$ 10,787	$ 12,854	$ 14,494	$ 11,331	$ 11,001
Interest on the Pension Liability	17,835	21,853	20,365	17,564	16,042	16,883	13,107	12,331	11,878
Actuarial Experience (Gains)/Losses	67,379	(67,729)	(2,857)	(4,156)	12,338	(21,476)	1,923	(1,200)	438
Changes in Benefit Level	33,520	-	-	31,085	-	-	57,857	-	-
Benefit Payments	(64,000)	(6,098)	(7,260)	(18,024)	(20,200)	(20,200)	(25,400)	-	(32,200)
Net Change in Total Pension Liability	68,696	(38,012)	25,075	42,563	18,967	(11,939)	61,981	22,462	(8,883)
Total Pension Liability - Beginning	315,284	353,296	328,221	285,658	266,691	278,630	216,649	194,187	203,070
Total Pension Liability - Ending (a)	$ 383,980	$ 315,284	$ 353,296	$ 328,221	$ 285,658	$ 266,691	$ 278,630	$ 216,649	$ 194,187
Plan Fiduciary Net Position:									
Contributions:									
Fire State Aid	$ 11,328	$ 10,368	$ 10,154	$ 9,869	$ 9,483	$ 9,414	$ 9,378	$ 9,544	$ 9,562
Fire Supplemental Aid	2,060	2,092	2,134	2,179	2,195	2,240	2,269	2,315	2,340
Supplemental Benefit Reimbursement	554	660	1,000	1,000	1,000	2,000	-	1,000	1,000
Voluntary Municipal Contribution	-	3,500	3,500	3,347	2,500	-	-	-	-
Required Municipal Contribution	-	2,483	-	153	5,098	5,196	-	-	6,993
Net Investment Income	46,049	(57,884)	32,969	44,776	44,431	(9,875)	30,774	15,570	534
PERA Administrative Fee	-	(600)	(720)	(600)	(570)	(600)	(630)	(630)	(600)
SBI Investment Fee	-	(24)	(20)	(18)	(15)	(15)	(15)	(17)	(7)
Benefit Payments	(64,000)	(6,098)	(7,260)	(18,024)	(20,200)	(20,200)	(25,400)	-	(32,200)
Net Change in Plan Fiduciary Net Position	(4,009)	(45,503)	41,757	42,682	43,922	(11,840)	16,376	27,782	(12,378)
Plan Fiduciary Net Position - Beginning	336,348	381,851	340,094	297,412	253,490	265,330	248,954	221,172	233,550
Plan Fiduciary Net Position - Ending (b)	$ 332,339	$ 336,348	$ 381,851	$ 340,094	$ 297,412	$ 253,490	$ 265,330	$ 248,954	$ 221,172
Net Pension Liability/(Asset) - Ending (a-b)	$ 51,641	$ (21,064)	$ (28,555)	$ (11,873)	$ (11,754)	$ 13,201	$ 13,300	$ (32,305)	$ (26,985)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.6 %	106.7 %	108.1 %	103.6 %	104.1 %	95.1 %	95.2 %	114.9%	113.9 %

Note: This schedule is built prospectively until it contains 10 years of data.

See accompanying Notes to the Supplementary Information.

CITY OF GILBERT, MINNESOTA
SCHEDULE OF CITY CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION –
GILBERT VOLUNTEER FIRE DEPARTMENT
YEAR ENDED DECEMBER 31, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially Determined Contribution	$ -	$ 2,483	$ -	$ 153	$ 5,098	$ 5,196	$ -	$ -	$ 6,993	$ -
Actual Contributions Paid	-	5,983	3,500	3,500	7,598	5,196	-	-	6,993	6,780
Contribution Deficiency/(Excess)	$ -	$ (3,500)	$ (3,500)	$ (3,347)	$ (2,500)	$ -	$ -	$ -	$ -	$ (6,780)

Note: The annual required contributions of the municipality and state are determined by statute.

Note: Because all active plan members are volunteers, there is no actual payroll.

See accompanying Notes to the Supplementary Information.

NOTE 1 BUDGETING

The City Clerk prepares a proposed budget for the City's funds on the same basis as the fund financial statements. The City Council adopts an annual budget for the fiscal year for the General Fund and special revenue funds.

Legal budgetary control is at the fund account level; management control is exercised at line-item levels. Budget appropriations lapse at year-end, if unexpended.

Budgeted amounts are as originally adopted or as amended by the City Council. The schedule of revenues, expenditures and changes in fund balance – budget and actual for the General Fund present comparison of budgetary data to actual results.

NOTE 2 POSTEMPLOYMENT BENEFIT PLAN ACTUARIAL ASSUMPTIONS AND METHODS

2023 Changes

Changes in Actuarial Assumptions:

- The discount rate was changed from 1.84% to 4.05% based on updated 20-year municipal bond rates.

Changes in Plan Provisions:

- No changes

2022 Changes

Changes in Actuarial Assumptions:

- The discount rate was changed from 2.00% to 1.84% based on updated 20-year municipal bond rates.
- Healthcare trend rates were reset to reflect updated cost increase expectations.
- Medical per capita claims costs were updated to reflect recent experience and new plan offerings.
- Mortality rates were updated from the rates used in the July 1, 2020, PERA General Employees Plan valuation to the rates used in the July 1, 2022, valuation.
- The inflation assumption was changed from 2.25% to 2.50% based on an updated historical analysis of inflation rates and forward-looking market expectations.

Changes in Plan Provisions:

- No changes.

2021 Changes

Changes in Actuarial Assumptions:

- The discount rate was changed from 2.75% to 2.00% based on updated municipal bond rates.

Changes in Plan Provisions:

- No changes.

NOTE 2 POSTEMPLOYMENT BENEFIT PLAN ACTUARIAL ASSUMPTIONS AND METHODS (CONTINUED)

2020 Changes

Changes in Actuarial Assumptions:

- The discount rate was changed from 3.31% to 2.75% based on updated municipal bond rates.
- Healthcare trend rates were reset to reflect updated cost increase expectations.
- Medical per capita claims costs were updated to reflect recent experience.
- Withdrawal, retirement, mortality, disability, and salary increase rates were updated to the rates used in the July 1, 2020, PERA General Employees Plan and July 1, 2020, PERA Police & Fire valuations.
- The percent of future retirees eligible for an explicit subsidy assumed to elect coverage at retirement changed to 5% to reflect recent plan experience.
- The inflation assumption was changed from 2.75% to 2.25% based on an updated historical analysis of inflation rates and forward-looking market expectations.

Changes in Plan Provisions:

- Retiree premiums were updated to current levels.

2019 Changes

There have been no changes since the prior valuation.

2018 Changes

December 31, 2018, was City's first OPEB valuation under the new GASB 75 accounting rules. These new financial reporting requirements substantially adjust the measurement and reporting of OPEB liabilities. The new results are not directly comparable to the City's prior GASB 45 Net OPEB Obligation.

NOTE 3 PUBLIC EMPLOYEES GENERAL EMPLOYEES RETIREMENT FUND CHANGES IN ACTUARIAL ASSUMPTIONS AND PLAN PROVISIONS

2023 Changes

Changes in Actuarial Assumptions:

- The investment return assumption and single discount rate were changed from 6.5%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, noncompounding benefit increase of 2.5%minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

NOTE 3 PUBLIC EMPLOYEES GENERAL EMPLOYEES RETIREMENT FUND CHANGES IN ACTUARIAL ASSUMPTIONS AND PLAN PROVISIONS (CONTINUED)

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

NOTE 3 PUBLIC EMPLOYEES GENERAL EMPLOYEES RETIREMENT FUND CHANGES IN ACTUARIAL ASSUMPTIONS AND PLAN PROVISIONS (CONTINUED)

2020 Changes (Continued)

Changes in Plan Provisions:

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

Changes in Plan Provisions:

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

2018 Changes

Changes in Actuarial Assumptions:

- The morality 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 90.00% funding ratio to 50.00% of the Social Security Cost of Living Adjustment, not less than 1.00% and not more than 1.50%, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; 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.

NOTE 3 PUBLIC EMPLOYEES GENERAL EMPLOYEES RETIREMENT FUND CHANGES IN ACTUARIAL ASSUMPTIONS AND PLAN PROVISIONS (CONTINUED)

2017 Changes

Changes in Actuarial Assumptions:

- The combined service annuity (CSA) loads were changed from 0.80% for active members and 60.00% for vested and nonvested deferred members. The revised CSA load are now 0.00% for active member liability, 15.00% for vested deferred member liability, and 3.00% for nonvested deferred member liability.
- The assumed postretirement benefit increase rate was changed for 1.00% per year for all years to 1.00% per year through 2044 and 2.50% per year thereafter.

Changes in Plan Provisions:

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

2016 Changes

Changes in Actuarial Assumptions:

- The assumed postretirement benefit increase rate was changed from 1.00% per year through 2035 and 2.50% per year thereafter to 1.00% per year for all years.
- The assumed investment return was changed from 7.90% to 7.50%. The single discount rate changed from 7.90% to 7.50%.
- Other assumptions were changed pursuant to the experience study 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 1.00% 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 increase 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.

NOTE 4 PUBLIC EMPLOYEES POLICE AND FIRE RETIREMENT FUND CHANGES IN ACTUARIAL ASSUMPTIONS AND PLAN PROVISIONS

2023 Changes

Changes in Actuarial Assumptions:

- The investment return assumption was changed from 6.5%to 7.00%.
- The single discount rate changed from 5.4%to 7.0%.

Changes in Plan Provisions

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

2022 Changes

Changes in Actuarial Assumptions:

- The mortality improvement scale was changed from MP-2019 to MP-2021.
- The single discount rate changed from 6.50% to 5.40%.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2021 Changes

Changes in Actuarial Assumptions:

- The investment return and single discount rates were changed from 7.50% to 6.50%, for financial reporting purposes.
- The inflation assumption was changed from 2.50% to 2.25%.
- The payroll growth assumption was changed from 3.25% to 3.00%.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MP-2020.
- 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.

NOTE 4 PUBLIC EMPLOYEES POLICE AND FIRE RETIREMENT FUND CHANGES IN ACTUARIAL ASSUMPTIONS AND PLAN PROVISIONS (CONTINUED)

2021 Changes (Continued)

Changes in Actuarial Assumptions:

- 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 were increased for ages 25 through 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% to 70%. Minor changes to form of payment assumptions were applied.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

2020 Changes

Changes in Actuarial Assumptions:

- The morality 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 morality 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 morality 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.

NOTE 4 PUBLIC EMPLOYEES POLICE AND FIRE RETIREMENT FUND CHANGES IN ACTUARIAL ASSUMPTIONS AND PLAN PROVISIONS (CONTINUED)

2018 Changes (Continued)

Changes in Plan Provisions:

- 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.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 Changes

Changes in Actuarial Assumptions:

- Assumed salary increases were changed as recommended in the June 30, 2016, experience study. The net effect is proposed rates that average 0.34% lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The combined service annuity (CSA) load was 30.00% for vested and nonvested, deferred members. The CSA has been changed to 33.00% for vested members and 2.00% for nonvested 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 3.00% 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 65.00% to 60.00%.
- 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 postretirement benefit increase rate was changed from 1.00% for all years to 1.00% 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.

NOTE 4 PUBLIC EMPLOYEES POLICE AND FIRE RETIREMENT FUND CHANGES IN ACTUARIAL ASSUMPTIONS AND PLAN PROVISIONS (CONTINUED)

2016 Changes

Changes in Actuarial Assumptions:

- The assumed postretirement benefit increase rate was changed from 1.00% per year through 2037 and 2.50% per year thereafter to 1.00% 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% 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 postretirement benefit increase rate was changed from 1.00% per year through 2030 and 2.50% per year thereafter to 1.00% per year through 2037 and 2.50% per year thereafter.

Changes in Plan Provisions:

- The postretirement benefit increases to be paid after the attainment of the 90.00% funding threshold was changed from inflation up to 2.50%, to a fixed rate of 2.50%.

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account for and report the proceeds of specific resources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

The *Library Special Revenue Fund* is used to account for and report the revenues to be used for the operation of the City's library.

The *Campground Special Revenue Fund* is used to account for and report financial resources used for the City's campground.

The *Community Development Revolving Loan Special Revenue Fund* is used to account for and report grants received and loan disbursed to provide financing for new or existing business operation located in the City.

Capital Projects Fund

Capital projects funds are used to account for financial resources used for the acquisition or construction of major capital assets other than those financed by proprietary funds.

The *Permanent Improvement and Replacement Capital Projects Fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlay including acquisition or construction of capital facilities and other capital assets within the City other than those financed by proprietary funds.

CITY OF GILBERT, MINNESOTA
COMBINING STATEMENT OF BALANCES ARISING FROM CASH TRANSACTIONS
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2023

	Library Special Revenue Fund	Campground Special Revenue Fund	Community Development Revolving Loan Special Revenue Fund	Permanent Improvement and Replacement Capital Projects Fund	Total Nonmajor Governmental Funds
ASSETS					
Cash and Cash Equivalents	$ 119,363	$ (24,160)	$ 139,923	$ (743,946)	$ (508,820)
Total Assets	$ 119,363	$ (24,160)	$ 139,923	$ (743,946)	$ (508,820)
CASH FUND BALANCES					
Restricted	$ -	$ -	$ 73,398	$ -	$ 73,398
Committed	119,363	-	66,525	-	185,888
Unassigned	-	(24,160)	-	(743,946)	(768,106)
Total Cash Fund Balances	$ 119,363	$ (24,160)	$ 139,923	$ (743,946)	$ (508,820)

CITY OF GILBERT, MINNESOTA
COMBINING STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2023

	Library Special Revenue Fund	Campground Special Revenue Fund	Community Development Revolving Loan Special Revenue Fund	Permanent Improvement and Replacement Capital Projects Fund	Total Nonmajor Governmental Funds
RECEIPTS					
Taxes	$ 107,406	$ -	$ -	$ -	$ 107,406
Special Assessments	-	-	-	2,088	2,088
Intergovernmental	-	15,000	-	13,436	28,436
Charges for Services	-	197,436	-	-	197,436
Fines	5,531	-	-	-	5,531
Interest	-	372	-	-	372
Miscellaneous	16,717	9,301	-	-	26,018
Total Receipts	129,654	222,109	-	15,524	367,287
DISBURSEMENTS					
Current:					
Culture and Recreation	142,132	234,737	-	-	376,869
Debt Service:					
Principal	-	10,022	-	-	10,022
Capital Outlay:					
Public Works	-	-	-	303,605	303,605
Culture and Recreation	-	26,964	-	-	26,964
Total Disbursements	142,132	271,723	-	303,605	717,460
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(12,478)	(49,614)	-	(288,081)	(350,173)
OTHER FINANCING USES					
Transfers Out	-	(15,643)	-	-	(15,643)
NET CHANGE IN CASH FUND BALANCES	(12,478)	(65,257)	-	(288,081)	(365,816)
Fund Balance - Beginning of Year	129,664	29,615	139,923	(475,109)	(175,907)
Prior Period Adjustment	2,177	11,482	-	19,244	32,903
Cash Fund Balance - As Restated	131,841	41,097	139,923	(455,865)	(143,004)
CASH FUND BALANCES - END OF YEAR	$ 119,363	$ (24,160)	$ 139,923	$ (743,946)	$ (508,820)

CITY OF GILBERT, MINNESOTA
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH FUND BALANCE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2023

RECEIPTS		
TAXES		
General Property	$	710,696
Fiscal Disparities		194,257
Taconite Production		32,217
Taconite Mining Effects		17,873
Taconite Homestead Credit		109,498
Taconite Municipal Aid		188,148
Franchise		10,113
Other		40,858
Total Taxes		1,303,660
LICENSES AND PERMITS		17,000
INTERGOVERNMENTAL		
Federal Grants:		
SLFRF Grant		73,299
State:		
Local Government Aid		741,062
Police Training		7,211
Police Aid		68,966
Iron Range Resources		66,819
DNR Grant for Fire Department		7,554
DNR Grant for OHV Trails		14,865
DARE Grant		331
Other		44,497
County:		
Safe and Sober		3,911
Total Intergovernmental		1,028,515
CHARGES FOR SERVICES		
General Government:		
Rent		147,096
Miscellaneous		3,636
Public Safety:		
City of Biwabik's Share of Police		269,203
Other		2,010
Public Works:		
Other		12
Cemetery		19,800
Total Charges for Services		441,757
FINES		
Court Fines		9,512
Police Forfeitures		1,011
Administrative Fines		3,400
Total Fines		13,923

CITY OF GILBERT, MINNESOTA
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH FUND BALANCE (CONTINUED)
GENERAL FUND
YEAR ENDED DECEMBER 31, 2023

DISBURSEMENTS		
CURRENT		
General Government:		
Mayor and Council	$	29,056
City Clerk-Treasurer		231,082
Elections		435
Legal and Accounting Fees		20,821
Planning and Zoning		24,522
Community Center		31,387
Other		64,115
Total General Government		401,418
Public Safety:		
Police		1,115,448
Fire		156,866
Animal Control		4,786
First Responders		3,338
Total Public Safety		1,280,438
Public Works:		
Maintenance		910,347
Engineering		3,956
Street Lighting		9,806
Total Public Works		924,109
Sanitation:		
Recycling		270
Culture and Recreation:		
Recreation - Other		150
Recreation Center		51,820
Mesabi Trail Maintenance		806
Contribution to Range Recreation Civic Center		4,032
OHV Parks and Trails		13,063
Total Culture and Recreation		69,871

CITY OF GILBERT, MINNESOTA
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH FUND BALANCE (CONTINUED)
GENERAL FUND
YEAR ENDED DECEMBER 31, 2023

DISBURSEMENTS (CONTINUED)	
Miscellaneous:	
Insurance	$ 112,207
Employer-Paid Insurance	234,322
Utilities	1,118
Cemetery	12,999
Other	24
Total Miscellaneous	360,670
CAPITAL OUTLAY	
Public Safety:	
Police	63,209
Fire	917,731
Total Public Safety	980,940
Public Works:	
Streets	169,494
Total Capital Outlay	1,150,434
Total Disbursements	4,187,210
DEFICIENCY OF RECEIPTS OVER DISBURSEMENTS	(1,259,203)
OTHER FINANCING SOURCES (USES)	
Transfers In	15,643
Bonds Issuance	1,219,000
Sales of Capital Assets	21,140
Total Other Financing Sources (Uses)	1,255,783
NET CHANGE IN CASH FUND BALANCE	(3,420)
Fund Balance - Beginning of Year	1,503,335
Prior Period Adjustment	21,294
Cash Fund Balance - As Restated	1,524,629
CASH FUND BALANCE - END OF YEAR	$ 1,521,209

CITY OF GILBERT, MINNESOTA
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH FUND BALANCE
DEBT SERVICE FUND
YEAR ENDED DECEMBER 31, 2023

RECEIPTS		
Taxes:		
General Property	$	66,408
Fiscal Disparities		17,998
Taconite Homestead Credit		10,193
Total Receipts		94,599
DISBURSEMENTS		
Debt Service:		
Principal		15,000
Interest and Fiscal Charges		24,648
Total Disbursements		39,648
NET CHANGE IN CASH FUND BALANCE		54,951
Fund Balance - Beginning of Year		2,412
Prior Period Adjustment		(850)
Cash Fund Balance - As Restated		1,562
CASH FUND BALANCE - END OF YEAR	$	56,513

CITY OF GILBERT, MINNESOTA
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH FUND BALANCE — BUDGET AND ACTUAL
LIBRARY SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	$ 108,000	$ 108,000	$ 107,406	$ (594)
Fines	-	-	5,531	5,531
Miscellaneous	-	-	16,717	16,717
Total Receipts	108,000	108,000	129,654	21,654
DISBURSEMENTS				
Current:				
Culture and Recreation	105,600	105,600	142,132	(36,532)
NET CHANGE IN CASH FUND BALANCE	2,400	2,400	(12,478)	58,186
Fund Balance - Beginning of Year	129,664	129,664	129,664	-
Prior Period Adjustment	2,177	2,177	2,177	-
Cash Fund Balance - As Restated	131,841	131,841	131,841	-
CASH FUND BALANCE - END OF YEAR	$ 134,241	$ 134,241	$ 119,363	$ 58,186

CITY OF GILBERT, MINNESOTA
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH FUND BALANCE
LIBRARY SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2023

RECEIPTS		
Taxes:		
General Property	$	75,310
Fiscal Disparities		20,508
Taconite Homestead Credit		11,588
Total Taxes		107,406
Fines:		
Library Fines		5,531
Miscellaneous:		
Other		16,717
Total Receipts		129,654
DISBURSEMENTS		
CURRENT		
Culture and Recreation:		
Personnel Services		97,825
Supplies		16,759
Other Services and Charges		24,235
Other		3,313
Total Culture and Recreation		142,132
NET CHANGE IN CASH FUND BALANCE		(12,478)
Fund Balance - Beginning of Year		129,664
Prior Period Adjustment		2,177
Cash Fund Balance - As Restated		131,841
CASH FUND BALANCE - END OF YEAR	$	119,363

CITY OF GILBERT, MINNESOTA
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH FUND BALANCE — BUDGET AND ACTUAL
CAMPGROUND SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	$ -	$ -	$ 15,000	$ 15,000
Charges for Services	148,500	148,500	197,436	48,936
Interest	-	-	372	372
Miscellaneous	-	-	9,301	9,301
Total Receipts	148,500	148,500	222,109	73,609
DISBURSEMENTS				
Current:				
Culture and Recreation	60,100	60,100	234,737	(174,637)
Debt Service:				
Principal	-	-	10,022	(10,022)
Capital Outlay:				
Culture and Recreation	-	-	26,964	(26,964)
Total Disbursements	60,100	60,100	271,723	(211,623)
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	88,400	88,400	(49,614)	285,232
OTHER FINANCING USES				
Transfers Out	-	-	(15,643)	(15,643)
NET CHANGE IN CASH FUND BALANCE	88,400	88,400	(65,257)	269,589
Fund Balance - Beginning of Year	29,615	29,615	29,615	-
Prior Period Adjustment	11,482	11,482	11,482	-
Cash Fund Balance - As Restated	41,097	41,097	41,097	-
CASH FUND BALANCE - END OF YEAR	$ 129,497	$ 129,497	$ (24,160)	$ 269,589

CITY OF GILBERT, MINNESOTA
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH FUND BALANCE
CAMPGROUND SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2023

RECEIPTS		
INTERGOVERNMENTAL		
State:		
Iron Range Resources and Rehabilitation Board	$	15,000
CHARGE FOR SERVICES		
Culture and Recreation:		
Rent		22,865
Campground Fees		158,352
Other		16,219
Total Charges for Services		197,436
INTEREST		372
MISCELLANEOUS		
Other		9,301
Total Receipts		222,109
DISBURSEMENTS		
CURRENT		
Culture and Recreation:		
Campground:		
Supplies		10,888
Other Services and Charges		173,296
Other		200
Maintenance and Repairs		50,353
Total Culture and Recreation		234,737
DEBT SERVICE		
Principal		10,022
CAPITAL OUTLAY		
Culture and Recreation Site Improvements		26,964
Total Disbursements		271,723
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS		(49,614)
OTHER FINANCING USES		
Transfers Out		(15,643)
NET CHANGE IN CASH FUND BALANCE		(65,257)
Fund Balance - Beginning of Year		29,615
Prior Period Adjustment		11,482
Cash Fund Balance - As Restated		41,097
CASH FUND BALANCE - END OF YEAR	$	(24,160)

CITY OF GILBERT, MINNESOTA
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH FUND BALANCE
PERMANENT IMPROVEMENT AND REPLACEMENT CAPITAL PROJECTS FUND
YEAR ENDED DECEMBER 31, 2023

RECEIPTS		
Special Assessments:		
Principal	$	2,088
Intergovernmental:		
Iron Range Resources and Rehabilitation Board		13,436
Total Receipts		15,524
DISBURSEMENTS		
Capital Outlay:		
Public Works:		
TH37 Utility Project - Phase II and III		303,605
NET CHANGE IN CASH FUND BALANCE		(288,081)
Fund Balance - Beginning of Year		(475,109)
Prior Period Adjustment		19,244
Cash Fund Balance - As Restated		(455,865)
CASH FUND BALANCE - END OF YEAR	$	(743,946)

OTHER INFORMATION

CITY OF GILBERT, MINNESOTA
SCHEDULE OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2023
(UNAUDITED)

Fund	Source/Purpose	Amount
General Fund		
Police Shared Services	Shared Service	$ 2,238
Fire Training	Reimbursement for Training	551
Franchise Fees	Cable Franchise Fees	3,336
IRRR Grants	Grants	20,498
Fines	Trial Court Fines	653
Garbage Services	Garbage Services	27
Electric Fund		
Utility Bills	Utility Bills	196,526
Sanitation Fund		
Utility Bills	Utility Bills	38,757
		$ 262,586

CITY OF GILBERT, MINNESOTA
SCHEDULE OF ACCOUNTS PAYABLE
DECEMBER 31, 2023
(UNAUDITED)

Fund	Vendor	Purpose	Amount
General Fund	Jola & Sopp Excavating	Plumbing project	$ 69,319
General Fund	Water & Light	December Utility Bill	7,477
General Fund	Quad Cities ATV Club	Trail Improvements	9,953
General Fund	Circle K	Fuel	3,757
General Fund	Minnesota Energy Resources	Garbage Services	3,625
General Fund	Trenti Law Firm	Legal Fees	2,091
General Fund	AT&T First Net	Phone Charges	203
General Fund	Range Auto Parts	Parts	1,544
General Fund	Alex Air Apparatus 2	Apparatus Training	832
Nonmajor Governmental Funds			
Library Fund	Baker & Taylor	Books	480
Campground Fund	AT&T First Net	Phone Charges	22
Campground Fund	Water & Light	December Utility Bill	11,064
Capital Projects Fund	DN Tanks	Ground Tank Refurb	17,245
Capital Projects Fund	SHE	Engineering	8,900
Enterprise Funds			
Sanitation Fund	East Mesabi Sanitation	Refuse Collection	13,077
Sanitation Fund	St Louis County	Solid Waste Annual Fee	21,559
Electric Fund	Minnesota Power	Purchased Power	72,016
Electric Fund	AT&T First Net	Phone Charges	19
Electric Fund	USIC Locating Service	Utility Locates	2,400
Electric Fund	Advanced Audio Inc	Utility Billing	1,017
Electric Fund	Civic Systems	Semi-annual Support	3,911
			$ 250,511



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