

**CITY OF CROOKSTON, MINNESOTA**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2023**

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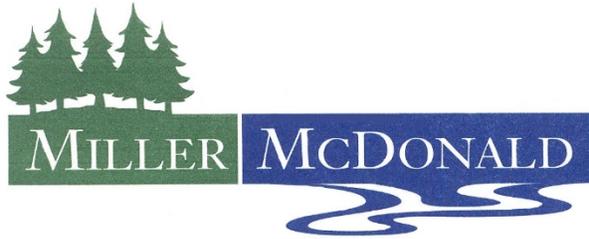
**CITY OF CROOKSTON, MINNESOTA  
OFFICIAL DIRECTORY  
DECEMBER 31, 2023  
(UNAUDITED)**

**ELECTED OFFICIALS**

Mayor	Dale Stainbrook
Council – 1 <sup>st</sup> Ward	Kristie Jerde
Council – 2 <sup>nd</sup> Ward	Henry Fischer
Council – 3 <sup>rd</sup> Ward	Clayton Briggs
Council – 4 <sup>th</sup> Ward	Don Cavalier
Council – 5 <sup>th</sup> Ward	Joe Kresl
Council – 6 <sup>th</sup> Ward	Dylane Klatt
Council – At Large	Wayne Melbye
Council – At Large	Tom Vedbraaten

**APPOINTED**

City Administrator	Charles Reynolds
City Finance Director	Audrey Passa
Police Chief	Darin Selzler
Fire Chief	Shane Heldstab



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*Certified Public Accountants*  
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P.O. Box 486  
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## **INDEPENDENT AUDITOR'S REPORT**

**Honorable Mayor and  
Members of the City Council  
City of Crookston  
Crookston, Minnesota**

### **Opinions**

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

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

We did not audit the financial statements of the Crookston Housing and Economic Development Authority, which is the discretely presented component unit as of December 31, 2023. Those statements were audited by other auditors whose report has been furnished to us, and our opinion insofar as it relates to the amounts included for Crookston Housing and Economic Development Authority, are based solely on the report of the other auditors.

### **Basis for Opinions**

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

## **CITY OF CROOKSTON, MINNESOTA**

### **Change in Accounting Principle**

As described in Note 1 to the financial statements, effective January 1, 2023, the City of Crookston, Minnesota adopted new accounting guidance, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not 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 accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Crookston, Minnesota's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall

## CITY OF CROOKSTON, MINNESOTA

presentation of the financial statements.

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

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

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 6-12 and 62-67 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Crookston, Minnesota's basic financial statements. The accompanying supplementary information on pages 83 through 87, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information on pages 83 through 87 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### Other Information

Management is responsible for the other information included in the annual report. The other information comprises the official directory but does not include the basic financial statements

**CITY OF CROOKSTON, MINNESOTA**

and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2024, on our consideration of the City of Crookston, Minnesota's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Crookston, Minnesota's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Crookston, Minnesota's internal control over financial reporting and compliance.

*Miller McDonald, Inc.*

Bemidji, Minnesota  
September 27, 2024

**CITY OF CROOKSTON, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2023**

This discussion is intended to be an easily readable analysis of the City of Crookston, Minnesota (City) financial activities based on currently known facts, decisions or conditions. This analysis focuses on current year activities. This discussion should be read in conjunction with the financial statements that follow.

**Financial Highlights**

The assets and deferred outflows of resources of the City exceeded liabilities and deferred inflows of resources by \$71,771,503. Of this amount, \$6,077,937 may be used to meet the government's ongoing obligations in accordance with the City's fund designations and fiscal policies.

At the end of the current fiscal year, the unassigned fund balance for the general fund was \$3,228,775 or 45.06% of the total general fund expenditures.

**Overview of the Financial Section**

This report consists of a series of financial statements. This discussion is intended to serve as an introduction to the City's basic financial statements. The statements consist of three components:

- Government-Wide Financial Statements provide information about the activities of the City as a whole and present a longer-term view of City finances.
- Fund Financial Statements provide detailed information on significant City funds.
- Notes to the Financial Statements provide additional information essential to understanding the government-wide and fund statements.

This report also contains other supplementary information in addition to the financial statements themselves. Explanation of these sections of the financial statements follows.

***Government-Wide Financial Statements***

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

The Statement of Net Position presents information on all of the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. You will need to consider other nonfinancial factors, however, to assess the overall health of the City.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

Both of the governmental-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions intended to recover all or a significant portion of their costs through user fees (business-type activities). The governmental activities include general government, public safety, streets and highways, sanitation, culture and recreation, economic development, and airport. Business-type activities include public utilities (water and wastewater).

**CITY OF CROOKSTON, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2023**

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

***Fund Financial Statements***

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities. Fund financial statements provide detail information about the most significant funds – not the City as a whole. All of the funds of the City can be divided into two categories – governmental and proprietary, each using different accounting approaches.

*Governmental Funds* - Most of the City's basic services are reported in governmental funds. Governmental funds focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps the reader of the statements determine whether there are more or fewer financial resources that can be spent in the near future to finance City services. The Governmental Fund Balance Sheet and Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

*Proprietary Funds* - The City maintains one type of proprietary fund, enterprise funds.

- Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and wastewater services.
- Internal Service fund is used to provide services to other funds and departments on a cost-reimbursement basis with the goal to 'break-even' rather than make a profit.

Proprietary funds provide the same information as the government-wide financial statements, only in more detail.

***Notes to Financial Statements***

The notes provide additional information essential to the full understanding of the data provided in the government-wide and fund financial statements.

**Government-Wide Financial Analysis**

As noted earlier, over time, net position may serve as a useful indicator of a government's financial position. At the end of 2023, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$71,771,503.

The largest portion of the City's net position, 83.8%, reflects its Net Investment in Capital Assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**CITY OF CROOKSTON, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2023**

**Government-Wide Financial Analysis**

**Statements of Net Position  
December 31, 2023 and 2022**

	Governmental Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
<b>ASSETS</b>						
Current and Other Assets	\$ 15,723,487	\$ 14,797,371	\$ 2,957,317	\$ 2,277,675	\$ 18,680,804	\$ 17,075,046
Capital Assets, Net of Depreciation	49,051,308	47,987,830	11,188,666	11,250,095	60,239,974	59,237,925
Total Assets	64,774,795	62,785,201	14,145,983	13,527,770	78,920,778	76,312,971
<b>DEFERRED OUTFLOWS FROM RESOURCES</b>	4,149,750	4,679,621	105,990	176,039	4,255,740	4,855,660
<b>LIABILITIES</b>						
Long-Term Liabilities Outstanding	4,773,637	7,947,027	368,943	613,721	5,142,580	8,560,748
Other Liabilities	991,016	1,403,773	149,106	173,478	1,140,122	1,577,251
Total Liabilities	5,764,653	9,350,800	518,049	787,199	6,282,702	10,137,999
<b>DEFERRED INFLOWS FROM RESOURCES</b>	5,024,221	140,891	98,092	11,449	5,122,313	152,340
<b>NET POSITION</b>						
Net Investment in Capital Assets	48,942,812	47,987,830	11,188,666	11,250,095	60,131,478	59,237,925
Restricted	5,276,941	5,220,963	285,111	285,111	5,562,052	5,506,074
Unrestricted	3,915,918	4,764,338	2,162,055	1,369,955	6,077,973	6,134,293
Total Net Position	\$ 58,135,671	\$ 57,973,131	\$ 13,635,832	\$ 12,905,161	\$ 71,771,503	\$ 70,878,292

A portion of the City's net position, approximately 7.7%, represents resources subject to restrictions on how they may be used. The remaining balance of unrestricted net position, \$6,077,973, may be used to meet the government's ongoing obligations to citizens and creditors.

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

*Governmental Activities* – Net position of the City's governmental activities decreased by \$1,623,923.

*Business-Type Activities* – Net position of the City's business-type activities increased by \$730,671.

**CITY OF CROOKSTON, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2023**

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

**Statements of Revenues, Expenses, and Changes in Net Position  
Years Ended December 31, 2023 and 2022**

	Governmental Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
<b>REVENUES</b>						
Program Revenues:						
Charge for Services	\$ 1,579,239	\$ 1,437,834	\$ 2,546,726	\$ 1,808,393	\$ 4,125,965	\$ 3,246,227
Operating Grants and Contributions	425,111	431,770	25,865	312,182	450,976	743,952
Capital Grants and Contributions	377,230	66,046	-	-	377,230	66,046
General Revenues:						
Property Taxes and Special Assessments	3,581,885	2,761,189	-	-	3,581,885	2,761,189
Grants and Aids Not Restricted for Specific Programs	4,747,999	4,635,554	-	-	4,747,999	4,635,554
Fines and Fees	862,646	736,218	-	-	862,646	736,218
Investments Earnings	270,039	(258,063)	6,759	(65,687)	276,798	(323,750)
Other	185,941	25,195	42,993	8,189	228,934	33,384
Total Revenues	12,030,090	9,835,743	2,622,343	2,063,077	14,652,433	11,898,820
<b>EXPENSES</b>						
General Government	2,444,200	1,967,032	-	-	2,444,200	1,967,032
Public Safety	4,033,907	3,564,785	-	-	4,033,907	3,564,785
Streets and Highways	2,634,286	2,522,278	-	-	2,634,286	2,522,278
Economic Development	420,342	226,112	-	-	420,342	226,112
Culture and Recreation	2,923,313	2,781,326	-	-	2,923,313	2,781,326
Airport	543,444	575,713	-	-	543,444	575,713
Health and Sanitation	672,413	515,920	-	-	672,413	515,920
Interest and Fiscal Fees	7,936	908	-	-	7,936	908
Water	-	-	1,241,116	1,246,533	1,241,116	1,246,533
Wastewater	-	-	629,026	700,053	629,026	700,053
Total Expenses	13,679,841	12,154,074	1,870,142	1,946,586	15,549,983	14,100,660
<b>INCREASE (DECREASE) IN NET POSITION BEFORE TRANSFERS AND SPECIAL ITEMS</b>						
	(1,649,751)	(2,318,331)	752,201	116,491	(897,550)	(2,201,840)
Transfers	21,530	226,887	(21,530)	(226,887)	-	-
Special Item - Gain on Sale of Asset	4,298	4,718	-	-	4,298	4,718
<b>CHANGE IN NET POSITION</b>	(1,623,923)	(2,086,726)	730,671	(110,396)	(893,252)	(2,197,122)
Net Position - Beginning of Year	57,973,131	60,059,857	12,905,161	13,015,557	70,878,292	73,075,414
Prior Period Restatement	1,786,463	-	-	-	1,786,463	-
Net Position - Beginning, As Restated	59,759,594	60,059,857	12,905,161	13,015,557	72,664,755	73,075,414
<b>NET POSITION - END OF YEAR</b>	\$ 58,135,671	\$ 57,973,131	\$ 13,635,832	\$ 12,905,161	\$ 71,771,503	\$ 70,878,292

For governmental activities, property tax levy, general state aid, and transfers from the water fund support any shortfalls in direct revenues.

**CITY OF CROOKSTON, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2023**

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

The water and wastewater rates are reviewed on an annual basis to insure they are sufficient to cover operational, debt service and depreciation costs. The increase in net position in the current year was the result of net income exceeding any operating transfers to the Improvement of \$21,530, resulting in an increase net position of \$730,671.

**Financial Analysis of the Government's Funds**

The City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

***Governmental Funds***

The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. In particular, unrestricted fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the 2023 fiscal year, the City's governmental funds reported combined fund balances of \$10,727,287. Approximately 10.6% of this total amount, or \$1,138,368, constitutes unassigned fund balances, which is available for spending at the government's discretion. The remainder of the fund balances are made up of nonspendable of \$222,787, restricted use of \$5,252,463, and designated by the City of \$4,113,669.

***Proprietary Funds***

The City's proprietary fund statements found on pages 19 through 22 provide the same type of information found in the government-wide financial statements, but in more detail.

The unrestricted net position in the respective proprietary funds are water \$1,609,266 and wastewater \$552,789. Restricted net position in the water fund was \$207,749 and \$77,362 in the wastewater fund. The funds are restricted for repairs and maintenance.

**General Fund Budgetary Highlights**

During the year, the City did not amend the budget.

**Capital Assets**

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2023 amounts to \$60,131,478 (net of accumulated depreciation and amortization). This investment includes land, buildings, improvements, equipment and infrastructure.

**CITY OF CROOKSTON, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2023**

	Governmental Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Land and Buildings	\$ 22,033,723	\$ 21,638,816	\$ 1,792,052	\$ 1,792,052	\$ 23,825,775	\$ 23,430,868
Furniture, Fixtures and Equipment	11,549,300	11,055,109	21,964,538	21,250,361	33,513,838	32,305,470
Other Improvements	48,870,649	45,719,409	-	-	48,870,649	45,719,409
Leased Assets	33,260	-	-	-	33,260	-
Subscription Based Information Technology	126,940	-	-	-	126,940	-
Construction in Progress	-	120,739	-	154,642	-	275,381
Less: Accumulated Depreciation and Amortization	(33,562,564)	(30,546,243)	(12,567,924)	(11,946,960)	(46,130,488)	(42,493,203)
Total	<u>\$ 49,051,308</u>	<u>\$ 47,987,830</u>	<u>\$ 11,188,666</u>	<u>\$ 11,250,095</u>	<u>\$ 60,239,974</u>	<u>\$ 59,237,925</u>

Additional information on the City's capital assets can be found in Note 2.G. of this report.

**Long-Term Debt**

At the end of the current fiscal year, the City had \$0 in notes outstanding, down from \$58,727 in the prior year. A total of \$58,727 was retired throughout the year. The full faith and credit of the City backs this debt. Additional information on the City's long-term debt can be found in Note 2.G. of this report.

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

The City Administrator and Department Heads continually discuss roles, staffing and current issues and achievements therein. These collaborative effects help benefit the City with cost saving measures along with any new grant opportunities that arise.

During the 2024 budget year, the City will be focusing efforts in obtaining a Municipal Financial Plan. We hope by mid-2024 to receive a City-Wide comprehensive assessment of our streets, water, sewer, lights, and sidewalks. This information, including our Facilities Feasibility Study done in September of 2022 will prepare the City to further explore areas in the City that need financial attention and begin the processes of developing a Municipal Financial Plan that will aid us in budgeting for those needs into the future.

**Requests for Information**

This financial report is designed to provide a general overview of the City of Crookston, Minnesota's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City Finance Director, City of Crookston, 124 North Broadway, Crookston, MN 56716.

**CITY OF CROOKSTON, MINNESOTA**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2023**

	Governmental Activities	Business-Type Activities	Total	Component Unit
<b>ASSETS</b>				
Cash, Cash Equivalents, and Investments	\$ 10,175,620	\$ 2,480,523	\$ 12,656,143	\$ 1,463,287
Accounts Receivable	212,723	270,010	482,733	-
Special Assessments Receivable	830,316	39,705	870,021	147,983
Interest Receivable	-	-	-	2,056
Notes Receivable, Net	567,266	-	567,266	746,143
Due from Primary Government	-	-	-	180,188
Delinquent Property Taxes Receivable	289,380	-	289,380	-
Due from Other Governments	1,818,057	-	1,818,057	-
Leases Receivable	1,072,267	-	1,072,267	-
Inventory	-	164,377	164,377	-
Prepaid Expenses	222,787	2,702	225,489	13,360
Assets Held for Resale	535,071	-	535,071	422,645
Capital Assets				
Nondepreciable Assets	3,717,684	254,604	3,972,288	338,867
Capital Assets, Net of Depreciation and Amortization	45,333,624	10,934,062	56,267,686	3,062,932
<b>Total Assets</b>	<b>64,774,795</b>	<b>14,145,983</b>	<b>78,920,778</b>	<b>6,377,461</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Outflows of Resources Related to Pensions	4,123,871	102,835	4,226,706	49,796
Deferred Outflows of Resources Related to OPEB	25,879	3,155	29,034	-
<b>Total Deferred Outflows of Resources</b>	<b>4,149,750</b>	<b>105,990</b>	<b>4,255,740</b>	<b>49,796</b>
<b>LIABILITIES</b>				
Accounts Payable	413,686	81,516	495,202	224,793
Accrued Salaries and Wages Payable	130,680	12,624	143,304	-
Due to Other Governments	360,376	-	360,376	16,053
Customer Deposits	-	54,966	54,966	20,128
Unearned Revenues	86,274	-	86,274	376,779
Noncurrent Liabilities				
Due Within One Year	65,149	-	65,149	-
Due in More Than One Year	43,347	-	43,347	1,743,290
Compensated Absences	542,761	21,574	564,335	25,823
Net Pension Liability - More Than One Year	3,736,186	300,284	4,036,470	111,838
OPEB Liability - More Than One Year	386,194	47,085	433,279	-
<b>Total Liabilities</b>	<b>5,764,653</b>	<b>518,049</b>	<b>6,282,702</b>	<b>2,518,704</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Inflows of Resources Related to Pensions	4,001,086	98,092	4,099,178	129,041
Leases Receivable	1,023,135	-	1,023,135	-
<b>Total Deferred Inflows of Resources</b>	<b>5,024,221</b>	<b>98,092</b>	<b>5,122,313</b>	<b>129,041</b>
<b>NET POSITION</b>				
Net Investment in Capital Assets	48,942,812	11,188,666	60,131,478	1,650,045
Restricted for Public Safety	352,896	-	352,896	-
Restricted for Economic Development	1,441,379	-	1,441,379	24,610
Restricted for Flood Control	3,463,821	-	3,463,821	-
Restricted for Airport Improvements	18,845	-	18,845	-
Restricted for Line Repairs	-	285,111	285,111	-
Unrestricted	3,915,918	2,162,055	6,077,973	2,104,857
<b>Total Net Position</b>	<b>\$ 58,135,671</b>	<b>\$ 13,635,832</b>	<b>\$ 71,771,503</b>	<b>\$ 3,779,512</b>

See accompanying Notes to Financial Statements.

**CITY OF CROOKSTON, MINNESOTA  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2023**

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-Type Activities	Total	
<b>GOVERNMENTAL ACTIVITIES</b>								
General Government	\$ 2,444,200	\$ 189,514	\$ -	\$ -	\$ (2,254,686)	\$ -	\$ (2,254,686)	
Public Safety	4,033,907	194,427	255,238	-	(3,584,242)	-	(3,584,242)	
Streets and Highways	2,634,286	304,845	80,098	377,230	(1,872,113)	-	(1,872,113)	
Health and Sanitation	672,413	226,989	-	-	(445,424)	-	(445,424)	
Culture and Recreation	2,923,313	550,978	52,219	-	(2,320,116)	-	(2,320,116)	
Community and Economic Development	420,342	-	-	-	(420,342)	-	(420,342)	
Airport	543,444	112,486	37,556	-	(393,402)	-	(393,402)	
Interest and Fiscal Fees	7,936	-	-	-	(7,936)	-	(7,936)	
Total Governmental Activities	13,679,841	1,579,239	425,111	377,230	(11,298,261)	-	(11,298,261)	
<b>BUSINESS-TYPE ACTIVITIES</b>								
Municipal Water	1,241,116	1,478,536	10,000	-	-	247,420	247,420	
Municipal Sewage Disposal	629,026	1,068,190	15,865	-	-	455,029	455,029	
Total Business-Type Activities	1,870,142	2,546,726	25,865	-	-	702,449	702,449	
Total Primary Government	<u>\$ 15,549,983</u>	<u>\$ 4,125,965</u>	<u>\$ 450,976</u>	<u>\$ 377,230</u>	(11,298,261)	702,449	(10,595,812)	
<b>COMPONENT UNIT</b>								
Housing and Economic Development	<u>\$ 1,853,253</u>	<u>\$ 259,408</u>	<u>\$ 1,215,628</u>	<u>\$ 259,098</u>				\$ (119,119)
<b>GENERAL REVENUES</b>								
Property Taxes					3,581,885	-	3,581,885	-
Grants and Aids Not Restricted for Specific Programs					4,747,999	-	4,747,999	-
Fines and Fees					862,646	-	862,646	-
Interest Income					270,039	6,759	276,798	68,471
Other					185,941	42,993	228,934	44,618
<b>SPECIAL ITEM - GAIN (LOSS) ON SALE OF ASSETS</b>					4,298	-	4,298	-
<b>TRANSFERS IN (OUT)</b>					21,530	(21,530)	-	-
Total General Revenues, Special Items, and Transfers					9,674,338	28,222	9,702,560	113,089
<b>CHANGE IN NET POSITION</b>								
Net Position - Beginning of Year					57,973,131	12,905,161	70,878,292	3,785,542
Prior Period Restatement - See note 14					1,786,463	-	1,786,463	-
Net Position - Beginning, as Restated					59,759,594	12,905,161	72,664,755	3,785,542
<b>NET POSITION - END OF YEAR</b>					<u>\$ 58,135,671</u>	<u>\$ 13,635,832</u>	<u>\$ 71,771,503</u>	<u>\$ 3,779,512</u>

See accompanying Notes to Financial Statements.

**CITY OF CROOKSTON, MINNESOTA  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
DECEMBER 31, 2023**

	General Fund	SSD Flood Control	Parks and Recreation	Improvement	Municipal Land and Building	Street Construction	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>								
Cash and Investments	\$ 3,524,204	\$ 3,463,674	\$ 442,274	\$ 373,181	\$ 94,350	\$ -	\$ 1,943,809	\$ 9,841,492
Accounts Receivable	171,763	-	590	-	-	-	40,370	212,723
Taxes Receivable	74,508	-	174,728	-	-	-	40,144	289,380
Special Assessments	23,240	16,062	-	791,014	-	-	-	830,316
Due from Other Governments	27,151	-	-	4,997	-	1,617,885	168,024	1,818,057
Due from Other Funds	2,346,864	-	-	-	17,494	-	-	2,364,358
Notes Receivable	127,711	-	-	-	-	-	439,555	567,266
Lease Receivable	595,170	-	256,076	-	-	-	221,021	1,072,267
Prepaid Expenses	219,125	-	-	-	-	-	3,662	222,787
Assets Held for Resale	-	-	-	-	535,071	-	-	535,071
<b>Total Assets</b>	<b>\$ 7,109,736</b>	<b>\$ 3,479,736</b>	<b>\$ 873,668</b>	<b>\$ 1,169,192</b>	<b>\$ 646,915</b>	<b>\$ 1,617,885</b>	<b>\$ 2,856,585</b>	<b>\$ 17,753,717</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>								
<b>LIABILITIES</b>								
Accounts Payable	\$ 160,310	\$ 34	\$ 65,605	\$ -	\$ -	\$ 10,043	\$ 164,977	\$ 400,969
Accrued Salaries and Wages Payable	105,954	106	20,302	-	-	-	163	126,525
Due to Other Governments	-	-	-	-	180,188	-	-	180,188
Due to Component Unit	-	-	-	-	180,188	-	-	180,188
Due to Other Funds	-	-	-	-	234,493	1,921,217	208,648	2,364,358
Unearned Revenues	20,575	-	30,952	-	-	-	34,747	86,274
<b>Total Liabilities</b>	<b>286,839</b>	<b>140</b>	<b>116,859</b>	<b>-</b>	<b>594,869</b>	<b>1,931,260</b>	<b>408,535</b>	<b>3,338,502</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unavailable Revenue	87,216	15,775	149,875	791,014	-	1,585,878	35,035	2,664,793
Lease Receivable	563,575	-	243,265	-	-	-	216,295	1,023,135
<b>Total Deferred Inflows</b>	<b>650,791</b>	<b>15,775</b>	<b>393,140</b>	<b>791,014</b>	<b>-</b>	<b>1,585,878</b>	<b>251,330</b>	<b>3,687,928</b>
<b>FUND BALANCES</b>								
Nonspendable	219,125	-	-	-	-	-	3,662	222,787
Restricted	261,814	3,463,821	-	-	-	-	1,526,828	5,252,463
Committed	1,304,954	-	-	378,178	-	-	8,374	1,691,506
Assigned	1,157,438	-	363,669	-	52,046	-	849,010	2,422,163
Unassigned	3,228,775	-	-	-	-	(1,899,253)	(191,154)	1,138,368
<b>Total Fund Balances</b>	<b>6,172,106</b>	<b>3,463,821</b>	<b>363,669</b>	<b>378,178</b>	<b>52,046</b>	<b>(1,899,253)</b>	<b>2,196,720</b>	<b>10,727,287</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 7,109,736</b>	<b>\$ 3,479,736</b>	<b>\$ 873,668</b>	<b>\$ 1,169,192</b>	<b>\$ 646,915</b>	<b>\$ 1,617,885</b>	<b>\$ 2,856,585</b>	<b>\$ 17,753,717</b>

See accompanying Notes to Financial Statements.

**CITY OF CROOKSTON, MINNESOTA  
GOVERNMENTAL FUNDS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
YEAR ENDED DECEMBER 31, 2023**

<b>FUND BALANCE - TOTAL GOVERNMENTAL FUNDS</b>		<b>\$ 10,727,287</b>
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in government activities are not current financial resources and therefore are not reported in the governmental funds:		
Cost	\$ 80,968,899	
Less: Accumulated Depreciation and Amortization	<u>(33,077,414)</u>	
Total		47,891,485
Unavailable revenue in governmental funds is susceptible to full accrual on the government-wide statements.		
		2,664,793
Internal service fund, Central Garage, is used by management to charge the cost of repair and maintenance of equipment and equipment rental to individual funds. The assets and liabilities of the internal service fund is included in the governmental activities in the statement of net position.		
		1,451,695
Compensated absences payable are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds.		
		(517,377)
Long-Term Liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in governmental funds:		
Net Pension Asset	(3,736,186)	
Other Postemployment Benefit Liability	(386,194)	
Leases Payable	(22,325)	
Subscriptions Payable	<u>(86,171)</u>	
Total		(4,230,876)
Deferred outflows and inflows of resources related to City pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds:		
Deferred Outflows of Resources	4,149,750	
Deferred Inflows of Resources	<u>(4,001,086)</u>	
Total		<u>148,664</u>
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>		<b><u>\$ 58,135,671</u></b>

See accompanying Notes to Financial Statements.

**CITY OF CROOKSTON, MINNESOTA  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
YEAR ENDED DECEMBER 31, 2023**

	General Fund	SSD Flood Control	Parks and Recreation	Improvement	Municipal Land and Building	Street Construction	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>								
Property Taxes	\$ 1,763,753	\$ -	\$ 1,742,084	\$ 71	\$ -	\$ -	\$ 469,268	\$ 3,975,176
Special Assessments	12,840	7,605	-	302,188	-	-	-	322,633
Licenses and Permits	152,080	-	-	-	-	-	-	152,080
Intergovernmental Revenues	4,861,218	-	-	-	-	427,815	344,053	5,633,086
Charges for Services	656,029	-	384,179	-	33,200	-	259,485	1,332,893
Fines and Fees	46,522	-	-	-	-	-	-	46,522
Investments Earnings	215,303	17,600	-	-	-	-	27,639	260,542
Donations and Grants	782	-	52,219	-	-	-	5,000	58,001
Other	12,109	-	36,352	-	-	-	93,125	141,586
Total Revenues	7,720,636	25,205	2,214,834	302,259	33,200	427,815	1,198,570	11,922,519
<b>EXPENDITURES</b>								
Current:								
General Government	1,759,459	-	-	-	-	-	12,219	1,771,678
Public Safety	3,374,332	28,892	-	-	-	-	384,440	3,787,664
Streets and Highways	1,147,538	-	-	-	-	-	-	1,147,538
Sanitation	233,405	-	-	-	-	-	-	233,405
Culture and Recreation	1,069	-	3,001,976	-	-	-	47,423	3,050,468
Economic Development	195,228	-	-	-	-	-	170,079	365,307
Airport	-	-	-	-	-	-	173,109	173,109
Capital Outlay	454,163	581	144,198	2,457	1,328,076	1,082,405	428,218	3,440,098
Debt Service:								
Principal	-	-	-	-	-	-	58,727	58,727
Interest and Fiscal Charges	-	-	-	-	-	-	639	639
Total Expenditures	7,165,194	29,473	3,146,174	2,457	1,328,076	1,082,405	1,274,854	14,028,633
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	555,442	(4,268)	(931,340)	299,802	(1,294,876)	(654,590)	(76,284)	(2,106,114)
<b>OTHER FINANCING SOURCES (USES)</b>								
Insurance Proceeds	4,298	-	-	-	-	-	7,737	12,035
Issuance of Subscription Payable	126,940	-	-	-	-	-	-	126,940
Operating Transfers In	-	-	-	21,530	-	-	-	21,530
Total Other Financing Sources (Uses)	131,238	-	-	21,530	-	-	7,737	160,505
<b>NET CHANGES IN FUND BALANCES</b>	686,680	(4,268)	(931,340)	321,332	(1,294,876)	(654,590)	(68,547)	(1,945,609)
Fund Balances - Beginning of Year	5,485,426	3,468,089	1,295,009	56,846	1,271,922	(1,244,663)	2,190,267	12,522,896
Prior Period Restatement - See note 14	-	-	-	-	75,000	-	75,000	150,000
Beginning of Year, as Restated	5,485,426	3,468,089	1,295,009	56,846	1,346,922	(1,244,663)	2,265,267	12,672,896
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 6,172,106</u>	<u>\$ 3,463,821</u>	<u>\$ 363,669</u>	<u>\$ 378,178</u>	<u>\$ 52,046</u>	<u>\$ (1,899,253)</u>	<u>\$ 2,196,720</u>	<u>\$ 10,727,287</u>

See accompanying Notes to Financial Statements.

**CITY OF CROOKSTON, MINNESOTA  
GOVERNMENTAL FUNDS  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2023**

**NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS** \$ (1,945,609)

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

Capital outlay is reported as expenditures in governmental funds. However, in the statement of activities the cost of those assets is allocated over their estimates useful lives as depreciation expense.

In the current period these amounts are:

Capital Outlay	\$ 3,751,414	
Depreciation and Amortization	<u>(2,962,184)</u>	
Total		789,230

Revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds. 99,834

Compensated absences are reported as an expenditure when paid. In the statement of activities, however, compensated absences are recognized as earned, regardless of when paid. (79,311)

Issuance of long-term debt provides current financial resources to governmental funds, but increases long-term liabilities in the statement of net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

These amounts consisted of:

Debt Repayment	58,727	
Leases Payable	10,935	
Subscription Based Technology Arrangements	(86,171)	
Accrued Interest	<u>907</u>	
Total		(15,602)

Governmental funds report City pension contributions and OPEB contributions as expenditures. In the statement of activities, however, the cost of pension and OPEB benefits earned net of employee contributions is reported as pension expense.

Net Pension Liability	3,553,127	
Other Post Employment Benefits Liability	<u>212,793</u>	
Total		3,765,920

Deferred outflows and inflows of resources related to City pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds:

Deferred Outflows of Resources	(529,871)	
Deferred Inflows of Resources	<u>(3,860,195)</u>	
Total		(4,390,066)

Internal Service funds are used in management to charge the cost of equipment maintenance and equipment rental to individual funds. the net revenue of the internal service fund is reported with the governmental activities. 151,681

**CHANGE IN NET POSITION TO GOVERNMENTAL ACTIVITIES** \$ (1,623,923)

See accompanying Notes to Financial Statements.

**CITY OF CROOKSTON, MINNESOTA  
 PROPRIETARY FUNDS  
 STATEMENT OF NET POSITION  
 DECEMBER 31, 2023**

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Water Fund	Wastewater Fund	Total	Internal Service Fund
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and Cash Equivalents	\$ 1,138,596	\$ 497,700	\$ 1,636,296	\$ 334,128
Investments	496,683	62,433	559,116	-
Accounts Receivable, Net	152,795	156,920	309,715	-
Inventory	164,377	-	164,377	-
Prepaid Expenses	2,702	-	2,702	-
Total Current Assets	<u>1,955,153</u>	<u>717,053</u>	<u>2,672,206</u>	<u>334,128</u>
<b>CAPITAL ASSETS</b>				
Nondepreciable	234,904	19,700	254,604	-
Depreciable Capital Assets, Net	8,375,740	2,558,322	10,934,062	1,159,823
Total Capital Assets	<u>8,610,644</u>	<u>2,578,022</u>	<u>11,188,666</u>	<u>1,159,823</u>
<b>NONCURRENT ASSETS</b>				
Restricted Cash	<u>207,749</u>	<u>77,362</u>	<u>285,111</u>	<u>-</u>
Total Assets	10,773,546	3,372,437	14,145,983	1,493,951
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Outflows Related to Pensions and OPEB	71,098	34,892	105,990	-
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Accounts Payable	41,323	40,193	81,516	15,607
Accrued Payroll Liabilities	2,727	1,861	4,588	453
Accrued Salaries and Wages Payable	4,919	3,117	8,036	812
Customer Deposits	54,966	-	54,966	-
Total Current Liabilities	<u>103,935</u>	<u>45,171</u>	<u>149,106</u>	<u>16,872</u>
<b>LONG-TERM LIABILITIES</b>				
Compensated Absences	13,772	7,802	21,574	25,384
Net Pension Liability	201,308	98,976	300,284	-
Other Postemployment Benefit Liability	32,210	14,875	47,085	-
Total Long-Term Liabilities	<u>247,290</u>	<u>121,653</u>	<u>368,943</u>	<u>25,384</u>
Total Liabilities	351,225	166,824	518,049	42,256
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Inflows Related to Pensions	65,760	32,332	98,092	-
<b>NET POSITION</b>				
Net Investment in Capital Assets	8,610,644	2,578,022	11,188,666	1,159,823
Restricted	207,749	77,362	285,111	-
Unrestricted	<u>1,609,266</u>	<u>552,789</u>	<u>2,162,055</u>	<u>291,872</u>
Total Net Position	<u>\$ 10,427,659</u>	<u>\$ 3,208,173</u>	<u>\$ 13,635,832</u>	<u>\$ 1,451,695</u>

See accompanying Notes to Financial Statements.

**CITY OF CROOKSTON, MINNESOTA  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 YEAR ENDED DECEMBER 31, 2023**

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Water Fund	Wastewater Fund	Total	Internal Service Fund
<b>OPERATING REVENUES</b>				
Charges for Services	\$ 1,433,441	\$ 1,068,190	\$ 2,501,631	\$ 432,945
Other	42,993	-	42,993	-
Total Operating Revenues	<u>1,476,434</u>	<u>1,068,190</u>	<u>2,544,624</u>	<u>432,945</u>
<b>OPERATING EXPENSES</b>				
Distribution	510,271	494,025	1,004,296	-
Administration	244,882	-	244,882	-
Repairs and Maintenance	-	-	-	172,794
Payroll Expenses	-	-	-	70,990
Depreciation and Amortization	485,963	135,001	620,964	54,137
Other Expenses	-	-	-	17,925
Total Operating Expenses	<u>1,241,116</u>	<u>629,026</u>	<u>1,870,142</u>	<u>315,846</u>
<b>OPERATING INCOME</b>	235,318	439,164	674,482	117,099
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest Income	7,426	(667)	6,759	-
Intergovernmental Grants and Aids	10,000	15,865	25,865	-
Miscellaneous	45,095	-	45,095	34,582
Total Nonoperating Revenues (Expenses)	<u>62,521</u>	<u>15,198</u>	<u>77,719</u>	<u>34,582</u>
<b>NET INCOME BEFORE OPERATING TRANSFERS</b>	297,839	454,362	752,201	151,681
<b>OPERATING TRANSFERS</b>				
Transfer to Other Funds	<u>(21,530)</u>	<u>-</u>	<u>(21,530)</u>	<u>-</u>
<b>CHANGES IN NET POSITION</b>	276,309	454,362	730,671	151,681
Net Position - Beginning of Year	<u>10,151,350</u>	<u>2,753,811</u>	<u>12,905,161</u>	<u>1,300,014</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 10,427,659</u></u>	<u><u>\$ 3,208,173</u></u>	<u><u>\$ 13,635,832</u></u>	<u><u>\$ 1,451,695</u></u>

See accompanying Notes to Financial Statements.

**CITY OF CROOKSTON, MINNESOTA  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 YEAR ENDED DECEMBER 31, 2023**

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Water Fund	Wastewater Fund	Total	Internal Service Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash Received from Customers	\$ 1,504,482	\$ 1,015,658	\$ 2,520,140	\$ 432,945
Cash Paid Employees	(455,072)	(515,752)	(970,824)	(214,464)
Cash Paid to Suppliers	(358,242)	(9,740)	(367,982)	(71,148)
Net Cash Provided by Operating Activities	691,168	490,166	1,181,334	147,333
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers to Other Funds	(21,530)	-	(21,530)	-
Other Income	45,095	-	45,095	34,582
Net Cash Provided (Used) by Noncapital and Related Financing Activities	23,565	-	23,565	34,582
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchase of Property and Equipment	(36,442)	(523,093)	(559,535)	(295,125)
Intergovernmental Grants and Aids	10,000	15,865	25,865	-
Net Cash Used by Capital and Related Financing Activities	(26,442)	(507,228)	(533,670)	(295,125)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest Income	7,426	(667)	6,759	-
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	695,717	(17,729)	677,988	(113,210)
Cash and Cash Equivalents - Beginning of Year	1,147,311	655,224	1,802,535	447,338
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 1,843,028</u>	<u>\$ 637,495</u>	<u>\$ 2,480,523</u>	<u>\$ 334,128</u>

See accompanying Notes to Financial Statements.

**CITY OF CROOKSTON, MINNESOTA  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS (CONTINUED)  
 YEAR ENDED DECEMBER 31, 2023**

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Water Fund	Wastewater Fund	Total	Internal Service Fund
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Operating Income	\$ 235,318	\$ 439,164	\$ 674,482	\$ 117,099
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation and Amortization	485,963	135,001	620,964	54,137
Changes in Assets, Liabilities and Deferrals:				
(Increase) Decrease in:				
Accounts Receivable	16,449	(52,532)	(36,083)	-
Inventory	30,568	-	30,568	-
Prepaid Expenses	1,100	2,761	3,861	1,675
Deferred Outflows of Resources	53,732	16,317	70,049	-
Increase (Decrease) in:				
Accounts Payable	23,531	(24,488)	(957)	(25,420)
Accrued Salaries and Wages Payable	(22,982)	2,435	(20,547)	165
Customer Deposits	11,599	-	11,599	-
Accrued Compensated Absences	2,024	5,083	7,107	(323)
Deferred Inflows of Resources	57,650	28,993	86,643	-
Net Pension Liability	(160,875)	(50,158)	(211,033)	-
Other Postemployment Benefit Liability	(42,909)	(12,410)	(55,319)	-
Net Cash Provided by Operating Activities	<u>\$ 691,168</u>	<u>\$ 490,166</u>	<u>\$ 1,181,334</u>	<u>\$ 147,333</u>

See accompanying Notes to Financial Statements.

**CITY OF CROOKSTON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Introduction**

The City of Crookston, Minnesota, (the City) was incorporated as a charter city, under the provision of the State of Minnesota. The City operates under a mayor and an eight-member council. It provides the following services: public safety, streets, public improvements, planning and zoning, water, sewer and general administrative services.

The financial statements of the City of Crookston, Minnesota have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental and financial reporting principles. The GASB has issued codification of governmental accounting and financial reporting standards. This codification and subsequent GASB pronouncements are recognized as United States generally accepted accounting principles for state and local governments.

**B. Financial Reporting Entity – Basis of Presentation**

1. Component Units

For financial reporting purposes, the City's financial statements include all funds over which the City exercises oversight responsibility. Oversight responsibility includes such aspects as appointment of government body members, the ability to significantly influence operations and accountability for fiscal matters. The discretely presented component unit includes the Crookston Housing and Economic Development Authority, which was created January 1, 2009 with the merger of the Housing and Redevelopment Authority and Crookston Development Authority. The Authority's activities include those necessary to encourage the promotion of economic development and affordable housing within the City.

The Crookston Fire Relief Association is an independent nonprofit firefighting corporation, and does not meet the definition of a component unit of the City and therefore is not included in these financial statements. Its members have sole authority over daily operations and financial activities.

2. Government-Wide and Fund Financial Statements

a) Government-Wide Financial Statements

The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These statements report financial information for the City as a whole, excluding custodial activities. The primary governmental and component units are presented separately within the financial statements with the focus on the primary government. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and city general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

**CITY OF CROOKSTON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

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

**B. Financial Reporting Entity – Basis of Presentation (Continued)**

2. Government-Wide and Fund Financial Statements (Continued)

a) Government-Wide Financial Statements (Continued)

The Statement of Activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, fines and forfeitures, and other charges to users of the City's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

b) Fund Financial Statements

Fund financial statements are provided for governmental, proprietary, and fiduciary funds. Major individual governmental and proprietary funds are reported in separate columns with composite columns for nonmajor funds.

3. Measurement Focus, Basis of Accounting and Financial State Presentation

The government-wide statements, proprietary fund statements, and custodial fund statements, report using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The City considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported as expenditures in the year due.

Major revenue sources susceptible to accrual include: property taxes, special assessments, intergovernmental revenues, charges for services, and investment income. In general, other revenues are recognized when cash is received.

**CITY OF CROOKSTON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

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

**B. Financial Reporting Entity – Basis of Presentation (Continued)**

3. Measurement Focus, Basis of Accounting and Financial State Presentation (Continued)

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed.

4. Adoption of New Accounting Standards

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, *Leases*. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principal that leases are financing of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The City has adopted the requirements of the guidance effective January 1, 2023 and has applied the provisions of this standard to the beginning of the period of adoption. The implementation of this standard resulted in the City reporting a lease receivable and deferred inflow of resources and right-to-use lease assets and lease liabilities.

In May 202, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This standard defines a subscription-based information technology arrangement (SBITA); established that a SBITA results in a right-use subscription asset (an intangible asset) and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA, and requires notes disclosures regarding a SBITA.

The City has adopted the requirements of the guidance effective January 1, 2023, and has applied the provisions of this standard to the beginning of the period of adoption. Beginning fund balance/net position was not restated due to the implementation of GASB 96. The City did not identify any applicable arrangements, so the implementation of this standard did not have any effect on the City's financial statements.

**CITY OF CROOKSTON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

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

**B. Financial Reporting Entity – Basis of Presentation (Continued)**

5. Budget

The annual budget is adopted through approval by resolution. The City submits a proposed budget and levy to the County Auditor's office by September 15. Truth in Taxation public hearings are held in December. The City must prepare a final budget and certify the levy to the County by December 31. A copy of the final budget and prior year revenue and expenditures must be submitted to the State Auditor's office. Any budget changes are approved by the Council. All unencumbered appropriations lapse at year-end.

**C. Fund Types and Major Funds**

**Governmental Funds**

1. General Fund

The General Fund is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Fund

A special revenue fund is used to account for the proceeds of specific revenue sources (other than capital projects) where the expenditures are designated to finance a particular function or activity of the City. The City includes the following special revenue funds:

The City includes the following major special revenue funds:

*Improvement Fund* – Accounts for revenues received in connection with improvement projects completed.

*Parks and Recreation Fund* – Accounts for recreational facilities and services provided by the City.

*SSD Flood Control Fund* – Accounts for special service district assessment restricted for the use of flood control within the City.

**CITY OF CROOKSTON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

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

**C. Fund Types and Major Funds (Continued)**

**Governmental Funds (Continued)**

**2. Special Revenue Fund (Continued)**

The City Reports the following nonmajor special revenue funds:

*Library Fund* - Accounts for the cost-share of the Lake Agassiz Regional Library.

*TIF Fund* - Accounts for tax increment revenue received by City on various TIF Districts.

*Airport Fund* - Accounts for the activities of the Crookston Municipal Airport.

*Valley Technology Park Fund* - Accounts for the activities of Valley Technology Park, a business incubator created through the City in collaboration with other governmental entities.

*Intermediary Relending Program* - Accounts for revenues and expenditures relating to the City's IRP revolving business loan pool.

*Drug Task Force Fund* - Accounts for revenues and program expenditures for drug enforcement.

*Insurance Fund* - Accounts for insurance refunds and settlements to be used for property repairs and replacement.

*SCDP Recapture Fund* - Accounts for Small Cities Development Program participant repayments received and provide funding for future rehabilitation projects.

*Red River Corridor Fund* - Accounts for revenues and expenditures relating to the Red River Corridor program development.

**3. Capital Project Fund**

Capital project funds account for revenues and expenditures associated with major capital projects.

The City includes the following capital project funds as major:

*Street Construction Fund* - Accounts for various grants and revenues for street improvements and construction.

*Municipal Land and Building* – Accounts for resources received and to be expended for capital projects designated by City Council.

The City includes the following capital project funds as non-major:

*Arena Construction Fund* - Accounts for various grants and revenues for the construction of arena.

**CITY OF CROOKSTON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

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

**C. Fund Types and Major Funds (Continued)**

**Proprietary Funds**

1. **Enterprise Funds**

The enterprise funds are used to account for business-type activities provided to the general public. These activities are financed primarily by user charges, and the measurement of financial activities focuses on net income measurement similar to the private sector. The City includes the following enterprise funds as major:

*Water Fund* - Accounts for the activities in providing water services to public users.

*Wastewater Fund* - Accounts for the activities in providing wastewater services to public users.

2. **Internal Service Fund**

Internal Service Fund accounts for services or goods provided to other departments of the City on a cost reimbursement basis. The City has one internal service fund. The Central Garage Fund provides for the operations and maintenance of motor vehicle equipment of the City.

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

1. **Cash, Cash Equivalents, Investments**

Cash balances of the City for funds are pooled and invested to the extent available in certificates of deposits or in obligations of the federal government or its agencies as authorized by resolution of the City Council. Earnings from investments are allocated based on average cash and investment balances.

For purposes of reporting cash flows, the City considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. Investments consist of certificates of deposits and corporate bonds and are stated at fair market value.

**Fair Value Measurements**

The City accounts for all assets and liabilities that are being measured and reported on a fair value basis in accordance with GAAP. GAAP defines fair value, establishes a framework for measuring fair value and expands disclosure about fair value measurements.

When fair value measurements are required, various data is used in determining those values. This statement requires that assets and liabilities that are carried at fair value must be classified and disclosed in the following levels based on the nature of the data used.

*Level 1* - Quoted market prices in active markets for identical assets or liabilities.

*Level 2* - Observable market-based inputs or unobservable inputs that are corroborated by market data.

*Level 3* - Unobservable inputs that are not corroborated by market data.

**CITY OF CROOKSTON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

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

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

2. Inventories and Prepaid Expenses

Proprietary fund inventories are valued at lower of cost or market using the first-in, first-out method (FIFO).

Prepaid expenses record payments to vendors that benefit future reporting periods and are also reported on the consumption basis. Prepaid expenses are similarly reported in government-wide and fund financial statements.

3. Capital Assets and Depreciation

The City's capital assets with useful lives of more than one year are stated at historical costs or estimated historical cost and comprehensively reported in the government-wide financial statements. Infrastructure with useful lives of more than one year are stated at historical cost or estimated historical cost and comprehensively reported in the government-wide financial statements. The City maintains infrastructure asset records consistent with all other capital assets. Proprietary and component unit capital assets are also reported in their respective fund financial statements. Donated assets are stated at acquisition value on the date donated. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using straight-line depreciation. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

The City has established the following capitalization thresholds:

Land Improvements	\$25,000
Buildings and Improvements	25,000
Furniture and Equipment	5,000
Utilities Facilities and Distribution Systems	25,000
Infrastructure	50,000

Estimated useful lives, in years, for depreciable assets are as follows:

Land Improvements	5 – 20 Years
Buildings and Improvements	7 – 40 Years
Furniture and Equipment	4 – 10 Years
Utilities Facilities and Distribution Systems	4 – 50 Years
Infrastructure	10 – 50 Years

Right-to-use assets are initially measured at the present value of payments expected to be made during the lease term, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

**CITY OF CROOKSTON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

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

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

4. Long-Term Obligations

In the government-wide financial statements and proprietary fund types, in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

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

5. Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position has been determined on the same basis as they are reported by PERA except that report'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.

6. Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to future periods and thus, will not be recognized as an outflow of resources (expenditure/expense) until then. The City has two items that qualify for reporting in this category. They are the deferred resources related to pensions and OPEB, reported in the government-wide Statement of Net Position.

In addition to liabilities, the statements of financial position or balance sheets will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items which qualify for reporting in this category: unavailable revenue - delinquent property taxes receivable and lease receivable and deferred resources related to pensions.

**CITY OF CROOKSTON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

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

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

**6. Deferred Outflows/Inflows of Resources (Continued)**

The first item, unavailable revenue – property taxes and special assessments receivables, arise under a modified accrual basis of accounting and is reported only in the governmental funds Balance Sheet. Delinquent property taxes and special assessments not collected within 60 days of year-end are deferred and recognized as an inflow of resources in the governmental funds in the period the amounts become available.

Deferred Outflows and Inflows Related to Pensions are for purposes of measuring the net pension liability/asset, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and relief association. Additions to/deductions from PERA and relief association's fiduciary net position have been determined on the same basis as they are reported by PERA and the relief association.

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. Additional information can be found in Note 4.

**7. Leases**

The City determines if an arrangement is a lease at inception. Lessor leases are included in lease receivables and deferred inflow of resources in the statement of net position and fund financial statements.

Lease receivables represent the City's claim to receive lease payments over the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease receivables are recognized at commencement date based on the present value of expected lease payments over the lease term, reduced by any provision for estimated uncollectible amounts. Interest revenue is recognized ratably over the contract term.

Deferred inflows of resources related to leases are recognized at the commencement date based on the initial measurement of the lease receivable, plus any payments received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The deferred inflows related to leases are recognized as lease revenue in a systematic and rational manner over the lease term.

The individual lease contracts do not always provide information about the discount rate implicit in the lease. Therefore, the City has elected to use their incremental borrowing rate to calculate the present value of expected lease payments when it is not explicitly stated in the contract.

**CITY OF CROOKSTON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

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

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

7. Leases (Continued)

The City accounts for contracts containing both lease and non-lease components as separate contracts when possible. In cases where the contract does not provide separate price information for lease and non-lease components, and it is impractical to estimate the price of such components, the City treats the components as a single lease unit.

8. Subscription-Based Information Technology Arrangements (SBITAs)

The City determines if an arrangement is a SBITA at inception. SBITAs are included in Right-to-Use assets and subscription payable in the statement of net position.

SBITA subscriptions payable represent the City's obligation to make SBITA payments arising from the arrangement. SBITA subscriptions payable are recognized at the commencement date based on the present value of expected SBITA payments over the SBITA term, less any SBITA vendor incentives. Interest expense is recognized ratably over the contract term.

9. Fund Balance

The following classifications describe the relative strength of the spending constraints:

- *Nonspendable Fund Balance* – amounts are in a nonspendable form (such as inventory or prepaid items) or are required to be maintained intact.
- *Restricted Fund Balance* – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- *Committed Fund Balance* – amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (i.e., city council). To be reported as committed, amounts cannot be used for any purpose unless the City takes the same highest level action to remove or change the constraint.

**CITY OF CROOKSTON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

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

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

9. Fund Balance (Continued)

- *Assigned Fund Balance* – amounts the City intends to use for a specific purpose. Intent can be expressed by the city council or by an official or body to which the city council delegates the authority. The City has authorized the City Administrator to establish assignments of fund balance.
- *Unassigned Fund Balance* – amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

The City would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

The City adopted a formal fund balance policy that strives to maintain an unassigned fund balance equal to or greater than 45% of the fund operating revenues. Should the unassigned fund balance fall below the 45% threshold, the City will strive toward regaining the minimum threshold during the next budget process.

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

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
General Fund				
Prepaid Expenses	\$ 219,125	\$ -	\$ -	\$ -
Public Safety	-	134,103	-	195,362
Fire Truck	-	-	340,222	-
Severance	-	-	100,930	-
Pest Control	-	-	483,830	-
BNSF Settlement	-	-	373,253	-
Street Light Replacement	-	-	-	41,338
Community Improvement	-	-	-	115,384
Garage Truck	-	-	-	83,000
Wage Study	-	-	-	58,100
Economic Development	-	127,711	-	351,207
Other	-	-	6,719	313,047
Total General Fund	<u>219,125</u>	<u>261,814</u>	<u>1,304,954</u>	<u>1,157,438</u>

**CITY OF CROOKSTON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

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

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

**9. Fund Balance (Continued)**

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
Special Revenue Fund				
IRP Relending	\$ -	\$ 917,571	\$ -	\$ -
SSD Flood Control	-	3,463,821	-	-
Improvements	-	-	378,178	-
Library	-	-	8,374	-
Airport	-	13,828	-	-
Park and Recreation	-	-	-	363,669
Valley Technology Park	-	-	-	290,247
SCDP Recapture	-	233,463	-	-
Tax Increment	-	152,213	-	-
Insurance Fund	-	-	-	472,933
Drug Task Force	3,662	209,753	-	-
Total Special Revenue Funds	<u>3,662</u>	<u>4,990,649</u>	<u>386,552</u>	<u>1,126,849</u>
Capital Project Funds				
Municipal Land and Building	-	-	-	52,046
Arena Construction	-	-	-	85,830
Total Capital Project Funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>137,876</u>
Total Governmental Funds	<u>\$ 222,787</u>	<u>\$5,252,463</u>	<u>\$1,691,506</u>	<u>\$2,422,163</u>

**10. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**CITY OF CROOKSTON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 2 ASSETS AND LIABILITIES**

**A. Deposits**

**Authority**

In accordance with *Minnesota Statutes*, the City maintains deposits at those depository banks authorized by the City Council. All such depositories are members of the Federal Reserve System. *Minnesota Statutes* require that all City deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or bonds. Authorized collateral includes treasury bills, notes and bonds; issues of U.S. government agencies; general obligations rated "A" or better, revenue obligations rated "AA" or better; irrevocable standby letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. *Minnesota Statutes* require that securities pledged as collateral be held in safekeeping by the City Treasurer or in a financial institution other than that furnishing the collateral.

**Custodial Credit Risk**

The custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be covered. The City's policy for custodial credit risk is to maintain compliance with *Minnesota Statutes* that require all the City's deposits to be protected by insurance, surety bond, or pledged collateral, and therefore, there is no custodial credit risk for deposits at December 31, 2023.

**Restricted Deposits**

The City has \$285,111 in deposits restricted for distribution line repairs and maintenance.

**B. Investments**

**Authority**

*Minnesota Statutes* authorize the City to invest in the following types of investments:

- I. securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, except mortgage-backed securities defined as "high risk" by *Minnesota Statutes*;
- II. mutual funds through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments;
- III. general obligations of the State of Minnesota and its municipalities, and in certain state agency and local obligations of Minnesota and other states provided such obligations have certain specified bond ratings by a national bond rating service;
- IV. bankers' acceptances of United States banks;
- V. commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by two nationally recognized rating agencies and matures in 270 days or less; and
- VI. with certain restrictions, in repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts.

**CITY OF CROOKSTON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 2 ASSETS AND LIABILITIES (CONTINUED)**

**B. Investments (Continued)**

**Authority**

The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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

Investment Type	Fair Value	Maturity		
		1 - 12 Months	1 - 5 Years	6 - 10 Years
FDIC Covered CDs	\$ 6,715,047	\$ 1,446,490	\$ 5,091,840	\$ 176,717

**C. Accounts Receivable**

Accounts receivable is stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the credit history with customers having outstanding balances and current relationships with them, it has been concluded that bad debt losses on balances outstanding at year-end will be immaterial.

**D. Special Assessment Receivables**

Special assessment receivables include the following components:

*Current* – includes amounts billed to property owners in the next fiscal year.

*Delinquent* – includes amounts billed to property owners but not paid as of December 31, 2023.

*Deferred* – includes assessment installments which will be billed to property owners in future years.

*Special Assessment Revenue* – principal revenues are recognized as installments become measurable and available. Interest revenues are recognized when due, net of delinquencies.

Unearned revenue in governmental activities is susceptible to full accrual on the government- wide statements.

**CITY OF CROOKSTON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 2 ASSETS AND LIABILITIES (CONTINUED)**

**E. Notes Receivable**

**Primary Government**

Intermediary relending program loans are offered by the City through a revolving loan pool funded by the U.S. Department of Agriculture that provide loans to qualifying local businesses. These loans carry interest rates of 4.25% to 5.00% and are typically payable over 15 years. At December 31, 2023, the balance remaining on the loans was \$562,208.

As part of a HUD Small Cities Development Program, the City is collecting on commercial rehab notes. The notes carry an annual interest rate of 3% and notes set up on a monthly payment schedule over five years. At December 31, 2023, the balance remaining on the loans was \$37,552.

The City extended two financing arrangement for the development of land and buildings within the City. The notes are secured by property and a personal guarantee provided by the developer. The loans carry an interest rates of 0.0% to 1.0%. At December 31, 2023, the balance of the notes were \$127,711.

**Discretely Presented Component Unit – CHEDA**

The Crookston Housing & Economic Development Authority (component unit) administers a revolving loan pool. Loans have been made to qualifying businesses. Terms on these notes are negotiated based on the financial circumstances of each business. At December 31, 2023, the balance remaining on the loans was \$926,331, reported net of an allowance for uncollectible accounts of \$0.

**F. Lease Receivable**

The City, acting as lessor, leases certain real property as farm land under long-term non cancelable lease agreements. These leases expire in fiscal year 2024, 2025, and 2026. During the year ended December 31, 2023, the City recognized \$34,123 and \$5,279 in lease revenue and interest revenue, respectively, pursuant to these contracts.

The City, acting as lessor, leases certain real property on which communication equipment is installed under long-term, non-cancelable lease agreements. These leases expire in fiscal year 2038, 2041, and 2053. During the year ended December 31, 2023, the City recognized \$26,096 and \$43,691 in lease revenue and interest revenue, respectively, pursuant to these contracts.

The City, acting as a lessor, leases arena space under long term, non-cancelable lease agreements. These leases expire in fiscal year 2025 and 2027. During the year ended December 31, 2023, the City recognized \$159,497 and \$25,827 in lease revenue and interest revenue, respectively, pursuant to these contracts.

The City, acting as a lessor, leases building space under a long term, non-cancelable lease agreement. This lease expires in fiscal year 2027. During the year ended December 31, 2023, the City recognized \$32,678 and \$10,484 in lease revenue and interest revenue, respectively, pursuant to this contract.

**CITY OF CROOKSTON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 2 ASSETS AND LIABILITIES (CONTINUED)**

**F. Lease Receivable (Continued)**

Total future minimum lease payments to be received under lease agreements are as follows:

<u>Year Ending December 31,</u>	<u>Long-Term Lease Receivable</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 259,634	\$ 74,143
2025	176,502	55,224
2026	74,533	47,270
2027	24,793	43,191
2028	7,665	42,335
2029-2033	75,188	197,298
2034-2038	133,090	152,077
2039-2043	50,261	118,292
2044-2048	98,674	89,777
2049-2053	171,927	34,797
Total	<u>\$ 1,072,267</u>	<u>\$ 854,404</u>

Changes in these lease receivables for the year are as follows:

	<u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u>	<u>Principal Due</u>
	<u>12/31/2022</u>			<u>12/31/2023</u>	<u>Within One Year</u>
Long-Term Lease Receivable:					
Farm Land Leases	\$ 71,357	\$ 104,833	\$ 28,584	\$ 147,606	\$ 64,303
Arena Leases	402,762	-	146,687	256,075	163,718
American Tower Lease	295,543	4,607	-	300,150	(4,392)
Midco Lease	19,635	-	459	19,176	497
CCATT Holding Lease	234,348	-	3,863	230,485	4,883
UMC VTP Lease	147,052	-	28,277	118,775	30,625
	<u>\$ 1,170,697</u>	<u>\$ 109,440</u>	<u>\$ 207,870</u>	<u>\$ 1,072,267</u>	<u>\$ 259,634</u>

**CITY OF CROOKSTON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 2 ASSETS AND LIABILITIES (CONTINUED)**

**G. Capital Assets**

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

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Governmental Activities					
Nondepreciable Capital Assets					
Land	\$ 3,688,684	\$ 29,000	\$ -	\$ -	\$ 3,717,684
Construction in Progress	120,739	-	-	(120,739)	-
Total Nondepreciable Capital Assets	3,809,423	29,000	-	(120,739)	3,717,684
Capital Assets, Being Depreciated					
Buildings	17,950,132	365,907	-		18,316,039
Furniture, Fixtures, and Equipment	11,055,109	494,191	-	-	11,549,300
Other Improvements	45,719,409	3,030,501	-	120,739	48,870,649
Total Capital Assets Being Depreciated	74,724,650	3,890,599	-	120,739	78,735,988
Right-to-Use Assets, Being Amortized					
Equipment	33,260	-	-	-	33,260
Subscription Based Information Technology Arrangement Assets	-	126,940	-	-	126,940
Total Capital Assets Being Amortized	33,260	126,940	-	-	160,200
Less: Accumulated Depreciation and Amortization	30,546,243	3,016,321	-	-	33,562,564
Total Depreciable Capital Assets, Net	44,211,667	1,001,218	-	120,739	45,333,624
 Total Governmental Activities Capital Assets, Net	 <u>\$ 48,021,090</u>	 <u>\$ 1,030,218</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 49,051,308</u>

**CITY OF CROOKSTON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 2 ASSETS AND LIABILITIES (CONTINUED)**

**G. Capital Assets (Continued)**

	Beginning Balance	Additions	Disposals	Transfer	Ending Balance
Business-Type Activities					
Water Fund:					
Nondepreciable Capital Assets					
Land	\$ 234,905	\$ -	\$ -	\$ -	\$ 234,905
Construction in Progress	124,100	-	-	(124,100)	-
Total Nondepreciable Capital Assets	359,005	-	-	-	234,905
Depreciable Capital Assets					
Lift Station	1,690,786	-	-	-	1,690,786
Lagoons	2,040,798	-	-	-	2,040,798
Distribution Systems	12,045,062	-	-	124,100	12,169,162
Equipment	2,736,120	36,442	-	-	2,772,562
Total Depreciable Capital Assets	18,512,766	36,442	-	124,100	18,673,308
Less: Accumulated Depreciation	9,811,606	485,963	-	-	10,297,569
Total Depreciable Capital Assets, Net	8,701,160	(449,521)	-	124,100	8,375,739
Total Water Fund Capital Assets, Net	9,060,165	(449,521)	-	124,100	8,610,644
Wastewater Fund					
Nondepreciable Capital Assets					
Land	19,700	-	-	-	19,700
Construction in Progress	30,542	-	-	(30,542)	-
Total Nondepreciable Capital Assets	50,242	-	-	(30,542)	19,700
Depreciable Capital Assets					
Buildings	1,537,447	-	-	-	1,537,447
Wells	642,784	-	-	-	642,784
Distribution Systems	1,357,201	523,093	-	30,542	1,910,836
Equipment	737,610	-	-	-	737,610
Total Depreciable Capital Assets	4,275,042	523,093	-	30,542	4,828,677
Less: Accumulated Depreciation	2,135,354	135,001	-	-	2,270,355
Total Depreciable Capital Assets, Net	2,139,688	388,092	-	30,542	2,558,322
Total Wastewater Fund Capital Assets, Net	2,189,930	388,092	-	-	2,578,022
Total Business-Type Activities Capital Assets, Net	<u>\$ 11,250,095</u>	<u>\$ (61,429)</u>	<u>\$ -</u>	<u>\$ 124,100</u>	<u>\$ 11,188,666</u>

**CITY OF CROOKSTON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 2 ASSETS AND LIABILITIES (CONTINUED)**

**G. Capital Assets (Continued)**

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

Government Activities	
General Government	\$ 227,693
Public Safety	176,716
Street and Highways	1,728,577
Culture and Recreation	549,448
Community and Economic Development	36,672
Airport	258,556
Total Governmental Activities	<u>2,977,662</u>
Depreciation Expense	<u>\$ 2,977,662</u>
Business-Type Activities	
Water	\$ 485,963
Wastewater	135,001
Total Business-Type Activities	<u>620,964</u>
Depreciation Expense	<u>\$ 620,964</u>

Discretely Presented Component Unit

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

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Discretely Presented Component Unit					
Nondepreciable Capital Assets					
Land	\$ 101,632	\$ -	\$ -	\$ -	\$ 101,632
Construction in Progress	28,293	208,942	-	-	237,235
Total Nondepreciable Capital Assets	129,925	208,942	-	-	338,867
Depreciable Capital Assets					
Buildings	7,195,480	60,140	-	-	7,255,620
Furniture and Equipment	252,096	-	1,927	-	250,169
Total Depreciable Capital Assets	7,447,576	60,140	1,927	-	7,505,789
Less Accumulated Depreciation:					
Buildings	4,015,852	195,447	-	-	4,211,299
Furniture and Equipment	228,605	4,880	1,927	-	231,558
Total Less Accumulated Depreciation	4,244,457	200,327	1,927	-	4,442,857
Total Depreciable Capital Assets, Net	3,203,119	(140,187)	-	-	3,062,932
Total Component Unit Capital Assets, Net	<u>\$ 3,333,044</u>	<u>\$ 68,755</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,401,799</u>

**CITY OF CROOKSTON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 2 ASSETS AND LIABILITIES (CONTINUED)**

**H. Long-Term Liabilities**

The following is a schedule of changes in long-term liabilities for the year ended December 31, 2023:

	Beginning Balance	Issues	Payments	Ending Balance	Due Within One Year
Governmental Activities					
USDA Intermediary					
Relending Program	\$ 58,727	\$ -	\$ 58,727	\$ -	\$ -
Leases Payable	33,260	-	10,935	22,325	11,843
Subscriptions Payable	-	126,940	40,769	86,171	53,306
Compensated Absences	463,773	376,893	297,905	542,761	-
Total Governmental Activities	555,760	503,833	408,336	651,257	65,149
Business-Type Activities					
Compensated Absences	14,467	21,717	14,610	21,574	-
Total Business- Type Activities	14,467	21,717	14,610	21,574	-
Total Primary Government	<u>\$ 570,227</u>	<u>\$ 525,550</u>	<u>\$ 422,946</u>	<u>\$ 672,831</u>	<u>\$ 65,149</u>

**Discretely Presented Component Unit**

The Authority entered into a POHP (Publicly Owned Housing Program) loan on April 20, 2020 for \$1,758,512. The loan is a 20-year deferred forgivable loan with a 0% interest rate. \$1,734,388 has been drawn on the loan as of December 31, 2023. On September 8, 2023, the Authority entered in to a second POHP loan for \$470,925. The loan is a 20-year deferred forgivable loan with a 0% interest rate. Loan funds of \$8,902 have been received as of December 31, 2023.

**CITY OF CROOKSTON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 2 ASSETS AND LIABILITIES (CONTINUED)**

**I. Compensated Absences**

Under the terms of union contracts and personnel policies, City employees are granted vacations in varying amounts depending upon length of service and union contract or employee classification. All full-time employees accumulate one day of sick leave per month until 140 days are accumulated. Thereafter ½ day per month is credited. Upon termination, employees are paid for all unused vacation and severance pay, equal to 50% of their unused sick leave. The estimated liability for compensated absences has been accrued as an expense in the proprietary funds, governmental and business-type activities in the statement of net position. Governmental funds report vacation and sick pay as expenditures in the year paid.

In accordance with the provisions of Statement of Government Accounting Standards No. 16, Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that is vested as severance pay.

**J. Net Position**

Net position represents the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources in the City's financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any long-term debt attributable to the acquisition, construction, or improvement of those assets. Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

**NOTE 3 REVENUES AND EXPENSES**

**A. Local Government Aid Revenue Recognition**

Local government aid is provided to the City by the State as a shared tax based upon a statutory formula and without restrictions. Payment from the State is generally received during each calendar year for that calendar year. The City recognizes local government aid revenue when it becomes both measurable and available to finance current operations. In practice, local government aid is recognized as revenue as it is received in cash.

**B. Unearned Revenue**

Unearned revenue includes local grants received but not yet earned. In addition, licenses, fees and hanger rent received but services have not been performed or revenue earned at year end.

**CITY OF CROOKSTON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 3 REVENUES AND EXPENSES (CONTINUED)**

**C. Unearned Revenue**

Preliminary property taxes are set by the City Council in September of each year and final tax levies are certified to the County for collection by December 28th. Such taxes become a lien on January 1 and are recorded as a receivable by the City at that date. The County is responsible for billing and collecting all property taxes for itself, the City, the local school district and other taxing authorities. These taxes are payable by May 15 and October 15 of each calendar year by the property owners. These taxes are collected by the County and remitted to the City by approximately July 15 and December 15. Additionally, delinquent collections (November through December) are remitted to the City each January. The City has no ability to enforce payment of property taxes by property owners. The County possesses this authority. Pursuant to State Statutes, a property shall be subject to a tax forfeit sale after three years unless it is homesteaded, agricultural, or seasonal recreational land (as defined in State Statutes) in which event the property is subject to such sale after five years.

The City recognizes property tax revenue when it becomes both measurable and available to finance expenditures of the current period. In practice, current and delinquent taxes and homestead credits received by the City are recognized as revenue for the current year. Additionally, taxes collected by the County by December 31 (remitted to the City the following January) and credits not received at the normal time are recognized as revenue for the current year. Homestead credits received by the City from the State are recognized as revenue when received in cash.

**D. Special Assessment Revenue Recognition**

Special assessments are levied against benefited properties for the cost or a portion of the cost of special assessment improvement projects in accordance with State Statutes. These assessments are collectible by the City over a term of years usually consistent with the term of the related bond issue. Collection of annual installments (including interest) is handled by the County Auditor in the same manner as property taxes. Property owners are allowed to prepay future installments without interest or prepayment penalties. Revenue from special assessments is recognized by the City when it becomes measurable and available to finance expenditures of the current fiscal period. In practice, current and delinquent special assessments received by the City are recognized as revenue for the current year. Special assessments are collected by the County and remitted by December 31 (remitted to the City in the following January) and are also recognized as revenue for the current year. All remaining delinquent, deferred and special deferred assessments receivable in governmental funds are recognized in the year assessed in the government-wide statements.

**CITY OF CROOKSTON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 3 REVENUES AND EXPENSES (CONTINUED)**

**D. Special Assessment Revenue Recognition (Continued)**

Once a special assessment roll is adopted, the amount attributed to each parcel is a lien upon that property until full payment is made or the amount is determined to be excessive by the City Council or court action. If special assessments are allowed to go delinquent, the property is subject to tax forfeit sale and the first proceeds of the sale (after costs, penalties and expenses of the sale) are remitted to the City in payment of delinquent special assessments. Generally, the City will collect the full amount of its special assessments not adjusted by City Council or court action. Pursuant to State Statutes, a property shall be subject to a tax forfeit sale after three years unless it is homesteaded, agricultural or seasonal recreation land in which event the property is subject to such sale after five years.

**NOTE 4 DEFINED BENEFIT PENSION PLANS**

**A. Plan Description**

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

**General Employees Retirement Plan**

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

**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.

**CITY OF CROOKSTON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 4 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**B. Benefits Provided**

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

**General 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 10 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.

**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 10 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 10 years up to 100% after 20 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.

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.

**CITY OF CROOKSTON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 4 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**C. Contributions**

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

**General Employees Fund Contributions**

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2023 and the City was required to contribute 7.50% for Coordinated Plan members. The City's contributions to the General Employees Fund for the year ended December 31, 2023, were \$189,277. The City's contributions were equal to the required contributions as set by state statute.

**Police and Fire Fund Contributions**

Police and Fire Plan members were required to contribute 11.80% 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 \$333,279. The City's contributions were equal to the required contributions as set by state statute.

**D. Pension Costs**

**General Employees Fund Pension Costs**

At December 31, 2023, the City reported a liability of \$1,677,566 for its proportionate share of the General Employees Fund's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a 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 \$46,204.

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 0.0300% at the end of the measurement period and 0.0269% for the beginning of the period.

	City	CHEDA
City's Proportionate share of Net Pension Liability	\$ 1,677,566	\$ 111,838
State of Minnesota's Proportionate Share of Net Pension Liability Associated With the City	46,204	3,150
Total	\$ 1,723,770	\$ 114,988

For the year ended December 31, 2023, the City recognized pension expense of \$305,474 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized an additional \$208 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

**CITY OF CROOKSTON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 4 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**D. Pension Costs (Continued)**

**General Employees Fund Pension Costs (Continued)**

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 55,091	\$ 11,556
Changes in Actuarial Assumptions	271,575	459,807
Difference Between Projected and Actual Investment Earnings	-	62,735
Changes in Proportion	152,615	13,901
Contributions Paid to PERA Subsequent to the Measurement Date	95,217	-
Total	<u>\$ 574,498</u>	<u>\$ 547,999</u>

The \$95,217 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:

<u>Year Ending December 31,</u>	<u>Pension Expense</u>
2024	\$ 93,249
2025	(211,559)
2026	85,984
2027	(36,392)

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 3,629	\$ 1,464
Changes in Actuarial Assumptions	33,714	30,654
Difference Between Projected and Actual Investment Earnings	-	39,603
Changes in Proportion	5,940	57,320
Contributions Paid to PERA Subsequent to the Measurement Date	6,513	-
Total	<u>\$ 49,796</u>	<u>\$ 129,041</u>

**CITY OF CROOKSTON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 4 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**D. Pension Costs (Continued)**

**General Employees Fund Pension Costs (Continued)**

The \$6,513 reported as deferred outflows of resources related to pensions resulting from CHEDA 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:

<u>Year Ending December 31,</u>	<u>Pension Expense</u>
2024	\$ (27,100)
2025	(60,107)
2026	3,875
2027	(2,426)

**Police and Fire Fund Pension Costs**

At December 31, 2023, the City reported a liability of \$2,358,904 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City'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 0.1366% at the end of the measurement period and 0.1303% 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's totaled \$95,017.

City's Proportionate share of Net Pension Liability	\$ 2,358,904
State of Minnesota's Proportionate Share of Net Pension Liability Associated With the City	95,017
Total	<u><u>\$ 2,453,921</u></u>

**CITY OF CROOKSTON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 4 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**D. Pension Costs (Continued)**

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

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 \$687,434 for its proportionate share of the Police and Fire Plan's pension expense. The City recognized \$5,723 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 \$12,294 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 reported its proportionate share of the Police and Fire Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 650,429	\$ -
Changes in Actuarial Assumptions	2,737,318	3,316,648
Difference Between Projected and Actual Investment Earnings	-	113,239
Changes in Proportion	92,346	121,292
Contributions Paid to PERA Subsequent to the Measurement Date	172,115	-
Total	<u>\$ 3,652,208</u>	<u>\$ 3,551,179</u>

**CITY OF CROOKSTON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 4 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**D. Pension Costs (Continued)**

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

The \$172,115 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:

<u>Year Ending December 31.</u>	<u>Pension Expense</u>
2024	\$ 89,257
2025	(1,494)
2026	565,854
2027	(155,111)
Thereafter	(569,592)

**Total Pension Expense**

The total pension expense for all plans recognized by the City for the year ended December 31, 2023 was \$992,908.

**D. Long-Term Expected Return on Investment**

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

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

**CITY OF CROOKSTON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 4    DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**E. 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, Police and Fire Plan. Benefit increases after retirement are assumed to be 1.25% for the General Employees Plan, 1% for the Police and Fire Plan.

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

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

**CITY OF CROOKSTON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 4 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

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

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 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%.

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.

**Police and Fire Fund**

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- Additional one-time direct state aid contribution of 19.4 million will be contributed to the Plan on October 1, 2023.
- Vesting requirement for new hires after June 30, 2014, was changed from a graded 20-year vesting schedule to a graded 10-year vesting schedule, with 50% vesting after five years, increasing incrementally to 100% after 10 years.
- A one-time, 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.

**CITY OF CROOKSTON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 4 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**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 were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**H. Pension Liability Sensitivity**

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

	1.0% Decrease <u>(6.00%)</u>	Current Discount Rate <u>(7.00%)</u>	1.0% Increase <u>(8.00%)</u>
General Employees Fund	\$ 2,967,750	\$ 1,677,566	\$ 616,342
	1.0% Decrease <u>(6.00%)</u>	Current Discount Rate <u>(7.00%)</u>	1.0% Increase <u>(8.00%)</u>
Police and Fire Fund	\$ 4,680,348	\$ 2,358,904	\$ 450,367
	1.0% Decrease <u>(6.00%)</u>	Current Discount Rate <u>(7.00%)</u>	1.0% Increase <u>(8.00%)</u>
CHEDA	\$ 197,850	\$ 111,838	\$ 41,089

**H. Pension Plan Fiduciary Net Position**

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

**CITY OF CROOKSTON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 5 OTHER POSTEMPLOYMENT BENEFITS**

**Plan Description**

The City's Plan is a single-employer defined benefit healthcare plan to eligible retirees and their spouses. The authority and requirement to provide these benefits is established in *Minnesota Statutes* Section 471.61, Subd. 2b. The benefit levels, employee contributions, and employer contributions are governed by the City and can be amended by the City through the City's collective bargaining agreements with employee groups. The City provides healthcare benefits for retirees and their dependents. Benefits are provided through a third- party insurer, and the full cost of the benefits is covered by the plan. The City Council establishes employer contribution rates for plan participants and determines how the plan will be funded as part of the budgetary process each year. Retirees pay the full budgeted rates for coverage under the medical plan. The City Council has chosen to fund the healthcare benefits on a pay as you go basis.

**Total OPEB Liability**

The City's total OPEB liability was determined by using the Alternative Measurement Method (AMM) valuation as of December 31, 2022.

**Assumptions**

Assumptions used in the December 31, 2022 AMM valuation were based on assumptions for General and Police and Fire Employees used in the July 1, 2023 PERA of Minnesota Retirement Plan actuarial valuations. The total OPEB liability in the December 31, 2022 AMM valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified.

Discount Rate	4.05%
Inflation	2.50%
Healthcare Cost Trend Rate	7.60% as of January 1, 2023 gradually decreasing over several decades to an ultimate rate of 3.90% in FY2054 and later years

Mortality rates were based on the Pub-2010 General and Public Safety mortality tables with projected mortality improvements based on scale MP-2021 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire Personnel).

**Discount Rate**

The discount rate used to measure the total OPEB liability was 4.05%.

**CITY OF CROOKSTON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 5 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**Employees Covered by Benefit Term**

At December 31, 2023 the following employees were covered by the benefit terms:

Inactive Plan Members or Beneficiaries Currently	
Receiving Benefit Payments	1
Active Plan Members	<u>61</u>
Total Members	<u><u>62</u></u>

**Changes in the Total OPEB Liability**

Changes in the City's total OPEB liability were as follows:

	Total OPEB Liability
	<u>                    </u>
Balance - December 31, 2022	\$ 701,391
Changes for the Year	
Service Cost	44,641
Interest	13,392
Assumption Changes	(43,883)
Difference Between Expected and Actual Experience	(245,843)
Benefit Payments	<u>(36,418)</u>
Net Changes	<u>(268,111)</u>
Balance - December 31, 2023	<u><u>\$ 433,280</u></u>

**CITY OF CROOKSTON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 5 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**Changes in the Total OPEB Liability (Continued)**

*Sensitivity of the Total OPEB Liability to Changes in the Discount Rate* – the following presents the City’s total OPEB liability, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.05%) or one percentage point higher (5.05%) than the current discount rate.

	1.0% Decrease (3.05%)	Current Discount Rate (4.05%)	1.0% Increase (5.05%)
Total OPEB Liability	\$ 463,910	\$ 433,280	\$ 405,018

*Sensitivity of the Total OPEB Liability to Changes in Healthcare Trend Rates* – the following presents the City’s total OPEB liability, as well as what the City’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (6.60% decreasing to 4.90%) or one percentage point higher (8.60% decreasing to 5.90%) than the current healthcare cost trend rates:

	1.0% Decrease (6.60%)	Healthcare Cost Trend Rates (7.60%)	1.0% Increase (8.60%)
Total OPEB Liability	\$ 398,001	\$ 433,280	\$ 473,985

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

For the year ended December 31, 2023, the City recognized OPEB expense as a reduction to expenses of \$207,217.

The City reported deferred outflows of resources related to OPEB, \$20,034, resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended December 31, 2024.

**NOTE 6 DEFINED CONTRIBUTION PLAN**

Four council members of the City are covered by the Defined Contribution Plan, a multiple-employer deferred compensation plan administered by PERA. The Defined Contribution Plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

**CITY OF CROOKSTON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 6 DEFINED CONTRIBUTION PLAN**

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. Minnesota Statutes, Chapter 353D.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5% of salary which is matched by the elected official's employer. For ambulance service personnel, employer contributions are determined by the employer, and for salaried employees contributions must be a fixed percentage of salary. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives two percent of employer contributions and 0.25% of 1% of the assets in each member's account annually.

Total contributions made by the City for the last three years were:

<u>Year Ended</u> <u>December 31.</u>	<u>Contribution Amount</u>		<u>Percent of</u> <u>Covered Payroll</u>		<u>Required Rate for</u>	
	<u>Employer</u>	<u>Employee</u>	<u>Employer</u>	<u>Employee</u>	<u>Employer</u>	<u>Employee</u>
2023	\$ 1,200	\$ 1,200	5%	5%	5%	5%
2022	1,200	1,200	5	5	5	5
2021	1,200	1,200	5	5	5	5

**NOTE 7 DEFERRED COMPENSATION PLAN**

The City of Crookston offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The plan assets are placed in trust for the exclusive benefit of all participants and their beneficiaries and are not available to the creditors of the City. For this reason, the assets and related liabilities of the plan are not included in the accompanying financial statements.

**CITY OF CROOKSTON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 8 TAX ABATEMENTS**

**Tax Increment Financing**

The City has provided tax abatements pursuant to *Minnesota Statutes 469* (Tax Increment Financing) through a pay-as you- go program. Tax increment financing (TIF) can be used to encourage private development, redevelopment, economic development or low-to-moderate housing development within the City. TIF captures the increase in tax capacity and property taxes from the development or redevelopment to provide funding for the related project. The City has four tax increment pay-as-you-go agreements. These agreements are not a general obligation of the City and are payable solely from the available tax increment. Accordingly, these agreements are not reported as a liability of the City. Details of the City's established TIF Districts are as follows:

**TIF District 3-8 Housing Development**

Certified and issued 2006, this TIF district was created to assist with site and utility related improvements for a housing development. The City spent \$262,766 for the development in 2006, creating an interfund loan. The City received 6.0% interest rate on the interfund loan. Increment and property sales were used to repay the interfund loan. For the year ended December 31, 2023, the interfund loan is fully repayed.

**TIF District 3-10 Agassiz Townhomes Housing Development**

Certified and issued 2017 in the principal sum not to exceed \$350,000, with an interest rate of 5.0% per annum. The payments are made solely from available tax increment derived from the development of the Agassiz Townhomes housing project and paid to the City of Crookston. The pay-as-you-go agreement provides for distribution of the tax increment received by the City and will be decertified at the end of 2044. The City shall have no obligation to pay any unpaid balance of principal that remain after that date. For the year ended December 31, 2023, the tax abatement amounted to \$23,969 and the remaining principal balance on the note was \$292,253.

**CITY OF CROOKSTON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 9 INTERFUND BALANCES AND TRANSFERS**

As of December 31, 2023, the City had interfund balances to eliminate cash deficits in the TIF Fund, Red River Corridor Fund and the Street Construction Fund.

Due to Other Funds	Due from Other Funds		
	General Fund	Municipal Land and Building Fund	Total
Interfund Balances			
TIF Fund	\$ -	\$ 17,494	\$ 17,494
Red River Corridor Fund	191,154	-	191,154
Municipal Land and Building Fund	234,493	-	234,493
Street Construction Fund	1,921,217	-	1,921,217
Total Interfund Balances	<u>\$ 2,346,864</u>	<u>\$ 17,494</u>	<u>\$ 2,364,358</u>

The City of Crookston, Minnesota made the following transfers between funds during 2023 as follows:

Transfer In	Transfer Out	
	Water Fund	Total
Operating Transfers		
Improvement Fund	<u>\$ 21,530</u>	<u>\$ 21,530</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to move unrestricted revenue collected to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**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.

Workers compensation coverage is provided through a pooled self-insurance program through the League of Minnesota Cities Insurance Trust (LMCIT). The City pays an annual premium to LMCIT. The City is subject to supplemental assessments if deemed necessary by the LMCIT. The LMCIT reinsures through Workers Compensation Reinsurance Association (WCRA) as required by law. The City's workers compensation coverage is retrospectively rated. With this type of coverage, final premiums are determined after loss experience is known. The amount of premium adjustment, if any, is considered immaterial and not recorded until received or paid.

Property and casualty insurance coverage is provided through a pooled self-insurance program through the LMCIT. The City pays an annual premium to the LMCIT. The City is subject to supplemental assessments if deemed necessary by the LMCIT. The LMCIT reinsures through commercial companies for claims in excess of various amounts.

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

**CITY OF CROOKSTON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 11 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Expenditures in Excess of Budget**

Actual expenditures exceeded budget in the General Fund and Parks and Recreation Fun by \$180,831 and \$10,46,783, respectively, for the year ended December 31, 2023. The excess expenditures were necessary and covered by available fund balance.

**B. Deficit Fund Equity**

The following funds had deficits as of December 31, 2023:

Street Construction Fund	\$ 1,899,253
Red River Corridor	191,154

The deficit balances were primarily the result of expenditures for the project exceeding funding in the current year. Future revenue and transfers from other funds.

**NOTE 12 CONTRIBUTION AGREEMENT**

The City entered into an agreement with Crookston Jobs, Inc. (Jobs) and Crookston Housing & Economic Development Authority (CHEDA) to jointly acquire 100 acres of real property for future development. Jobs and CHEDA on April 1, 2012 each transferred \$197,760 to the City of Crookston for the acquisition. Upon the City's sale of transfer of such property, the City will repay CHEDA and Jobs each 33.33% of the net proceeds, if any from such sale or transfer. A portion of the property was sold in 2021 and \$17,572 was paid to CHEDA and Jobs.

**NOTE 13 CONDUIT DEBT (COMMITMENT DEBT)**

From time to time the City has issued various health care revenue bonds to provide financial assistance to private-sector entities for the acquisition and construction of facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from the payments received on the underlying debt. Upon repayment of the bonds, ownership of the acquired facility transfers to the private sector entity served by the bond issuance. The City is not obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2023, the aggregate principal amount payable of the Series 2017A and 2017B was \$8,015,000. The original issue amount totaled \$11,935,000.

**CITY OF CROOKSTON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 14 PRIOR PERIOD RESTATEMENT AND CHANGE IN ACCOUNTING PRINCIPAL**

The City restate its beginning fund balance in the Municipal Land and Building Fund and the Valley Technology Park Fund to recognize the receipt of a loan receivable in fiscal year 2022.

	Municipal Land and Building	Valley Technology Park
Beginning Fund Balance	\$ 1,271,922	\$ 197,396
Prior Period Restatement	75,000	75,000
Beginning Fund Balance, as Restated	<u>\$ 1,346,922</u>	<u>\$ 272,396</u>

In addition, the City restated its beginning net position for the governmental activities to reflect the changes to the Municipal Land and Building Fund and the Valley Technology Park Fund. The City also restated beginning net position in the governmental activities for additional receivable and unavailable revenue from prior years. The effects of the prior period restatements are below:

	Governmental Activities
Beginning Net Position	\$ 57,973,131.00
Prior Period Restatement	1,786,463
Beginning Net Position, as Restated	<u>\$ 59,759,594.00</u>

**CITY OF CROOKSTON, MINNESOTA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**YEAR ENDED DECEMBER 31, 2023**

	Original and Final Budget	Actual	Variance - Positive (Negative)
<b>REVENUES</b>			
Taxes and Special Assessments:			
General Property Tax	\$ 709,551	\$ 926,942	\$ 217,391
Franchise Fees	608,000	849,651	241,651
Total Taxes and Special Assessments	1,317,551	1,776,593	459,042
Licenses and Permits	104,320	152,080	47,760
Intergovernmental Revenues:			
Federal:			
Other Federal Revenue	-	16,644	16,644
State:			
Local Government Aids	4,199,923	4,577,893	377,970
Police Aid	100,000	177,660	77,660
Other State Aid	30,000	89,021	59,021
Total Intergovernmental Revenues	4,329,923	4,861,218	531,295
Charges for Services:			
Other	521,152	656,029	134,877
Fines and Fees	46,522	46,522	-
Investment Earnings	20,000	215,303	195,303
Other:			
Donations	-	782	782
Other	21,500	12,109	(9,391)
Total Other	21,500	12,891	(8,609)
 Total Revenues	 6,360,968	 7,720,636	 1,376,312

See accompanying Notes to the Required Supplementary Information.

**CITY OF CROOKSTON, MINNESOTA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**(CONTINUED)**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**YEAR ENDED DECEMBER 31, 2023**

	Original and Final Budget	Actual	Variance - Positive (Negative)
<b>EXPENDITURES</b>			
General Government:			
Current:			
Mayor and Council	\$ 180,887	\$ 169,071	\$ 11,816
City Administrator	1,116,294	1,174,436	(58,142)
Assessor	114,706	109,791	4,915
Election	24,149	8,823	15,326
City Clerk	57,000	40,743	16,257
Legal and Auditing	214,000	186,660	27,340
City Hall	63,578	71,004	(7,426)
Planning and Zoning	168,602	195,228	(26,626)
Capital Outlay	42,875	404,474	(361,599)
Total General Government	1,982,091	2,360,230	(378,139)
Public Safety:			
Current:			
Police	2,399,368	2,488,673	(89,305)
Fire	869,669	866,576	3,093
Civil Defense	12,600	7,765	4,835
Flood Control	23,716	27,997	(4,281)
Capital Outlay:			
Police	55,000	19,505	35,495
Fire	73,100	1,460	71,640
Civil Defense	12,000	7,995	4,005
Total Public Safety	3,445,453	3,419,971	25,482
Streets and Highways:			
Current:			
Public Works	96,830	72,571	24,259
Street and Alley Maintenance	575,197	417,428	157,769
Snow and Ice Removal	213,755	284,501	(70,746)
Street Lighting and Signs	211,780	189,489	22,291
Street Sweeping	58,394	50,043	8,351
Tree Trimming	122,180	96,594	25,586
Total Streets and Highway	1,278,136	1,110,626	167,510
Sanitation:			
Current:			
Garbage Hauling	217,670	233,405	(15,735)
Pest Control	53,064	30,887	22,177
Weed Control	7,949	10,075	(2,126)
Total Sanitation	278,683	274,367	4,316
Total Expenditures	6,984,363	7,165,194	(180,831)

See accompanying Notes to the Required Supplementary Information.

**CITY OF CROOKSTON, MINNESOTA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**(CONTINUED)**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**YEAR ENDED DECEMBER 31, 2023**

	Original and Final Budget	Actual	Variance - Positive (Negative)
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	\$ (623,395)	\$ 555,442	\$ 1,557,143
<b>OTHER FINANCING SOURCES (USES)</b>			
Insurance Proceeds	-	4,298	4,298
Issuance of Subscription Payable	-	126,940	
Total Other Financing Sources (Uses)	-	131,238	4,298
<b>NET CHANGE IN FUND BALANCE</b>	(623,395)	686,680	1,561,441
Fund Balance - Beginning of Year	5,485,426	5,485,426	-
<b>FUND BALANCES - END OF YEAR</b>	\$ 4,862,031	\$ 6,172,106	\$ 1,561,441

See accompanying Notes to the Required Supplementary Information.

**CITY OF CROOKSTON, MINNESOTA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**SSD FLOOD CONTROL FUND**  
**YEAR ENDED DECEMBER 31, 2023**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
<b>REVENUES</b>			
Special Assessments	\$ -	\$ 7,605	\$ 7,605
Investment Earnings	-	17,600	17,600
Total Revenues	<u>-</u>	<u>25,205</u>	<u>25,205</u>
<b>EXPENDITURES</b>			
Current:			
Public Safety	58,673	28,892	29,781
Capital Outlay	128,500	581	127,919
Total Expenditures	<u>187,173</u>	<u>29,473</u>	<u>157,700</u>
<b>NET CHANGE IN FUND BALANCE</b>	(187,173)	(4,268)	(132,495)
Fund Balance - Beginning of Year	<u>3,468,089</u>	<u>3,468,089</u>	<u>-</u>
<b>FUND BALANCES - END OF YEAR</b>	<u><u>\$ 3,280,916</u></u>	<u><u>\$ 3,463,821</u></u>	<u><u>\$ (132,495)</u></u>

See accompanying Notes to the Required Supplementary Information.

**CITY OF CROOKSTON, MINNESOTA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**IMPROVEMENT FUND**  
**YEAR ENDED DECEMBER 31, 2023**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
<b>REVENUES</b>			
Property Taxes	\$ -	\$ 71	\$ 71
Special Assessments	180,720	302,188	121,468
Intergovernmental Revenues	870,000	-	(870,000)
Total Revenues	<u>1,050,720</u>	<u>302,259</u>	<u>(748,461)</u>
<b>EXPENDITURES</b>			
Current:			
Streets and Highways	1,350,000	-	1,350,000
Capital Outlay	50,000	2,457	47,543
Total Expenditures	<u>1,400,000</u>	<u>2,457</u>	<u>1,397,543</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(349,280)	299,802	(2,146,004)
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating Transfer In	225,000	21,530	(203,470)
Total Other Financing Sources (Uses)	<u>225,000</u>	<u>21,530</u>	<u>(203,470)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(124,280)	321,332	(2,349,474)
Fund Balance - Beginning of Year	<u>-</u>	<u>56,846</u>	<u>56,846</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ (124,280)</u>	<u>\$ 378,178</u>	<u>\$ (2,292,628)</u>

See accompanying Notes to the Required Supplementary Information.

**CITY OF CROOKSTON, MINNESOTA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**PARKS AND RECREATION FUND**  
**YEAR ENDED DECEMBER 31, 2023**

	Original and Final Budget	Actual	Variance - Positive (Negative)
<b>REVENUES</b>			
Property Taxes	\$ 1,515,280	\$ 1,742,084	\$ 226,804
Charges for Services	423,540	384,179	(39,361)
Donations and Grants	48,100	52,219	4,119
Other	1,000	36,352	35,352
Total Revenues	1,987,920	2,214,834	226,914
<b>EXPENDITURES</b>			
Current:			
Culture and Recreation	2,011,391	3,001,976	(990,585)
Capital Outlay	88,000	144,198	(56,198)
Total Expenditures	2,099,391	3,146,174	(1,046,783)
<b>NET CHANGE IN FUND BALANCE</b>	(111,471)	(931,340)	1,273,697
Fund Balance - Beginning of Year	1,295,009	1,295,009	-
<b>FUND BALANCES - END OF YEAR</b>	\$ 1,183,538	\$ 363,669	\$ 1,273,697

See accompanying Notes to the Required Supplementary Information.

**CITY OF CROOKSTON, MINNESOTA  
SCHEDULE OF THE CITY'S AND NONEMPLOYER  
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
LAST 10 FISCAL YEARS\***

Measurement Year Ended June 30,	City's Proportionate of the Net Pension (Asset) Liability	City's Proportionate Share of the Net Pension (Asset) Liability	State's Proportionate Share of the Net Pension (Asset) Liability Associated with the City	Total	City's Covered Payroll	City's	Plan
						Proportionate Share of the Net Pension (Asset) Liability as a Percentage of it's Covered Payroll	Fiduciary Net Position as a Percentage of the Total Pension Liability
General Employees Plan - City of Crookston							
2023	0.0300%	\$ 1,677,566	\$ 46,204	\$ 1,723,770	\$ 2,379,322	70.51%	83.1%
2022	0.0269	2,130,489	62,485	2,192,974	2,012,467	105.86	76.7
2021	0.0274	1,170,103	35,686	1,205,789	1,984,157	58.97	87.0
2020	0.0266	1,594,792	49,141	1,643,933	1,874,980	84.64	79.1
2019	0.0265	1,465,126	45,665	1,510,791	1,878,303	78.86	80.2
2018	0.0284	1,575,516	51,800	1,627,316	1,910,633	89.19	79.5
2017	0.0287	1,832,189	23,067	1,855,256	1,851,238	97.88	75.9
2016	0.0292	2,370,895	30,984	1,401,879	1,813,764	114.16	68.9
2015	0.0300	1,647,539	-	1,647,539	1,749,827	87.46	78.2
General Employees Plan - CHEDA							
2023	0.0020%	\$ 111,838	\$ 3,150	\$ 114,988	\$ 166,147	67.31%	83.1%
2022	0.0019	150,480	4,286	154,766	175,433	85.78	76.7
2021	0.0038	162,277	4,935	167,212	241,720	67.13	87.0
2020	0.0041	245,814	7,533	253,347	290,803	84.53	79.1
2019	0.0035	193,507	6,000	199,507	284,735	67.96	80.2
2018	0.0039	216,376	7,018	223,394	294,385	73.50	79.5
2017	0.0045	287,278	3,598	209,876	269,719	106.51	75.9
2016	0.0042	341,019	4,396	345,415	272,614	125.09	68.9
2015	0.0045	233,213	-	233,213	250,544	93.08	78.2
Police and Fire Plan							
2023	0.1366%	\$ 2,358,904	\$ 95,017	\$ 2,453,921	\$ 1,793,924	136.79%	86.5%
2022	0.1303	5,670,141	-	5,670,141	1,582,356	358.34	70.5
2021	0.1360	1,049,776	47,190	1,096,966	1,595,401	65.80	93.7
2020	0.1395	1,838,759	-	1,838,759	1,553,988	118.10	87.2
2019	0.1464	1,558,576	-	1,558,576	1,544,205	100.93	89.3
2018	0.1416	1,509,310	-	1,509,310	1,492,035	101.16	88.8
2017	0.1390	1,876,666	-	1,876,666	1,422,719	131.91	85.4
2016	0.1430	5,738,839	-	5,738,839	1,382,228	415.19	63.9
2015	0.1450	1,647,539	-	1,647,539	1,295,444	127.18	86.6

\* - Schedule is intended to show a 10-year trend. Additional years will be provided as they become available.

See accompanying Notes to the Required Supplementary Information.

**CITY OF CROOKSTON, MINNESOTA  
SCHEDULE OF CITY'S CONTRIBUTIONS  
LAST 10 FISCAL YEARS\***

Year Ended December 31,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contribution	Contribution (Excess) Deficiency	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
<b>General Employees Plan - City of Crookston</b>					
2023	\$ 189,277	\$ 189,277	\$ -	\$ 2,523,693	7.50%
2022	156,146	156,146	-	2,081,953	7.50
2021	151,983	151,983	-	2,026,449	7.50
2020	145,650	145,650	-	1,941,865	7.50
2019	142,080	142,080	-	1,894,400	7.50
2018	142,980	142,980	-	1,906,405	7.50
2017	141,165	141,165	-	18,821,097	7.50
2016	135,459	135,459	-	1,805,718	7.50
2015	127,731	127,731	-	1,703,080	7.50
<b>General Employees Plan - CHEDA</b>					
2023	\$ 13,026	\$ 13,026	\$ -	\$ 173,680	7.50%
2022	11,896	11,896	-	158,613	7.50
2021	14,419	14,419	-	192,253	7.50
2020	21,839	21,839	-	291,187	7.50
2019	20,125	20,125	-	268,333	7.50
2018	19,437	19,437	-	259,160	7.50
2017	21,654	21,654	-	288,720	7.50
2016	19,467	19,467	-	259,560	7.50
2015	19,963	19,963	-	262,780	7.60
<b>Police and Fire Plan</b>					
2023	\$ 333,279	\$ 333,279	\$ -	\$ 1,889,334	17.70%
2022	286,531	286,531	-	1,618,820	17.70
2021	282,512	282,512	-	1,596,116	17.70
2020	290,605	290,605	-	1,594,686	18.22
2019	264,230	264,230	-	1,558,881	16.95
2018	246,830	246,830	-	1,523,651	16.20
2017	235,398	235,398	-	1,453,072	16.20
2016	222,013	222,013	-	1,370,452	16.20
2015	224,705	224,705	-	1,387,068	16.20

\* - Schedule is intended to show a 10-year trend. Additional years will be provided as they become available.

**CITY OF CROOKSTON, MINNESOTA**  
**SCHEDULE OF CHANGES IN THE CITY'S NET OPEB LIABILITY AND RELATED RATIOS**  
**LAST 10 FISCAL YEARS\***

	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service Cost	\$ 44,641	\$ 42,122	\$ 51,800	\$ 41,239	\$ 82,838	\$ 71,484
Interest Cost	13,392	13,969	27,140	33,486	46,435	50,351
Assumption Changes	(43,883)	7,935	(171,502)	67,422	(597,242)	48,373
Differences Between Expected and Actual Experience	(245,843)	823	(139,950)	-	107,796	-
Benefit Payments	(36,418)	(39,590)	(52,915)	(83,858)	(113,195)	(87,243)
Net Change in Total OPEB Liability	(268,111)	25,259	(285,427)	58,289	(473,368)	82,965
Total OPEB Liability - Beginning of Year	701,391	676,132	961,559	903,270	1,376,638	1,293,673
Total OPEB Liability - End of Year	<u>\$ 433,280</u>	<u>\$ 701,391</u>	<u>\$ 676,132</u>	<u>\$ 961,559</u>	<u>\$ 903,270</u>	<u>\$ 1,376,638</u>
Covered Payroll	\$ 3,298,888	\$ 4,100,284	\$ 4,100,284	\$ 3,810,999	\$ 3,469,766	\$ 3,324,580
City's Net OPEB Liability as a Percentage of Covered Payroll	13.13%	17.11%	16.49%	25.23%	26.03%	41.41%

\* - Schedule is intended to show a 10-year trend. Additional years will be provided as they become available.

See accompanying Notes to the Required Supplementary Information.

**CITY OF CROOKSTON, MINNESOTA**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**YEAR ENDED DECEMBER 31, 2023**

**NOTE 1 BUDGETARY DATA**

The City is required by state statutes to adopt an annual budget for its general fund. There is no legal restriction on expenditures in excess of appropriations.

Annual budgets are adopted for the general and the special revenue funds. All budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

Formal budgetary policies are not employed for debt service funds and capital projects funds because effective budgetary control is alternatively achieved by bond requirements or by council approval of individual projects and expenditures.

Appropriations are authorized by the city council at the function and activity level within an individual fund, which are the legal levels of budgetary control. Administrative control is maintained through the establishment of more detailed line-item budgets. The city clerk may transfer budgeted amounts between line items. All unexpended appropriations lapse at yearend. Encumbrances outstanding at year-end expire and are not reported in the financial statements. Any changes in the total budget of each fund must be approved by a majority vote of the city council. No material supplemental appropriations were made during 2023.

Actual expenditures exceeded budget in the General Fund and Parks and Recreation Fund by \$180,831 and \$1,046,783, respectively, for the year ended December 31, 2023. The excess expenditures were necessary and covered by available fund balance.

**NOTE 2 PENSIONS**

**General Employees Fund**

**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, non-compounding benefit increase of 2.5% minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

**CITY OF CROOKSTON, MINNESOTA**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**YEAR ENDED DECEMBER 31, 2023**

**NOTE 2 PENSIONS (CONTINUED)**

**General Employees Fund (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.

**CITY OF CROOKSTON, MINNESOTA  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED DECEMBER 31, 2023**

**NOTE 2 PENSIONS (CONTINUED)**

**General Employees Fund (Continued)**

**2020 Changes (Continued)**

- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions:

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

**2019 Changes**

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- The employer supplemental contribution was changed prospectively, decreasing from \$31 million to \$21 million per year. The State's special funding contribution was changed prospectively, requiring \$16 million due per year through 2031.

**2018 Changes**

Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1% per year through 2044 and 2.5% per year thereafter to 1.25% per year.

Changes in Plan Provisions:

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4% to 3%, 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.

**CITY OF CROOKSTON, MINNESOTA**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**YEAR ENDED DECEMBER 31, 2023**

**NOTE 2 PENSIONS (CONTINUED)**

**General Employees Fund (Continued)**

**2018 Changes (Continued)**

- Contribution stabilizer provisions were repealed.
- Annual increases were changed from 1% per year with a provision to increase to 2.5% upon attainment of 90% funding ratio to 50% of the Social Security Cost-of-Living Adjustment, not less than 1% and not more than 1.5%, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

**2017 Changes**

Changes in Actuarial Assumptions:

- The combined service annuity (CSA) loads were changed from 0.80% for active members and 60% for vested and non-vested deferred members. The revised CSA load are now 0% for active member liability, 15% for vested deferred member liability, and 3% for non-vested deferred member liability.
- The assumed annual increase rate was changed for 1% per year for all years to 1% 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 \$16.0 million in 2017 and 2018 and \$6.0 million 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 annual increase rate was changed from 1% per year through 2035 and 2.50% per year thereafter to 1% 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.

**CITY OF CROOKSTON, MINNESOTA**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**YEAR ENDED DECEMBER 31, 2023**

**NOTE 2 PENSIONS (CONTINUED)**

**General Employees Fund (Continued)**

**2015 Changes**

Changes in Actuarial Assumptions:

- The assumed annual increase rate was changed from 1% per year through 2030 and 2.5% per year thereafter to 1% per year through 2035 and 2.5% per year thereafter.

Changes in Plan Provisions:

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increase the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised; the State's contribution of \$6 million, which meets the special funding situation definition, was due September 2015.

**Police and Fire Plan**

**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 20-year vesting schedule to a graded 10-year vesting schedule, with 50% vesting after five years, increasing incrementally to 100% after 10 years.
- A one-time, non-compounding benefit increase of 3.0% will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- Psychological treatment is required effective July 1, 2023, prior to approval for a duty disability benefit for a psychological condition relating to the member's occupation.
- The total and permanent duty disability benefit was increased, effective July 1, 2023.

**2022 Changes**

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

**CITY OF CROOKSTON, MINNESOTA**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**YEAR ENDED DECEMBER 31, 2023**

**NOTE 2 PENSIONS (CONTINUED)**

**Police and Fire Plan (Continued)**

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

Changes in Plan Provisions:

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

**2020 Changes**

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

**CITY OF CROOKSTON, MINNESOTA  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED DECEMBER 31, 2023**

**NOTE 2 PENSIONS (CONTINUED)**

**Police and Fire Plan (Continued)**

2019 Changes

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

2018 Changes

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- Annual increases were changed to 1.00% for all years, with no trigger.
- An end date of July 1, 2048, was added to the existing \$9 million state contribution.
- New annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9 million thereafter until the plan reaches 100% funding, or July 1, 2048, if earlier.
- Member contributions were changed from 10.8% to 11.3% of pay, effective January 1, 2019, and 11.8% of pay, effective January 1, 2020.
- Employer contributions were changed from 16.2% to 16.95% of pay, effective January 1, 2019, and 17.7% of pay, effective January 1, 2020.
- Interest credited on member contributions decreased from 4% to 3%, beginning July 1, 2018.
- Deferred augmentation was changed to 0%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- 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% for vested and non-vested, deferred members. The CSA has been changed to 33% for vested members and 2% for nonvested members.

**CITY OF CROOKSTON, MINNESOTA**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**YEAR ENDED DECEMBER 31, 2023**

**NOTE 2 PENSIONS (CONTINUED)**

**Police and Fire Plan (Continued)**

**2017 Changes (Continued)**

- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3% for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65% to 60%.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing joint and survivor annuities was increased.
- The assumed annual benefit increase rate was changed from 1% for all years to 1% per year through 2064 and 2.5% thereafter.
- The single discount rate was changed from 5.6% per annum to 7.5% per annum.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

**2016 Changes**

Changes in Actuarial Assumptions:

- The assumed annual benefit increase rate was changed from 1% per year through 2037 and 2.5% per year thereafter to 1% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%.
- The single discount rate changed from 7.9% to 5.6%.
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.5% for inflation.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

**CITY OF CROOKSTON, MINNESOTA  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED DECEMBER 31, 2023**

**NOTE 2 PENSIONS (CONTINUED)**

**Police and Fire Plan (Continued)**

**2015 Changes**

Changes in Actuarial Assumptions:

- The assumed annual increase rate was changed from 1% per year through 2030 and 2.5% per year thereafter to 1% per year through 2037 and 2.5% per year thereafter.

Changes in Plan Provisions:

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

**CITY OF CROOKSTON, MINNESOTA  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
DECEMBER 31, 2023**

	<u>Total Special Revenue Funds</u>	<u>Total Capital Project Funds Arena Construction</u>	<u>Total Nonmajor Governmental Funds</u>
<b>ASSETS</b>			
Cash and Investments	\$ 1,857,979	\$ 85,830	\$ 1,943,809
Accounts Receivable	40,370	-	40,370
Taxes Receivable	40,144	-	40,144
Due from Other Governments	168,024	-	168,024
Notes Receivable	439,555	-	439,555
Lease Receivable	221,021	-	221,021
Prepaid Expenses	3,662	-	3,662
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Assets	<u>\$ 2,770,755</u>	<u>\$ 85,830</u>	<u>\$ 2,856,585</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts Payable	\$ 164,977	\$ -	\$ 164,977
Accrued Salaries and Wages Payable	163	-	163
Customer Deposits	-	-	-
Due to Other Funds	208,648	-	208,648
Unearned Revenues	34,747	-	34,747
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Liabilities	408,535	-	408,535
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Revenue	35,035	-	35,035
Lease Receivable	216,295	-	216,295
Total Deferred Inflows	<u>251,330</u>	<u>                    </u>	<u>251,330</u>
<b>FUND BALANCES</b>			
Nonspendable	3,662	-	3,662
Restricted	1,526,828	-	1,526,828
Committed	8,374	-	8,374
Assigned	763,180	85,830	849,010
Unassigned	(191,154)	-	(191,154)
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Fund Balances	<u>2,110,890</u>	<u>85,830</u>	<u>2,196,720</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,770,755</u>	<u>\$ 85,830</u>	<u>\$ 2,640,290</u>

**CITY OF CROOKSTON, MINNESOTA  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
YEAR ENDED DECEMBER 31, 2023**

	Total Special Revenue Funds	Total Capital Project Funds Arena Construction	Total Nonmajor Governmental Funds
<b>REVENUES</b>			
General Property Taxes	\$ 469,268	\$ -	\$ 469,268
Charges for Services	259,485	-	259,485
Intergovernmental Revenues	344,053	-	344,053
Investment Earnings	27,639	-	27,639
Donations and Grants	5,000	-	5,000
Other	93,125	-	93,125
Total Revenues	1,198,570	-	1,198,570
<b>EXPENDITURES</b>			
Current:			
General Government	12,219	-	12,219
Public Safety	384,440	-	384,440
Economic Development	170,079	-	170,079
Culture and Recreation	47,423	-	47,423
Airport	173,109	-	173,109
Capital Outlay	428,218	-	428,218
Debt Service:			
Principal	58,727	-	58,727
Interest and Fiscal Charges	639	-	639
Total Expenditures	1,274,854	-	1,274,854
<b>NET CHANGE IN FUND BALANCES</b>	(76,284)	-	(76,284)
<b>OTHER FINANCING SOURCES (USES)</b>	7,737	-	7,737
Insurance Proceeds			
Fund Balances - Beginning of Year	2,104,437	85,830	2,190,267
Prior Period Restatement	75,000	-	75,000
Beginning of Year, as Restated	2,179,437	85,830	2,265,267
<b>FUND BALANCES - END OF YEAR</b>	\$ 2,110,890	\$ 85,830	\$ 2,196,720

**CITY OF CROOKSTON, MINNESOTA  
NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
DECEMBER 31, 2023**

<b>ASSETS</b>	Intermediary Relending Program	Valley Technology Park	TIF	Library	Airport	P2P Drug Task Force	Red River Corridor	SCDP Recapture	Insurance	Nonmajor Special Revenue Funds
Cash and Investments	\$ 513,603	\$ 309,933	\$ 199,585	\$ 10,912	\$ 18,035	\$ 137,067	\$ -	\$ 195,911	\$ 472,933	\$ 1,857,979
Accounts Receivable	2,500	4,119	-	-	1,105	32,646	-	-	-	40,370
Taxes Receivable	-	-	-	34,694	5,450	-	-	-	-	40,144
Due from Other Governments	-	-	-	-	25,641	142,383	-	-	-	168,024
Notes Receivable	402,003	-	-	-	-	-	-	37,552	-	439,555
Lease Receivable	-	118,774	-	-	102,247	-	-	-	-	221,021
Prepaid Expenses	-	-	-	-	-	3,662	-	-	-	3,662
<b>Total Assets</b>	<b>\$ 918,106</b>	<b>\$ 432,826</b>	<b>\$ 199,585</b>	<b>\$ 45,606</b>	<b>\$ 152,478</b>	<b>\$ 315,758</b>	<b>\$ -</b>	<b>\$ 233,463</b>	<b>\$ 472,933</b>	<b>\$ 2,770,755</b>
<b>LIABILITIES AND FUND BALANCES</b>										
<b>LIABILITIES</b>										
Accounts Payable	\$ 535	\$ 5,074	\$ 29,878	\$ 7,051	\$ 20,096	\$ 102,343	\$ -	\$ -	\$ -	\$ 164,977
Accrued Salaries and Wages Payable	-	-	-	163	-	-	-	-	-	163
Due to Other Funds	-	-	17,494	-	-	-	191,154	-	-	208,648
Unearned Revenues	-	23,131	-	-	11,616	-	-	-	-	34,747
<b>Total Liabilities</b>	<b>535</b>	<b>28,205</b>	<b>47,372</b>	<b>7,214</b>	<b>31,712</b>	<b>102,343</b>	<b>191,154</b>	<b>-</b>	<b>-</b>	<b>408,535</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>										
Unavailable Revenue	-	-	-	30,018	5,017	-	-	-	-	35,035
Lease Receivable	-	114,374	-	-	101,921	-	-	-	-	216,295
<b>Total Deferred Inflows</b>	<b>-</b>	<b>114,374</b>	<b>-</b>	<b>30,018</b>	<b>106,938</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>251,330</b>
<b>FUND BALANCES</b>										
Nonspendable	-	-	-	-	-	3,662	-	-	-	3,662
Restricted	917,571	-	152,213	-	13,828	209,753	-	233,463	-	1,526,828
Committed	-	-	-	8,374	-	-	-	-	-	8,374
Assigned	-	290,247	-	-	-	-	-	-	472,933	763,180
Unassigned	-	-	-	-	-	-	(191,154)	-	-	(191,154)
<b>Total Fund Balances</b>	<b>917,571</b>	<b>290,247</b>	<b>152,213</b>	<b>8,374</b>	<b>13,828</b>	<b>213,415</b>	<b>(191,154)</b>	<b>233,463</b>	<b>472,933</b>	<b>2,110,890</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 918,106</b>	<b>\$ 432,826</b>	<b>\$ 199,585</b>	<b>\$ 45,606</b>	<b>\$ 152,478</b>	<b>\$ 315,758</b>	<b>\$ -</b>	<b>\$ 233,463</b>	<b>\$ 472,933</b>	<b>\$ 2,770,755</b>

**CITY OF CROOKSTON, MINNESOTA  
NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
YEAR ENDED DECEMBER 31, 2023**

	Intermediary Relending Program	Valley Technology Park	TIF	Library	Airport	P2P Drug Task Force	Red River Corridor	SCDP Recapture	Insurance	Nonmajor Special Revenue Funds
<b>REVENUES</b>										
General Property Taxes	\$ -	\$ -	\$ 114,191	\$ 326,539	\$ 28,538	\$ -	\$ -	\$ -	\$ -	\$ 469,268
Charges for Services	-	134,917	-	16	112,297	12,255	-	-	-	259,485
Intergovernmental Revenues	-	-	-	-	37,556	306,497	-	-	-	344,053
Investment Earnings	25,675	-	-	-	342	349	-	1,273	-	27,639
Donations and Grants	-	-	-	-	-	5,000	-	-	-	5,000
Other	-	-	-	-	-	80,098	-	-	13,027	93,125
<b>Total Revenues</b>	<b>25,675</b>	<b>134,917</b>	<b>114,191</b>	<b>326,555</b>	<b>178,733</b>	<b>404,199</b>	<b>-</b>	<b>1,273</b>	<b>13,027</b>	<b>1,198,570</b>
<b>EXPENDITURES</b>										
Current:										
General Government	-	-	-	-	-	-	-	-	12,219	12,219
Public Safety	-	-	-	-	-	384,440	-	-	-	384,440
Economic Development	-	89,611	80,468	-	-	-	-	-	-	170,079
Culture and Recreation	-	-	-	47,423	-	-	-	-	-	47,423
Airport	-	-	-	-	173,109	-	-	-	-	173,109
Capital Outlay	-	27,455	-	289,292	109,657	1,814	-	-	-	428,218
Debt Service:										
Principal	58,727	-	-	-	-	-	-	-	-	58,727
Interest and Fiscal Charges	639	-	-	-	-	-	-	-	-	639
<b>Total Expenditures</b>	<b>59,366</b>	<b>117,066</b>	<b>80,468</b>	<b>336,715</b>	<b>282,766</b>	<b>386,254</b>	<b>-</b>	<b>-</b>	<b>12,219</b>	<b>1,274,854</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(33,691)</b>	<b>17,851</b>	<b>33,723</b>	<b>(10,160)</b>	<b>(104,033)</b>	<b>17,945</b>	<b>-</b>	<b>1,273</b>	<b>808</b>	<b>(76,284)</b>
<b>OTHER FINANCING SOURCES (USES)</b>										
Insurance Proceeds	-	-	-	-	-	-	-	-	7,737	7,737
Fund Balances - Beginning of Year	951,262	197,396	118,490	18,534	117,861	195,470	(191,154)	232,190	464,388	2,104,437
Prior Period Restatement	-	75,000	-	-	-	-	-	-	-	75,000
Beginning of Year, as Restated	951,262	272,396	118,490	18,534	117,861	195,470	(191,154)	232,190	464,388	2,179,437
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 917,571</b>	<b>\$ 290,247</b>	<b>\$ 152,213</b>	<b>\$ 8,374</b>	<b>\$ 13,828</b>	<b>\$ 213,415</b>	<b>\$ (191,154)</b>	<b>\$ 233,463</b>	<b>\$ 472,933</b>	<b>\$ 2,110,890</b>

**CITY OF CROOKSTON, MINNESOTA**  
**SCHEDULE OF CHANGES IN FUND BALANCES AND NET POSITION**  
**YEAR ENDED DECEMBER 31, 2023**

	Beginning Balance	Revenues	Expenditures	Transfer In	Transfer Out	Ending Balance
<b>GOVERNMENTAL FUNDS</b>						
General Fund	\$ 5,485,426	\$ 7,851,874	\$ 7,165,194	\$ -	\$ -	\$ 6,172,106
Special Revenue Funds:						
Intermediary Relending Program	951,262	25,675	59,366	-	-	917,571
Valley Technology Park	272,396	134,917	117,066	-	-	290,247
TIF	118,490	114,191	80,468	-	-	152,213
SSD Flood Control	3,468,089	25,205	29,473	-	-	3,463,821
Library	18,534	326,555	336,715	-	-	8,374
Parks and Recreation	1,295,009	2,214,834	3,146,174	-	-	363,669
Improvement	56,846	302,259	2,457	21,530	-	378,178
Airport	117,861	178,733	282,766	-	-	13,828
P2P Drug Task Force	195,470	404,199	386,254	-	-	213,415
Red River Corridor	(191,154)	-	-	-	-	(191,154)
SCDP Recapture	232,190	1,273	-	-	-	233,463
Insurance	464,388	20,764	12,219	-	-	472,933
Capital Project:						
Municipal Land and Building	1,346,922	33,200	1,328,076	-	-	52,046
Street Construction	(1,244,663)	427,815	1,082,405	-	-	(1,899,253)
Arena Construction	85,830	-	-	-	-	85,830
Total Governmental Funds	<u>12,672,896</u>	<u>12,061,494</u>	<u>14,028,633</u>	<u>21,530</u>	<u>-</u>	<u>10,727,287</u>
<b>ENTERPRISE FUNDS</b>						
Water	10,151,350	1,538,955	1,241,116	-	21,530	10,427,659
Wastewater	2,753,811	1,083,388	629,026	-	-	3,208,173
Total Enterprise Funds	<u>12,905,161</u>	<u>2,622,343</u>	<u>1,870,142</u>	<u>-</u>	<u>21,530</u>	<u>13,635,832</u>
 Total Primary Government	 <u>\$ 25,578,057</u>	 <u>\$ 14,683,837</u>	 <u>\$ 15,898,775</u>	 <u>\$ 21,530</u>	 <u>\$ 21,530</u>	 <u>\$ 24,363,119</u>



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**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH THE MINNESOTA  
LEGAL COMPLIANCE AUDIT GUIDE FOR CITIES**

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

We have audited, in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Crookston, Minnesota as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City of Crookston, Minnesota’s basic financial statements, and have issued our report thereon dated September 27, 2024.

In connection with our audit, we noted that the City of Crookston, Minnesota failed to comply with the provisions of the claims and disbursements and contracting and bid laws sections of the *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters as described in the Schedule of Finding and Responses as item 2023-006 and 2023-007. Also, in connection with our audit, nothing came to our attention that caused us to believe that City of Crookston, Minnesota failed to comply with the provisions of the depositories of public funds and public investments, conflicts of interest, public indebtedness, miscellaneous provisions, and tax increment financing section of the *Minnesota Legal Compliance Audit Guide for Cities*, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City of Crookston, Minnesota’s noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on the City of Crookston, Minnesota’s response to the legal compliance findings identified in our audit and described in the accompanying schedule of findings and responses. The City’s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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

*Miller McDonald, Inc.*

**Bemidji, Minnesota**

**September 27, 2024**



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Crookston, Minnesota as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City of Crookston, Minnesota's basic financial statements and have issued our report thereon dated September 27, 2024.

**Report on Internal Control over Financial Reporting**

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

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

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

material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2023-001, 2023-002 and 2023-003 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2023-004 and 2023-005 to be significant deficiencies.

### **Report on Compliance and Other Matters**

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

### **City of Crookston, Minnesota's Response to Findings**

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

### **Purpose of This Report**

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

*Miller McDonald, Inc.*

Bemidji, Minnesota  
September 27, 2024

CITY OF CROOKSTON, MINNESOTA  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED DECEMBER 31, 2023

I. **FINDINGS RELATED TO THE FINANCIAL STATEMENTS AUDITED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**Internal Control**

**Finding 2023-001: Timeliness of Bank Reconciliations – Material Weakness**

**Condition:** Bank reconciliations were not completed in a timely manner.

**Criteria:** The City should have a system of internal control in place to complete bank reconciliations in a timely manner. Bank reconciliations are key control to monitor to whether transactions related to cash are recorded.

**Cause:** The City has not adopted an internal control policy over monthly financial reporting. The City has developed procedures to close the financials each month, including a bank reconciliation that ensures all bank activity is captured in the financial system.

**Effect:** There is an increased risk of material misstatement in the financial statements.

**Recommendation:** We recommend that management create monthly closing procedures. This includes a bank reconciliation at the end of the process that ensures all bank activity has been captured in the accounting system.

**Management’s Response:** *We concur with the finding.*

**Finding 2023-002: Fund Balance Classification – Material Weakness**

**Condition:** Fund balance classifications were not kept up to date.

**Criteria:** The City should have a system of controls to monitor the appropriate classification and use of funds either restricted or designated for a specific use.

**Cause:** The City’s system of internal controls does not track the use of all classifications of fund balance.

**Effect:** There is an increased risk of material misstatement in the financial statements.

**Recommendation:** We recommend the City have a master list of fund balance classifications to ensure proper use from year to year. In addition, the balances should be reconciled periodically for proper balances.

**Management’s Response:** *We concur with the finding.*

**CITY OF CROOKSTON, MINNESOTA  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED DECEMBER 31, 2023**

**Finding 2023-003: Journal Entry Documentation – Material Weakness**

**Condition:** Journal entry documentation was not available for review.

**Criteria:** The City should retain records of journal entries along with supporting documentation.

**Cause:** The City has not adopted an internal control policy requiring journal entry documentation to be compiled, reviewed and retained. Turnover in the finance office made it difficult to obtain documentation for all journal entries posted during the year.

**Effect:** There is an increased risk of material misstatement in the financial statements.

**Recommendation:** We recommend that management create procedures where journal entries are reviewed prior to being posted and supporting documentation is retained.

**Management’s Response:** *We concur with the finding.*

**Finding 2023-004: Segregation of Duties – Significant Deficiency**

**Condition:** Turnover in the finance department reduced the City’s ability to maintain properly segregated accounting functions.

**Criteria:** One basic objective of internal control is to provide for segregation of incompatible duties. In other words, responsibilities should be separated among employees so that a single employee is not able to authorize a transaction, record the transaction in accounts, and be responsible for custody of the asset resulting from the transaction. Proper segregation of duties mitigates the risk of misappropriation of assets.

**Cause:** Two members of the finance department left the City during the year. The City was unable to fill both positions timely, causing insufficient staff to maintain proper segregation of duties.

**Effect:** The impact to the financial statements has not been determined.

**Recommendation:** Subsequent to year-end the City has addressed the open positions.

**Management’s Response:** *We concur with the finding.*

**CITY OF CROOKSTON, MINNESOTA  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED DECEMBER 31, 2023**

**Finding 2023-005: Identification of Fixed Assets – Significant Deficiency**

**Condition:** During the audit, we noted fixed asset reconciliations were not completed in a timely manner.

**Criteria:** The City should have a system of controls to monitor the acquisition and recording of capital assets.

**Cause:** The City's system of internal controls did not have a control in place to monitor the addition and disposal of capital assets.

**Effect:** There is an increased risk of material misstatement in the financial statements.

**Recommendation:** We recommend the City implement controls to monitor the capital asset additions through the year.

**Management's Response:** *We concur with the finding.*

**II. FINDINGS RELATED TO COMPLIANCE IN ACCORDANCE WITH MINNESOTA LEGAL COMPLIANCE AUDIT GUIDE FOR CITIES**

**Finding:**

**Finding 2023-006: Claims and Disbursements – Long Outstanding Checks**

**Condition:** As a result of reconciling cash balances, it was discovered that long outstanding checks are not being reported to the Minnesota Department of Commerce.

**Criteria:** The City is responsible for abiding by State statute § 471.425 pertaining to prompt payment of local government bills.

**Cause:** The City did not have controls in place to follow up on old outstanding checks.

**Effect:** Failure to report long outstanding checks to the Minnesota Department of Commerce could lead future demands for payment that are not budgeted.