

ANNUAL FINANCIAL REPORT

CITY OF CENTERVILLE
CENTERVILLE, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2024

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City of Centerville, Minnesota
Annual Financial Report
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For the Year Ended December 31, 2024

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INTRODUCTORY SECTION

CITY OF CENTERVILLE
CENTERVILLE, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2024

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City of Centerville, Minnesota
Elected and Appointed Officials
For the Year Ended December 31, 2024

ELECTED

<u>Name</u>	<u>Title</u>	
D. Love	Mayor	01/2025
Darrin Mosher	Council Member	01/2027
Russ Koski	Council Member	01/2025
Terry Sweeney	Council Member	01/2025
Raye Taylor	Council Member	01/2027

APPOINTED

Athanasia Lewis	Interim City Administrator
Teresa Bender	City Clerk
Bruce DeJong	Finance Director
Tedd Peterson	Interim Public Works Director
Kris Sweeney	Senior Account Clerk/Utility Billing

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FINANCIAL SECTION

CITY OF CENTERVILLE
CENTERVILLE, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2024

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Centerville, 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 Centerville, Minnesota (the City), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Change in Accounting Principle

The City adopted the provisions of Governmental Accounting Standard Board (GASB) Statement No. 100, Accounting Changes and Error Corrections, for the year ended December 31, 2024. Adoption of the provisions of these statements results in changes to the classifications of the components of the financial statements. Our opinion is not modified with respect to this matter.

The City adopted the provisions of Governmental Accounting Standard Board (GASB) Statement No. 101, Compensated Absences, for the year ended December 31, 2024. Adoption of the provisions of these statements results in changes to the classifications of the components of the financial statements. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on page 15 and the Schedule of Employer's Shares of the Net Pension Liability and the Schedule of Employer's Contributions and related notes to the required supplementary information starting on page 70 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's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules 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 introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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



Abdo
Minneapolis, Minnesota
June 3, 2025



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Management's Discussion and Analysis

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

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the recent fiscal year as shown in the summary of net position on the following pages. The unrestricted amount of net position may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased as shown in the summary of changes in net assets table on the following pages. The increase this year was due to an increase in Property Taxes and investment earnings in the governmental activities as well as an overall decrease in expenses.
- For the current fiscal year, the City's governmental funds fund balances are shown in the Financial Analysis of the City's Funds section of the MD&A. The total fund balance increased in comparison with the prior year. This increase was mainly due to decreased expenditures and transfers in from the enterprise funds. The total of assigned and unassigned as shown in the governmental fund balance table is available for spending at the City's discretion.
- The unassigned fund balance in the General fund as shown in the financial analysis of the city's funds section decreased from prior year.
- The City's total bonded debt decreased during the fiscal year. The decrease was a result of schedule debt service payments as shown on the outstanding debt table.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This analysis contains other supplemental information in addition to the basic financial statements themselves.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of combining and individual fund financial statements and schedules that further explains and supports the information in the financial statements. Figure 1 shows how the required parts of this annual report are arranged and relate to one another. In addition to these required elements, we have included a section with combining and individual fund financial statements and schedules that provide details about nonmajor governmental funds, which are added together and presented in single columns in the basic financial statements.

Figure 1
Required Components of the
City's Annual Financial Report

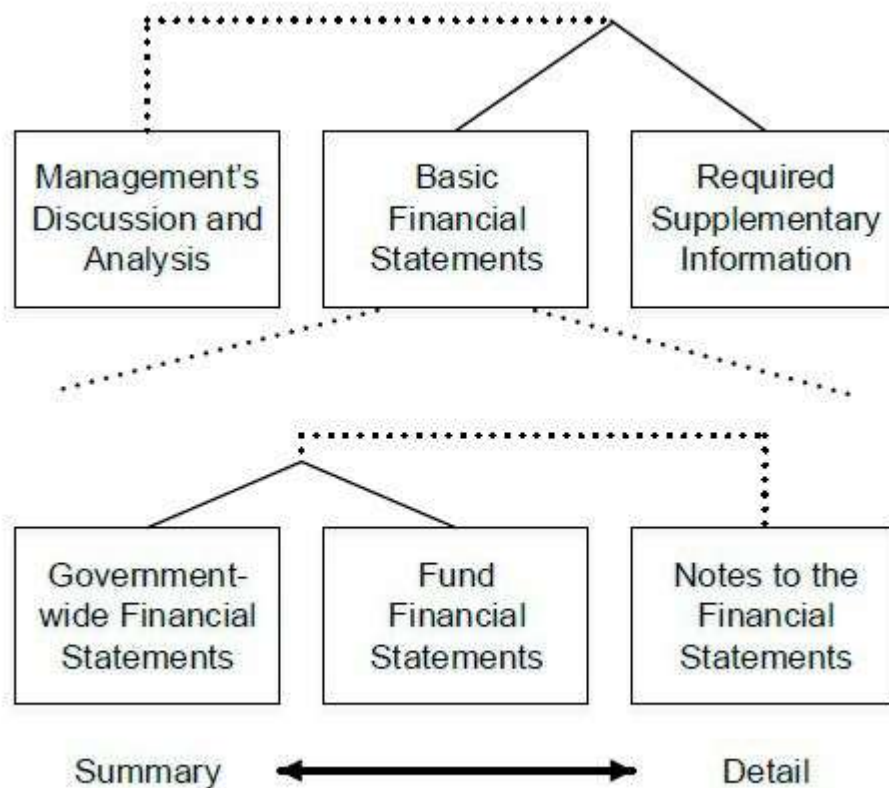


Figure 2 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

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

	Government-Wide Statements	Fund Financial Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire City government (except fiduciary funds) and the City's component units	The activities of the City that are not proprietary or fiduciary, such as police, fire and parks	Activities the City operates similar to private businesses, such as the water and sewer system
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Revenues, Expenses and Changes in Net Position • Statement of Cash Flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of deferred Inflows of resources Information	All deferred inflows of resources, regardless of when cash is received or paid	Only deferred inflows of resources that come due during the year or soon thereafter; no capital assets included	All deferred inflows of resources, regardless of when cash is received or paid
Type of inflow/out flow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

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

The *statement of net position* presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference being reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenue (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, economic development, culture and recreation, and interest on long-term debt. The business-type activities of the City include water, sewer, storm water, garbage and recycling. The government-wide financial statements include not only the City itself (known as the *primary government*), but also a legally separate Economic Development Authority (the EDA) for which the City is financially accountable. Financial information for this *component unit* is discretely presented from the financial information presented for the primary government itself.

The government-wide financial statements start on page 29 of this report.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other State and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The City maintains several individual governmental funds, many of which are combined into the Debt Service fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, Debt Service, Park and City Street Projects funds. Data from the other non-major governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements or schedules* elsewhere in this report.

The City adopts an annual appropriated budget for its General fund. A budgetary comparison statement has been provided for the General fund to demonstrate compliance with this budget.

The basic governmental fund financial statements start on page 34 of this report.

Proprietary Fund. The City maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer, storm water, garbage and recycling.

The proprietary fund provides the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for each of the enterprise funds.

The basic proprietary fund financial statements start on page 40 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 47 of this report.

Required Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found starting on page 72 of this report.

Other Information. The combining statements referred to earlier in connection with non-major governmental funds are presented following the notes to the financial statements. Combining and individual fund statements and schedules start on page 74 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded its liabilities and deferred inflow of resources as seen below.

By far, the largest portion of the City's net position reflects its investment in capital assets (e.g., land, buildings, machinery and equipment); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Centerville's Summary of Net Position

	Governmental Activities			Business-type Activities		
	2024	2023	Increase (Decrease)	2024	2023	Increase (Decrease)
Assets						
Current and other assets	\$ 6,711,298	\$ 6,562,511	\$ 148,787	\$ 8,498,385	\$ 8,246,391	\$ 251,994
Capital assets	9,218,873	9,711,562	(492,689)	4,666,159	4,970,488	(304,329)
Total Assets	15,930,171	16,274,073	(343,902)	13,164,544	13,216,879	(52,335)
Deferred Outflows of Resources						
Deferred pension resources	109,642	163,503	(53,861)	41,817	57,424	(15,607)
Liabilities						
Noncurrent liabilities outstanding	1,564,912	2,080,681	(515,769)	119,634	162,889	(43,255)
Other liabilities	1,148,046	1,628,319	(480,273)	86,550	103,362	(16,812)
Total Liabilities	2,712,958	3,709,000	(996,042)	206,184	266,251	(60,067)
Deferred Inflows of Resources						
Deferred pension resources	257,622	261,655	(4,033)	98,096	91,796	6,300
Deferred lease resources	593,901	626,896	(32,995)	-	-	-
Total Deferred Inflows of Resources	851,523	888,551	(37,028)	98,096	91,796	6,300
Net Position						
Net investment in capital assets	7,971,964	8,097,426	(125,462)	4,666,159	4,970,488	(304,329)
Restricted for						
Debt service	563,954	570,119	(6,165)	-	-	-
Cable TV	28,986	28,241	745	-	-	-
Public safety	-	171,190	(171,190)	-	-	-
Unrestricted	3,910,428	2,973,049	937,379	8,235,922	7,945,768	290,154
Total Net Position	\$ 12,475,332	\$ 11,840,025	\$ 635,307	\$ 12,902,081	\$ 12,916,256	\$ (14,175)
Net Position as a Percent of Total						
Net Investment in Capital Assets	63.9%	68.4%		36.2%	38.5%	
Restricted	4.8%	6.5%		0.0%	0.0%	
Unrestricted	31.3%	25.1%		63.8%	61.5%	
	100.0%	100.0%		100.0%	100.0%	

An additional portion of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* may be used to meet the City'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 for the City as a whole, as well as for its separate governmental and business-type activities.

Governmental Activities. Governmental activities increased the City's net position. Key elements of this increase are as follows:

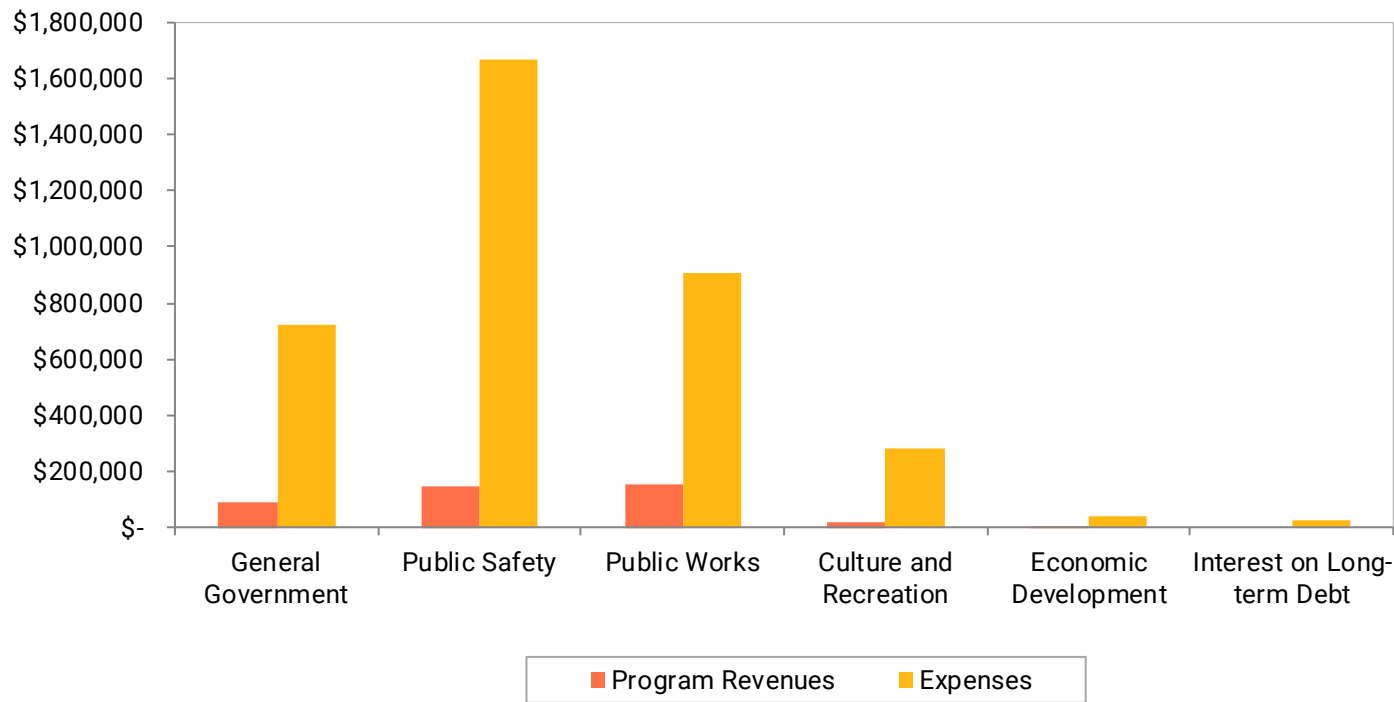
City of Centerville's Changes in Net Position

	Governmental Activities			Business-type Activities		
	2024	2023	Increase (Decrease)	2024	2023	Increase (Decrease)
Revenues						
Program Revenues						
Charges for services	\$ 254,448	\$ 267,908	\$ (13,460)	\$ 1,312,396	\$ 1,296,987	\$ 15,409
Operating grants and contributions	101,802	370,526	(268,724)	840	-	840
Capital grants and contributions	48,981	110,765	(61,784)	56,119	104,939	(48,820)
General Revenues						
Taxes						
Property taxes	2,740,493	2,610,570	129,923	-	-	-
Property taxes, levied for debt service	307,109	310,870	(3,761)	-	-	-
Other taxes	202,320	157,335	44,985	-	-	-
Grants and contributions not restricted to specific programs	71,353	5,210	66,143	-	-	-
Unrestricted investment earnings	259,615	116,257	143,358	353,009	145,007	208,002
Miscellaneous	11,776	48	11,728	14,307	8,822	5,485
Total Revenues	<u>3,997,897</u>	<u>3,949,489</u>	<u>48,408</u>	<u>1,736,671</u>	<u>1,555,755</u>	<u>180,916</u>
Expenses						
General government	722,578	784,417	(61,839)	-	-	-
Public safety	1,668,832	1,540,997	127,835	-	-	-
Public works	909,810	1,112,909	(203,099)	-	-	-
Culture and recreation	280,196	276,393	3,803	-	-	-
Economic development	40,000	36,600	3,400	-	-	-
Interest on long-term debt	27,341	29,707	(2,366)	-	-	-
Water	-	-	-	442,578	510,761	(68,183)
Sewer	-	-	-	589,165	553,350	35,815
Storm water	-	-	-	129,888	163,728	(33,840)
Garbage	-	-	-	257,465	231,572	25,893
Recycling	-	-	-	81,750	73,427	8,323
Total Expenses	<u>3,648,757</u>	<u>3,781,023</u>	<u>(132,266)</u>	<u>1,500,846</u>	<u>1,532,838</u>	<u>(31,992)</u>
Change in Net Position	599,140	168,466	430,674	(14,175)	22,917	(37,092)
Net Position, January 1	11,840,025	11,671,559	168,466	12,916,256	12,893,339	22,917
Error Correction (See Note 7)	<u>36,167</u>	<u>-</u>	<u>36,167</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Position, December 31	<u>\$ 12,475,332</u>	<u>\$ 11,840,025</u>	<u>\$ 635,307</u>	<u>\$ 12,902,081</u>	<u>\$ 12,916,256</u>	<u>\$ (14,175)</u>

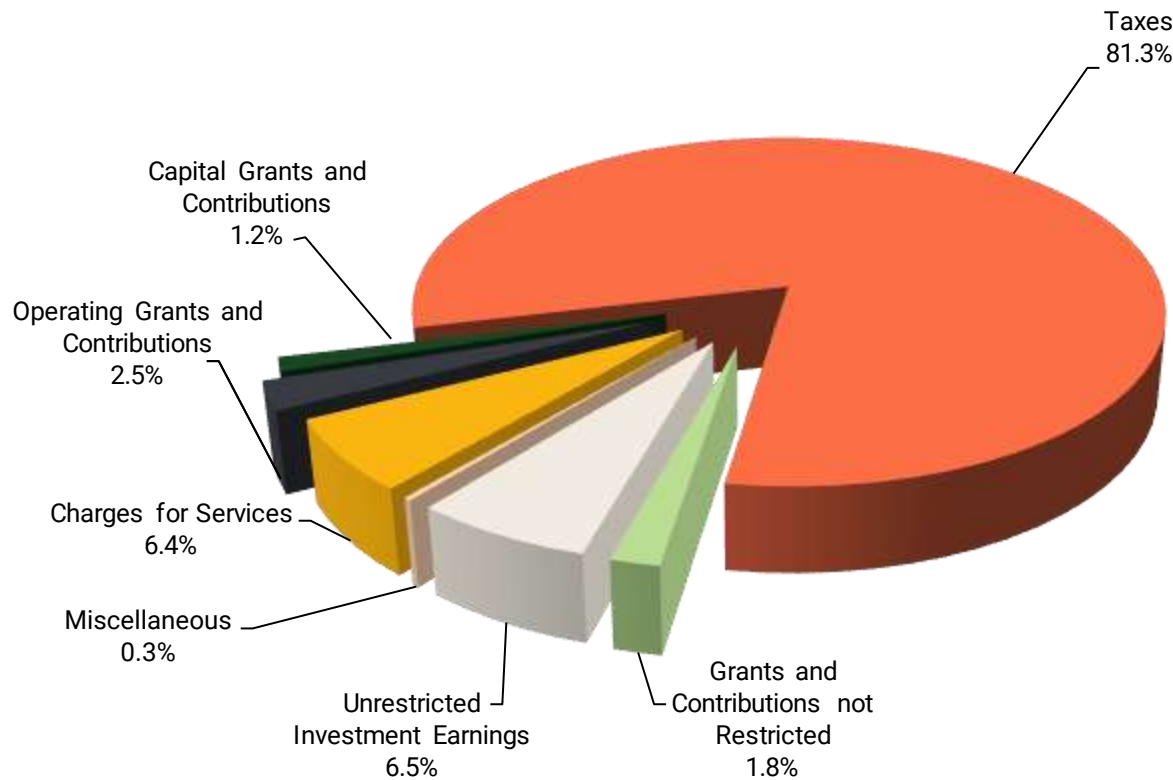
- The increase in Property Taxes is due to an increased levy.
- The increase in unrestricted investment earnings is due to higher interest rates and positive market performance.

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

Expenses and Program Revenues - Governmental Activities

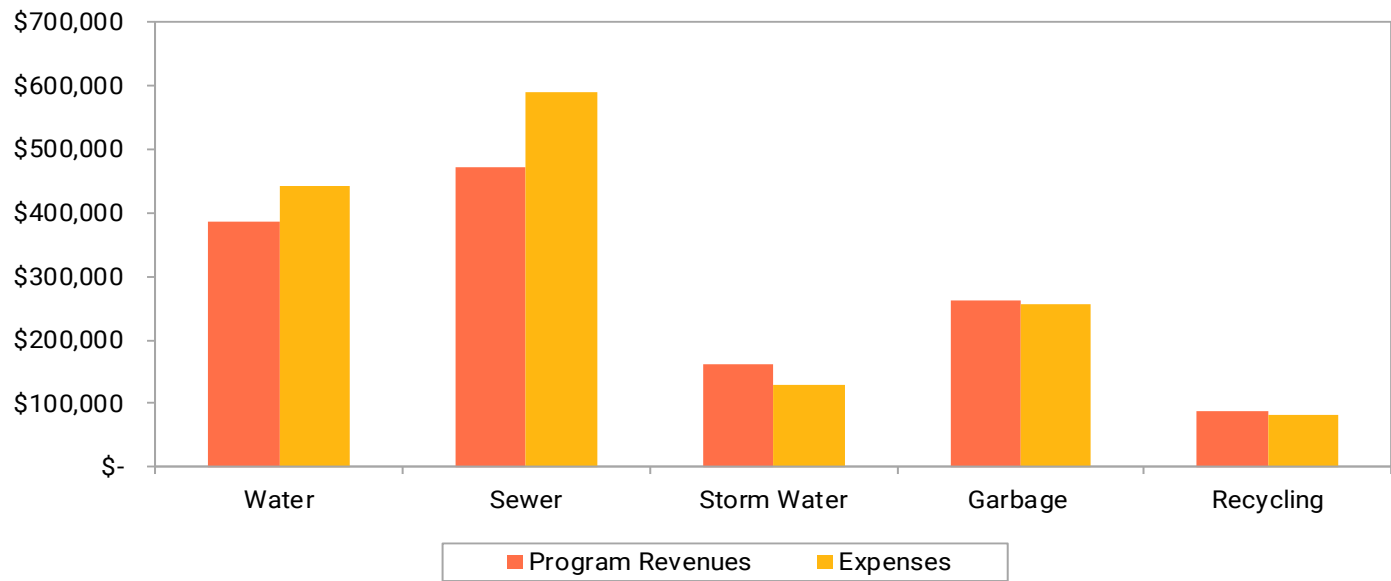


Revenues by Source - Governmental Activities

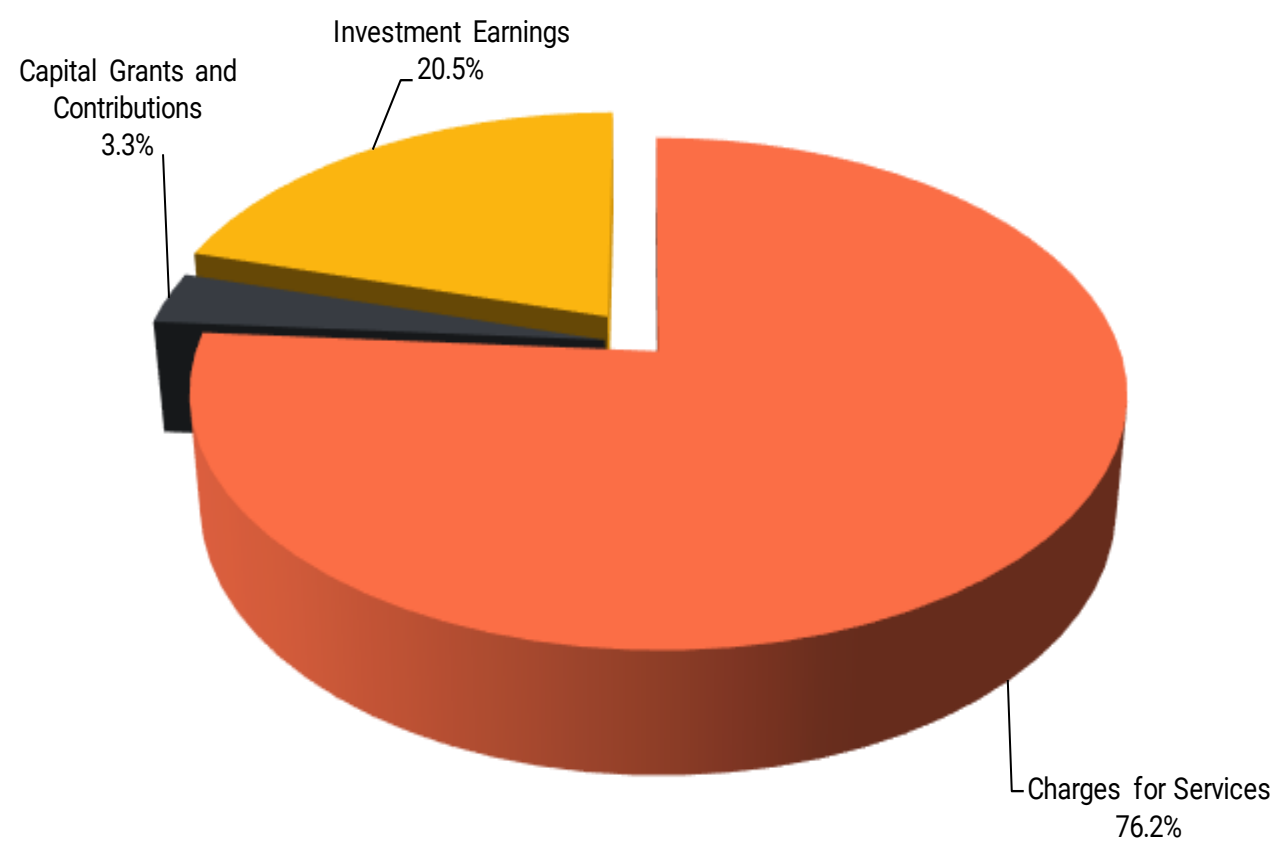


Business-type Activities. Business-type activities decreased the City’s net position. as shown in the changes in net position table

Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities



Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year

Governmental Funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The table below outlines the governmental fund balances for the year ending December 31, 2024

	General	Debt Service	Park	City Street Projects	Other Governmental Funds	Total Governmental Funds	Prior Year Totals	Increase/ (Decrease)
Fund Balances								
Nonspendable	\$ 54,205	\$ 11,517	\$ -	\$ -	\$ -	\$ 65,722	\$ 53,355	\$ 12,367
Restricted	-	525,038	-	-	28,986	554,024	722,127	(168,103)
Assigned	-	-	-	1,151,023	804,246	1,955,269	1,093,547	861,722
Unassigned	2,605,171	-	(403,889)	-	(293)	2,200,989	2,229,432	(28,443)
Total	<u>\$ 2,659,376</u>	<u>\$ 536,555</u>	<u>\$ (403,889)</u>	<u>\$ 1,151,023</u>	<u>\$ 832,939</u>	<u>\$ 4,776,004</u>	<u>\$ 4,098,461</u>	<u>\$ 677,543</u>

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances shown above. Additional information on the City's fund balances can be found in Note 1 of this report.

The General fund is the chief operating fund of the City. At the end of the current year, the fund balance of the General fund is shown in the table above. As a measure of the General fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. The total unassigned fund balance as a percent of total fund expenditures is shown in the chart below along with total fund balance as a percent of total expenditures.

	Current Year Ending Balance	Prior Year Ending Balance	Increase/ (Decrease)
General Fund Fund Balances			
Nonspendable	\$ 54,205	\$ 36,079	\$ 18,126
Restricted	-	171,190	(171,190)
Unassigned	2,605,171	2,663,929	(58,758)
Total	<u>\$ 2,659,376</u>	<u>\$ 2,871,198</u>	<u>\$ (211,822)</u>
General fund expenditures	\$ 3,027,847	\$ 2,768,419	
Unassigned as a percent of expenditures	86.0%	96.2%	
Total fund balance as a percent of expenditures	87.8%	103.7%	

The fund balance of the City's General fund decreased during the current fiscal year as shown in the table above. The decrease in fund balance was due to transfers out to other funds.

Activity in the City's major governmental funds is discussed below:

Other Major Funds	Fund Balance December 31,		Increase (Decrease)
	2024	2023	
<i>Debt Service</i>	\$ 536,555	\$ 539,972	\$ (3,417)
The Debt Service fund balance decreased due to debt payments in excess of revenues.			
<i>Park</i>	\$ (403,889)	\$ (434,497)	\$ 30,608
The Park fund balance increased from the previous year due to park dedication fees and interest earnings in excess of expenditures.			
<i>City Street Projects</i>	\$ 1,151,023	\$ 635,746	\$ 515,277
The City Street Projects fund increased from prior year due to revenues in excess of capital expenditures and a transfer in from the General fund.			

Proprietary Funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Net position of the City's proprietary funds increased or (decreased) as follows:

	Ending Net Position 2024	Ending Net Position 2023	Increase/ (Decrease)
<i>Water Utility</i>	\$ 6,861,849	\$ 6,813,580	\$ 48,269
The Water fund increased due to investment earnings and capital contributions in excess of the operating loss.			
<i>Sewer Utility</i>	\$ 4,629,733	\$ 4,711,443	\$ (81,710)
The Sewer fund decreased due to an operating loss.			
<i>Storm Water</i>	\$ 1,402,615	\$ 1,393,966	\$ 8,649
The Storm Water fund increased due to capital contributions.			
<i>Garbage</i>	\$ (1,770)	\$ (5,014)	\$ 3,244
The Garbage fund increased due to increased revenue over the prior year.			

General Fund Budgetary Highlights

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues	\$ 3,186,398	\$ 3,254,665	\$ 68,267
Expenditures	3,018,944	3,027,847	(8,903)
Excess of Revenues Over Expenditures	167,454	226,818	59,364
Other Financing Uses			
Transfers out	(338,640)	(438,640)	(100,000)
Net Change in Fund Balances	(171,186)	(211,822)	(40,636)
Fund Balances, January 1	2,871,198	2,871,198	-
Fund Balances, December 31	<u>\$ 2,700,012</u>	<u>\$ 2,659,376</u>	<u>\$ (40,636)</u>

The City's General fund budget was not amended during the year as shown above. Actual revenues were over the final budget and expenditures were over the final budget amounts as shown above.

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of December 31, 2024, is shown below in capital asset table (net of accumulated depreciation). This investment in capital assets includes land, structures, improvements, machinery and equipment, park facilities, roads, highways and bridges. The total decrease in the City's investment in capital assets for the current fiscal year for governmental and business-type activities is due to a decrease in governmental construction in progress.

Additional information on the City's capital assets can be found in Note 3C starting on page 58 of this report.

City of Centerville's Capital Assets (Net of Depreciation)

	Governmental Activities			Business-type Activities		
	2024	2023	Increase (Decrease)	2024	2023	Increase (Decrease)
Land	\$ 2,301,990	\$ 2,301,990	\$ -	\$ 200,655	\$ 200,655	\$ -
Construction in Progress	19,938	19,938	-	-	-	-
Buildings	964,656	1,011,754	(47,098)	233,086	241,366	(8,280)
Infrastructure	5,647,733	6,178,099	(530,366)	4,190,673	4,492,438	(301,765)
Machinery and Equipment	284,556	199,781	84,775	41,745	36,029	5,716
Total	<u>\$ 9,218,873</u>	<u>\$ 9,711,562</u>	<u>\$ (492,689)</u>	<u>\$ 4,666,159</u>	<u>\$ 4,970,488</u>	<u>\$ (304,329)</u>

Long-term Debt. At the end of the current fiscal year, the City had total bonded debt outstanding as noted in the table below. While all of the City's bonds have revenue streams, they are all backed by the full faith and credit of the City.

City of Centerville's Outstanding Debt

	Governmental Activities		
	2024	2023	Increase (Decrease)
General Obligation Bonds	\$ 1,190,000	\$ 1,545,000	\$ (355,000)
General Obligation Capital Notes	13,865	20,712	(6,847)
Total	<u>\$ 1,203,865</u>	<u>\$ 1,565,712</u>	<u>\$ (361,847)</u>

The City's debt decreased due to scheduled debt payments. Additional information on the City's long-term debt can be found in Note 3E starting on page 60 of this report.

Economic Factors and Next Year's Budgets and Rates

The Centerville area economy continues to show signs of improvement. Residential property values for taxes payable in 2025 increased by 3.4%. The City's net tax capacity increased 9.4% for taxes payable in 2025 based on strong commercial value growth. The City raised its property tax levy by 7.7% for taxes payable in 2025. The tax capacity rate went from 40.115% to 40.266% for a 0.38% increase. Most taxpayers realized an increase on average of 1.4% in City property taxes as a result of the increased overall property value and the increase in the City levy.

The City's General fund budget increased for fiscal year 2025 by 2.8%; however, the General Fund tax levy only increased by 10.5%. The tax levy increase in the General fund was primarily driven by the loss of state aid which dropped by \$196,501 which represents 5.6% of total revenues.

The debt service levy was decreased by \$53,488 for taxes payable in 2025 due to a planned reduction in the levy schedule with one of the city's two bond issues being fully retired. The debt service levy will be reduced again in 2026 because of an intentional decision to create a decreasing debt levy when the bonds were refunded.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all parties interested. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Administrator, City of Centerville, 1880 Main Street, Centerville, Minnesota, 55038.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF CENTERVILLE
CENTERVILLE, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2024

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City of Centerville, Minnesota

Statement of Net Position

December 31, 2024

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Economic Development Authority
Assets				
Cash and temporary investments	\$ 6,546,390	\$ 7,158,229	\$ 13,704,619	\$ 67,959
Receivables				
Accrued interest	14,021	18,499	32,520	-
Taxes	68,070	-	68,070	-
Accounts	106,972	230,744	337,716	8,430
Special assessments	171,349	201,306	372,655	-
Leases	638,175	-	638,175	-
Internal balances	(855,127)	855,127	-	-
Inventories	-	4,364	4,364	-
Prepaid items	21,448	30,116	51,564	-
Capital assets				
Land and construction and progress	2,321,928	200,655	2,522,583	-
Depreciable assets (net of accumulated depreciation)	6,896,945	4,465,504	11,362,449	-
Total Assets	<u>15,930,171</u>	<u>13,164,544</u>	<u>29,094,715</u>	<u>76,389</u>
Deferred Outflows of Resources				
Deferred pension resources	<u>109,642</u>	<u>41,817</u>	<u>151,459</u>	<u>-</u>
Liabilities				
Accounts and contracts payable	117,568	45,218	162,786	-
Accrued salaries payable	6,242	2,787	9,029	-
Due to other governments	1,179	4,472	5,651	-
Accrued interest payable	9,333	-	9,333	-
Deposits payable	1,001,426	34,073	1,035,499	-
Unearned revenue	12,298	-	12,298	-
Noncurrent liabilities				
Due within one year				
Long-term liabilities	413,302	23,198	436,500	-
Due in more than one year				
Long-term liabilities	899,895	-	899,895	-
Net pension liability	<u>251,715</u>	<u>96,436</u>	<u>348,151</u>	<u>-</u>
Total Liabilities	<u>2,712,958</u>	<u>206,184</u>	<u>2,919,142</u>	<u>-</u>
Deferred Inflows of Resources				
Deferred pension resources	257,622	98,096	355,718	-
Deferred lease resources	<u>593,901</u>	<u>-</u>	<u>593,901</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>851,523</u>	<u>98,096</u>	<u>949,619</u>	<u>-</u>
Net Position				
Net investment in capital assets	7,971,964	4,666,159	12,638,123	-
Restricted for				
Debt service	563,954	-	563,954	-
Cable TV	28,986	-	28,986	-
Unrestricted	<u>3,910,428</u>	<u>8,235,922</u>	<u>12,146,350</u>	<u>76,389</u>
Total Net Position	<u>\$ 12,475,332</u>	<u>\$ 12,902,081</u>	<u>\$ 25,377,413</u>	<u>\$ 76,389</u>

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

City of Centerville, Minnesota
Statement of Activities
For the Year Ended December 31, 2024

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General government	\$ 722,578	\$ 89,972	\$ -	\$ -
Public safety	1,668,832	70,052	73,632	-
Public works	909,810	74,475	28,170	48,981
Culture and recreation	280,196	17,919	-	-
Economic development	40,000	2,030	-	-
Interest on long-term debt	27,341	-	-	-
Total Governmental Activities	<u>3,648,757</u>	<u>254,448</u>	<u>101,802</u>	<u>48,981</u>
Business-type Activities				
Water	442,578	355,961	840	29,667
Sewer	589,165	455,650	-	16,968
Storm water	129,888	150,953	-	9,484
Garbage	257,465	260,709	-	-
Recycling	81,750	89,123	-	-
Total Business-type Activities	<u>1,500,846</u>	<u>1,312,396</u>	<u>840</u>	<u>56,119</u>
Total	<u>\$ 5,149,603</u>	<u>\$ 1,566,844</u>	<u>\$ 102,642</u>	<u>\$ 105,100</u>
Component Unit				
Economic Development Authority	<u>\$ 29,606</u>	<u>\$ 10</u>	<u>\$ 50,831</u>	<u>\$ -</u>

General Revenues

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt service

Franchise taxes

Gambling taxes

Grants and contributions not restricted to specific programs

Unrestricted investment earnings

Miscellaneous

Transfers - internal activities

Total General Revenues

Change in Net Position

Net Position, January 1, as previously presented

Error Correction (See Note 7)

Net Position, January 1 as restated

Net Position, December 31

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

Net (Expenses) Revenues and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Economic Development Authority
\$ (632,606)	\$ -	\$ (632,606)	\$ -
(1,525,148)	-	(1,525,148)	-
(758,184)	-	(758,184)	-
(262,277)	-	(262,277)	-
(37,970)	-	(37,970)	-
(27,341)	-	(27,341)	-
(3,243,526)	-	(3,243,526)	-
-	(56,110)	(56,110)	-
-	(116,547)	(116,547)	-
-	30,549	30,549	-
-	3,244	3,244	-
-	7,373	7,373	-
-	(131,491)	(131,491)	-
(3,243,526)	(131,491)	(3,375,017)	-
-	-	-	21,235
2,740,493	-	2,740,493	-
307,109	-	307,109	-
173,137	-	173,137	-
29,183	-	29,183	-
71,353	-	71,353	-
259,615	353,009	612,624	-
11,776	14,307	26,083	-
250,000	(250,000)	-	-
3,842,666	117,316	3,959,982	-
599,140	(14,175)	584,965	21,235
36,167	-	36,167	-
11,840,025	12,916,256	24,756,281	55,154
\$ 12,475,332	\$ 12,902,081	\$ 25,377,413	\$ 76,389

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

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FUND FINANCIAL STATEMENTS

CITY OF CENTERVILLE
CENTERVILLE, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2024

City of Centerville, Minnesota

Balance Sheet

Governmental Funds

December 31, 2024

	101	300's	402	452		
	General	Debt Service	Park	City Street Projects	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and temporary investments	\$ 2,859,141	\$ 522,278	\$ 450,107	\$ 1,756,991	\$ 957,873	\$ 6,546,390
Receivables						
Accrued interest	6,884	725	1,131	3,908	1,373	14,021
Taxes	64,382	3,688	-	-	-	68,070
Accounts	58,917	-	-	48,055	-	106,972
Special assessments	-	25,712	-	145,637	-	171,349
Leases	638,175	-	-	-	-	638,175
Prepaid items	9,931	11,517	-	-	-	21,448
Total Assets	<u>\$ 3,637,430</u>	<u>\$ 563,920</u>	<u>\$ 451,238</u>	<u>\$ 1,954,591</u>	<u>\$ 959,246</u>	<u>\$ 7,566,425</u>
Liabilities						
Accounts payable	\$ 107,194	\$ 2,150	\$ -	\$ 7,931	\$ 293	\$ 117,568
Accrued salaries payable	6,205	-	-	-	37	6,242
Due to other governments	1,179	-	-	-	-	1,179
Deposits payable	225,449	-	-	650,000	125,977	1,001,426
Advances from other funds	-	-	855,127	-	-	855,127
Unearned revenue	12,298	-	-	-	-	12,298
Total Liabilities	<u>352,325</u>	<u>2,150</u>	<u>855,127</u>	<u>657,931</u>	<u>126,307</u>	<u>1,993,840</u>
Deferred Inflows of Resources						
Unavailable revenue - property taxes	31,828	-	-	-	-	31,828
Unavailable revenue - special assessments	-	25,215	-	145,637	-	170,852
Deferred lease resources	593,901	-	-	-	-	593,901
Total Deferred Inflows of Resources	<u>625,729</u>	<u>25,215</u>	<u>-</u>	<u>145,637</u>	<u>-</u>	<u>796,581</u>
Fund Balances						
Nonspendable	54,205	11,517	-	-	-	65,722
Restricted	-	525,038	-	-	28,986	554,024
Assigned	-	-	-	1,151,023	804,246	1,955,269
Unassigned	2,605,171	-	(403,889)	-	(293)	2,200,989
Total Fund Balances	<u>2,659,376</u>	<u>536,555</u>	<u>(403,889)</u>	<u>1,151,023</u>	<u>832,939</u>	<u>4,776,004</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 3,637,430</u>	<u>\$ 563,920</u>	<u>\$ 451,238</u>	<u>\$ 1,954,591</u>	<u>\$ 959,246</u>	<u>\$ 7,566,425</u>

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

City of Centerville, Minnesota
Reconciliation of the Balance Sheet
to the Statement of Net Position
Governmental Funds
December 31, 2024

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

Total Fund Balances - Governmental	\$ 4,776,004
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	
Cost of capital assets	25,375,897
Less accumulated depreciation	(16,157,024)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	
Long-term liabilities at year end consist of	
Bond principal and premium payable	(1,246,909)
Compensated absences payable	(66,288)
Net pension liability	(251,715)
Some receivables are not available soon enough to pay for the current period's expenditures, and therefore are unavailable in the funds.	
Delinquent taxes receivable	31,828
Special assessments receivable	170,852
Governmental funds do not report long-term amounts related to pensions.	
Deferred outflows of pension resources	109,642
Deferred inflows of pension resources	(257,622)
Governmental funds do not report a liability for accrued interest until due and payable.	<u>(9,333)</u>
Total Net Position - Governmental Activities	<u><u>\$ 12,475,332</u></u>

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

City of Centerville, Minnesota
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2024

	101	300's	402	452		
	General	Debt Service	Park	City Street Projects	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes						
General property	\$ 2,713,221	\$ 307,109	\$ -	\$ -	\$ -	\$ 3,020,330
Gambling	29,183	-	-	-	-	29,183
Franchise	-	7,691	-	165,446	-	173,137
Licenses and permits	142,884	-	-	-	-	142,884
Intergovernmental	156,190	-	-	-	-	156,190
Charges for services	6,240	-	9,000	-	-	15,240
Fines and forfeitures	16,965	-	-	-	-	16,965
Special assessments	-	67,022	-	27,841	-	94,863
Interest on investments	125,132	12,451	21,608	74,157	26,267	259,615
Miscellaneous	64,850	-	-	-	31,474	96,324
Total Revenues	<u>3,254,665</u>	<u>394,273</u>	<u>30,608</u>	<u>267,444</u>	<u>57,741</u>	<u>4,004,731</u>
Expenditures						
Current						
General government	711,657	-	-	-	-	711,657
Public safety	1,685,361	-	-	-	-	1,685,361
Public works	390,211	-	-	-	27,215	417,426
Culture and recreation	177,677	-	-	-	6,129	183,806
Economic development	40,000	-	-	-	-	40,000
Capital outlay						
General government	22,941	-	-	-	1,669	24,610
Public works	-	-	-	13,374	99,882	113,256
Culture and recreation	-	-	-	-	39,549	39,549
Debt service						
Principal	-	361,847	-	-	-	361,847
Interest and other	-	35,843	-	-	-	35,843
Total Expenditures	<u>3,027,847</u>	<u>397,690</u>	<u>-</u>	<u>13,374</u>	<u>174,444</u>	<u>3,613,355</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>226,818</u>	<u>(3,417)</u>	<u>30,608</u>	<u>254,070</u>	<u>(116,703)</u>	<u>391,376</u>
Other Financing Sources (Uses)						
Transfers in	-	-	-	225,040	463,600	688,640
Transfers out	(438,640)	-	-	-	-	(438,640)
Total Other Financing Sources (Uses)	<u>(438,640)</u>	<u>-</u>	<u>-</u>	<u>225,040</u>	<u>463,600</u>	<u>250,000</u>
Net Change in Fund Balances	<u>(211,822)</u>	<u>(3,417)</u>	<u>30,608</u>	<u>479,110</u>	<u>346,897</u>	<u>641,376</u>
Fund Balances, January 1, as previously reported	2,871,198	539,972	(434,497)	635,746	486,042	4,098,461
Error Correction (See Note 7)	-	-	-	36,167	-	36,167
Fund Balances, January 1, as adjusted or restated	<u>2,871,198</u>	<u>539,972</u>	<u>(434,497)</u>	<u>671,913</u>	<u>486,042</u>	<u>4,134,628</u>
Fund Balances, December 31	<u>\$ 2,659,376</u>	<u>\$ 536,555</u>	<u>\$ (403,889)</u>	<u>\$ 1,151,023</u>	<u>\$ 832,939</u>	<u>\$ 4,776,004</u>

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

City of Centerville, Minnesota
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances to the Statement of Activities
Governmental Funds
For the Year Ended December 31, 2024

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

Net Change in Fund Balances - Governmental Funds	\$ 641,376
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.	
Capital outlay	120,861
Depreciation expense	(613,550)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are delayed and amortized in the statement of activities.	
Principal repayments	361,847
Amortization of premium on bonds issued	5,380
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental fund because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however interest expense is recognized as the interest accrues, regardless of when it is due.	
	3,122
Long-term pension activity is not reported in government funds.	
Pension expense	79,528
Pension revenue	11,776
Certain revenues are recognized as soon as they are earned. Under the modified accrual basis of accounting, certain revenues cannot be recognized until they are available to liquidate liabilities of the current period.	
Property taxes	27,272
Special assessments	(45,882)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Compensated absences payable	7,410
Change in Net Position - Governmental Activities	<u>\$ 599,140</u>

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

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City of Centerville, Minnesota
Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
General Fund
For the Year Ended December 31, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes				
General property	\$ 2,723,983	\$ 2,723,983	\$ 2,713,221	\$ (10,762)
Gambling	20,000	20,000	29,183	9,183
Licenses and permits	190,500	190,500	142,884	(47,616)
Intergovernmental	162,515	162,515	156,190	(6,325)
Charges for services	3,200	3,200	6,240	3,040
Fines and forfeitures	13,000	13,000	16,965	3,965
Interest on investments	65,000	65,000	125,132	60,132
Miscellaneous	8,200	8,200	64,850	56,650
Total Revenues	<u>3,186,398</u>	<u>3,186,398</u>	<u>3,254,665</u>	<u>68,267</u>
Expenditures				
Current				
General government	694,280	694,280	711,657	(17,377)
Public safety	1,697,714	1,697,714	1,685,361	12,353
Public works	373,700	373,700	390,211	(16,511)
Culture and recreation	205,900	205,900	177,677	28,223
Economic development	40,000	40,000	40,000	-
Capital outlay	7,350	7,350	22,941	(15,591)
Total Expenditures	<u>3,018,944</u>	<u>3,018,944</u>	<u>3,027,847</u>	<u>(8,903)</u>
Excess of Revenues Over Expenditures	167,454	167,454	226,818	59,364
Other Financing Uses				
Transfers out	<u>(338,640)</u>	<u>(338,640)</u>	<u>(438,640)</u>	<u>(100,000)</u>
Net Change in Fund Balances	(171,186)	(171,186)	(211,822)	(40,636)
Fund Balances, January 1	<u>2,871,198</u>	<u>2,871,198</u>	<u>2,871,198</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 2,700,012</u>	<u>\$ 2,700,012</u>	<u>\$ 2,659,376</u>	<u>\$ (40,636)</u>

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

City of Centerville, Minnesota
Statement of Net Position
Proprietary Funds
December 31, 2024

	Business-type Activities - Enterprise Funds					Totals
	601 Water	602 Sewer	603 Storm Water	604 Garbage	Nonmajor Recycling	
Assets						
Current Assets						
Cash and temporary investments	\$ 4,193,964	\$ 2,593,542	\$ 370,723	\$ -	\$ -	\$ 7,158,229
Receivables						
Accrued interest	10,598	6,950	951	-	-	18,499
Delinquent taxes	-	-	-	-	-	-
Accounts	53,102	88,738	27,235	46,453	15,216	230,744
Special assessments	2,761	11,463	9,326	4,533	4,533	32,616
Due from other funds	30,717	-	-	-	-	30,717
Advance to other funds	-	855,127	-	-	-	855,127
Inventories	4,364	-	-	-	-	4,364
Prepaid items	3,700	26,416	-	-	-	30,116
Total Current Assets	4,299,206	3,582,236	408,235	50,986	19,749	8,360,412
Noncurrent Assets						
Special assessments receivable	136,045	-	32,645	-	-	168,690
Capital assets						
Land	72,255	124,000	4,400	-	-	200,655
Buildings	138,000	276,000	-	-	-	414,000
Infrastructure	6,180,356	3,442,483	1,633,841	-	-	11,256,680
Machinery and equipment	322,332	96,742	-	-	-	419,074
Less accumulated depreciation	(4,186,791)	(2,781,633)	(655,826)	-	-	(7,624,250)
Net Capital Assets	2,526,152	1,157,592	982,415	-	-	4,666,159
Total Noncurrent Assets	2,662,197	1,157,592	1,015,060	-	-	4,834,849
Total Assets	6,961,403	4,739,828	1,423,295	50,986	19,749	13,195,261
Deferred Outflows of Resources						
Deferred pension resources	18,231	18,669	4,917	-	-	41,817
Liabilities						
Current Liabilities						
Accounts payable	6,679	10,225	85	21,430	6,799	45,218
Deposits payable	14,073	20,000	-	-	-	34,073
Accrued salaries payable	1,199	1,235	353	-	-	2,787
Due to other funds	-	-	-	27,421	3,296	30,717
Due to other governments	567	-	-	3,905	-	4,472
Compensated absences payable - current	10,456	10,455	2,287	-	-	23,198
Total Current Liabilities	32,974	41,915	2,725	52,756	10,095	140,465

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

City of Centerville, Minnesota
Statement of Net Position (Continued)
Proprietary Funds
December 31, 2024

Business-type Activities - Enterprise Funds					
	601	602	603	604	Nonmajor
	Water	Sewer	Storm Water	Garbage	Recycling
					Totals
Noncurrent Liabilities					
Net pension liability	\$ 42,045	\$ 43,055	\$ 11,336	\$ -	\$ -
					\$ 96,436
Total Liabilities	75,019	84,970	14,061	52,756	10,095
					236,901
Deferred Inflows of Resources					
Deferred pension resources	42,766	43,794	11,536	-	-
					98,096
Net Position					
Investment in capital assets	2,526,152	1,157,592	982,415	-	-
Unrestricted	4,335,697	3,472,141	420,200	(1,770)	9,654
					8,235,922
Total Net Position	\$ 6,861,849	\$ 4,629,733	\$ 1,402,615	\$ (1,770)	\$ 9,654
					\$ 12,902,081

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

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City of Centerville, Minnesota
Statement of Revenues, Expenses
and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2024

	Business-type Activities - Enterprise Funds					
	601	602	603	Formerly Nonmajor Fund 604	Nonmajor	
	Water	Sewer	Storm Water	Garbage	Recycling	Totals
Operating Revenues						
Charges for services	\$ 355,961	\$ 455,650	\$ 150,953	\$ 260,709	\$ 89,123	\$ 1,312,396
Operating Expenses						
Salaries and benefits	144,211	143,212	37,154	-	-	324,577
Supplies	25,797	1,702	1,271	-	-	28,770
Other services and charges	66,791	68,552	31,547	257,465	81,750	506,105
Utilities	20,838	3,628	-	-	-	24,466
MCES - disposal charges	-	300,464	-	-	-	300,464
Depreciation	184,941	71,607	59,916	-	-	316,464
Total Operating Expenses	442,578	589,165	129,888	257,465	81,750	1,500,846
Operating Income (Loss)	(86,617)	(133,515)	21,065	3,244	7,373	(188,450)
Nonoperating Revenues						
Interest earnings	202,134	132,836	18,039	-	-	353,009
Intergovernmental	840	-	-	-	-	840
Miscellaneous revenue	2,245	2,001	10,061	-	-	14,307
Total Nonoperating Revenues	205,219	134,837	28,100	-	-	368,156
Income (Loss) Before Contributions	118,602	1,322	49,165	3,244	7,373	179,706
Capital Contributions	29,667	16,968	9,484	-	-	56,119
Transfers Out	(100,000)	(100,000)	(50,000)	-	-	(250,000)
Change in Net Position	48,269	(81,710)	8,649	3,244	7,373	(14,175)
Net Position, January 1, as previously stated	6,813,580	4,711,443	1,393,966	-	(2,733)	12,916,256
Change within financial reporting entity (nonmajor to major)	-	-	-	(5,014)	5,014	-
Net Position, January 1, as restated	6,813,580	4,711,443	1,393,966	(5,014)	2,281	12,916,256
Net Position, December 31	\$ 6,861,849	\$ 4,629,733	\$ 1,402,615	\$ (1,770)	\$ 9,654	\$ 12,902,081

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

City of Centerville, Minnesota
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2024

	Business-type Activities - Enterprise Funds					Totals
	601	602	603	604	Nonmajor	
	Water	Sewer	Storm Water	Garbage	Recycling	
Cash Flows from Operating Activities						
Receipts from customers and users	\$ 357,361	\$ 452,571	\$ 157,533	\$ 251,967	\$ 83,506	\$ 1,302,938
Payments to suppliers	(129,990)	(368,367)	(33,507)	(255,460)	(81,330)	(868,654)
Payments to employees	(156,889)	(155,317)	(41,716)	-	-	(353,922)
Net Cash Provided (Used) by Operating Activities	70,482	(71,113)	82,310	(3,493)	2,176	80,362
Cash Flows from Noncapital						
Financing Activities						
Payment of advance to other funds	(1,317)	-	-	-	-	(1,317)
Advance (to) from other funds	-	-	-	3,493	(2,176)	1,317
Intergovernmental	840	-	-	-	-	840
Transfers to other funds	(100,000)	(100,000)	(50,000)	-	-	(250,000)
Net Cash Provided (Used) by Noncapital Financing Activities	(100,477)	(100,000)	(50,000)	3,493	(2,176)	(249,160)
Cash Flows from Capital and Related Financing Activities						
Acquisition of capital assets	(12,135)	-	-	-	-	(12,135)
Hook up fees and unit charges received	27,840	7,125	-	-	-	34,965
Special assessments received	66,583	10,672	9,934	-	-	87,189
Net Cash Provided (Used) by Capital and Related Financing Activities	82,288	17,797	9,934	-	-	110,019
Cash Flows From Investing Activities						
Interest received on investments	200,887	132,334	17,850	-	-	351,071
Net Increase (Decrease) in Cash and Cash Equivalents	253,180	(20,982)	60,094	-	-	292,292
Cash and Cash Equivalents, January 1	3,940,784	2,614,524	310,629	-	-	6,865,937
Cash and Cash Equivalents, December 31	\$ 4,193,964	\$ 2,593,542	\$ 370,723	\$ -	\$ -	\$ 7,158,229

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

City of Centerville, Minnesota
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended December 31, 2024

	Business-type Activities - Enterprise Funds					Totals
	601	602	603	604	Nonmajor	
	Water	Sewer	Storm Water	Garbage	Recycling	
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities						
Operating income (loss)	\$ (86,617)	\$ (133,515)	\$ 21,065	\$ 3,244	\$ 7,373	\$ (188,450)
Other income related to operations	2,245	2,001	10,061	-	-	14,307
Adjustments to reconcile operating income (loss) to net cash provided by operating activities						
Depreciation	184,941	71,607	59,916	-	-	316,464
(Increase) decrease in assets/deferred outflows of resources						
Accounts receivable	(845)	(3,079)	(3,481)	(8,325)	(5,200)	(20,930)
Special assessments	-	-	-	(417)	(417)	(834)
Inventories	3,687	-	-	-	-	3,687
Prepaid items	(3,700)	(2,022)	-	-	-	(5,722)
Deferred pension resources	7,244	7,158	1,205	-	-	15,607
Increase (decrease) in liabilities/deferred inflows of resources						
Accounts payable	(16,474)	6,000	(689)	1,151	420	(9,592)
Accrued salaries payable	(3,147)	(3,110)	(1,740)	-	-	(7,997)
Compensated absences payable	527	526	(2,362)	-	-	(1,309)
Net pension liability	(19,345)	(19,185)	(3,416)	-	-	(41,946)
Deferred pension resources	2,043	2,506	1,751	-	-	6,300
Due to other governments	(77)	-	-	854	-	777
Net Cash Provided by Operating Activities	<u>\$ 70,482</u>	<u>\$ (71,113)</u>	<u>\$ 82,310</u>	<u>\$ (3,493)</u>	<u>\$ 2,176</u>	<u>\$ 80,362</u>

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

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City of Centerville, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

The City of Centerville, Minnesota (the City), operates under the "Optional Plan A" form of government as defined in the State of Minnesota statutes. Under this plan, the government of the City is directed by a City Council composed of an elected Mayor and four elected City Council Members. The City Council exercises legislative authority and determines all matters of policy. The City Council appoints personnel responsible for the proper administration of all affairs relating to the City. The City has considered all potential units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the primary government to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the primary government. As required by accounting principles generally accepted in the United States of America, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Component units for which the City has been determined to be financially accountable can be blended with the primary government or be included as a discrete presentation. Included in the City's reporting entity, based upon the application of these criteria, is the following discretely presented component unit. The discretely presented component unit is reported in a separate column in the government-wide financial statements.

Economic Development Authority. The Economic Development Authority (EDA) of the City was created pursuant to Minnesota statutes 469.090 through 469.108 to carry out economic and industrial development and redevelopment consistent with policies established by the City Council. The EDA is governed by five board members, two of which are City Council members and three are at-large members. The City Council appoints the EDA governing board and approves tax levies. The City does not have fiduciary responsibility for the EDA. It is this criterion that results in the EDA being reported as a discretely presented component unit. The EDA does not prepare separate financial statements. The EDA fund financial statements begin on page 86.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

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

City of Centerville, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 1: Summary of Significant Accounting Policies (Continued)

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants, entitlement and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the tax is levied. Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are also recorded as unearned revenue.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

The City reports the following major governmental funds:

The *General fund* is the City's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund.

The *Debt Service fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The *Park fund* captures all park capital items and receives all the City's park dedication fees.

The *City Street Projects* fund accounts for resources accumulated and payments made for street projects within the City.

The City reports the following major proprietary funds:

The *Water fund* accounts for the activities of the water distribution system the City maintains.

The *Sewer fund* accounts for the activities of the City's sewage collection operations.

The *Storm Water fund* accounts for the activities of the City's storm water collection operations.

The *Garbage fund* accounts for the activities of the City's garbage collection operations.

City of Centerville, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 1: Summary of Significant Accounting Policies (Continued)

As a general rule the effect of interfund activity has been eliminated from government-wide financial statements.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. The proprietary funds' portion in the government-wide cash and temporary investments pool is considered to be cash and cash equivalents for purposes of the statement of cash flows.

Cash balances from all funds are pooled and invested, to the extent available, in certificates of deposit and other authorized investments. Earnings from such investments are allocated on the basis of applicable participation by each of the funds.

The City may also invest idle funds as authorized by Minnesota statutes, as follows:

1. Direct obligations or obligations guaranteed by the United States or its agencies.
2. Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, rated in one of the two highest rating categories by a statistical rating agency, and have a final maturity of thirteen months or less.
3. General obligations of a state or local government with taxing powers rated "A" or better; revenue obligations rated "AA" or better.
4. General obligations of the Minnesota Housing Finance Agency rated "A" or better.
5. Obligation of a school district with an original maturity not exceeding 13 months and (i) rated in the highest category by a national bond rating service or (ii) enrolled in the credit enhancement program pursuant to statute section 126C.55.
6. Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.
7. Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less.
8. Repurchase or reverse repurchase agreements and securities lending agreements with financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.
9. Guaranteed Investment Contracts (GIC's) issued or guaranteed by a United States commercial bank, a domestic branch of a foreign bank, a United States insurance company, or its Canadian subsidiary, whose similar debt obligations were rated in one of the top two rating categories by a nationally recognized rating agency.

City of Centerville, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 1: Summary of Significant Accounting Policies (Continued)

Broker money market funds operate in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the shares.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

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

- Negotiable certificates of deposits of \$3,817,114 are valued using a matrix pricing model (Level 2 inputs).
- Treasury Notes of \$3,784,865 are valued using a matrix pricing model (Level 1 inputs).

Accounts Receivable

Accounts receivable include amounts billed for services provided before year end. Unbilled utility enterprise fund receivables are also included for services provided in 2024. The City annually certifies delinquent water and sewer accounts to the County for collection in the following year. Therefore, there has been no allowance for doubtful accounts established.

Interfund Receivables and Payables

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

Property Taxes

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

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

Special Assessments

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

Inventories

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Prepaid Items

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

City of Centerville, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 1: Summary of Significant Accounting Policies (Continued)

Lease Receivable

The City's lease receivable is measured at the present value of lease payments expected to be received during the lease term.

A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are, reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

In the case of initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the City chose to include items dating back to June 30, 1980. The City was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the City constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations, the City values these capital assets at the acquisition value of the item at the date of its donation. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

Assets	Useful Lives in Years
Land Improvements	4 to 25
Other Improvements	10 to 20
Buildings and Improvements	10 to 50
System Improvements/Infrastructure	20 to 50
Machinery and Equipment	3 to 20
Vehicles	3 to 10
Other Assets	3 to 15

Deferred Outflows of Resources

In addition to assets, the statement of net 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 a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has only one item that qualifies for reporting in this category. Accordingly, the item, deferred pension resources, is reported only in the statements of net position. This item results from actuarial calculations and current year pension contributions made subsequent to the measurement date.

City of Centerville, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 1: Summary of Significant Accounting Policies (Continued)

Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA except that PERA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The General fund is typically used to liquidate the governmental net pension liability. Total 2024 pension expense is negative \$28,229.

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused paid time off benefits to a maximum of 312 hours. All paid time off pay is accrued when incurred in the government-wide and proprietary funds. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Union employees are allowed severance equal to their unused compensatory time. In governmental fund types the cost of these benefits is recognized when payments are made to the employees. The General fund is typically used to liquidate governmental compensated absences.

Long-term Obligations

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

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

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises only under a modified accrual basis of accounting that qualifies as needing to be reported in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

The City has two additional items which qualify for reporting in this category. The item, deferred pension resources, is reported only in the statements of net position and results from actuarial calculations. Furthermore, the City reports a deferred lease resources related to cell tower leases and is recorded under GASB 87, which is reported in the governmental funds and the statement of net position.

City of Centerville, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 1: Summary of Significant Accounting Policies (Continued)

Fund Balance

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

Nonspendable - Amounts that cannot be spent because they are not in spendable form, such as prepaid items.

Restricted - Amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions.

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

Assigned - Amounts constrained for specific purposes that are internally imposed. In governmental funds other than the General fund, assigned fund balance represents all remaining amounts that are not classified as nonspendable and are neither restricted nor committed. In the General fund, assigned amounts represent intended uses established by the City Council itself or by an official to which the governing body delegates the authority. The City Council has adopted a fund balance policy which delegates the authority to assign amounts for specific purposes to the Finance Director.

Unassigned - The residual classification for the General fund and also negative residual amounts in other funds.

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

The City has formally adopted a fund balance policy for the General fund. The City's policy is to maintain a minimum unassigned fund balance of 40-50 percent of budgeted operating expenditures for cash-flow timing needs.

Net Position

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

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

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 they are needed.

City of Centerville, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 2: Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General fund. All annual appropriations lapse at fiscal year-end. The City does not use encumbrance accounting.

In May of each year, all departments of the City submit requests for appropriations to the City Administrator so that a budget may be prepared. Before September 30th, the proposed budget is presented to the City Council for review. The City Council holds public hearings and a final budget is prepared and adopted in early December.

The appropriated budget is prepared by fund, function and department. The City’s department heads, with the approval of the City Administrator, may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the City Council. The legal level of budgetary control is the department level. There were no budget amendments made during 2024.

B. Excess of Expenditures Over Appropriations

For the year ended December 31, 2024, expenditures exceeded appropriations in the following funds:

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Excess of Expenditures Over Appropriations</u>
General	<u>\$ 3,018,944</u>	<u>\$ 3,027,847</u>	<u>\$ 8,903</u>

The excess expenditures were funded by greater revenues than anticipated.

C. Deficit Fund Equity

<u>Fund</u>	<u>Amount</u>
Major	
Park	\$ 403,889
Garbage	1,770
Nonmajor	
Escrow Legal Engineering	293

These deficits are expected to be funded by future revenues and transfers from other funds.

City of Centerville, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 3: Detailed Notes on All Funds

A. Deposits and Investments

Deposits

Custodial credit risk for deposits and investments is the risk that in the event of a bank failure, the City's deposits and investments may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. In accordance with Minnesota statutes and as authorized by the City Council, the City maintains deposits at those depository banks, all of which are members of the Federal Reserve System.

Minnesota statutes require that all City deposits be protected by insurance, surety bond or collateral. The fair value of collateral pledged must equal 110 percent of the deposits not covered by insurance or bonds, with the exception of irrevocable standby letters of credit issued by Federal Home Loan Banks as this type of collateral only requires collateral pledged equal to 100 percent of the deposits not covered by insurance or bonds.

Authorized collateral in lieu of a corporate surety bond includes:

- United States government Treasury bills, Treasury notes, Treasury bonds;
- Issues of United States government agencies and instrumentalities as quoted by a recognized industry quotation service available to the government entity;
- General obligation securities of any state or local government with taxing powers which is rated "A" or better by a national bond rating service, or revenue obligation securities of any state or local government with taxing powers which is rated "AA" or better by a national bond rating service;
- General obligation securities of a local government with taxing powers may be pledged as collateral against funds deposited by that same local government entity;
- Irrevocable standby letters of credit issued by Federal Home Loan Banks to a municipality accompanied by written evidence that the bank's public debt is rated "AA" or better by Moody's Investors Service, Inc., or Standard & Poor's Corporation; and
- Time deposits that are fully insured by any federal agency.

Minnesota statutes require that all collateral shall be placed in safekeeping in a restricted account at a Federal Reserve Bank, or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral. The selection should be approved by the City.

At year end, the City's carrying amount of deposits was \$ \$2,918,808 and the bank balance was \$3,086,070. Of the bank balance, \$500,00 was covered by federal depository insurance and the remaining balance was covered by collateral held by the City's agent in the City's name.

City of Centerville, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 3: Detailed Notes on All Funds (Continued)

Investments

As of December 31, 2024, the City had the following investments that are insured or registered, or securities held by the City or its agent in the City's name.

Types of Investments	Credit Quality/ Ratings (1)	Segmented Time Distribution (2)	Amount	Fair Value Measurement Using		
				Level 1	Level 2	Level 3
Pooled Investments at Amortized Costs						
4M	N/A	less than one year	\$ 2,800,410			
Broker money market funds	N/A	less than 6 months	451,181			
Pooled Investments at Fair Value						
Negotiable certificates of deposits	N/A	less than 1 year	917,321	\$ -	\$ 917,321	\$ -
Negotiable certificates of deposits	N/A	1 to 5 years	2,899,793	-	2,899,793	-
Treasury notes	N/A	less than 1 year	2,219,510	2,219,510	-	-
Treasury notes	N/A	1 to 5 years	1,565,355	1,565,355	-	-
Total Investments			\$ 10,853,570	\$ 3,784,865	\$ 3,817,114	\$ -

(1) Ratings are provided by various credit rating agencies where applicable to indicate associated credit risk.

(2) Interest rate risk is disclosed using the segmented time distribution method.

N/A Indicates not applicable or available.

The investments of the City are subject to the following risks:

- **Credit Risk.** The credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Ratings are provided by various credit rating agencies and where applicable, indicate associated credit risk. Minnesota statutes limit the City's investments to the list on page 47 of the notes.
- **Custodial Credit Risk.** The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Generally, the City limits its securities purchases to those insured and registered under the City's name.
- **Concentration of Credit Risk.** The concentration of credit risk for investments is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City has invested more than 5 percent of investments in First American Treasury Obligations (5.25%), United States Treasury Notes (14.34%) and 4M fund (25.80%).
- **Interest Rate Risk.** The interest rate risk for investments is the risk that changes in interest rates will adversely affect the fair value of an investment.

The City does not currently have a formal investment policy that addresses the above-mentioned risks.

City of Centerville, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 3: Detailed Notes on All Funds (Continued)

A reconciliation of cash and temporary investments as shown on the statement of net position for the City follows:

	<u>Total</u>
Carrying Amount of Deposits	\$ 2,918,808
Investments	10,853,570
Petty Cash	<u>200</u>
Total	<u><u>\$ 13,772,578</u></u>
Primary Government	
Cash and Temporary investments	\$ 13,704,619
Discretely Presented Component Unit	
EDA	<u>67,959</u>
Total	<u><u>\$ 13,772,578</u></u>

B. Lease Receivable

Description	Issue Date	Discount Rate	Current Year Inflow of Resources	Balance at Year End
T-Mobile Cell Tower	08/22/96	1.98%	<u>\$ 32,995</u>	<u>\$ 638,175</u>

The City entered into a lease agreement with T-Mobile on August 22, 1996 to lease exterior space for cell phone towers. The lease term began January 1, 2022 and will continue through 2042. The City was paid \$2,750 per month in 2024 and that monthly payment will raise 3 percent each year.

The annual amounts to be recognized split between principal and interest are as follows:

Year Ending December 31,	Principal	Interest	Total Receipts
2025	\$ 20,485	\$ 12,451	\$ 32,936
2026	21,892	12,032	33,924
2027	23,356	11,586	34,942
2028	24,881	11,109	35,990
2029	26,467	10,602	37,069
2030 - 2034	158,472	44,241	202,713
2035 - 2039	208,819	26,180	234,999
2040 - 2042	<u>153,803</u>	<u>4,802</u>	<u>158,605</u>
Total	<u><u>\$ 638,175</u></u>	<u><u>\$ 133,003</u></u>	<u><u>\$ 771,178</u></u>

City of Centerville, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 3: Detailed Notes on All Funds (Continued)

C. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets not Being Depreciated				
Land	\$ 2,301,990	\$ -	\$ -	\$ 2,301,990
Construction in progress	19,938	-	-	19,938
Total Capital Assets not Being Depreciated	<u>2,321,928</u>	<u>-</u>	<u>-</u>	<u>2,321,928</u>
Capital Assets Being Depreciated				
Buildings	2,081,079	-	-	2,081,079
Infrastructure	20,020,764	-	-	20,020,764
Machinery and equipment	<u>885,265</u>	<u>120,861</u>	<u>(54,000)</u>	<u>952,126</u>
Total Capital Assets Being Depreciated	<u>22,987,108</u>	<u>120,861</u>	<u>(54,000)</u>	<u>23,053,969</u>
Less Accumulated Depreciation for				
Buildings	(1,069,325)	(47,098)	-	(1,116,423)
Infrastructure	(13,842,665)	(530,366)	-	(14,373,031)
Machinery and equipment	<u>(685,484)</u>	<u>(36,086)</u>	<u>54,000</u>	<u>(667,570)</u>
Total Accumulated Depreciation	<u>(15,597,474)</u>	<u>(613,550)</u>	<u>54,000</u>	<u>(16,157,024)</u>
Total Capital Assets Being Depreciated, Net	<u>7,389,634</u>	<u>(492,689)</u>	<u>-</u>	<u>6,896,945</u>
Governmental Activities Capital Assets, Net	<u>\$ 9,711,562</u>	<u>\$ (492,689)</u>	<u>\$ -</u>	<u>\$ 9,218,873</u>

Depreciation expense was charged to functions/programs of the governmental activities as follows:

Governmental Activities	
General government	\$ 34,370
Public works	479,676
Culture and recreation	<u>99,504</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 613,550</u>

City of Centerville, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 3: Detailed Notes on All Funds (Continued)

Capital asset activity for the business-type activities for the year ended December 31, 2024 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital Assets not Being Depreciated				
Land	\$ 200,655	\$ -	\$ -	\$ 200,655
Total Capital Assets not Being Depreciated	<u>200,655</u>	<u>-</u>	<u>-</u>	<u>200,655</u>
Capital Assets Being Depreciated				
Buildings	414,000	-	-	414,000
Infrastructure	11,256,680	-	-	11,256,680
Machinery and equipment	406,939	12,135	-	419,074
Total Capital Assets Being Depreciated	<u>12,077,619</u>	<u>12,135</u>	<u>-</u>	<u>12,089,754</u>
Less Accumulated Depreciation for				
Buildings	(172,634)	(8,280)	-	(180,914)
Infrastructure	(6,764,242)	(301,765)	-	(7,066,007)
Machinery and equipment	(370,910)	(6,419)	-	(377,329)
Total Accumulated Depreciation	<u>(7,307,786)</u>	<u>(316,464)</u>	<u>-</u>	<u>(7,624,250)</u>
Total Capital Assets Being Depreciated, Net	<u>4,769,833</u>	<u>(304,329)</u>	<u>-</u>	<u>4,465,504</u>
Business-type Activities Capital Assets, Net	<u>\$ 4,970,488</u>	<u>\$ (304,329)</u>	<u>\$ -</u>	<u>\$ 4,666,159</u>

Depreciation expense was charged to functions/programs of the business-type activities as follows:

Business-type Activities	
Water	\$ 184,941
Sewer	71,607
Storm water	<u>59,916</u>
Total Depreciation Expense - Business-type Activities	<u>\$ 316,464</u>

City of Centerville, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 3: Detailed Notes on All Funds (Continued)

D. Interfund Balances and Transfers

The composition of internal balance as of December 31, 2024 is as follows:

Receivable Fund	Payable Fund	Amount
Advance to/from other Funds		
Sewer	Park	\$ 855,127
Water	Garbage	27,421
Water	Nonmajor Enterprise	3,296
		<u>885,844</u>
Total Advances To/From Other Funds		<u>\$ 885,844</u>
Total of Interfund Balances		<u>\$ 885,844</u>

The above interfund advance and the amount due to/from other funds are being paid back according to the amortization schedules. The Sewer fund financed a portion of a project that the Park fund is repaying with park dedication fees. The Water fund loaned the Garbage and Recycling fund \$30,717 to cover deficit cash balances.

Interfund Transfers

Fund	Transfer In		
	City Street Projects	Other Governmental	Total
Transfer out			
General	\$ 225,040	\$ 213,600	\$ 438,640
Water	-	100,000	100,000
Sewer	-	100,000	100,000
Storm Water	-	50,000	50,000
	<u>225,040</u>	<u>463,600</u>	<u>688,640</u>
Total	<u>\$ 225,040</u>	<u>\$ 463,600</u>	<u>\$ 688,640</u>

A transfer of \$225,040 and \$213,600 was made from the General fund to the City Street Projects and Capital Equipment Revolving fund and a total transfer of \$250,000 was made from the Enterprise funds to the Capital Equipment Revolving fund for future capital projects and replacement of equipment, vehicles and computers.

E. Long-term Debt

General Obligation Improvement Bonds

General obligation improvement bonds are direct obligations and pledge the full faith and credit of the City. The following bonds were issued to finance various improvements and will be repaid primarily from special assessments collections and tax levies. General obligation improvement bonds currently outstanding are as follows:

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Improvement Crossover Refunding Bonds of 2016A	\$ 1,815,000	1.15 - 1.80 %	07/01/16	02/01/25	\$ 250,000
G.O. Improvement Refunding 2013A Bond 2021A	1,255,000	2.00	03/31/21	02/01/29	940,000
Total General Obligation Improvement Bonds					<u>\$ 1,190,000</u>

City of Centerville, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 3: Detailed Notes on All Funds (Continued)

Annual debt service requirements for general obligation improvement bonds are as follows:

Year Ending December 31,	General Obligation Improvement Bonds		
	Governmental Activities		
	Principal	Interest	Total
2025	\$ 340,000	\$ 20,150	\$ 360,150
2026	240,000	14,600	254,600
2027	220,000	10,000	230,000
2028	205,000	5,750	210,750
2029	185,000	1,850	186,850
Total	<u>\$ 1,190,000</u>	<u>\$ 52,350</u>	<u>\$ 1,242,350</u>

General Obligation Capital Notes

The City issues general obligation capital note to provide funds for the acquisition capital equipment. General obligation capital notes have been issued for governmental activities.

General obligation capital notes are direct obligations and pledge the full faith and credit of the City. General obligation capital notes currently outstanding are as follows:

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Capital Notes					
2016A	\$ 59,619	2.00 %	04/14/16	02/01/26	<u>\$ 13,865</u>

Annual debt service requirements for general obligation improvement bonds are as follows:

Year Ending December 31,	General Obligation Capital Notes		
	Governmental Activities		
	Principal	Interest	Total
2025	\$ 7,014	\$ 214	\$ 7,228
2026	6,851	144	6,995
Total	<u>\$ 13,865</u>	<u>\$ 358</u>	<u>\$ 14,223</u>

City of Centerville, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 3: Detailed Notes on All Funds (Continued)

Changes in Long-term Liabilities

During the year ended December 31, 2024, the following changes occurred in noncurrent liabilities:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
G.O. Improvement Bonds	\$ 1,545,000	\$ -	\$ (355,000)	\$ 1,190,000	\$ 340,000
G.O. Capital Notes	20,712	-	(6,847)	13,865	7,014
Premium on bonds issued	48,424	-	(5,380)	43,044	-
Compensated Absences Payable	73,698	66,288	(73,698)	66,288	66,288
 Governmental Activities Long-term Liabilities	<u>\$ 1,687,834</u>	<u>\$ 66,288</u>	<u>\$ (440,925)</u>	<u>\$ 1,313,197</u>	<u>\$ 413,302</u>
 Business-type Activities					
Compensated Absences Payable	<u>\$ 24,507</u>	<u>\$ 23,198</u>	<u>\$ (24,507)</u>	<u>\$ 23,198</u>	<u>\$ 23,198</u>

F. Fund Equity

At December 31, 2024, portions of the City's fund balance are not available for appropriation due to not being in spendable form (Nonspendable), legal restrictions (Restricted), policy and/or intent (Assigned). The following is a summary of the components of fund balance:

	General	Debt Service	Park	City Street Projects	Other Governmental Funds	Total
Nonspendable						
Prepaid items	\$ 9,931	\$ 11,517	\$ -	\$ -	\$ -	\$ 21,448
Leases	44,274	-	-	-	-	44,274
Total Nonspendable	<u>54,205</u>	<u>11,517</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>65,722</u>
 Restricted for						
Debt service	-	525,038	-	-	-	525,038
Cable TV	-	-	-	-	28,986	28,986
Total Restricted	<u>-</u>	<u>525,038</u>	<u>-</u>	<u>-</u>	<u>28,986</u>	<u>554,024</u>
 Assigned for						
Street projects	-	-	-	1,151,023	-	1,151,023
Capital equipment	-	-	-	-	804,246	804,246
Total Assigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,151,023</u>	<u>804,246</u>	<u>1,955,269</u>
 Unassigned	<u>2,605,171</u>	<u>-</u>	<u>(403,889)</u>	<u>-</u>	<u>(293)</u>	<u>2,200,989</u>
 Total	<u>\$ 2,659,376</u>	<u>\$ 536,555</u>	<u>\$ (403,889)</u>	<u>\$ 1,151,023</u>	<u>\$ 832,939</u>	<u>\$ 4,776,004</u>

Note 4: Defined Benefit Pension Plans - Statewide

A. Plan Description

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

General Employees Retirement Plan (General Plan)

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

B. Benefits Provided

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

General Employee Plan Benefits

General Employees Plan requires three years of service to vest. Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for General Plan members. Members hired prior to July 1, 1989, receive the higher of the Step or Level formulas. Only the Level formula is used for members hired after June 30, 1989. Under the Step formula, General Plan members receive 1.2 percent of the highest average salary for each of the first 10 years of service and 1.7 percent for each additional year. Under the Level formula, General Plan members receive 1.7 percent of highest average salary for all years of service. For members hired prior to July 1, 1989 a full retirement benefit is available when age plus years of service equal 90 and normal retirement age is 65. Members can receive a reduced requirement benefit as early as age 55 if they have three or more years of service. Early retirement benefits are reduced by .25 percent for each month under age 65. Members with 30 or more years of service can retire at any age with a reduction of 0.25 percent for each month the member is younger than age 62. The Level formula allows General Plan members to receive a full retirement benefit at age 65 if they were first hired before July 1, 1989 or at age 66 if they were hired on or after July 1, 1989. Early retirement begins at age 55 with an actuarial reduction applied to the benefit.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. The 2024 annual increase was 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a prorated increase.

City of Centerville, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

C. Contributions

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

General Employees Fund Contributions

General Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2024 and the City was required to contribute 7.50 percent for Coordinated Plan members. The City's contributions to the General Employees Fund for the years ending December 31, 2024, 2023 and 2022, were \$66,856, \$57,352 and \$55,179, respectively. The City's contributions were equal to the required contributions for each year as set by state statute.

D. Pension Costs

General Employees Fund Pension Costs

At December 31, 2024, the City reported a liability of \$348,151 for its proportionate share of the General Employees Fund's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$9,002.

City's Proportionate Share of the Net Pension Liability	\$ 348,151
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the City	<u>9,002</u>
Total	<u><u>\$ 357,153</u></u>

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2023 through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0094 percent at the end of the measurement period and 0.0095 percent for the beginning of the period.

For the year ended December 31, 2024, the City recognized pension expense of negative \$28,469 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized an additional \$241 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

During the plan year ended June 30, 2024, the State of Minnesota contributed \$170.1 million to the General Employees Fund. The State of Minnesota is not included as a non-employer contributing entity in the General Employees Plan pension allocation schedules for the \$170.1 million in direct state aid because this contribution was not considered to meet the definition of a special funding situation. The City recognized \$16,018 for the year ended December 31, 2024 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the General Employees Fund.

City of Centerville, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 30,735	\$ -
Changes in Actuarial Assumptions	79,093	132,614
Net Difference Between Projected and Actual Investment Earnings	-	220,791
Changes in Proportion	5,940	2,313
Contributions Paid to PERA Subsequent to the Measurement Date	35,691	-
	<u>\$ 151,459</u>	<u>\$ 355,718</u>
Total		

The \$35,691 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2025	\$ (82,480)
2026	(88,029)
2027	(42,757)
2028	(26,684)

E. Long-term Expected Return on Investment

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

Asset Class	Target Allocation	Long-term Expected Return on Investment
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>	

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

F. Actuarial Assumptions

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

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

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25% after one year of service to 3% after 27 years of service. Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table.

Actuarial assumptions for the General Employees Plan are reviewed every four years. The General Employees Plan was last reviewed in 2022. The assumption changes were adopted by the board and became effective with the July 1, 2023 actuarial valuation.

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

General Employees Fund

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

G. Discount Rate

The discount rate used to measure the total pension liability in 2024 was 7.0 percent. 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 Plans were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

H. Pension Liability Sensitivity

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

	<u>1 Percent Decrease (6.0%)</u>	<u>Current (7.0%)</u>	<u>1 Percent Increase (8.0%)</u>
General Employees Fund	\$ 760,417	\$ 348,151	\$ 9,024

I. Pension Plan Fiduciary Net Position

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

City of Centerville, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 5: Joint Powers Agreements

A. Centennial Fire District

The Centennial Fire District (the District) was formed under the authority of Minnesota statutes 471.59 in 1985 by agreement of the member cities of Centerville, and Circle Pines. The district was created to provide fire protection services to the residents of the member cities. The District is managed through a three-tier system consisting of a Fire Chief, a Steering Committee, and the City Councils of the member cities. The Fire Chief is an appointed position. Each member city appoints two commissioners. One of these commissioners must be an elected official of the City. Each member city contributes funds to cover the budgeted costs of operations as determined by the commissioners. The amount of contributions required by each member is based on each city's population, number of fire calls, and assessed valuations. Contributions made by member cities for 2024, were as follows:

City of Centerville	\$ 422,321	46.62 %
City of Circle Pines	<u>483,620</u>	<u>53.38</u>
Total	<u><u>\$ 905,941</u></u>	<u><u>100.00 %</u></u>

Volunteer firefighters of the District are members of the Centennial Firefighter's Relief Association (the Association). The Association is a single-employer pension plan (the Plan) that operates under the provisions of Minnesota statutes 69 and 424, as amended. It is governed by a board of six officers and trustees elected by the members of the Association for three-year terms. The ex-officio, non-voting members of the Board of trustees are two representatives from the Centennial Fire Steering Committee and the Fire Chief of the District.

The Association issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the Centennial Fire District 7741 Lake Drive, Lino Lakes, MN 55014.

B. Centennial Lakes Police Department

The Centennial Lakes Police Department (the Department) was formed under the authority of Minnesota statutes 436.06 in 2005 by agreement of the member cities of Centerville, Circle Pines and Lexington. The Department was created to provide police protection services to its member cities. The Department is managed through a three-tier system consisting of a Governing Board, an Operations committee, and a Chief of Police. The Governing Board consists of six members, two elected officials appointed by each member city. The Operations Committee is made up of the City administrators from each member city and the Chief of Police. The Chief of Police is appointed by mutual agreement of the City Councils of all member cities. Annual contributions required by each member city are calculated based on complaint history, population, and staffing formulas. Contributions made by member cities for 2024 were as follows:

City of Centerville	\$ 1,089,543	32.81 %
City of Circle Pines	1,270,524	38.26
City of Lexington	<u>960,697</u>	<u>28.93</u>
Total	<u><u>\$ 3,320,764</u></u>	<u><u>100.00 %</u></u>

C. Summary Financial Information of the Joint Powers Agreements Entities

The contribution to the joint fire district and the joint police commission are reflected as expenditures in the City's General fund. The fire district and police commission's assets, liabilities, equity and operations are excluded from the City's financial statements as further explained in note 1A.

City of Centerville, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 5: Joint Powers Agreements (Continued)

The following information is from the financial statements of the District and the Department as of December 31, 2024, the most recent audited information available at the time of this report. The amounts reported for the District are those presented in its government-wide financial statements. These financial statements are available for viewing at the Centerville City hall.

	Centennial Fire District	Centennial Lakes Police Department
Total Assets and Deferred Outflows of Resources	\$ 1,997,643	\$ 4,001,296
Total Liabilities and Deferred Inflows of Resources	235,351	4,966,676
Total Net Position	1,762,292	(965,380)
Total Revenue	1,038,410	3,426,335
Total Expenses	822,557	3,286,658

Volunteer firefighters of the District are members of the Centennial Firefighter's Relief Association (the Association). The Association is a single-employer pension plan (the Plan) that operates under the provisions of Minnesota statutes 69 and 424, as amended. It is governed by a board of six officers and trustees elected by the members of the Association for three-year terms. The ex-officio, non-voting members of the Board of trustees are two representatives from the Centennial Fire Steering Committee and the Fire Chief of the District.

The Association issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the Centennial Fire District 7741 Lake Drive, Lino Lakes, MN 55014.

D. North Metro Telecommunications Commission

The general purpose of the Commission is to award, administer and enforce a cable communications franchise in member municipalities. The member Cities included the City of Blaine, Centerville, Circle Pines, Ham Lake, Lexington, Lino Lakes, and Spring Lake Park. Each member has a representative on the Commissions Board.

Note 6: Other Information

A. Risk Management

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

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

B. Legal Debt Margin

In accordance with Minnesota statutes, the City may not incur or be subject to net debt in excess of 3 percent of the market value of taxable property within the City. Net debt is payable solely from ad valorem taxes and, therefore, excludes debt financed partially or entirely by special assessments, Enterprise fund revenues or tax increments. As of December 31, 2024, the City is under the legal debt margin.

City of Centerville, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 7: Adjustments to and Restatements of Beginning Balances

A. Correction of an Error in Previously Issued Financial Statements

In the current year an error correction was needed in the City Street Projects fund to correct the beginning fund balance of the fund. This error correction resulted in an increase in the beginning fund balance of the City Streets governmental fund and an increase to the governmental activities beginning net position of \$36,167.

B. Change within Major and Nonmajor Fund Reporting

During fiscal year 2024, the Garbage fund was determined to be major. The effects of the changes within the financial reporting entity were an increase in beginning net position of nonmajor enterprise funds and a decrease to the total major enterprise funds beginning net position.

C. Change in Accounting Principal

During the fiscal year 2024, the City adopted the provisions of Governmental Accounting Standard Board (GASB) Statement No. 100, Accounting Changes and Error Corrections, and Statement No. 101, Compensated Absences, for the year ended December 31, 2024. Adoption of the provisions of these statements results in significant change to the classifications of the components of the financial statements. There were no adjustments or restatements of beginning balances needed for the adoption of these statements.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CENTERVILLE
CENTERVILLE, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2024

City of Centerville, Minnesota
Required Supplementary Information
For the Year Ended December 31, 2024

Schedule of Employer's Share of PERA Net Pension Liability - General Employees Retirement Fund

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
6/30/2024	0.0094 %	\$ 348,151	\$ 9,002	\$ 357,153	\$ 797,035	43.7 %	86.7 %
6/30/2023	0.0095	531,229	14,551	545,780	728,465	72.9	83.1
6/30/2022	0.0092	728,643	21,430	750,073	714,189	102.0	76.7
6/30/2021	0.0091	388,611	11,895	400,506	657,194	59.1	87.0
6/30/2020	0.0085	509,614	15,783	525,397	607,373	83.9	79.0
6/30/2019	0.0081	447,831	13,999	461,830	574,515	77.9	80.2
6/30/2018	0.0078	432,712	14,272	446,984	524,878	82.4	79.5
6/30/2017	0.0082	523,483	6,573	530,056	527,475	99.2	75.9
6/30/2016	0.0084	682,038	-	682,038	519,225	131.4	68.9
6/30/2015	0.0083	430,149	-	430,149	947,858	45.4	78.2

Schedule of Employer's PERA Contributions - General Employees Retirement Fund

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/2024	\$ 66,856	\$ 66,856	\$ -	\$ 891,416	7.50 %
12/31/2023	57,352	57,352	-	764,688	7.50
12/31/2022	55,179	55,179	-	735,724	7.50
12/31/2021	49,311	49,311	-	657,484	7.50
12/31/2020	47,546	47,546	-	633,941	7.50
12/31/2019	44,348	44,348	-	591,305	7.50
12/31/2018	42,276	42,276	-	563,678	7.50
12/31/2017	38,001	38,001	-	506,678	7.50
12/31/2016	38,675	38,675	-	515,669	7.50
12/31/2015	37,110	37,110	-	494,796	7.50

City of Centerville, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2024

Notes to the Required Supplementary Information - General Employee Retirement Fund

Changes in Actuarial Assumptions

2024 - The following changes in assumptions are effective with the July 1, 2024 valuation, as recommended in the most recent experience study (dated June 29, 2023): Rates of merit and seniority were adjusted, resulting in slightly higher rates. Assumed rates of retirement were adjusted as follows: increase the rate of assumed unreduced retirements, slight adjustments to Rule of 90 retirement rates, and slight adjustments to early retirement rates for Tier 1 and Tier 2 members. Minor increase in assumed withdrawals for males and females. Lower rates of disability. Continued use of Pub-2010 general mortality table with slight rate adjustments as recommended in the most recent experience study. Minor changes to form of payment assumptions for male and female retirees. Minor changes to assumptions made with respect to missing participant data.

2023 - The investment return and single discount rates were changed from 6.5 percent to 7.0 percent.

2022 - The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

2021 - The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes. The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

2020 - The price inflation assumption was decreased from 2.50% to 2.25%. The payroll growth assumption was decreased from 3.25% to 3.00%. Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates. Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements. Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter. Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females. The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments. The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019. The assumed spouse age difference was changed from two years older for females to one year older. The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

2019 - The mortality projection scale was changed from MP-2017 to MP-2018.

2018 - The mortality projection scale was changed from MP-2015 to MP-2017. The assumed benefit increase was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

2017 - The Combined Service Annuity (CSA) loads were changed from 0.8 percent for active members and 60 percent for vested and non-vested deferred members. The revised CSA loads are now 0.0 percent for active member liability, 15.0 percent for vested deferred member liability and 3.0 percent for non-vested deferred member liability. The assumed post-retirement benefit increase rate was changed from 1.0 percent per year for all years to 1.0 percent per year through 2044 and 2.5 percent per year thereafter.

2016 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2035 and 2.5 percent per year thereafter to 1.0 percent per year for all future years. The assumed investment return was changed from 7.9 percent to 7.5 percent. The single discount rate was changed from 7.9 percent to 7.5 percent. Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

2015 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2030 and 2.5 percent per year thereafter to 1.0 percent per year through 2035 and 2.5 percent per year thereafter.

City of Centerville, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2024

Notes to the Required Supplementary Information - General Employee Retirement Fund (Continued)

Changes in Plan Provisions

2024 - The workers' compensation offset for disability benefits was eliminated. The actuarial equivalent factors updated to reflect the changes in assumptions.

2023 - 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 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

2022 - There were no changes in plan provisions since the previous valuation.

2021 - There were no changes in plan provisions since the previous valuation.

2020 - 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 - The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The state's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

2018 - 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 4.0 percent to 3.0 percent, beginning July 1, 2018. Deferred augmentation was changed to 0.0 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply. Contribution stabilizer provisions were repealed. Postretirement benefit increases were changed from 1.0 percent per year with a provision to increase to 2.5 percent upon attainment of 90.0 percent funding ratio to 50.0 percent of the Social Security Cost of Living Adjustment, not less than 1.0 percent and not more than 1.5 percent, 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 - The State's contribution for the Minneapolis Employees Retirement Fund equals \$16,000,000 in 2017 and 2018, and \$6,000,000 thereafter. The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21,000,000 to \$31,000,000 in calendar years 2019 to 2031. The state's contribution changed from \$16,000,000 to \$6,000,000 in calendar years 2019 to 2031.

2016 - There were no changes in plan provisions since the previous valuation.

2015 - On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised.

COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES

CITY OF CENTERVILLE
CENTERVILLE, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2024

City of Centerville, Minnesota
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2024

	Special Revenue 614	Capital Projects 401	409	Total Nonmajor Governmental Funds
	Cable T.V.	Escrow Legal Engineering	Capital Equipment Revolving	
Assets				
Cash and temporary investments	\$ 28,945	\$ 125,977	\$ 802,951	\$ 957,873
Receivables				
Accrued interest	78	-	1,295	1,373
Total Assets	\$ 29,023	\$ 125,977	\$ 804,246	\$ 959,246
Liabilities				
Accounts payable	\$ -	\$ 293	\$ -	\$ 293
Deposit payable	-	125,977	-	125,977
Accrued salaries payable	37	-	-	37
Total Liabilities	37	126,270	-	126,307
Fund Balances				
Restricted for				
Cable TV	28,986	-	-	28,986
Assigned for				
Capital equipment	-	-	804,246	804,246
Unassigned	-	(293)	-	(293)
Total Fund Balances	28,986	(293)	804,246	832,939
Total Liabilities and Fund Balances	\$ 29,023	\$ 125,977	\$ 804,246	\$ 959,246

City of Centerville, Minnesota
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
For the Year Ended December 31, 2024

	Special Revenue 614	Capital Projects		Total Nonmajor Governmental Funds
	Cable T.V.	Escrow Legal Engineering	401 Capital Equipment Revolving	
Revenues				
Interest on investments	\$ 1,507	\$ -	\$ 24,760	\$ 26,267
Miscellaneous				
Refunds and reimbursements	5,367	26,107	-	31,474
Total Revenues	<u>6,874</u>	<u>26,107</u>	<u>24,760</u>	<u>57,741</u>
Expenditures				
Current				
Public works				
Other services and charges	-	27,215	-	27,215
Culture and recreation				
Personal services	4,508	-	-	4,508
Other services and charges	1,621	-	-	1,621
Capital outlay				
General government	-	-	1,669	1,669
Public works	-	-	99,882	99,882
Culture and recreation	-	-	39,549	39,549
Total Expenditures	<u>6,129</u>	<u>27,215</u>	<u>141,100</u>	<u>174,444</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	745	(1,108)	(116,340)	(116,703)
Other Financing Sources				
Transfers in	<u>-</u>	<u>-</u>	<u>463,600</u>	<u>463,600</u>
Net Change in Fund Balances	745	(1,108)	347,260	346,897
Fund Balances, January 1	<u>28,241</u>	<u>815</u>	<u>456,986</u>	<u>486,042</u>
Fund Balances, December 31	<u>\$ 28,986</u>	<u>\$ (293)</u>	<u>\$ 804,246</u>	<u>\$ 832,939</u>

City of Centerville, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Continued on the Following Pages)
For the Year Ended December 31, 2024
(With Comparative Actual Amounts for the Year Ended December 31, 2023)

	2024			2023	
	Budgeted Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
Revenues					
Taxes					
General property	\$ 2,723,983	\$ 2,723,983	\$ 2,713,221	\$ (10,762)	\$ 2,606,014
Gambling	20,000	20,000	29,183	9,183	22,453
Total taxes	2,743,983	2,743,983	2,742,404	(1,579)	2,628,467
Licenses and permits					
Business	17,200	17,200	27,052	9,852	22,855
Nonbusiness	173,300	173,300	115,832	(57,468)	193,498
Total licenses and permits	190,500	190,500	142,884	(47,616)	216,353
Intergovernmental					
State					
Local government aid	25,315	25,315	71,353	46,038	-
Public safety aid	-	-	-	-	171,190
Market value agricultural credit	200	200	-	(200)	210
Police aid	42,000	42,000	56,667	14,667	49,704
Fire aid	65,000	65,000	-	(65,000)	69,254
County - other	30,000	30,000	28,170	(1,830)	46,094
Total intergovernmental	162,515	162,515	156,190	(6,325)	336,452
Charges for services					
General government	1,700	1,700	4,160	2,460	1,830
Culture and recreation	1,500	1,500	2,080	580	1,630
Other	-	-	-	-	-
Total charges for services	3,200	3,200	6,240	3,040	3,460
Fines and forfeitures	13,000	13,000	16,965	3,965	12,986
Special assessments	-	-	-	-	4,510
Interest on investments	65,000	65,000	125,132	60,132	65,983
Miscellaneous					
Refunds and reimbursements	6,500	6,500	26,305	19,805	22,185
Other	1,700	1,700	38,545	36,845	24,376
Total miscellaneous	8,200	8,200	64,850	56,650	46,561
Total Revenues	3,186,398	3,186,398	3,254,665	68,267	3,314,772

City of Centerville, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Continued)
For the Year Ended December 31, 2024
(With Comparative Actual Amounts for the Year Ended December 31, 2023)

	2024				2023
	Budgeted Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
Expenditures					
Current					
General government					
Mayor and council					
Personal services	\$ 31,830	\$ 31,830	\$ 31,810	\$ 20	\$ 28,764
Other services and charges	1,800	1,800	2,306	(506)	2,184
Total mayor and council	33,630	33,630	34,116	(486)	30,948
Elections					
Personal services	13,000	13,000	16,703	(3,703)	1,384
Supplies	2,500	2,500	117	2,383	-
Other services and charges	350	350	998	(648)	-
Total elections	15,850	15,850	17,818	(1,968)	1,384
Planning and zoning					
Personal services	-	-	5,125	(5,125)	2,853
Other services and charges	12,700	12,700	1,912	10,788	1,129
	12,700	12,700	7,037	5,663	3,982
Administration					
Personal services	407,200	407,200	429,488	(22,288)	398,466
Supplies	6,300	6,300	5,754	546	5,364
Other services and charges	74,500	74,500	96,092	(21,592)	75,759
Total administration	488,000	488,000	531,334	(43,334)	479,589
Assessing					
Other services and charges	22,000	22,000	19,896	2,104	19,560
Legal and auditing					
Other services and charges	93,000	93,000	82,960	10,040	82,536
General government building					
Personal services	2,500	2,500	1,025	1,475	1,757
Supplies	400	400	495	(95)	1,642
Other services and charges	26,200	26,200	16,976	9,224	17,761
Total general government building	29,100	29,100	18,496	10,604	21,160
Total general government	694,280	694,280	711,657	(17,377)	639,159

City of Centerville, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Continued)
For the Year Ended December 31, 2024
(With Comparative Actual Amounts for the Year Ended December 31, 2023)

	2024			2023
	Budgeted Amounts		Actual Amounts	Actual Amounts
	Original	Final		
Expenditures (Continued)				
Current (continued)				
Public safety				
Police protection				
Other services and charges	\$ 1,092,543	\$ 1,092,543	\$ 1,094,422	\$ 956,833
Total police protection	1,092,543	1,092,543	1,094,422	956,833
Fire protection				
Remittance to relief association	65,000	65,000	-	69,254
Other services and charges	375,321	375,321	422,321	321,489
Total fire protection	440,321	440,321	422,321	390,743
Building inspection				
Personal services	146,900	146,900	150,511	142,657
Supplies	3,800	3,800	1,963	2,272
Other services and charges	12,650	12,650	7,728	27,392
Total building inspection	163,350	163,350	160,202	172,321
Civil defense				
Other services and charges	1,500	1,500	8,416	1,162
Total public safety	1,697,714	1,697,714	1,685,361	1,521,059
Public works				
Streets				
Personal services	160,900	160,900	175,632	143,188
Supplies	37,900	37,900	26,445	34,209
Other services and charges	124,500	124,500	139,031	135,077
Total streets	323,300	323,300	341,108	312,474
Recycling				
Personal services	20,000	20,000	20,171	19,419
Supplies	1,500	1,500	188	-
Other services and charges	23,900	23,900	22,644	14,865
Total recycling	45,400	45,400	43,003	34,284

City of Centerville, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Continued)
For the Year Ended December 31, 2024
(With Comparative Actual Amounts for the Year Ended December 31, 2023)

	2024			2023
	Budgeted Amounts		Actual	Actual
	Original	Final	Amounts	Amounts
Expenditures (Continued)				
Current (continued)				
Public works (continued)				
Engineering services				
Other services and charges	\$ 5,000	\$ 5,000	\$ 6,100	\$ (1,100)
				\$ 18,994
Total public works	373,700	373,700	390,211	(16,511)
				365,752
Culture and recreation				
Parks and recreation				
Personal services	80,300	80,300	67,274	13,026
Supplies	4,500	4,500	11,803	(7,303)
Other services and charges	106,800	106,800	87,212	19,588
Total parks and recreation	191,600	191,600	166,289	25,311
				166,555
City festival				
Other services and charges	14,300	14,300	11,388	2,912
				12,724
Total culture and recreation	205,900	205,900	177,677	28,223
				179,279
Economic development				
Other services and charges	40,000	40,000	40,000	-
				36,600
Total current	3,011,594	3,011,594	3,004,906	6,688
				2,741,849
Capital outlay				
General government	7,350	7,350	22,941	(15,591)
Culture and recreation	-	-	-	-
Total capital outlay	7,350	7,350	22,941	(15,591)
				26,570
Total Expenditures	3,018,944	3,018,944	3,027,847	(8,903)
				2,768,419
Excess of Revenues				
Over Expenditures	167,454	167,454	226,818	59,364
				546,353
Other Financing Uses				
Transfers out	(338,640)	(338,640)	(438,640)	(100,000)
				(285,933)
Net Change in Fund Balances	(171,186)	(171,186)	(211,822)	(40,636)
				260,420
Fund Balances, January 1	2,871,198	2,871,198	2,871,198	-
				2,610,778
Fund Balances, December 31	\$ 2,700,012	\$ 2,700,012	\$ 2,659,376	\$ (40,636)
				\$ 2,871,198

City of Centerville, Minnesota

Debt Service Funds

Combining Balance Sheet

December 31, 2024

	302	309	351	353	
	G.O.	Joint	G.O.	G.O.	
	Capital Notes	Police	Improvement	Refunding	
	2016A	Station	Bonds of	Bonds of	
		2012A	2009A/2016A	2021A	Total
Assets					
Cash and temporary investments	\$ 500	\$ 66,557	\$ 316,117	\$ 139,104	\$ 522,278
Receivables					
Accrued interest	4	170	323	228	725
Taxes	-	-	2,500	1,188	3,688
Special assessments	-	-	3,924	21,788	25,712
Prepaid items	11,517	-	-	-	11,517
Total Assets	\$ 12,021	\$ 66,727	\$ 322,864	\$ 162,308	\$ 563,920
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ 2,150	\$ 2,150
Deferred Inflows of Resources					
Unavailable revenue - special assessments	-	-	3,427	21,788	25,215
Fund Balances					
Nonspendable	11,517	-	-	-	11,517
Restricted for debt service	504	66,727	319,437	138,370	525,038
Total Fund Balances	12,021	66,727	319,437	138,370	536,555
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 12,021	\$ 66,727	\$ 322,864	\$ 162,308	\$ 563,920

City of Centerville, Minnesota
Debt Service Funds
Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances
For the Year Ended December 31, 2024

	302 G.O. Capital Notes 2016A	309 Joint Police Station 2012A	351 G.O. Improvement Bonds of 2009A/2016A	353 G.O. Refunding Bonds of 2021A	Total
Revenues					
Taxes					
General property	\$ -	\$ -	\$ 233,462	\$ 73,647	\$ 307,109
Franchise	7,691	-	-	-	7,691
Special assessments	-	-	57,064	9,958	67,022
Interest on investments	99	3,238	4,997	4,117	12,451
Total Revenues	<u>7,790</u>	<u>3,238</u>	<u>295,523</u>	<u>87,722</u>	<u>394,273</u>
Expenditures					
Debt service					
Principal	6,847	-	255,000	100,000	361,847
Interest and other	<u>6,603</u>	<u>-</u>	<u>6,795</u>	<u>22,445</u>	<u>35,843</u>
Total Expenditures	<u>13,450</u>	<u>-</u>	<u>261,795</u>	<u>122,445</u>	<u>397,690</u>
Net Change in Fund Balances	(5,660)	3,238	33,728	(34,723)	(3,417)
Fund Balances, January 1	<u>17,681</u>	<u>63,489</u>	<u>285,709</u>	<u>173,093</u>	<u>539,972</u>
Fund Balances, December 31	<u>\$ 12,021</u>	<u>\$ 66,727</u>	<u>\$ 319,437</u>	<u>\$ 138,370</u>	<u>\$ 536,555</u>

City of Centerville, Minnesota
Economic Development Authority
(Discretely Presented Component Unit)
Balance Sheet / Statement of Net Position
December 31, 2024

	201
	Economic Development Authority
Assets	
Cash and temporary investments	\$ 67,959
Accounts receivable	<u>8,430</u>
Total Assets	<u><u>\$ 76,389</u></u>
Fund Balance/Net Position	
Assigned for economic development	<u><u>\$ 76,389</u></u>

City of Centerville, Minnesota
Economic Development Authority
(Discretely Presented Component Unit)
Statement of Revenues, Expenditures and
Changes in Fund Balance/Net Position
For the Year Ended December 31, 2024

	201
	Economic Development Authority
Revenues	
Miscellaneous	\$ 10
Interest on investments	2,401
Intergovernmental	48,430
Total Revenues	<u> 50,841</u>
Expenditures	
Current	
Housing and economic development	<u> 29,606</u>
Net Change in Fund Balances	21,235
Fund Balances/Net Position, January 1	<u> 55,154</u>
Fund Balances/Net Position, December 31	<u><u> \$ 76,389</u></u>

City of Centerville, Minnesota
Summary Financial Report
Revenues and Expenditures For General Operations
Governmental Funds
For the Years Ended December 31, 2024 and 2023

	Total		Percent Increase (Decrease)
	2024	2023	
Revenues			
Taxes	\$ 3,222,650	\$ 3,074,219	4.83 %
Licenses and permits	142,884	216,353	(33.96)
Intergovernmental	156,190	342,452	(54.39)
Charges for services	15,240	8,609	77.02
Fines and forfeitures	16,965	12,986	30.64
Special assessments	94,863	198,640	(52.24)
Interest on investments (loss)	259,615	116,257	123.31
Miscellaneous	96,324	63,244	52.31
Total Revenues	<u>\$ 4,004,731</u>	<u>\$ 4,032,760</u>	(0.70) %
Per Capita	<u>\$ 1,003</u>	<u>\$ 1,031</u>	(2.71) %
Expenditures			
Current			
General government	\$ 711,657	\$ 639,159	11.34 %
Public safety	1,685,361	1,521,059	10.80
Public works	417,426	375,036	11.30
Culture and recreation	183,806	185,522	(0.92)
Economic development	40,000	36,600	9.29
Capital outlay			
General government	24,610	52,710	(53.31)
Public works	113,256	184,410	(38.58)
Culture and recreation	39,549	505	7,731.49
Debt service			
Principal	361,847	366,680	(1.32)
Interest and other	35,843	38,703	(7.39)
Total Expenditures	<u>\$ 3,613,355</u>	<u>\$ 3,400,384</u>	6.26 %
Per Capita	<u>\$ 905</u>	<u>\$ 869</u>	4.11 %
Total Long-term Indebtedness	\$ 1,203,865	\$ 1,565,712	(23.11) %
Per Capita	301	400	(24.67)
General Fund Balance - December 31	\$ 2,659,376	\$ 2,871,198	(7.38) %
Per Capita	666	734	(9.26)

The purpose of this report is to provide a summary of financial information concerning the City of Centerville to interested citizens. The complete financial statements may be examined at City Hall, 1880 Main Street, Centerville, MN 55038. Questions about this report should be directed to City Hall at (651) 429-3232.

OTHER REQUIRED REPORT

CITY OF CENTERVILLE
CENTERVILLE, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2024

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INDEPENDENT AUDITOR'S REPORT ON MINNESOTA LEGAL COMPLIANCE

Honorable Mayor and City Council
City of Centerville, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Centerville, Minnesota (the City), as of and for the year ended December 31, 2024, and the related notes to the financial statements, and have issued our report thereon dated June 3, 2025.

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

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.



Abdo
Minneapolis, Minnesota
June 3, 2025