

ANNUAL FINANCIAL REPORT

CITY OF EXCELSIOR
EXCELSIOR, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2023

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City of Excelsior, Minnesota
Annual Financial Report
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INTRODUCTORY SECTION

CITY OF EXCELSIOR
EXCELSIOR, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2023

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City of Excelsior, Minnesota
Elected and Appointed Officials
For the Year Ended December 31, 2023

ELECTED

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Todd Carlson	Mayor	12/31/24
Jennifer Caron	Council Member	12/31/26
Lou Dierking	Council Member	12/31/24
Rob Tyler	Council Member	12/31/26
Ann Hersman	Council Member	12/31/24

APPOINTED

Kristi Luger	City Manager
Jennifer Palmer	Finance Director
Nalisha Williams	Administrative Services Director
Tim Amundsen	Public Works Superintendent
Julia Paulsen Mullin	Community Development Director

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FINANCIAL SECTION
CITY OF EXCELSIOR
EXCELSIOR, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2023

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Excelsior, Minnesota

Report on the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City as of December 31, 2023, 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City'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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis Page 17 and the Schedule of Employer's Share of the Net Pension Liability, the Schedule of Employer's Contributions, and the related note disclosures, starting on page 74 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 opinion on the financial statements that collectively comprise the City's basic financial statements. The accompanying 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 related 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 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 statement do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 17, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



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Minneapolis, Minnesota
July 17, 2024



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Management's Discussion and Analysis

As management of the City of Excelsior, 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, 2023.

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 most 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 decreased as shown in the summary of changes in net assets table on the following pages. The decrease was largely due to the use of existing resources to support planning and development projects.
- 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 the issuance of a new bond in 2023, of which a large portion was unspent at year end. The total of assigned and unassigned as shown in the governmental fund balance table is available for spending at the City's discretion.
- Unassigned fund balance in the General fund as shown in the financial analysis of the City's funds section increased from prior year.
- The City's total debt increased during the current fiscal year. The increase was due to new issuance of bonds during the current year.

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 report also 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 which further explain and support 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 non-major 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

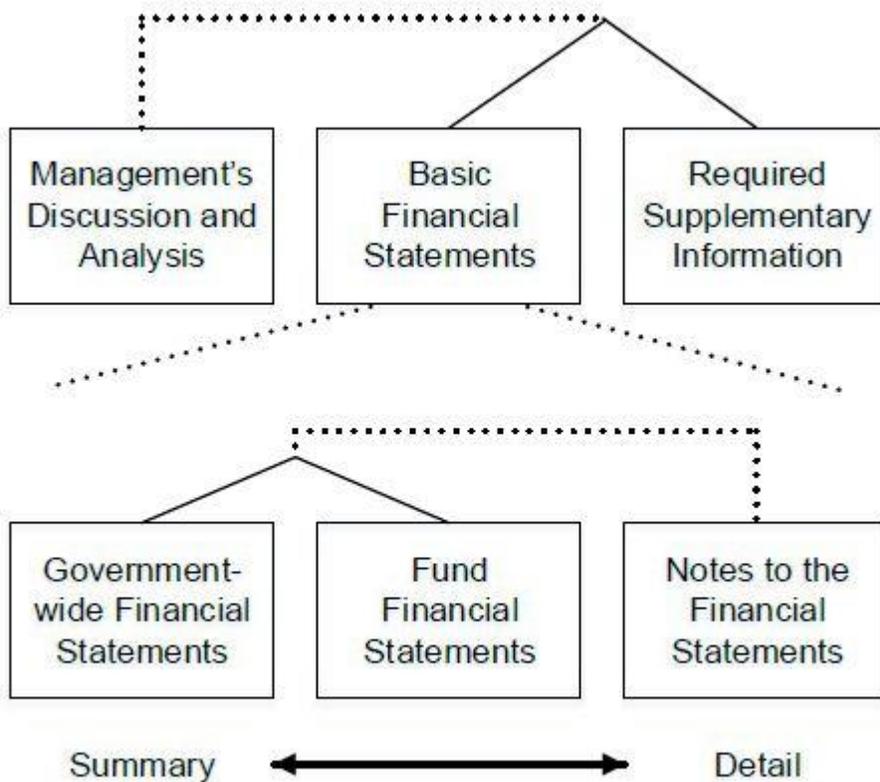


Figure 2 summarizes the major features of the City’s financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the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

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

	Fund Financial Statements		
	Government-wide 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"> • Statements of Net Position • Statements of Revenues, Expenses and Changes in Fund Net Position • Statements 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 outflows/inflows of resources information	All deferred outflows/inflows of resources, regardless of when cash is received or paid	Only deferred outflows of resources expected to be used up and deferred inflows of resources that come due during the year or soon thereafter; no capital assets included	All deferred outflows/inflows of resources, regardless of when cash is received or paid
Type of in flow/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 and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference 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, culture and recreation, housing and economic development, and miscellaneous. The business-type activities of the City include water, sewer, solid waste, surface water management, street lighting and commercial docks.

The government-wide financial statements start on page 31 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 three categories: governmental funds, proprietary funds and fiduciary 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 numerous individual governmental funds. 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, Common Sales Tax, the Capital Improvement and the TIF 3 Project funds are considered to be major funds. Data from the other 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. Budgetary comparison statements have been provided for this fund to demonstrate compliance with their budgets.

The basic governmental fund financial statements start on page 36 of this report.

Proprietary Funds. 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, commercial docks, surface water management, solid waste and street lighting.

Proprietary funds provide 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 major enterprise funds. Data from the non-major enterprise funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major enterprise funds is provided in the form of *combining statements or schedules* elsewhere in this report.

The basic proprietary fund financial statements start on page 41 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 45 of this report.

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the City's progress in funding its obligation to provide pension benefits and other post-employment benefits to its employees. Required supplementary information can be found on page 74 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented following the notes to the financial statements. Combining and individual fund financial statements and schedules start on page 78 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 liabilities and deferred inflows of resources by \$5,772,136 at the close of the most recent fiscal year.

A 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 is 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 Excelsior's Summary of Net Position

	Governmental Activities			Business-type Activities		
	2023	2022	Increase (Decrease)	2023	2022	Increase (Decrease)
Assets						
Current and other assets	\$ 16,674,395	\$ 13,498,269	\$ 3,176,126	\$ 3,125,486	\$ 3,387,140	\$ (261,654)
Capital assets	<u>21,076,732</u>	<u>19,497,664</u>	<u>1,579,068</u>	<u>14,471,148</u>	<u>14,522,859</u>	<u>(51,711)</u>
Total Assets	<u>37,751,127</u>	<u>32,995,933</u>	<u>4,755,194</u>	<u>17,596,634</u>	<u>17,909,999</u>	<u>(313,365)</u>
Deferred Outflows of Resources						
Deferred pension resources	<u>136,503</u>	<u>209,198</u>	<u>(72,695)</u>	<u>116,831</u>	<u>182,862</u>	<u>(66,031)</u>
Liabilities						
Noncurrent liabilities outstanding	21,665,953	16,297,457	5,368,496	10,318,114	11,092,644	(774,530)
Other liabilities	<u>978,137</u>	<u>1,305,599</u>	<u>(327,462)</u>	<u>313,313</u>	<u>305,725</u>	<u>7,588</u>
Total Liabilities	<u>22,644,090</u>	<u>17,603,056</u>	<u>5,041,034</u>	<u>10,631,427</u>	<u>11,398,369</u>	<u>(766,942)</u>
Deferred Inflows of Resources						
Lease receivable	1,114,887	1,159,482	(44,595)	-	-	-
Deferred pension resources	<u>133,183</u>	<u>7,370</u>	<u>125,813</u>	<u>114,124</u>	<u>6,598</u>	<u>107,526</u>
Total Deferred Inflows of Resources	<u>1,248,070</u>	<u>1,166,852</u>	<u>81,218</u>	<u>114,124</u>	<u>6,598</u>	<u>107,526</u>
Net Position						
Net investment in capital assets	7,845,289	7,019,159	826,130	4,585,954	4,260,930	325,024
Restricted	4,042,409	3,493,978	548,431	-	-	-
Unrestricted	<u>2,107,772</u>	<u>3,922,086</u>	<u>(1,814,314)</u>	<u>2,381,960</u>	<u>2,426,964</u>	<u>(45,004)</u>
Total Net Position	<u>\$ 13,995,470</u>	<u>\$ 14,435,223</u>	<u>\$ (439,753)</u>	<u>\$ 6,967,914</u>	<u>\$ 6,687,894</u>	<u>\$ 280,020</u>
Net Position as a Percent of Total						
Net investment in capital assets	56.1 %	48.6 %		65.8 %	63.7 %	
Restricted	28.9	24.2		-	-	
Unrestricted	<u>15.1</u>	<u>27.2</u>		<u>34.2</u>	<u>36.3</u>	
	<u>100.0 %</u>	<u>100.0 %</u>		<u>100.0 %</u>	<u>100.0 %</u>	

An additional portion of the City's net position is restricted for debt service, tax increment district expenditures, Excelsior Commons Park improvements and park improvement expenditures. 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, both for the City as a whole, as well as for its separate governmental and business-type activities.

Governmental Activities. Governmental activities decreased the City's net position, as shown below. Key elements of this decrease are as follows:

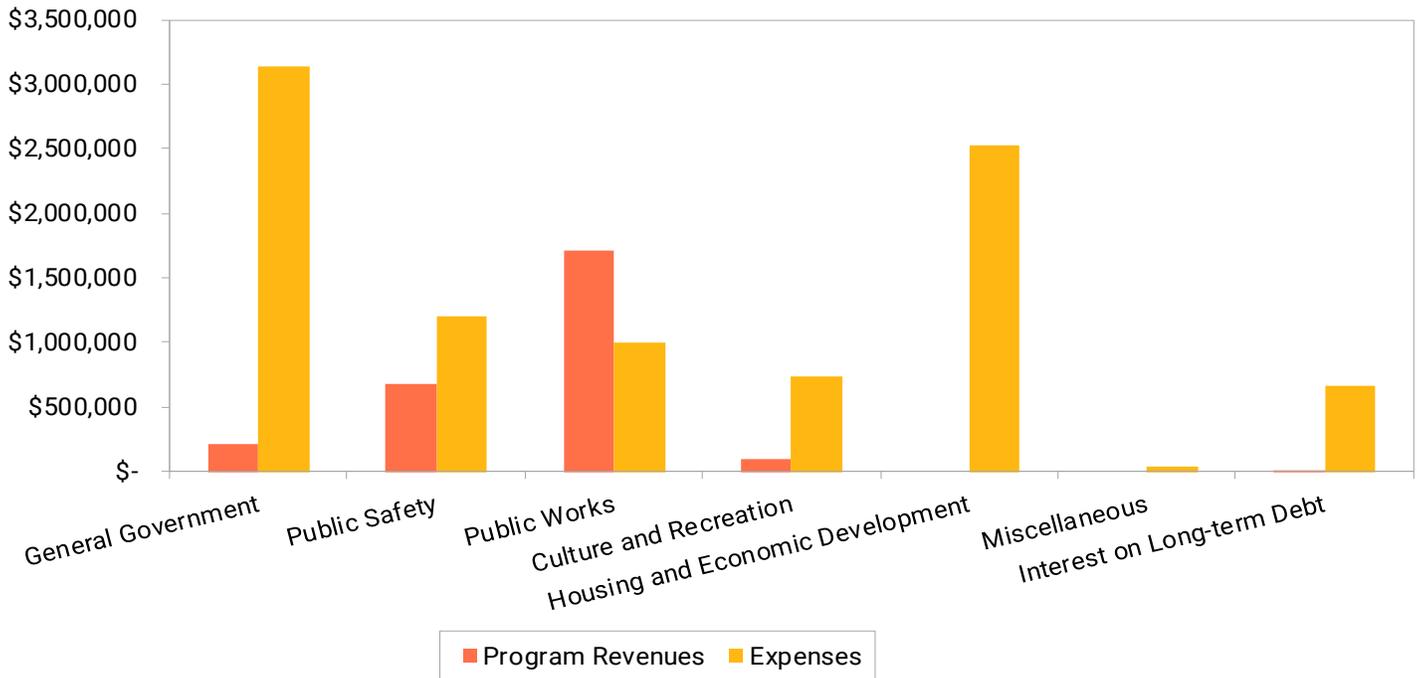
City of Excelsior's Changes in Net Position

	Governmental Activities			Business-type Activities		
	2023	2022	Increase (Decrease)	2023	2022	Increase (Decrease)
Revenues						
Program Revenues						
Charges for services	\$ 1,378,881	\$ 1,207,212	\$ 171,669	\$ 2,402,131	\$ 2,293,438	\$ 108,693
Operating grants and contributions	187,759	103,700	84,059	65,113	-	65,113
Capital grants and contributions	1,141,104	180,818	960,286	265,271	50,400	214,871
General Revenues						
Property taxes	2,339,410	2,192,053	147,357	-	-	-
Other taxes	1,000,032	1,339,340	(339,308)	-	-	-
Grants and contributions not restricted to specific programs	298,333	56,425	241,908	47	2,200	(2,153)
Unrestricted investment earnings (lc	342,279	(112,032)	454,311	85,127	(91,757)	176,884
Gain on sale of assets	1,981,982	946,690	1,035,292	-	-	-
Total Revenues	8,669,780	5,914,206	2,755,574	2,817,689	2,254,281	563,408
Expenses						
General government	3,141,218	872,111	2,269,107	-	-	-
Public safety	1,209,332	1,194,825	14,507	-	-	-
Streets and highways	991,584	776,658	214,926	-	-	-
Culture and recreation	739,277	402,301	336,976	-	-	-
Housing and economic development	2,526,334	208,349	2,317,985	-	-	-
Miscellaneous	35,299	31,412	3,887	-	-	-
Interest on long-term debt	666,489	307,863	358,626	-	-	-
Water utility	-	-	-	866,879	871,804	(4,925)
Sewer utility	-	-	-	879,178	774,333	104,845
Solid waste	-	-	-	13,418	92,753	(79,335)
Surface water	-	-	-	257,732	236,998	20,734
Street lighting	-	-	-	33,952	103,306	(69,354)
Commercial docks	-	-	-	286,510	208,146	78,364
Total Expenses	9,309,533	3,793,519	5,516,014	2,337,669	2,287,340	50,329
Increase in Net Position						
Before Transfers	(639,753)	2,120,687	(2,760,440)	480,020	(33,059)	513,079
Transfers	200,000	200,000	-	(200,000)	(200,000)	-
Change in Net Position	(439,753)	2,320,687	(2,760,440)	280,020	(233,059)	513,079
Net Position, January 1	14,435,223	12,114,536	2,320,687	6,687,894	6,920,953	(233,059)
Net Position, December 31	\$ 13,995,470	\$ 14,435,223	\$ (439,753)	\$ 6,967,914	\$ 6,687,894	\$ 280,020

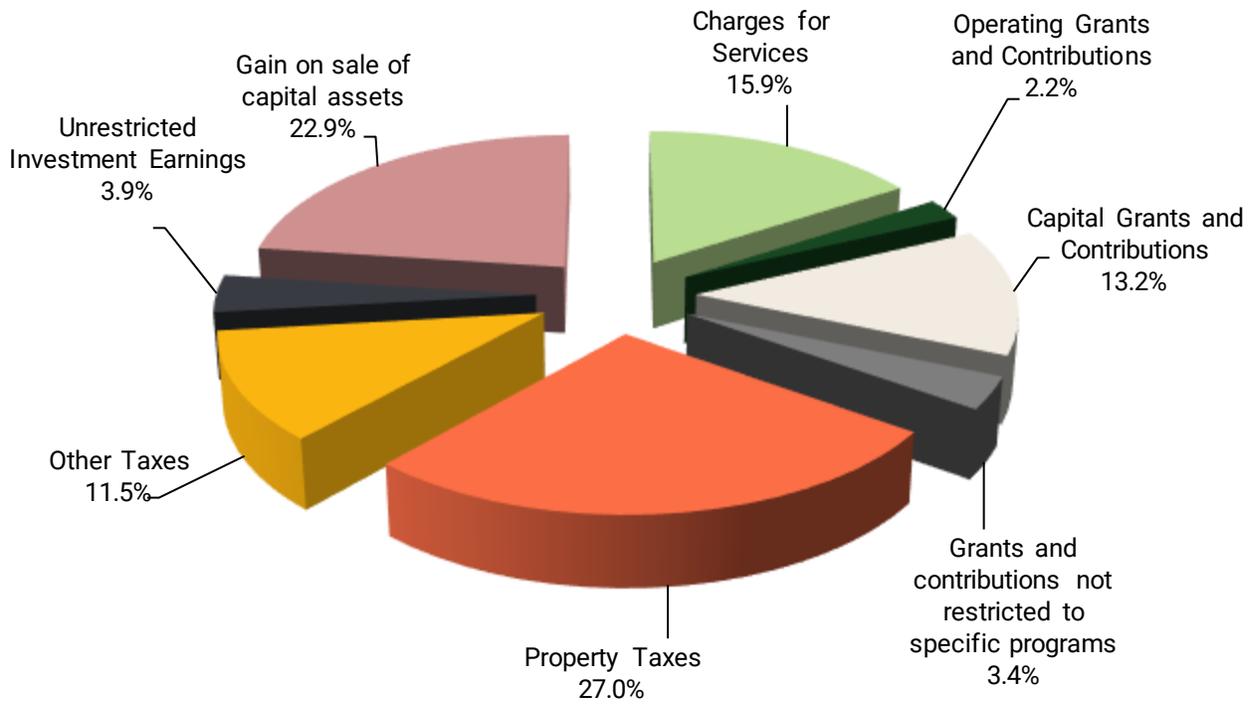
The decrease is largely attributed to the use of existing reserves to support planning and development projects.

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

Expenses and Program Revenues - Governmental Activities

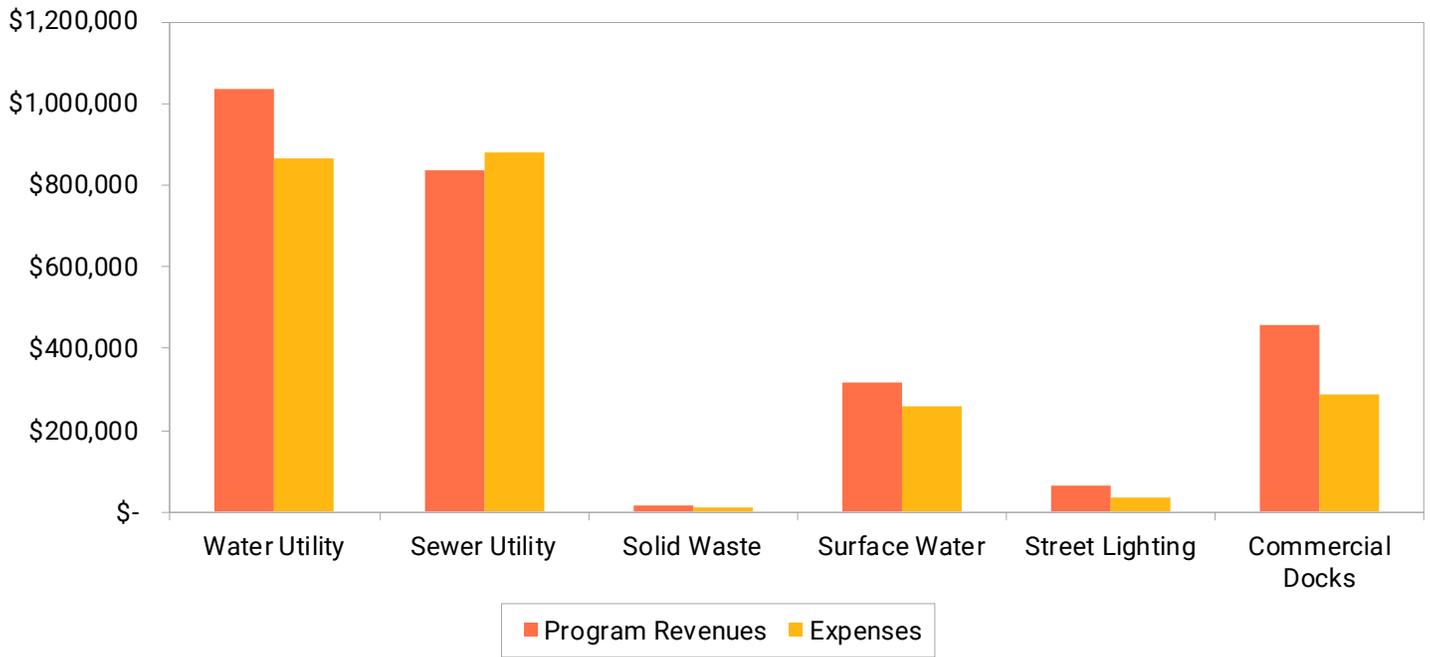


Revenues by Source - Governmental Activities

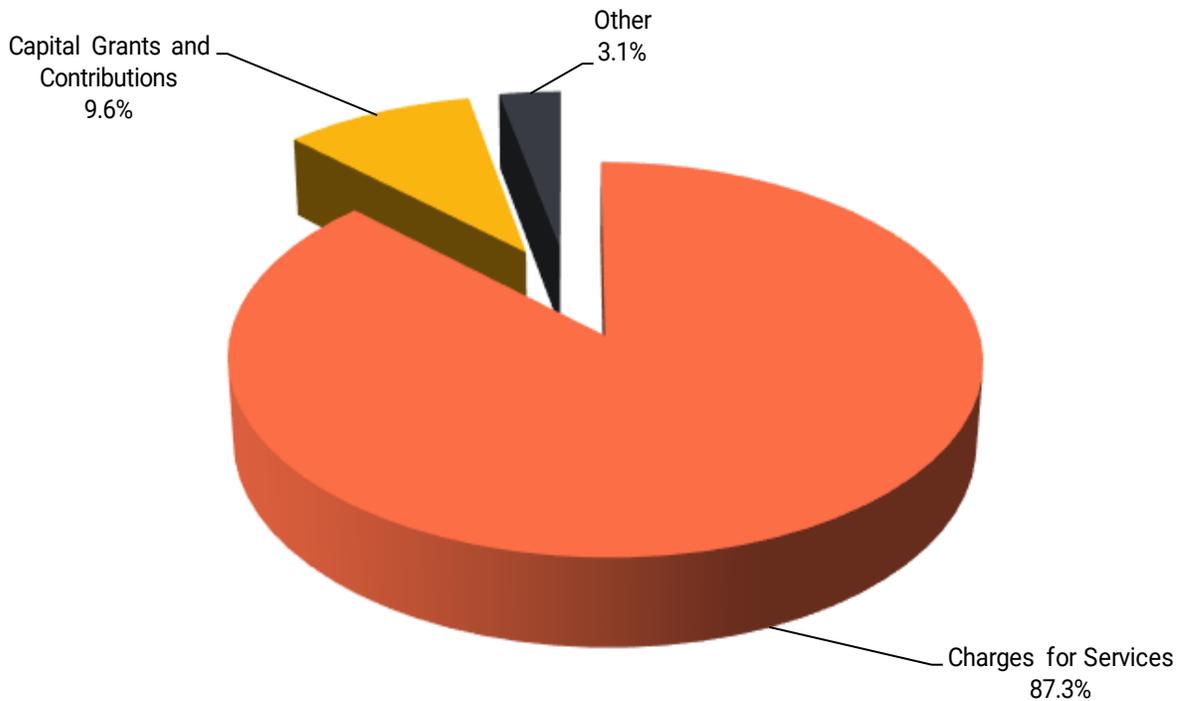


Business-type Activities. Business-type activities increased the City’s net position, as shown in the changes for net position table. The increase is largely due to capital contributions to the water and sewer fund. Key elements of this increase are as follows:

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.

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, 2023.

	General Fund	Commons Sales Tax	Capital Improvement	TIF 3 Project	Other Governmental Funds	Total	Prior Year Total
Fund Balances							
Nonspendable	\$ 32,407	\$ -	\$ -	\$ -	\$ -	\$ 32,407	\$ 7,879
Restricted	-	3,041,725	-	6,147,563	1,929,964	11,119,252	6,268,724
Assigned	111,069	-	1,201,374	-	108,312	1,420,755	2,916,284
Unassigned	1,298,002	-	-	-	(39,271)	1,258,731	1,256,144
	<u>\$ 1,441,478</u>	<u>\$ 3,041,725</u>	<u>\$ 1,201,374</u>	<u>\$ 6,147,563</u>	<u>\$ 1,999,005</u>	<u>\$ 13,831,145</u>	<u>\$ 10,449,031</u>

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	\$ 32,407	\$ 7,879	\$ 24,528
Restricted	-	-	-
Assigned	111,069	106,524	4,545
Unassigned	1,298,002	1,256,144	41,858
	<u>\$ 1,441,478</u>	<u>\$ 1,370,547</u>	<u>\$ 70,931</u>
General Fund expenditures	\$ 2,992,943	\$ 2,586,297	
Unassigned as a percent of expenditures	43.4%	48.6%	
Total Fund Balance as a percent of expenditures	48.2%	53.0%	

The fund balance of the City's General fund increased during the current fiscal year as shown in the table above. The increase in fund balance was due to revenues in excess of expenditures.

Other major governmental fund analysis is shown below:

	December 31, 2022	December 31, 2023	Increase (Decrease)
Commons Sales Tax fund	\$ 4,654,785	\$ 3,041,725	\$ (1,613,060)
<i>The Commons Sales Tax fund balance decreased due to the use of bond funds for project costs related to the Commons Project.</i>			
Capital Improvement fund	2,838,366	1,201,374	1,636,992
<i>The Capital Improvement fund decrease in fund balance during the year was due to capital outlay expenditures related to the 2021 Street Project and East Parking Lot Project.</i>			
TIF 3 Project	-	6,147,563	(6,147,563)
<i>The TIF Project fund increased in during the year due to the issuance of the 2023A Tax Increment Bond, of which a large portion was unspent as of year end.</i>			

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 2023	Ending Net Position 2,022	Increase/ (Decrease)
Water	\$ 3,188,388	\$ 2,988,088	\$ 200,300
<i>The increase primarily is attributed to the increase in charges for services and WAC fees received.</i>			
Sewer	2,698,754	2,705,911	(7,157)
<i>The increase primarily is attributed to the collections of SAC fees.</i>			
Commercial Docks	409,159	427,233	(18,074)
<i>The decrease can be attributed to the transfer out to the general fund, which was used to support operating costs.</i>			
Surface Water Management	623,581	553,575	70,006
<i>The increase is attributed to the collection of charges for services over operating and interest costs.</i>			

General Fund Budgetary Highlights

	Original & Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues	\$ 2,671,589	\$ 3,244,087	\$ 572,498
Expenditures	2,871,589	2,992,943	(121,354)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(200,000)	251,144	451,144
Other Financing Sources (Uses)			
Transfers in	200,000	200,000	-
Transfers out	-	(380,213)	(380,213)
Total Other Financing Sources (Uses)	200,000	(180,213)	(380,213)
Net Change in Fund Balances	-	70,931	70,931
Fund Balances, January 1	1,370,547	1,370,547	-
Fund Balances, December 31	<u>\$ 1,370,547</u>	<u>\$ 1,441,478</u>	<u>\$ 70,931</u>

The City's General fund budget projected no change in fund balance, but actual amounts for 2023 resulted in an increase in fund balance as shown above.

The following factors contributed to the above revenue budget variance:

- Parking meter revenue was approximately \$150,000 over budget.
- Interest on investments was \$46,000 over budget.
- Public Safety Aid of approximately \$105,000 was received in 2023 and was not budgeted.
- Permit revenue was over budget by approximately \$107,000.

The following factors contributed to the above expenditure budget variance:

- Other services and charges related to the streets department were approximately \$82,000 over budget.
- Unbudgeted capital outlay of approximately \$39,000 was spent out of the General fund.

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, 2023, is shown below in the capital assets table (net of accumulated depreciation). This investment in capital assets includes land, structures, improvements, machinery and equipment, park facilities, roads, highways and bridges. The City's total investment in capital assets remained the same during the year as shown below.

Major capital asset activity during the current year included:

- The City completed the 2021 Street and Utility Project
- The Commons Concessions project continued during the year.
- The City made significant outlays related to the planning of and construction of the 339 Third Avenue Parking Ramp.

Additional information on the City's capital assets can be found in Note 3C starting on page 57 of this report.

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

	Governmental Activities			Business-type Activities		
	2023	2022	Increase (Decrease)	2023	2022	Increase (Decrease)
Land	\$ 1,143,477	\$ 1,111,042	\$ 32,435	\$ 50,000	\$ 50,000	\$ -
Construction in Progress	-	5,036,156	(5,036,156)	121,290	2,579,988	(2,458,698)
Buildings	1,212,674	1,248,755	(36,081)	-	-	-
Improvement other than Building	17,837,352	11,186,175	6,651,177	-	-	-
Machinery and Equipment	368,394	324,697	43,697	318,653	352,800	(34,147)
Infrastructure	514,835	590,839	(76,004)	13,981,205	11,540,071	2,441,134
Total	\$ 21,076,732	\$ 19,497,664	\$ 1,579,068	\$ 14,471,148	\$ 14,522,859	\$ (51,711)
Percent increase (decrease)			8.10%			-0.36%

Long-term Debt. At the end of the current fiscal year, the City had total bonded debt outstanding of consisting of revenue bonds and improvement bonds 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 Excelsior's Outstanding Debt

	Governmental Activities			Business-type Activities		
	2023	2022	Increase (Decrease)	2023	2022	Increase (Decrease)
G.O. Revenue Bonds	\$ 5,715,000	\$ 6,270,000	\$ (555,000)	\$ 483,000	\$ 585,000	\$ (102,000)
G.O. Improvement Bonds	8,114,626	8,550,922	(436,296)	8,830,374	9,349,078	(518,704)
G.O. TIF Bonds	6,325,000	-	6,325,000	-	-	-
Bond Premium	999,988	841,908	158,080	571,820	609,547	(37,727)
Total	\$ 21,154,614	\$ 15,662,830	\$ 5,491,784	\$ 9,885,194	\$ 10,543,625	\$ (658,431)
Percent increase (decrease)			35.06%			-6.24%

The City's total debt decreased during the current fiscal year. The decrease was due to no new issuance of bonds.

Minnesota statutes limit the amount of net general obligation debt a City may issue to 3 percent of the market value of taxable property within the City. Net debt is debt payable solely from ad valorem taxes. The City has no outstanding debt subject to the limit.

Additional information on the City's long-term debt can be found in Note 3E starting on page 59 of this report.

Economic Factors and Next Year's Budgets and Rates

The City considered market value changes, tax rates, population and development needs during the 2024 budget preparation.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Jennifer Palmer, Finance Director, City of Excelsior, 339 Third Street, Excelsior, Minnesota 55331.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF EXCELSIOR
EXCELSIOR, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2023

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City of Excelsior, Minnesota
Statement of Net Position
December 31, 2023

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash temporary investments	\$ 8,369,984	\$ 2,642,958	\$ 11,012,942
Cash with fiscal agent	6,147,563	-	6,147,563
Receivables			
Lease interest receivable	305	-	305
Accounts	29,755	456,013	485,768
Delinquent taxes	51,560	-	51,560
Special assessments	927,934	26,515	954,449
Lease	1,147,294	-	1,147,294
Land and construction in progress	1,143,477	171,290	1,314,767
Depreciable infrastructure, buildings, property and equipment, net	19,933,255	14,299,858	34,233,113
Total Assets	<u>37,751,127</u>	<u>17,596,634</u>	<u>55,347,761</u>
Deferred Outflows of Resources			
Deferred pension resources	136,503	116,831	253,334
Liabilities			
Accounts payable	625,358	172,644	798,002
Accrued salaries payable	33,693	20,871	54,564
Accrued interest payable	211,583	106,072	317,655
Due to other governments	14,043	13,726	27,769
Unearned revenue	93,460	-	93,460
Noncurrent liabilities			
Due within one year			
Compensated absences payable	18,656	14,663	33,319
Bonds payable	948,888	573,112	1,522,000
Due in more than one year			
Compensated absences payable	43,533	34,216	77,749
Net pension liability	449,150	384,041	833,191
Bonds payable, net	20,205,726	9,312,082	29,517,808
Total Liabilities	<u>22,644,090</u>	<u>10,631,427</u>	<u>33,275,517</u>
Deferred Inflows of Resources			
Deferred lease resources	1,114,887	-	1,114,887
Deferred pension resources	133,183	114,124	247,307
Total Deferred Inflows of Resources	<u>1,248,070</u>	<u>114,124</u>	<u>1,362,194</u>
Net Position			
Net investment in capital assets	7,845,289	4,585,954	12,431,243
Restricted for			
Debt service	1,644,947	-	1,644,947
Excelsior Commons improvements	1,669,643	-	1,669,643
Park improvements	727,819	-	727,819
Unrestricted	2,107,772	2,381,960	4,489,732
Total Net Position	<u>\$ 13,995,470</u>	<u>\$ 6,967,914</u>	<u>\$ 20,963,384</u>

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

City of Excelsior, Minnesota
Statement of Activities
For the Year Ended December 31, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General government	\$ 3,141,218	\$ 209,083	\$ -	\$ -
Public safety	1,209,332	577,057	106,469	-
Public works	991,584	498,942	81,290	1,136,180
Culture and recreation	739,277	93,799	-	-
Housing and economic development	2,526,334	-	-	-
Miscellaneous	35,299	-	-	-
Interest on long-term debt	666,489	-	-	4,924
Total Governmental Activities	<u>9,309,533</u>	<u>1,378,881</u>	<u>187,759</u>	<u>1,141,104</u>
Business-type Activities				
Water utility	866,879	944,670	-	90,900
Sewer utility	879,178	599,153	65,113	174,371
Solid waste	13,418	14,347	-	-
Surface water	257,732	319,053	-	-
Street lighting	33,952	66,173	-	-
Commercial docks	286,510	458,735	-	-
Total Business-type Activities	<u>2,337,669</u>	<u>2,402,131</u>	<u>65,113</u>	<u>265,271</u>
Total	<u>\$ 11,647,202</u>	<u>\$ 3,781,012</u>	<u>\$ 252,872</u>	<u>\$ 1,406,375</u>

General Revenues

Taxes

Property taxes levied for general purposes

Property taxes levied for debt service

Tax increments

Sales and use tax

Franchise taxes

Grants and contributions not restricted to specific programs

Unrestricted investment earnings

Gain on sale of capital assets

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position, January 1

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

Governmental Activities	Business-type Activities	Total
\$ (2,932,135)	\$ -	\$ (2,932,135)
(525,806)	-	(525,806)
724,828	-	724,828
(645,478)	-	(645,478)
(2,526,334)	-	(2,526,334)
(35,299)	-	(35,299)
(661,565)	-	(661,565)
<u>(6,601,789)</u>	<u>-</u>	<u>(6,601,789)</u>
-	168,691	168,691
-	(40,541)	(40,541)
-	929	929
-	61,321	61,321
-	32,221	32,221
-	172,225	172,225
<u>-</u>	<u>394,846</u>	<u>394,846</u>
<u>(6,601,789)</u>	<u>394,846</u>	<u>(6,206,943)</u>
1,677,015	-	1,677,015
662,395	-	662,395
180,502	-	180,502
749,144	-	749,144
70,386	-	70,386
298,333	47	298,380
342,279	85,127	427,406
1,981,982	-	1,981,982
200,000	(200,000)	-
<u>6,162,036</u>	<u>(114,826)</u>	<u>6,047,210</u>
(439,753)	280,020	(159,733)
<u>14,435,223</u>	<u>6,687,894</u>	<u>21,123,117</u>
<u>\$ 13,995,470</u>	<u>\$ 6,967,914</u>	<u>\$ 20,963,384</u>

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

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FUND FINANCIAL STATEMENTS

CITY OF EXCELSIOR
EXCELSIOR, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2023

City of Excelsior, Minnesota

Balance Sheet

Governmental Funds

December 31, 2023

	General	Commons Sales Tax	Capital Improvement	TIF 3 Project	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and temporary investments	\$ 1,714,693	\$ 3,059,344	\$ 1,243,728	\$ -	\$ 2,352,219	\$ 8,369,984
Cash with fiscal agent	-	-	-	6,147,563	-	6,147,563
Receivables						
Lease interest	305	-	-	-	-	305
Accounts	29,755	-	-	-	-	29,755
Delinquent taxes	51,560	-	-	-	-	51,560
Special assessments	-	-	249,134	-	678,800	927,934
Lease	1,147,294	-	-	-	-	1,147,294
Total Assets	\$ 2,943,607	\$ 3,059,344	\$ 1,492,862	\$ 6,147,563	\$ 3,031,019	\$ 16,674,395
Liabilities						
Accounts payable	\$ 212,611	\$ 17,619	\$ 42,354	\$ -	\$ 352,774	\$ 625,358
Accrued salaries payable	33,253	-	-	-	440	33,693
Due to other governments	14,043	-	-	-	-	14,043
Unearned revenue	93,460	-	-	-	-	93,460
Total Liabilities	353,367	17,619	42,354	-	353,214	766,554
Deferred Inflows of Resources						
Deferred lease resources	1,114,887	-	-	-	-	1,114,887
Unavailable revenue - special assessments	-	-	249,134	-	678,800	927,934
Unavailable revenue - property taxes	33,875	-	-	-	-	33,875
Total Deferred Inflows of Resources	1,148,762	-	249,134	-	678,800	2,076,696
Fund Balances						
Lease resources	32,407	-	-	-	-	32,407
Restricted for						
Debt service	-	-	-	-	1,190,103	1,190,103
Tax increment financing district	-	-	-	6,147,563	12,042	6,159,605
Excelsior Commons improvements	-	3,041,725	-	-	-	3,041,725
Park improvements	-	-	-	-	727,819	727,819
Assigned for						
Capital improvements	-	-	1,185,663	-	-	1,185,663
Parking improvements	-	-	15,711	-	-	15,711
Parking lot maintenance	-	-	-	-	108,312	108,312
Compensated absences	111,069	-	-	-	-	111,069
Unassigned	1,298,002	-	-	-	(39,271)	1,258,731
Total Fund Balances	1,441,478	3,041,725	1,201,374	6,147,563	1,999,005	13,831,145
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 2,943,607	\$ 3,059,344	\$ 1,492,862	\$ 6,147,563	\$ 3,031,019	\$ 16,674,395

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

City of Excelsior, Minnesota
 Reconciliation of the Balance Sheet
 to the Statement of Net Position
 Governmental Funds
 December 31, 2023

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

Total Fund Balances - Governmental	\$ 13,831,145
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	
Cost of capital assets	25,056,164
Less: accumulated depreciation	(3,979,432)
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	
Compensated absences payable	(62,189)
Bond principal payable	(20,154,626)
Plus premium on bonds issued	(999,988)
Net pension liability	(449,150)
Some receivables are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred inflows of resources in the funds.	
Delinquent taxes receivable	33,875
Special assessments receivable	927,934
Governmental funds do not report long-term amounts related to pensions.	
Deferred outflows of pension resources	136,503
Deferred inflows of pension resources	(133,183)
Governmental funds do not report a liability for accrued interest until due and payable.	(211,583)
Total Net Position - Governmental Activities	\$ 13,995,470

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

City of Excelsior, Minnesota
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2023

	General	Commons Sales Tax	Capital Improvement	TIF 3 Project	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes	\$ 1,740,134	\$ 749,144	\$ -	\$ -	\$ 842,897	\$ 3,332,175
Licenses and permits	456,894	-	-	-	-	456,894
Intergovernmental	114,350	-	909,720	-	4,924	1,028,994
Charges for services	719,127	-	2,686	-	71,031	792,844
Fines and forfeitures	89,889	-	-	-	-	89,889
Special assessments	-	-	28,424	-	167,491	195,915
Interest on investments	61,948	141,503	70,069	18,275	50,484	342,279
Miscellaneous	61,745	-	36,752	-	88,123	186,620
Total Revenues	<u>3,244,087</u>	<u>890,647</u>	<u>1,047,651</u>	<u>18,275</u>	<u>1,224,950</u>	<u>6,425,610</u>
Expenditures						
Current						
General government	883,472	-	-	-	-	883,472
Public safety	1,209,332	-	-	-	-	1,209,332
Public works	403,063	-	-	-	51,183	454,246
Culture and recreation	422,223	-	-	-	-	422,223
Miscellaneous	35,299	-	-	-	-	35,299
Capital outlay						
General government	20,298	-	2,178,456	-	-	2,198,754
Public works	781	-	471,333	-	-	472,114
Culture and recreation	18,475	1,803,707	-	-	140,897	1,963,079
Housing and economic development	-	-	-	2,326,265	200,069	2,526,334
Debt service						
Principal	-	-	-	-	991,296	991,296
Interest and other	-	-	-	-	482,900	482,900
Bond issuance costs	-	-	-	155,536	-	155,536
Total Expenditures	<u>2,992,943</u>	<u>1,803,707</u>	<u>2,649,789</u>	<u>2,481,801</u>	<u>1,866,345</u>	<u>11,794,585</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>251,144</u>	<u>(913,060)</u>	<u>(1,602,138)</u>	<u>(2,463,526)</u>	<u>(641,395)</u>	<u>(5,368,975)</u>
Other Financing Sources (Uses)						
Transfers in	200,000	-	338,959	433,813	700,000	1,672,772
Sale of capital assets	-	-	-	2,000,000	-	2,000,000
Bonds issued	-	-	-	5,951,187	373,813	6,325,000
Premiums on bonds issued	-	-	-	226,089	-	226,089
Transfers out	(380,213)	(700,000)	(373,813)	-	(18,746)	(1,472,772)
Total Other Financing Sources (Uses)	<u>(180,213)</u>	<u>(700,000)</u>	<u>(34,854)</u>	<u>8,611,089</u>	<u>1,055,067</u>	<u>8,751,089</u>
Net Change in Fund Balances	70,931	(1,613,060)	(1,636,992)	6,147,563	413,672	3,382,114
Fund Balances, January 1	<u>1,370,547</u>	<u>4,654,785</u>	<u>2,838,366</u>	<u>-</u>	<u>1,585,333</u>	<u>10,449,031</u>
Fund Balances, December 31	<u>\$ 1,441,478</u>	<u>\$ 3,041,725</u>	<u>\$ 1,201,374</u>	<u>\$ 6,147,563</u>	<u>\$ 1,999,005</u>	<u>\$ 13,831,145</u>

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

City of Excelsior, 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, 2023

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

Net Change in Fund Balances - Governmental Funds	\$ 3,382,114
<p>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.</p>	
Capital outlays	2,056,235
Depreciation expense	(459,149)
<p>Governmental funds report a gain (loss) on sale of capital assets to the extent of cash exchanged, whereas the disposition of the assets book value is included in the total gain (loss) in the statement of activities.</p>	
Gain (loss) on sale of capital assets	(18,018)
<p>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 premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.</p>	
Principal payments	991,296
Debt issued or incurred	(6,325,000)
Premium on bonds issued	(226,089)
Amortization of bond premium	68,009
<p>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.</p>	
	(96,062)
<p>Long-term pension activity is not reported in governmental funds.</p>	
Pension expense	(72,853)
Pension revenue from State contributions	56
<p>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 the governmental funds.</p>	
Compensated absences	(2,424)
<p>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.</p>	
Property taxes	7,267
Special assessments	254,865
	254,865
Change in Net Position - Governmental Activities	\$ (439,753)

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

City of Excelsior, Minnesota
Statements of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
General Fund
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 1,777,429	\$ 1,777,429	\$ 1,740,134	\$ (37,295)
Licenses and permits	349,110	349,110	456,894	107,784
Intergovernmental	-	-	114,350	114,350
Charges for services	480,050	480,050	719,127	239,077
Fines and forfeitures	45,000	45,000	89,889	44,889
Interest on investments	15,000	15,000	61,948	46,948
Miscellaneous	5,000	5,000	61,745	56,745
Total Revenues	<u>2,671,589</u>	<u>2,671,589</u>	<u>3,244,087</u>	<u>572,498</u>
Expenditures				
Current				
General government	903,014	903,014	883,472	19,542
Public safety	1,205,333	1,205,333	1,209,332	(3,999)
Public works	306,780	306,780	403,063	(96,283)
Culture and recreation	419,992	419,992	422,223	(2,231)
Miscellaneous	36,470	36,470	35,299	1,171
Capital outlay	-	-	39,554	(39,554)
Total Expenditures	<u>2,871,589</u>	<u>2,871,589</u>	<u>2,992,943</u>	<u>(121,354)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(200,000)</u>	<u>(200,000)</u>	<u>251,144</u>	<u>451,144</u>
Other Financing Sources (Uses)				
Transfers in	200,000	200,000	200,000	-
Transfers out	-	-	(380,213)	(380,213)
Total Other Financing Sources (Uses)	<u>200,000</u>	<u>200,000</u>	<u>(180,213)</u>	<u>(380,213)</u>
Net Change in Fund Balances	-	-	70,931	70,931
Fund Balances, January 1	<u>1,370,547</u>	<u>1,370,547</u>	<u>1,370,547</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 1,370,547</u>	<u>\$ 1,370,547</u>	<u>\$ 1,441,478</u>	<u>\$ 70,931</u>

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

City of Excelsior, Minnesota
Statement of Net Position
Proprietary Funds
December 31, 2023

	Business-type Activities - Enterprise Funds			Business-type Activities - Enterprise Funds		
	Water	Sewer	Commercial Docks	Surface Water Management	Other Proprietary Funds	Totals
Assets						
Current Assets						
Cash and temporary investments	\$ 998,492	\$ 1,018,399	\$ 370,843	\$ 212,812	\$ 42,412	\$ 2,642,958
Receivables						
Accounts	210,183	158,342	-	65,135	24,697	458,357
Special assessments	23,828	343	-	-	-	24,171
Total Current Assets	<u>1,232,503</u>	<u>1,177,084</u>	<u>370,843</u>	<u>277,947</u>	<u>67,109</u>	<u>3,125,486</u>
Capital Assets, at Cost	9,817,367	6,650,613	646,481	2,532,640	33,303	19,680,404
Less Accumulated Depreciation	(2,838,946)	(1,530,718)	(511,689)	(300,393)	(27,510)	(5,209,256)
Net Capital Assets	<u>6,978,421</u>	<u>5,119,895</u>	<u>134,792</u>	<u>2,232,247</u>	<u>5,793</u>	<u>14,471,148</u>
Total Assets	<u>8,210,924</u>	<u>6,296,979</u>	<u>505,635</u>	<u>2,510,194</u>	<u>72,902</u>	<u>17,596,634</u>
Deferred Outflows of Resources						
Deferred pension resources	<u>36,925</u>	<u>39,218</u>	<u>21,257</u>	<u>15,660</u>	<u>3,771</u>	<u>116,831</u>
Liabilities						
Current Liabilities						
Accounts payable	42,969	98,739	14,781	10,018	6,137	172,644
Accrued salaries payable	7,057	7,404	3,865	2,027	518	20,871
Compensated absences payable	3,917	4,376	2,527	2,744	1,099	14,663
Accrued interest payable	48,716	37,008	-	20,348	-	106,072
Due to other governments	11,327	-	-	-	2,399	13,726
Bonds payable, current portion	305,755	166,840	-	100,517	-	573,112
Total Current Liabilities	<u>419,741</u>	<u>314,367</u>	<u>21,173</u>	<u>135,654</u>	<u>10,153</u>	<u>901,088</u>
Noncurrent Liabilities						
Compensated absences payable	9,140	10,211	5,898	6,401	2,566	34,216
Bonds payable, net of current portion	4,473,060	3,145,595	-	1,693,427	-	9,312,082
Net pension liability	121,443	128,985	69,911	51,504	12,198	384,041
Total Noncurrent Liabilities	<u>4,603,643</u>	<u>3,284,791</u>	<u>75,809</u>	<u>1,751,332</u>	<u>14,764</u>	<u>9,730,339</u>
Total Liabilities	<u>5,023,384</u>	<u>3,599,158</u>	<u>96,982</u>	<u>1,886,986</u>	<u>24,917</u>	<u>10,631,427</u>
Deferred Inflows of Resources						
Deferred pension resources	<u>36,077</u>	<u>38,285</u>	<u>20,751</u>	<u>15,287</u>	<u>3,724</u>	<u>114,124</u>
Net Position						
Net investment in capital assets	2,199,606	1,807,460	134,792	438,303	5,793	4,585,954
Unrestricted	<u>988,782</u>	<u>891,294</u>	<u>274,367</u>	<u>185,278</u>	<u>42,239</u>	<u>2,381,960</u>
Total Net Position	<u>\$ 3,188,388</u>	<u>\$ 2,698,754</u>	<u>\$ 409,159</u>	<u>\$ 623,581</u>	<u>\$ 48,032</u>	<u>\$ 6,967,914</u>

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

City of Excelsior, Minnesota
Statement of Revenues, Expenses and
Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2023

	Business-type Activities - Enterprise Funds			Business-type Activities - Enterprise Funds		Totals
	Water	Sewer	Commercial Docks	Surface Water Management	Other Proprietary Funds	
Operating Revenues						
Charges for services	\$ 933,359	\$ 595,994	\$ 458,735	\$ 318,565	\$ 79,814	\$ 2,386,467
Operating Expenses						
Personnel services	280,174	307,939	162,865	121,480	(23,127)	849,331
Supplies	73,283	16,445	3,244	1,147	984	95,103
Other services and charges	183,159	323,278	103,954	41,215	67,215	718,821
Depreciation	224,287	155,427	16,447	51,840	2,298	450,299
Total Operating Expenses	760,903	803,089	286,510	215,682	47,370	2,113,554
Operating Income (Loss)	172,456	(207,095)	172,225	102,883	32,444	272,913
Nonoperating Revenues (Expenses)						
Interest on investments	31,344	33,368	9,692	8,929	1,794	85,127
Special assessments	-	-	-	-	706	706
Intergovernmental	-	65,113	-	-	-	65,113
Interest expense and other	(105,976)	(76,089)	-	(42,050)	-	(224,115)
Other income	11,576	3,175	9	244	1	15,005
Total Nonoperating Revenues (Expenses)	(63,056)	25,567	9,701	(32,877)	2,501	(58,164)
Income (Loss) Before Contributions and Transfers	109,400	(181,528)	181,926	70,006	34,945	214,749
Transfers Out	-	-	(200,000)	-	-	(200,000)
Capital Contributions	90,900	174,371	-	-	-	265,271
Change in Net Position	200,300	(7,157)	(18,074)	70,006	34,945	280,020
Net Position, January 1	2,988,088	2,705,911	427,233	553,575	13,087	6,687,894
Net Position, December 31	\$ 3,188,388	\$ 2,698,754	\$ 409,159	\$ 623,581	\$ 48,032	\$ 6,967,914

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

City of Excelsior, Minnesota
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2023

	Business-type Activities - Enterprise Funds			Business-type Activities - Enterprise Funds		Totals
	Water	Sewer	Commercial Docks	Surface Water Management	Other Proprietary Funds	
Cash Flows from Operating Activities						
Receipts from customers and users	\$ 962,691	\$ 594,231	\$ 461,789	\$ 253,674	\$ 78,034	\$ 2,350,419
Payments to suppliers	(226,080)	(239,632)	(53,684)	(44,689)	(56,165)	(620,250)
Payments to employees	(247,913)	(264,876)	(141,956)	(107,514)	(24,097)	(786,356)
Net Cash Provided (Used) by Operating Activities	<u>488,698</u>	<u>89,723</u>	<u>266,149</u>	<u>101,471</u>	<u>(2,228)</u>	<u>943,813</u>
Cash Flows from Noncapital Financing Activities						
Intergovernmental	-	65,113	-	-	-	65,113
Transfers to other funds	-	-	(200,000)	-	-	(200,000)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>-</u>	<u>65,113</u>	<u>(200,000)</u>	<u>-</u>	<u>-</u>	<u>(134,887)</u>
Cash Flows from Capital Financing Activities						
Connection fees	90,900	174,371	-	-	-	265,271
Acquisition of capital assets	(167,357)	(268,678)	-	(73,314)	-	(509,349)
Interest paid on bonds	(128,579)	(92,431)	-	(50,918)	-	(271,928)
Principal paid on bonds	(361,117)	(165,127)	-	(94,460)	-	(620,704)
Net Cash Provided (Used) by Capital Financing Activities	<u>(566,153)</u>	<u>(351,865)</u>	<u>-</u>	<u>(218,692)</u>	<u>-</u>	<u>(1,136,710)</u>
Cash Flows from Investing Activities						
Interest received on investments	<u>31,344</u>	<u>33,368</u>	<u>9,692</u>	<u>8,929</u>	<u>1,794</u>	<u>85,127</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(46,111)</u>	<u>(163,661)</u>	<u>75,841</u>	<u>(108,292)</u>	<u>(434)</u>	<u>(242,657)</u>
Cash and Cash Equivalents, January 1	<u>1,044,603</u>	<u>1,182,060</u>	<u>295,002</u>	<u>321,104</u>	<u>42,846</u>	<u>2,885,615</u>
Cash and Cash Equivalents, December 31	<u>\$ 998,492</u>	<u>\$ 1,018,399</u>	<u>\$ 370,843</u>	<u>\$ 212,812</u>	<u>\$ 42,412</u>	<u>\$ 2,642,958</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities						
Operating income (loss)	172,456	(207,095)	172,225	102,883	32,444	272,913
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities						
Other income related to operations	11,576	3,175	9	244	707	15,711
Depreciation	224,287	155,427	16,447	51,840	2,298	450,299
(Increase) decrease in assets/deferred outflows						
Receivables						
Accounts	(887)	(4,852)	3,045	(65,135)	(2,487)	(70,316)
Special assessments	18,643	(86)	-	-	-	18,557
Prepaid items	9,906	10,613	40,331	-	9,906	70,756
Deferred pension resources	14,566	15,953	11,485	9,455	14,572	66,031
Increase (decrease) in liabilities/deferred inflows						
Accounts payable	14,369	89,478	13,183	(2,327)	2,939	117,642
Accrued salaries payable	2,525	2,591	1,275	-	(874)	5,517
Compensated absences payable	901	1,086	(239)	915	(542)	2,121
Due to other governments	6,087	-	-	-	(811)	5,276
Net pension liability	(19,991)	(12,886)	(11,197)	(10,796)	(63,350)	(118,220)
Deferred pension resources	34,260	36,319	19,585	14,392	2,970	107,526
Net Cash Provided (Used) by Operating Activities	<u>\$ 488,698</u>	<u>\$ 89,723</u>	<u>\$ 266,149</u>	<u>\$ 101,471</u>	<u>\$ (2,228)</u>	<u>\$ 943,813</u>
Schedule of Noncash Capital and Financing Activities						
Amortization of bond premium	<u>\$ 17,263</u>	<u>\$ 13,334</u>	<u>\$ -</u>	<u>\$ 7,130</u>	<u>\$ -</u>	<u>\$ 37,727</u>

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

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Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

The City of Excelsior, Minnesota (the City), operates under its own Home Rule Charter. The City is governed by an elected Mayor and a four-member City Council. 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. The City has no component units.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the 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 are 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 for goods, services, or privileges provided, 2) operating grants and contribution, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, *general revenues* include all taxes.

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 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.

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.

City of Excelsior, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

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 *Commons Sales Tax fund* accounts for the special revenue sales tax for the Excelsior Commons Improvements.

The *Capital Improvement fund* accounts for capital improvement expenditures.

The *TIF 3 Project fund* accounts for the activity associated with the Cities Tax Increment Financing District #3.

The City reports the following major proprietary funds:

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

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

The *Commercial Docks fund* accounts for the operation and maintenance of City owned docks available for lease on Lake Minnetonka.

The *Surface Water Management fund* accounts for the activities of the City's surface water management system.

As a general rule, the effect of interfund activity has been eliminated from government-wide financial statements. Exceptions to this general rule are charges between the City's water and sewer functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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.

City of Excelsior, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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.

City of Excelsior, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

The City has the following recurring fair value measurements as of December 31, 2023:

- U.S. Government securities and local government bonds of \$3,272,942 are valued using quoted market prices (Level 1 inputs)
- Brokered Certificates of Deposit of \$2,032,007 are valued using a matrix pricing model (Level 2 inputs)

Cash with fiscal agent

The balance in cash with fiscal agent of \$6,147,563 represents unspent tax increment bond proceeds and land sale proceeds. The funds are being held by a disbursing agent in accordance with the 339 Third Street Development and Disbursement Agreements.

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, June/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.

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 2023. 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.

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.

Lease Receivable

The City's lease receivable is measured at the present value of lease payments expected to be received during the lease term. Under the lease agreement, the City may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received.

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.

City of Excelsior, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

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.”

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

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, other than infrastructure assets, are defined by the City as assets with an estimated useful life in excess of one year and an initial individual cost of more than the following:

Asset	Cost
Land and Land Improvements	\$ 10,000
Other Improvements	25,000
Buildings	25,000
Building Improvements	25,000
Machinery and Equipment	5,000
Vehicles	5,000
Infrastructure	100,000
Other Assets	5,000

The City reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements regardless of their amount.

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.

City of Excelsior, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

Property, plant and equipment will be depreciated using the straight-line method over the following estimated useful lives:

Assets	Useful Lives in Years
Land Improvements	15 to 30
Buildings and Improvements	15 to 75
System and Improvements	20 to 60
Office Furniture and Fixtures	7 to 15
Machinery and Equipment	5 to 15
Automotive Equipment	3 to 12

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.

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. 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.

The total pension expense is as follows:

	Public Employees Retirement Association of Minnesota (PERA)
	GERP
Pension Expense	\$ 223,737

Note 1: Summary of Significant Accounting Policies (Continued)

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. No liability is recorded for unpaid accumulated sick leave that is not vested. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. 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. The General fund would be used to liquidate the governmental compensated absences payable.

Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Bond issuance costs are 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 net 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 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 also recognizes a deferred lease receivable, which is reported under both the modified accrual and full accrual basis.

The City has an additional item which qualifies for reporting in this category. The item, deferred pension resources, is reported only in the statements of net position and results from actuarial calculations.

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 City Manager.

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

City of Excelsior, Minnesota
Notes to the Financial Statements
December 31, 2023

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

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 unrestricted fund balance of 50 percent of budgeted operating expenditures for cash-flow timing needs.

Net Position

Net position represents the difference between assets/deferred outflows of resources and liabilities/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 - Consists 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 Excelsior, Minnesota
Notes to the Financial Statements
December 31, 2023

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. The City does not budget for the major special revenue fund because it is not legally required to do so.

In June of each year, all departments of the City submit requests for appropriations to the City Manager 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 Manager, 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. Budgeted amounts are as originally adopted, or as amended by the City Council. There were no budget amendments during the year.

B. Excess of expenditures over appropriations

For the year ended December 31, 2023 expenditures exceeded appropriations in the following fund:

Fund	Final Budget	Actual Amounts	Excess of Expenditures Over Appropriations
General	\$ 2,871,589	\$ 2,992,943	\$ 121,354

The excess expenditures were funded by revenues in excess of expectations.

C. Deficit Fund Equity

As of December 31, 2023, the following fund had a deficit balance. The deficits will be funded with future delinquent collections, transfers from other funds and tax increment collections.

Fund	Amount
G.O. Bonds 2022A	\$ 37,087
TIF 2-1 Project	2,184
Solid Waste	28,745

City of Excelsior, Minnesota
Notes to the Financial Statements
December 31, 2023

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 \$2,276,905 and the bank balance was \$2,323,877. Of the bank balance, \$265,082 was covered by federal depository insurance. The remaining balance was covered by collateral held in the City's name.

City of Excelsior, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 3: Detailed Notes on All Funds (Continued)

Investments

As of December 31, 2023, 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/ Rating (1)	Segmented Time Distribution (2)	Amount	Fair Value Measurement Using		
				Level 1	Level 2	Level 3
Pooled Investments at Amortized Cost						
Broker Money Market	N/A	less than 6 months	\$ 9,578,451			
Non-pooled Investments						
U.S. Government Securities	AAA	less than 1 year	664,318	\$ 664,318	\$ -	\$ -
Local Government Bonds	AA	less than 1 year	2,608,624	2,608,624	-	-
Brokered Certificates of Deposit	N/A	less than 1 year	242,374	-	242,374	-
Brokered Certificates of Deposit	N/A	1 to 5 years	1,789,633	-	1,789,633	-
Total Investments			<u>\$ 14,883,400</u>	<u>\$ 3,272,942</u>	<u>\$ 2,032,007</u>	<u>\$ -</u>

(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 Indicate not applicable or available.

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

Carrying Amount of Deposits	\$ 2,276,905
Investments	14,883,400
Cash on Hand	<u>200</u>
Total	<u>\$ 17,160,505</u>
Statement of Net Position	
Cash and Temporary Investments	\$ 11,012,942
Cash with fiscal agent	<u>6,147,563</u>
Total	<u>\$ 17,160,505</u>

City of Excelsior, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 3: Detailed Notes on All Funds (Continued)

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

- *Credit Risk.* 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 and the City's investment policy limit the City's investments to the list on page 55 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. The City's investment policy does not address custodial credit risk.
- *Concentration of Credit Risk.* Is the risk of loss attributed to the magnitude of a government's investment in a single issuer. In accordance with the City's investment policy, the City diversifies its investment portfolio to eliminate the risk of loss resulting from over-concentration of assets in a specific maturity, a specific issuer or a specific class of securities.
- *Interest Rate Risk.* Is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the City will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the City will not directly invest in securities maturing more than ten (10) years from the date of purchase. Reserve funds and other funds with longer-term investment horizons may be invested in securities exceeding ten (10) years if the maturities of such investments are made to coincide as nearly as practicable with the expected use of funds. Extended maturities may be utilized to take advantage of higher yields; however, no more than fifty (50) percent of the total investments should extend beyond five (5) years and in no circumstance should any extend beyond fifteen (15) years.

B. Lease Receivable

Under the T-Mobile Water Tower Site Lease, the cellular company pays the City annually for 26 remaining years with a 3% annual escalation.

Description	Issue Date	Discount Rate	Current Year Inflow of Resources	Balance at Year End
T-Mobile Water Tower Site Lease	01/01/19	1.51%	\$ 37,817	<u>\$ 1,147,294</u>

City of Excelsior, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 3: Detailed Notes on All Funds (Continued)

C. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets not Being Depreciated				
Land	\$ 1,111,042	\$ 50,453	\$ (18,018)	\$ 1,143,477
Construction in progress	5,036,156	1,898,924	(6,935,080)	-
Total Capital Assets not Being Depreciated	<u>6,147,198</u>	<u>1,949,377</u>	<u>(6,953,098)</u>	<u>1,143,477</u>
Capital Assets Being Depreciated				
Buildings	1,696,419	-	(128,187)	1,568,232
Improvements other than buildings	12,592,623	6,935,079	-	19,527,702
Machinery and equipment	1,174,032	106,859	-	1,280,891
Infrastructure	1,535,862	-	-	1,535,862
Total Capital Assets Being Depreciated	<u>16,998,936</u>	<u>7,041,938</u>	<u>(128,187)</u>	<u>23,912,687</u>
Less Accumulated Depreciation for				
Buildings	(447,664)	(36,081)	128,187	(355,558)
Improvements other than buildings	(1,406,448)	(283,902)	-	(1,690,350)
Machinery and equipment	(849,335)	(63,162)	-	(912,497)
Infrastructure	(945,023)	(76,004)	-	(1,021,027)
Total Accumulated Depreciation	<u>(3,648,470)</u>	<u>(459,149)</u>	<u>128,187</u>	<u>(3,979,432)</u>
Total Capital Assets Being Depreciated, Net	<u>13,350,466</u>	<u>6,582,789</u>	<u>-</u>	<u>19,933,255</u>
Governmental Activities Capital Assets, Net	<u>\$ 19,497,664</u>	<u>\$ 8,532,166</u>	<u>\$ (6,953,098)</u>	<u>\$ 21,076,732</u>

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

Governmental Activities	
General government	\$ 34,480
Public works	362,441
Culture and recreation	62,228
Total Depreciation Expense - Governmental Activities	<u>\$ 459,149</u>

City of Excelsior, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 3: Detailed Notes on All Funds (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital Assets not Being Depreciated				
Land	\$ 50,000	\$ -	\$ -	50,000
Construction in progress	2,579,988	373,393	(2,832,091)	121,290
Total Capital Assets not Being Depreciated	<u>2,629,988</u>	<u>373,393</u>	<u>(2,832,091)</u>	<u>171,290</u>
Capital Assets Being Depreciated				
Buildings	8,203	-	-	8,203
Machinery and equipment	1,203,158	25,196	-	1,228,354
Infrastructure	15,440,467	2,832,090	-	18,272,557
Total Capital Assets Being Depreciated	<u>16,651,828</u>	<u>2,857,286</u>	<u>-</u>	<u>19,509,114</u>
Less Accumulated Depreciation for				
Buildings	(8,203)	-	-	(8,203)
Machinery and equipment	(850,358)	(59,343)	-	(909,701)
Infrastructure	(3,900,396)	(390,956)	-	(4,291,352)
Total Accumulated Depreciation	<u>(4,758,957)</u>	<u>(450,299)</u>	<u>-</u>	<u>(5,209,256)</u>
Total Capital Assets Being Depreciated, Net	<u>11,892,871</u>	<u>2,406,987</u>	<u>-</u>	<u>14,299,858</u>
Business-type Activities Capital Assets, Net	<u>\$ 14,522,859</u>	<u>\$ 2,780,380</u>	<u>\$ (2,832,091)</u>	<u>\$ 14,471,148</u>

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

Business-type Activities		
Water utility		\$ 224,287
Sewer utility		155,427
Commercial docks		16,447
Surface water management		51,840
Other proprietary funds		<u>2,298</u>
Total Depreciation Expense - Business-type Activities		<u>\$ 450,299</u>

City of Excelsior, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 3: Detailed Notes on All Funds (Continued)

D. Interfund Transfers

The composition of interfund transfers as of December 31, 2023 is as follows:

Fund	Transfer in			
	General	Capital Improvement	TIF 3 Project	Other governmental
Transfer Out				
General	\$ -	\$ 320,213	\$ 60,000	\$ -
Capital Improvement	-	-	373,813	-
Commons Sales Tax	-	-	-	700,000
Other governmental	-	18,746	-	-
Commercial Docks	200,000	-	-	-
Total	<u>\$ 200,000</u>	<u>\$ 338,959</u>	<u>\$ 433,813</u>	<u>\$ 700,000</u>

The City annually budgets transfers for specific purposes. Annual transfers include transfers designated as a percentage of annual revenues, transfers made to cover funds annual operations, transfers made as part of capital improvement plans, transfers are made for debt service payments and other transfers made to fund future capital projects.

E. Long-term Debt

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for proprietary activities.

General obligation bonds are direct obligations of the City and pledge the full faith and credit of the City.

The following bonds were issued to finance capital improvements. They will be retired from ad valorem tax levies, tax abatements and sales tax revenues.

Description	Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Tax Abatement					
Bonds, Series 2021A	\$ 890,000	1.10 - 5.00 %	08/19/21	02/01/42	\$ 860,000
G.O. Sales Tax					
Bonds, Series 2022A	5,380,000	3.00 - 5.00 %	07/01/22	02/01/32	<u>4,855,000</u>
Total G.O. Revenue Bonds					<u>\$ 5,715,000</u>

City of Excelsior, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 3: Detailed Notes on All Funds (Continued)

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

Year Ending December 31,	General Obligation Bonds Governmental Activities		
	Principal	Interest	Total
2024	\$ 480,000	\$ 203,730	\$ 683,730
2025	510,000	178,980	688,980
2026	530,000	152,980	682,980
2027	555,000	128,455	683,455
2028	580,000	105,380	685,380
2029 - 2033	2,595,000	206,865	2,801,865
2034 - 2038	250,000	32,050	282,050
2039 - 2042	215,000	8,750	223,750
Total	<u>\$ 5,715,000</u>	<u>\$ 1,017,190</u>	<u>\$ 6,732,190</u>

General Obligation Special Assessment Bonds

The City issued special assessment debt to provide funds for the street improvements. This bond will be repaid from amounts levied against the property owners benefited by this construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the City must provide resources to cover the deficiency until other resources, for example, foreclosure proceeds, are received. The City is receiving a Federal Credit for a portion of the interest paid on the bond. Special assessment debt issues are as follows:

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Taxable G.O. Improvement Bonds, Series 2010A	\$ 2,795,000	0.9 - 4.7 %	10/21/10	02/01/26	\$ 655,000
Taxable G.O. Improvement Bonds, Series 2017A	3,970,000	2.5 - 3.0	06/14/17	02/01/33	2,825,000
G.O. Street Reconstruction Bonds, Series 2019A	5,570,000	2.0 - 5.0	09/18/19	02/01/40	5,050,000
G.O. Street Reconstruction Bonds, Series 2020A	2,775,000	2.0 - 5.0	07/16/20	02/01/41	2,575,000
G.O. Street Reconstruction Bonds, Series 2021A	2,890,000	1.10 - 5.00	08/19/21	02/01/42	<u>5,840,000</u>
Total G.O. Revenue Bonds					<u>\$ 16,945,000</u>

City of Excelsior, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 3: Detailed Notes on All Funds (Continued)

Annual debt service requirements to maturity for general obligation special assessment bonds are as follows:

Year Ending December 31,	General Obligation Bonds Governmental Activities			General Obligation Bonds Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 468,888	\$ 223,356	\$ 692,244	\$ 531,112	\$ 243,526	\$ 774,638
2025	494,073	202,287	696,360	560,927	220,513	781,440
2026	511,665	179,989	691,654	573,335	196,303	769,638
2027	415,000	159,823	574,823	490,000	174,295	664,295
2028	430,000	141,848	571,848	505,000	154,420	659,420
2029 - 2033	2,400,000	474,051	2,874,051	2,820,000	504,133	3,324,133
2034 - 2038	2,045,000	241,041	2,286,041	2,045,000	238,599	2,283,599
2039 - 2042	1,350,000	46,313	1,396,313	1,305,000	44,225	1,349,225
Total	<u>\$ 8,114,626</u>	<u>\$ 1,668,708</u>	<u>\$ 9,783,334</u>	<u>\$ 8,830,374</u>	<u>\$ 1,776,014</u>	<u>\$ 10,606,388</u>

General Obligation Tax Increment Financing Bonds

The following bonds were issued to finance public and private improvements related to the Cities tax increment financing districts. They will be repaid with revenue generated from tax increment financing.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O TIF Bonds, Series 2023A	\$ 6,325,000	4.0 - 5.0 %	07/13/23	02/01/51	<u>\$ 6,325,000</u>

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

Year Ending December 31,	General Obligation Tax Increment Bonds Governmental Activities		
	Principal	Interest	Total
2024	\$ -	\$ 279,563	\$ 279,563
2025	-	266,250	266,250
2026	120,000	263,250	383,250
2027	70,000	258,500	328,500
2028	80,000	254,750	334,750
2029 - 2033	560,000	1,199,500	1,759,500
2034 - 2038	910,000	1,022,325	1,932,325
2039 - 2043	1,325,000	791,700	2,116,700
2044 - 2048	1,845,000	476,500	2,321,500
2049 - 2051	1,415,000	87,100	1,502,100
Total	<u>\$ 6,325,000</u>	<u>\$ 4,899,438</u>	<u>\$ 11,224,438</u>

City of Excelsior, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 3: Detailed Notes on All Funds (Continued)

General Obligation Revenue Bonds

The following bonds were issued to finance improvements to the water and sewer system. They will be repaid with revenue generated from the system.

Description	Authorized	Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
MPFA - 2014A Water Revenue Bonds	\$ 920,313	\$ 784,785	1.00	06/02/14	08/20/34	<u>\$ 483,000</u>

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

Year Ending December 31,	General Obligation Revenue Bonds		
	Business-type Activities		
	Principal	Interest	Total
2024	\$ 42,000	\$ 4,830	\$ 46,830
2025	42,000	4,410	46,410
2026	43,000	3,990	46,990
2027	43,000	3,560	46,560
2028	43,000	3,130	46,130
2029 - 2033	224,000	9,520	233,520
2034	46,000	920	46,920
Total	<u>\$ 483,000</u>	<u>\$ 30,360</u>	<u>\$ 513,360</u>

City of Excelsior, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 3: Detailed Notes on All Funds (Continued)

Changes in Long-term Liabilities

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
Bonds payable					
General obligation bonds	\$ 6,270,000	\$ -	\$ (555,000)	\$ 5,715,000	\$ 480,000
General obligation improvement bonds	8,550,922	-	(436,296)	8,114,626	468,888
General obligation tax Increment bonds	-	6,325,000	-	6,325,000	-
Bond premium	841,908	226,089	(68,009)	999,988	-
Compensated absences payable	59,766	63,623	(61,200)	62,189	18,656
	<u>59,766</u>	<u>63,623</u>	<u>(61,200)</u>	<u>62,189</u>	<u>18,656</u>
Governmental Activity Long-term Liabilities	<u>\$ 15,722,596</u>	<u>\$ 6,614,712</u>	<u>\$ (1,120,505)</u>	<u>\$ 21,216,803</u>	<u>\$ 967,544</u>
Business-type Activities					
Bonds payable					
General obligation revenue bonds	\$ 585,000	\$ -	\$ (102,000)	\$ 483,000	\$ 42,000
General obligation improvement bonds	9,349,078	-	(518,704)	8,830,374	531,112
Bond premium	609,547	-	(37,727)	571,820	-
Compensated absences payable	46,758	50,006	(47,885)	48,879	14,663
	<u>46,758</u>	<u>50,006</u>	<u>(47,885)</u>	<u>48,879</u>	<u>14,663</u>
Business-type Activity Long-term Liabilities	<u>\$ 10,590,383</u>	<u>\$ 50,006</u>	<u>\$ (706,316)</u>	<u>\$ 9,934,073</u>	<u>\$ 587,775</u>

City of Excelsior, Minnesota
Notes to the Financial Statements
December 31, 2023

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). PERA's defined benefit pension plans are established and administered in accordance with Minnesota statutes, chapters 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

General Employees Retirement Plan

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

B. Benefits Provided

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

General Employee Plan Benefits

General Employees Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2 percent of average salary for each of the first 10 years of service and 1.7 percent of average salary for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7 percent for average salary for all years of service. For members hired prior to July 1, 1989 a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989 normal retirement age is the age for unreduced Social Security benefits capped at 66.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50 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. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. In 2023, legislation repealed the statute delaying increases for members retiring before full retirement age.

City of Excelsior, Minnesota
Notes to the Financial Statements
December 31, 2023

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

C. Contributions

Minnesota statutes, chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature.

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2023 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, 2023, 2022 and 2021 were \$95,502, \$85,298 and \$67,423, 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, 2023, the City reported a liability of \$833,191 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 \$22,952. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2022 through June 30, 2023 relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0149 percent at the end of the measurement period and 0.0136 percent for the beginning of the period.

City Proportionate Share of the Net Pension Liability	\$ 833,191
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the City	22,952
	22,952
Total	\$ 856,143

For the year ended December 31, 2023, the City recognized pension expense of \$223,634 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized \$103 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

City of Excelsior, Minnesota
Notes to the Financial Statements
December 31, 2023

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 26,789	\$ 4,777
Changes in Actuarial Assumptions	112,684	228,371
Net Difference Between Projected and Actual Investment Earnings	-	14,159
Changes in Proportion	64,291	-
Contributions Paid to PERA Subsequent to the Measurement Date	49,570	-
Total	\$ 253,334	\$ 247,307

The \$49,570 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, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2024	\$ 48,139
2025	(83,749)
2026	10,142
2027	(18,075)

E. Long-term Expected Return on Investment

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	33.5 %	5.10 %
International Equity	16.5	5.30
Fixed Income	25.0	0.75
Private Markets	25.0	5.90
	100.0 %	

City of Excelsior, Minnesota
Notes to the Financial Statements
December 31, 2023

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

F. Actuarial Assumptions

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

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

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

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

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

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

General Employees Fund

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- An additional one-time direct state aid contribution of \$170.1 million will be contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, non-compounding benefit increase of 2.5 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

City of Excelsior, Minnesota
Notes to the Financial Statements
December 31, 2023

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

G. Discount Rate

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

H. Pension Liability Sensitivity

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

	1 Percent Decrease (6.0%)	Current (7.0%)	1 Percent Increase (8.0%)
General Employees Fund	\$ 1,473,982	\$ 833,191	\$ 306,116

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 Excelsior, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 5: Joint Powers Agreements

A. South Lake Minnetonka Police Department

The City participates in a joint powers agreement with the cities of Greenwood, Shorewood, and Tonka Bay, which establishes the South Lake Minnetonka Police Department (the Department) for the purpose of providing police protection within the four communities. The agreement creates a coordinating committee, comprised of the Mayor of each participating community, as the governing body, which meets quarterly. Each year, the coordinating committee adopts an operating budget, which is approved by all participating cities. The cost of the budget is divided between the participating cities based upon a five-year average demand for service in each city.

Any budget shortfall is made up first from department reserves, with any excess shortfall assessed to each participating community according to the formula. The most recent year of audited information is December 31, 2022.

South Lake Minnetonka Police Department
Statement of Net Assets
December 31, 2022 and 2021

	2022	2021
Assets	\$ 3,741,379	\$ 4,003,732
Deferred Outflows of Resources	3,947,932	1,990,176
Total Assets and Deferred Outflows of Resources	\$ 7,689,311	\$ 5,993,908
Liabilities	\$ 6,414,154	\$ 2,157,112
Deferred Inflows of Resources	105,177	2,603,098
Net Position	1,169,980	1,233,698
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 7,689,311	\$ 5,993,908

South Lake Minnetonka Police Department
Summary Statement of Activities
For the Years Ended December 31, 2022 and 2021

	2022	2021
Revenues	\$ 3,606,447	\$ 3,371,176
Expenses	3,683,765	3,100,941
Net Revenues	(77,318)	270,235
General Revenues	13,600	29,194
Change in Net Position	(63,718)	299,429
Net Position, January 1	1,233,698	934,269
Net Position, December 31	\$ 1,169,980	\$ 1,233,698

City of Excelsior, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 5: Joint Powers Agreements (Continued)

According to a formula in the agreement, the City's share of the Department's budget is 28.1 percent on operation and 14.92 percent on capital. Payments to the Department in 2023 totaled \$864,324. The Department issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the South Lake Police Department, 24150 Smithtown Road, Shorewood, Minnesota 55331.

B. Excelsior Fire District

In August of 2000, the City, along with the cities of Deephaven, Greenwood, Shorewood, and Tonka Bay, entered a joint powers agreement to provide fire protection and medical response service to their residents and created an entity called the Excelsior Fire District (the District). Previously, the City had operated a fire department that provided service to these cities.

Selected financial information is shown below for the most recent year of audited information, which is December 31, 2023:

Excelsior Fire District
Statement of Net Assets
December 31, 2023 and 2022

	2023	2022
Assets	\$ 8,718,546	\$ 10,618,200
Deferred Outflows of Resources	1,420,581	682,020
Liabilities	1,068,135	1,190,499
Deferred Inflows of Resources	579,070	1,333,749
Net Position	\$ 8,491,922	\$ 8,775,972

Excelsior Fire District
Summary Statement of Activities
For the Years Ended December 31, 2023 and 2022

	2023	2022
Charges for Services	\$ 2,145,484	\$ 2,040,965
Operating Grants and Contributions	719	-
Capital Grants and Contributions	-	75,000
Expenses	(2,446,618)	(1,159,259)
Net Revenues	(300,415)	956,706
General Revenues	16,365	17,976
Change in Net Position	(284,050)	974,682
Net Position, January 1 as Restated	8,775,972	7,801,290
Net Position, December 31	\$ 8,491,922	\$ 8,775,972

City of Excelsior, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 5: Joint Powers Agreements (Continued)

According to a formula in the agreement, the City's share of the District's budget is 10.64 percent. Payments to the District in 2023 totaled \$265,684. The District issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the Excelsior Fire District, 24100 Smithtown Road, Shorewood, Minnesota 55331.

C. St. Alban's Bay Lake Improvement District

In February 2015, the City, along with the city of Greenwood, entered a joint powers agreement for the Lake Improvement District to be established for the management and control of Aquatic Invasive Species in St. Alban's Bay, Lake Minnetonka. The parties have determined that each City is more economically and efficiently served by establishing the Lake Improvement District together to manage and monitor the water resource.

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. An excess coverage insurance policy covers individual claims in excess of \$1,000,000. 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 three 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. The City has no outstanding debt subject to the limit.

C. Tax Increment Districts

The City's tax increment districts are subject to review by the State of Minnesota Office of the State Auditor (OSA). Any disallowed claims or misuse of tax increments could become a liability of the applicable fund. Management has indicated that they are not aware of any instances of noncompliance which would have a material effect on the financial statements.

The City has entered into "pay as you go" Tax Increment Financing notes within its TIF districts. These notes are payable only to the extent of the increment received. As a result, they are a commitment within the district but they have not met the criteria to be reported as a liability on the statement of net position.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF EXCELSIOR
EXCELSIOR, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2023

City of Excelsior, Minnesota
Required Supplementary Information
December 31, 2023

Schedule of Employer's Share of PERA Net Pension Liability - General Employees 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+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/23	0.0149 %	\$ 833,191	\$ 22,952	\$ 856,143	\$ 1,183,589	70.4 %	83.1 %
06/30/22	0.0136	1,077,122	31,581	1,108,705	1,021,407	105.5	76.7
06/30/21	0.0124	529,536	16,198	545,734	862,230	61.4	87.0
06/30/20	0.0111	665,496	20,446	685,942	819,414	83.7	79.0
06/30/19	0.0095	525,234	16,333	541,567	670,076	80.8	80.2
06/30/18	0.0099	549,211	17,972	567,183	663,082	85.5	79.5
06/30/17	0.0101	644,777	8,104	652,881	650,346	100.4	75.9
06/30/16	0.0102	828,189	10,886	839,075	635,783	132.0	68.9
06/30/15	0.0103	533,799	-	533,799	597,559	87.8	78.2

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

Schedule of Employer's PERA Contributions - General Employees 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)
12/31/2023	\$ 95,502	\$ 95,502	\$ -	\$ 1,273,365	7.50 %
12/31/2022	85,298	85,298	-	1,137,305	7.50
12/31/2021	67,423	67,423	-	898,969	7.50
12/31/2020	64,238	64,238	-	856,513	7.50
12/31/2019	54,253	54,253	-	723,374	7.50
12/31/2018	50,273	50,273	-	670,312	7.50
12/31/2017	49,164	49,164	-	655,520	7.50
12/31/2016	47,992	47,992	-	639,888	7.50
12/31/2015	46,043	46,043	-	613,906	7.50

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

City of Excelsior, Minnesota
Required Supplementary Information (Continued)
December 31, 2023

Notes to the Required Supplementary Information - General Employee Retirement Fund

Changes in Actuarial Assumptions

2023 - The investment return assumption and single discount rate were changed from 6.5 percent to 7.00 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 Excelsior, Minnesota
Required Supplementary Information (Continued)
December 31, 2023

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

Changes in Plan Provisions

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 4.00 percent to 3.00 percent, beginning July 1, 2018. Deferred augmentation was changed to 0.00 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 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90.00 percent funding ratio to 50.00 percent of the Social Security Cost of Living Adjustment, not less than 1.00 percent and not more than 1.50 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 EXCELSIOR
EXCELSIOR, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2023

City of Excelsior, Minnesota
 Nonmajor Governmental Funds
 Combining Balance Sheet
 December 31, 2023

	<u>Special Revenue</u>			Total Nonmajor Funds
	205			
	<u>Parking Lot Maintenance</u>	<u>Capital Projects</u>	<u>Debt Service</u>	
Assets				
Cash and temporary investments	\$ 113,683	\$ 1,085,520	\$ 1,153,016	\$ 2,352,219
Receivables				
Special assessments	12,373	-	666,427	678,800
Total Assets	<u>\$ 126,056</u>	<u>\$ 1,085,520</u>	<u>\$ 1,819,443</u>	<u>\$ 3,031,019</u>
Liabilities				
Accounts payable	\$ 4,931	\$ 347,843	\$ -	\$ 352,774
Accrued salaries payable	440	-	-	440
Total Liabilities	<u>5,371</u>	<u>347,843</u>	<u>-</u>	<u>353,214</u>
Deferred Inflows of Resources				
Unavailable revenue - special assessments	12,373	-	666,427	678,800
Fund Balances				
Restricted for				
Debt service	-	-	1,190,103	1,190,103
Tax increment financing district	-	12,042	-	12,042
Park improvements	-	727,819	-	727,819
Assigned for				
Parking lot maintenance	108,312	-	-	108,312
Unassigned	-	(2,184)	(37,087)	(39,271)
Total Fund Balances	<u>108,312</u>	<u>737,677</u>	<u>1,153,016</u>	<u>1,999,005</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 126,056</u>	<u>\$ 1,085,520</u>	<u>\$ 1,819,443</u>	<u>\$ 3,031,019</u>

City of Excelsior, Minnesota
 Nonmajor Governmental Funds
 Combining Statement of Revenues, Expenditures and
 Changes in Fund Balances
 For the Year Ended December 31, 2023

	<u>Special Revenue</u>			Total Nonmajor Funds
	205			
	<u>Parking Lot Maintenance</u>	<u>Capital Projects</u>	<u>Debt Service</u>	
Revenues				
Taxes	\$ -	\$ 180,502	\$ 662,395	\$ 842,897
Intergovernmental	-	-	4,924	4,924
Charges for services	71,031	-	-	71,031
Special assessments	10,259	-	157,232	167,491
Interest on investments	2,762	25,669	22,053	50,484
Miscellaneous				
Refunds and reimbursements	-	15,842	-	15,842
Contributions and donations	-	70,892	1,389	72,281
Total Revenues	<u>84,052</u>	<u>292,905</u>	<u>847,993</u>	<u>1,224,950</u>
Expenditures				
Current				
Public works	51,183	-	-	51,183
Capital outlay				
Culture and recreation	-	140,897	-	140,897
Housing and economic development	-	200,069	-	200,069
Debt service				
Principal	-	-	991,296	991,296
Interest and other	-	-	482,900	482,900
Total Expenditures	<u>51,183</u>	<u>340,966</u>	<u>1,474,196</u>	<u>1,866,345</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>32,869</u>	<u>(48,061)</u>	<u>(626,203)</u>	<u>(641,395)</u>
Other Financing Sources (Uses)				
Transfers in	-	-	700,000	700,000
Bonds issued	-	-	373,813	373,813
Transfers out	-	(18,746)	-	(18,746)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(18,746)</u>	<u>1,073,813</u>	<u>1,055,067</u>
Net Change in Fund Balances	32,869	(66,807)	447,610	413,672
Fund Balances, January 1	<u>75,443</u>	<u>804,484</u>	<u>705,406</u>	<u>1,585,333</u>
Fund Balances, December 31	<u>\$ 108,312</u>	<u>\$ 737,677</u>	<u>\$ 1,153,016</u>	<u>\$ 1,999,005</u>

City of Excelsior, Minnesota
 Nonmajor Capital Projects Funds
 Combining Balance Sheet
 December 31, 2023

	403 Park Improvement	407 TIF 1-1 Project	408 TIF 1-2 Project	410 TIF 2-1 Project	Escrows	Total
Assets						
Cash and temporary investments	<u>\$ 755,204</u>	<u>\$ 10,760</u>	<u>\$ 1,282</u>	<u>\$ 92,350</u>	<u>\$ 225,924</u>	<u>\$ 1,085,520</u>
Liabilities						
Accounts payable	<u>\$ 27,385</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 94,534</u>	<u>\$ 225,924</u>	<u>\$ 347,843</u>
Fund Balances						
Restricted for						
Tax increment financing district	-	10,760	1,282	-	-	12,042
Park improvements	727,819	-	-	-	-	727,819
Unassigned	-	-	-	(2,184)	-	(2,184)
Total Fund Balances	<u>727,819</u>	<u>10,760</u>	<u>1,282</u>	<u>(2,184)</u>	<u>-</u>	<u>737,677</u>
Total Liabilities and Fund Balances	<u>\$ 755,204</u>	<u>\$ 10,760</u>	<u>\$ 1,282</u>	<u>\$ 92,350</u>	<u>\$ 225,924</u>	<u>\$ 1,085,520</u>

City of Excelsior, Minnesota
 Nonmajor Capital Projects Funds
 Combining Statement of Revenues, Expenditures and
 Changes in Fund Balances
 For the Year Ended December 31, 2023

	403 Park Improvement	407 TIF 1-1 Project	408 TIF 1-2 Project	410 TIF 2-1 Project	Escrows	Total
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ 180,502	\$ -	\$ 180,502
Interest on investments	22,278	309	88	2,994	-	25,669
Miscellaneous						
Refunds and reimbursements	15,842	-	-	-	-	15,842
Contributions and donations	70,892	-	-	-	-	70,892
Total Revenues	<u>109,012</u>	<u>309</u>	<u>88</u>	<u>183,496</u>	<u>-</u>	<u>292,905</u>
Expenditures						
Capital outlay						
Culture and recreation	140,897	-	-	-	-	140,897
Housing and economic development	-	-	3,600	196,469	-	200,069
Total Expenditures	<u>140,897</u>	<u>-</u>	<u>3,600</u>	<u>196,469</u>	<u>-</u>	<u>340,966</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(31,885)	309	(3,512)	(12,973)	-	(48,061)
Other Financing Sources (Uses) Transfers out	<u>(18,746)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(18,746)</u>
Net Change in Fund Balances	(50,631)	309	(3,512)	(12,973)	-	(66,807)
Fund Balances, January 1	<u>778,450</u>	<u>10,451</u>	<u>4,794</u>	<u>10,789</u>	<u>-</u>	<u>804,484</u>
Fund Balances, December 31	<u>\$ 727,819</u>	<u>\$ 10,760</u>	<u>\$ 1,282</u>	<u>\$ (2,184)</u>	<u>\$ -</u>	<u>\$ 737,677</u>

City of Excelsior, Minnesota
 Nonmajor Debt Service Funds
 Combining Balance Sheet
 December 31, 2023

	G.O. Bonds 2010A	G.O. Bonds 2017A	G.O. Bonds 2019A	G.O. Bonds 2020A	G.O. Bonds 2021A	G.O. Bonds 2022A	TIF Bonds 2023A	Total
Assets								
Cash and temporary investments	\$ 43,528	\$ 273,763	\$ 260,022	\$ 50,112	\$ 188,865	\$ (37,087)	\$ 373,813	\$ 1,153,016
Receivables								
Special assessments	11,229	218,944	104,925	-	331,329	-	-	666,427
Total Assets	<u>\$ 54,757</u>	<u>\$ 492,707</u>	<u>\$ 364,947</u>	<u>\$ 50,112</u>	<u>\$ 520,194</u>	<u>\$ (37,087)</u>	<u>\$ 373,813</u>	<u>\$ 1,819,443</u>
Deferred Inflows of Resources								
Unavailable revenue - special assessments	\$ 11,229	\$ 218,944	\$ 104,925	\$ -	\$ 331,329	\$ -	\$ -	\$ 666,427
Fund Balances								
Restricted for								
Debt service	43,528	273,763	260,022	50,112	188,865	-	373,813	1,190,103
Unassigned	-	-	-	-	-	(37,087)	-	(37,087)
Total Fund Balances	<u>43,528</u>	<u>273,763</u>	<u>260,022</u>	<u>50,112</u>	<u>188,865</u>	<u>(37,087)</u>	<u>373,813</u>	<u>1,153,016</u>
Total Deferred Inflows of Resources and Fund Balances	<u>\$ 54,757</u>	<u>\$ 492,707</u>	<u>\$ 364,947</u>	<u>\$ 50,112</u>	<u>\$ 520,194</u>	<u>\$ (37,087)</u>	<u>\$ 373,813</u>	<u>\$ 1,819,443</u>

City of Excelsior, Minnesota
 Nonmajor Debt Service Funds
 Combining Statement of Revenues, Expenditures and
 Changes in Fund Balances
 For the Year Ended December 31, 2023

	G.O. Bonds 2010A	G.O. Bonds 2017A	G.O. Bonds 2019A	G.O. Bonds 2020A	G.O. Bonds 2021A	G.O. Bonds 2022A	TIF Bonds 2023A	Total
Revenues								
Taxes	\$ 100,000	\$ 80,198	\$ 152,486	\$ 96,635	\$ 233,076	\$ -	\$ -	\$ 662,395
Intergovernmental	4,924	-	-	-	-	-	-	4,924
Special assessments	5,526	34,266	17,365	-	100,075	-	-	157,232
Interest on investments	1,362	7,959	7,418	1,610	3,704	-	-	22,053
Miscellaneous	-	-	-	-	-	-	-	-
Contributions and donations	-	-	-	-	1,389	-	-	1,389
Total Revenues	111,812	122,423	177,269	98,245	338,244	-	-	847,993
Expenditures								
Debt service								
Principal	106,296	90,000	95,000	55,000	120,000	525,000	-	991,296
Interest and other	18,380	31,738	71,890	37,650	111,155	212,087	-	482,900
Total Expenditures	124,676	121,738	166,890	92,650	231,155	737,087	-	1,474,196
Excess (Deficiency) of Revenues								
Over (Under) Expenditures	(12,864)	685	10,379	5,595	107,089	(737,087)	-	(626,203)
Other Financing Sources (Uses)								
Transfers in	-	-	-	-	-	700,000	-	700,000
Bonds issued	-	-	-	-	-	-	373,813	373,813
Total Other Financing Sources (Uses)	-	-	-	-	-	700,000	373,813	1,073,813
Net Change in Fund Balances	(12,864)	685	10,379	5,595	107,089	(37,087)	373,813	447,610
Fund Balances, January 1	56,392	273,078	249,643	44,517	81,776	-	-	705,406
Fund Balances, December 31	\$ 43,528	\$ 273,763	\$ 260,022	\$ 50,112	\$ 188,865	\$ (37,087)	\$ 373,813	\$ 1,153,016

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City of Excelsior, Minnesota
 Nonmajor Proprietary Funds
 Combining Statement of Net Position
 December 31, 2023

	Business-type Activities - Enterprise Funds		
	Solid Waste	Street Lighting	Total
Assets			
Current Assets			
Cash and temporary investments	\$ (22,736)	\$ 65,148	\$ 42,412
Accounts receivable	2,514	22,183	24,697
Total Current Assets	<u>(20,222)</u>	<u>87,331</u>	<u>67,109</u>
Capital Assets, at Cost	12,665	20,638	33,303
Less Accumulated Depreciation	<u>(12,665)</u>	<u>(14,845)</u>	<u>(27,510)</u>
Net Capital Assets	<u>-</u>	<u>5,793</u>	<u>5,793</u>
Total Assets	<u>(20,222)</u>	<u>93,124</u>	<u>72,902</u>
Deferred Outflows of Resources			
Deferred pension resources	<u>357</u>	<u>3,414</u>	<u>3,771</u>
Liabilities			
Current Liabilities			
Accounts payable	2,752	3,385	6,137
Due to other governments	2,399	-	2,399
Accrued salaries payable	-	518	518
Compensated absences payable	710	389	1,099
Total Current Liabilities	<u>5,861</u>	<u>4,292</u>	<u>10,153</u>
Noncurrent Liabilities			
Compensated absences payable	1,658	908	2,566
Net pension liability	970	11,228	12,198
Total Noncurrent Liabilities	<u>2,628</u>	<u>12,136</u>	<u>14,764</u>
Total Liabilities	<u>8,489</u>	<u>16,428</u>	<u>24,917</u>
Deferred Inflows of Resources			
Deferred pension resources	<u>391</u>	<u>3,333</u>	<u>3,724</u>
Net Position			
Invested in capital assets	-	5,793	5,793
Unrestricted	<u>(28,745)</u>	<u>70,984</u>	<u>42,239</u>
Total Net Position	<u>\$ (28,745)</u>	<u>\$ 76,777</u>	<u>\$ 48,032</u>

City of Excelsior, Minnesota
 Nonmajor Proprietary Funds
 Combining Statement of Revenues, Expenses and
 Changes in Net Position
 For the Year Ended December 31, 2023

	Business-type Activities - Enterprise Funds		
	Solid Waste	Street Lighting	Total
Operating Revenues			
Charges for services	\$ 13,641	\$ 66,173	\$ 79,814
Operating Expenses			
Personnel services	(6,467)	(16,660)	(23,127)
Supplies	-	984	984
Other services and charges	19,885	47,330	67,215
Depreciation	-	2,298	2,298
Total Operating Expenses	<u>13,418</u>	<u>33,952</u>	<u>47,370</u>
Operating Income (Loss)	<u>223</u>	<u>32,221</u>	<u>32,444</u>
Nonoperating Revenues			
Interest on investments	-	1,794	1,794
Special assessments	706	-	706
Other income	-	1	1
Total Nonoperating Revenues	<u>706</u>	<u>1,795</u>	<u>2,501</u>
Change in Net Position	929	34,016	34,945
Net Position, January 1	<u>(29,674)</u>	<u>42,761</u>	<u>13,087</u>
Net Position, December 31	<u>\$ (28,745)</u>	<u>\$ 76,777</u>	<u>\$ 48,032</u>

City of Excelsior, Minnesota
Nonmajor Proprietary Funds
Combining Statement of Cash Flows
For the Year Ended December 31, 2023

	Business-type Activities - Enterprise Funds		
	Solid Waste	Street Lighting	Total
Cash Flows from Operating Activities			
Receipts from customers	\$ 12,916	\$ 65,118	\$ 78,034
Payments to suppliers	(17,946)	(38,219)	(56,165)
Payments to employees	(2,462)	(21,635)	(24,097)
Net Cash Provided (Used) by Operating Activities	(7,492)	5,264	(2,228)
Cash Flows from Investing Activities			
Interest on investments	-	1,794	1,794
Net Increase (Decrease) in Cash and Cash Equivalents	(7,492)	7,058	(434)
Cash and Cash Equivalents, January 1	(15,244)	58,090	42,846
Cash and Cash Equivalents, December 31	<u>\$ (22,736)</u>	<u>\$ 65,148</u>	<u>\$ 42,412</u>
Reconciliation of Operating Income (loss) to Net Cash Provided (Used) by Operating Activities			
Operating income (loss)	\$ 223	\$ 32,221	\$ 32,444
Adjustments to reconcile operating income to net cash provided (used) by operating activities			
Other income related to operations	706	1	707
Depreciation	-	2,298	2,298
(Increase) decrease in assets/deferred outflows			
Receivables			
Accounts	(1,431)	(1,056)	(2,487)
Prepaid items	-	9,906	9,906
Deferred pension resources	13,078	1,494	14,572
Increase (decrease) in liabilities/deferred inflows			
Accounts payable	2,750	189	2,939
Accrued salaries payable	(1,006)	132	(874)
Compensated absences payable	(426)	(116)	(542)
Due to other governments	(811)	-	(811)
Net pension liability	(20,387)	(42,963)	(63,350)
Deferred pension resources	(188)	3,158	2,970
Net Cash Provided (Used) by Operating Activities	<u>\$ (7,492)</u>	<u>\$ 5,264</u>	<u>\$ (2,228)</u>

City of Excelsior, 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, 2023
(With Comparative Actual Amounts for the Year Ended December 31, 2022)

	2023			Variance with Final Budget	2022
	Budgeted Amounts		Actual Amounts		Actual
	Original	Final			Amounts
Revenues					
Taxes					
Property	\$ 1,706,679	\$ 1,706,679	\$ 1,669,748	\$ (36,931)	\$ 1,573,542
Franchise	70,750	70,750	70,386	(364)	53,015
Total taxes	<u>1,777,429</u>	<u>1,777,429</u>	<u>1,740,134</u>	<u>(37,295)</u>	<u>1,626,557</u>
Licenses and permits					
Business	165,360	165,360	165,555	195	162,727
Nonbusiness	183,750	183,750	291,339	107,589	232,005
Total licenses and permits	<u>349,110</u>	<u>349,110</u>	<u>456,894</u>	<u>107,784</u>	<u>394,732</u>
Intergovernmental					
State					
Other	-	-	106,549	106,549	14,217
County					
Highway aid	-	-	7,801	7,801	14,816
Total intergovernmental	<u>-</u>	<u>-</u>	<u>114,350</u>	<u>114,350</u>	<u>29,033</u>
Charges for services					
General government	109,550	109,550	190,609	81,059	145,444
Public works	350,000	350,000	494,840	144,840	414,769
Culture and recreation	18,500	18,500	27,247	8,747	24,178
Other charges	2,000	2,000	6,431	4,431	13,600
Total charges for services	<u>480,050</u>	<u>480,050</u>	<u>719,127</u>	<u>239,077</u>	<u>597,991</u>
Fines and forfeitures	<u>45,000</u>	<u>45,000</u>	<u>89,889</u>	<u>44,889</u>	<u>70,583</u>
Special assessments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>443</u>
Interest on investments	<u>15,000</u>	<u>15,000</u>	<u>61,948</u>	<u>46,948</u>	<u>(58,620)</u>
Miscellaneous					
Other	-	-	27,267	27,267	32,173
Refunds and reimbursements	5,000	5,000	34,478	29,478	10,784
Total miscellaneous	<u>5,000</u>	<u>5,000</u>	<u>61,745</u>	<u>56,745</u>	<u>42,957</u>
Total Revenues	<u>2,671,589</u>	<u>2,671,589</u>	<u>3,244,087</u>	<u>572,498</u>	<u>2,703,676</u>

City of Excelsior, Minnesota
General Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual (Continued)
For the Year Ended December 31, 2023
(With Comparative Actual Amounts for the Year Ended December 31, 2022)

	2023			Variance with Final Budget	2022
	Budgeted Amounts		Actual		Actual
	Original	Final	Amounts		Amounts
Expenditures					
Current					
General government					
Legislative					
Personal services	\$ 14,211	\$ 14,211	\$ 14,367	\$ (156)	\$ 14,209
Supplies	-	-	18	(18)	-
Other services and charges	7,450	7,450	13,009	(5,559)	8,602
Total legislative	<u>21,661</u>	<u>21,661</u>	<u>27,394</u>	<u>(5,733)</u>	<u>22,811</u>
City manager / clerk					
Personal services	275,939	275,939	238,803	37,136	234,712
Other services and charges	6,600	6,600	23,813	(17,213)	7,576
Total city manager / clerk	<u>282,539</u>	<u>282,539</u>	<u>262,616</u>	<u>19,923</u>	<u>242,288</u>
City clerk					
Personal services	-	-	-	-	186
Elections and voter registration					
Personal services	-	-	-	-	2,439
Supplies	-	-	843	(843)	583
Other services and charges	1,000	1,000	111	889	1,495
Total elections and voter registration	<u>1,000</u>	<u>1,000</u>	<u>954</u>	<u>46</u>	<u>4,517</u>
Finance					
Personal services	77,179	77,179	72,923	4,256	67,883
Other services and charges	2,660	2,660	2,668	(8)	1,792
Total finance	<u>79,839</u>	<u>79,839</u>	<u>75,591</u>	<u>4,248</u>	<u>69,675</u>
Planning and zoning					
Personal services	170,837	170,837	125,497	45,340	104,636
Supplies	2,000	2,000	30	1,970	112
Other services and charges	18,600	18,600	26,122	(7,522)	25,543
Total planning and zoning	<u>191,437</u>	<u>191,437</u>	<u>151,649</u>	<u>39,788</u>	<u>130,291</u>
Administration					
Supplies	7,400	7,400	4,329	3,071	3,883
Other services and charges	316,338	316,338	355,455	(39,117)	270,343
Total administration	<u>323,738</u>	<u>323,738</u>	<u>359,784</u>	<u>(36,046)</u>	<u>274,226</u>
Heritage preservation					
Other services and charges	2,800	2,800	5,484	(2,684)	14,229
Total general government	<u>903,014</u>	<u>903,014</u>	<u>883,472</u>	<u>19,542</u>	<u>758,223</u>

City of Excelsior, Minnesota
General Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual (Continued)
For the Year Ended December 31, 2023
(With Comparative Actual Amounts for the Year Ended December 31, 2022)

	2023			2022	
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (continued)					
Public safety					
Police protection					
Supplies	\$ -	\$ -	\$ 424	\$ (424)	\$ -
Other services and charges	871,693	871,693	845,399	26,294	876,577
Total	<u>871,693</u>	<u>871,693</u>	<u>845,823</u>	<u>25,870</u>	<u>876,577</u>
Fire protection					
Other services and charges	278,640	278,640	279,640	(1,000)	267,684
Protective inspection					
Other services and charges	55,000	55,000	83,869	(28,869)	50,564
Total public safety	<u>1,205,333</u>	<u>1,205,333</u>	<u>1,209,332</u>	<u>(3,999)</u>	<u>1,194,825</u>
Public works					
Engineering					
Other services and charges	32,000	32,000	46,924	(14,924)	42,209
Streets					
Personal services	164,570	164,570	152,629	11,941	152,280
Supplies	64,700	64,700	75,074	(10,374)	44,691
Other services and charges	45,510	45,510	128,436	(82,926)	68,748
Total streets	<u>274,780</u>	<u>274,780</u>	<u>356,139</u>	<u>(81,359)</u>	<u>265,719</u>
Total public works	<u>306,780</u>	<u>306,780</u>	<u>403,063</u>	<u>(96,283)</u>	<u>307,928</u>
Culture and recreation					
Parks					
Personal services	309,224	309,224	282,982	26,242	187,539
Supplies	25,900	25,900	25,695	205	27,014
Other services and charges	84,868	84,868	113,546	(28,678)	66,647
Total culture and recreation	<u>419,992</u>	<u>419,992</u>	<u>422,223</u>	<u>(2,231)</u>	<u>281,200</u>
Miscellaneous					
Cemetery					
Personal services	32,070	32,070	29,316	2,754	26,885
Supplies	2,600	2,600	2,246	354	1,792
Other services and charges	1,800	1,800	3,737	(1,937)	2,735
Total miscellaneous	<u>36,470</u>	<u>36,470</u>	<u>35,299</u>	<u>1,171</u>	<u>31,412</u>
Total current	<u>2,871,589</u>	<u>2,871,589</u>	<u>2,953,389</u>	<u>(81,800)</u>	<u>2,573,588</u>

City of Excelsior, Minnesota
 General Fund
 Schedule of Revenues, Expenditures and
 Changes in Fund Balances - Budget and Actual (Continued)
 For the Year Ended December 31, 2023
 (With Comparative Actual Amounts for the Year Ended December 31, 2022)

	2023			Variance with Final Budget	2022
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Expenditures (Continued)					
Capital outlay					
General government	\$ -	\$ -	\$ 20,298	\$ (20,298)	\$ 12,519
Public works	-	-	781	(781)	190
Culture and recreation	-	-	18,475	(18,475)	-
Total capital outlay	-	-	39,554	(39,554)	12,709
Total Expenditures	2,871,589	2,871,589	2,992,943	(121,354)	2,586,297
Excess (Deficiency) of Revenues Over (Under) Expenditures	(200,000)	(200,000)	251,144	451,144	117,379
Other Financing Sources (Uses)					
Transfers in	200,000	200,000	200,000	-	200,000
Transfers out	-	-	(380,213)	(380,213)	(305,681)
Total Other Financing Sources (Uses)	200,000	200,000	(180,213)	(380,213)	(105,681)
Net Change in Fund Balances	-	-	70,931	70,931	11,698
Fund Balances, January 1	1,370,547	1,370,547	1,370,547	-	1,358,849
Fund Balances, December 31	\$ 1,370,547	\$ 1,370,547	\$ 1,441,478	\$ 70,931	\$ 1,370,547

City of Excelsior, Minnesota
 Summary Financial Report
 Revenues and Expenditures For General Operations
 Governmental Funds
 For the Years Ended December 31, 2023 and 2022

	Total		Percent Increase (Decrease)
	2023	2022	
Revenues			
Taxes	\$ 3,332,175	\$ 3,542,311	(5.93) %
Special assessments	195,915	144,705	35.39
Licenses and permits	456,894	394,732	15.75
Intergovernmental	1,028,994	43,044	2,290.56
Charges for services	792,844	730,329	8.56
Fines and forfeitures	89,889	70,583	27.35
Interest on investments	342,279	(112,032)	(405.52)
Miscellaneous	186,620	259,980	(28.22)
	<u>\$ 6,425,610</u>	<u>\$ 5,073,652</u>	
Total Revenues			26.65 %
Per Capita	\$ 2,838	\$ 2,211	28.38 %
Expenditures			
Current			
General government	\$ 883,472	\$ 758,223	16.52 %
Public safety	1,209,332	1,194,825	1.21
Public works	454,246	356,860	27.29
Culture and recreation	422,223	281,200	50.15
Miscellaneous	35,299	31,412	12.37
Capital outlay			
General government	2,198,754	34,522	6,269.14
Public works	472,114	2,124,635	(77.78)
Culture and recreation	1,963,079	2,351,301	(16.51)
Housing and economic development	2,526,334	208,349	1,112.55
Debt service			
Principal payments	991,296	326,110	203.98
Interest and other charges	482,900	367,926	31.25
Bond issuance costs	155,536	-	N/A
	<u>\$ 11,794,585</u>	<u>\$ 8,035,363</u>	
Total Expenditures			46.78 %
Per Capita	\$ 5,210	\$ 3,740	39.31 %
Total Long-term Indebtedness	\$ 21,154,614	\$ 15,662,830	35.06 %
Per Capita	9,344	6,825	36.91
General Fund Balance - December 31	\$ 1,441,478	\$ 1,370,547	5.18 %
Per Capita	637	597	6.62

The purpose of this report is to provide a summary of financial information concerning the City of Excelsior to interested citizen. The complete financial statements may be examined at City Hall, 339 Third Street, Excelsior, MN 55331. Questions about this report should be directed to Kristi Luger, City Manager at (952) 653-3672.

OTHER REQUIRED REPORTS

CITY OF EXCELSIOR
EXCELSIOR, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2023

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**INDEPENDENT AUDITOR’S REPORT
ON MINNESOTA LEGAL COMPLIANCE**

Honorable Mayor and City Council
City of Excelsior, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Excelsior, Minnesota (the City), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated July 17, 2024.

In connection with our audit, nothing came to our attention that caused us to believe that the City failed to comply with the provisions of the contracting 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
July 17, 2024

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

Honorable Mayor and City Council
City of Excelsior, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Excelsior, Minnesota (the City), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated July 17, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2023-001 and 2023-002 to be significant deficiencies.

Report on Compliance and Other Matters

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

The City's Responses to the Findings

The City's responses to the findings identified in our audit is described in the accompanying Schedule of Findings and Responses. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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



Abdo
Minneapolis, Minnesota
July 17, 2024



City of Excelsior, Minnesota
Schedule of Findings and Responses
For the Year Ended December 31, 2023

<u>Finding</u>	<u>Description</u>
2023- 001	Limited Segregation of Duties
<i>Condition:</i>	During our audit, we reviewed procedures over the City's major transaction cycles. During our examination of these major cycles, we noted that the utility billing, cash disbursements, payroll and cash receipts cycles had limited segregation of duties.
<i>Criteria:</i>	There are four general categories of duties: authorization, custody, recording and reconciliation. In an ideal system, different employees perform each of these four major functions. In other words, no one person has control of two or more of these responsibilities.
<i>Cause:</i>	As a result of the limited number of staff, the City is not able to completely segregate all accounting functions. Currently the Finance Director has duties in more than one category, as described above, for the utility billing, cash disbursements, payroll and cash receipts cycles.
<i>Effect:</i>	The existence of this limited segregation of duties increases the risk of fraud and errors.
<i>Recommendation:</i>	While we recognize the current staff is not large enough to eliminate this deficiency, we recommend the City ensure its current controls are being followed by staff. Invoice approval is an important control step which provides better evidence of approval for the purchasing process. The city should continue to evaluate its internal controls on a regular basis.
<i>Management Response:</i>	
	The City agrees with the audit finding. Although no additional staff are proposed to be hired, the City will ensure compensating controls exist to reduce the risk of fraud or errors and will evaluate such controls on a regular basis.

City of Excelsior, Minnesota
Schedule of Findings and Responses (Continued)
For the Year Ended December 31, 2023

<u>Finding</u>	<u>Description</u>
2023-002	Preparation of Financial Statements
<i>Condition:</i>	As in prior years, we were requested to draft the audited financial statements and related footnote disclosures as part of our regular audit services. Auditing standards require auditors to communicate this situation to the City Council as an internal control deficiency. Ultimately, it is management's responsibility to provide for the preparation of your statements and footnotes, and the responsibility of the auditor to determine the fairness of presentation of those statements. From a practical standpoint we do both for you at the same time in connection with our audit. This is not unusual for us to do with organizations of your size. However, based on recent auditing standards, it is our responsibility to inform you that this deficiency could result in a material misstatement to the financial statements that could have been prevented or detected by your management. Essentially, the auditors cannot be part of your internal control process.
<i>Criteria:</i>	Internal controls should be in place to provide reasonable assurance over financial reporting.
<i>Cause:</i>	From a practical standpoint we do both for you at the same time in connection with our audit. This is not unusual for us to do with organization of your size.
<i>Effect:</i>	The effectiveness of the internal control system relies on enforcement by management. The effect of deficiencies in internal controls can result in undetected errors in financial reporting.
<i>Recommendation:</i>	It is your responsibility to make the ultimate decision to accept this degree of risk associated with this condition because of cost or other considerations. As in prior years, we have instructed management to review a draft of the auditor prepared financials in detail for their accuracy; we have answered any questions they might have, and have encouraged research of any accounting guidance in connection with the adequacy and appropriateness of classification of disclosure in your statements. We are satisfied that the appropriate steps have been taken to provide you with the completed financial statements. While the City is reviewing the financial statements, we recommend the City agree its financial software to the numbers reported in the financial statements.
<i>Management Response:</i>	
	The finding will be reviewed in future years with a new Finance Director in place.