CITY OF BLACKDUCK, MINNESOTA

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2024

CITY OF BLACKDUCK, MINNESOTA
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2024

CITY OF BLACKDUCK, MINNESOTA
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2024

CITY OF BLACKDUCK, MINNESOTA
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2024

CITY OF BLACKDUCK, MINNESOTA
OFFICIAL DIRECTORY
YEAR ENDED DECEMBER 31, 2024
(UNAUDITED)

		Term Expires
Mayor	Maxwell Gullette	December 31, 2024
Vice-Mayor	Nick Seitz	December 21, 2024
Council	Donald Johnson	December 21, 2024
	Ronald Fredrickson	December 21, 2026
	Laurie Hamilton	December 21, 2026
Administrator	Christina Regas	Appointive

CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and
Members of City Council
City of Blackduck
Blackduck, Minnesota

Report on the Audit of 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 Blackduck, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City of Blackduck's basic financial statements as listed in the table of contents.

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Blackduck 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.

Emphasis of Matter – Correction of an Error and Changes to or within Financial Reporting Entity

As discussed in Note 9 to the financial statements, the City of Blackduck restated its beginning net position to correct errors to fund balance for Aggregate Remaining and Golf funds related to interfund long term debt not included on the fund level. Additionally, there was a change in the House and Redevelopment Authority fund reclassified from a custodial fund to a blended component unit presented as a special revenue fund.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Blackduck'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.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Blackduck's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Blackduck'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, schedules of the City's proportionate share of the net pension liability, schedules of pension contributions, the schedule of changes in net position liability and related ratios – Blackduck Fire Relief Association, schedule of employer and nonemployer contributions – Blackduck Fire Relief Association, schedule of investment returns – Blackduck Fire Relief Association the schedule of changes in the total OPEB liability and related ratios be presented to supplement the basic financial statements, and the budgetary comparisons schedules. 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Blackduck's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual fund financial statements and schedules, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Honorable Mayor and
Members of City Council
City of Blackduck

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 14, 2025, on our consideration of the City of Blackduck's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Blackduck'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 of Blackduck's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
August 14, 2025

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

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded liabilities and deferred inflows of resources by $5,162,106. Of this amount, $777,939 may be used to meet the government's ongoing obligations in accordance with the City's fund designations and fiscal policies.

- The City's governmental funds reported combined ending fund balances of $1,937,076. Of this total amount, approximately 88%, or $684,412 is available for spending at the City's discretion.

- At the end of the year, the total unassigned fund balance for the City's governmental funds was $266,149.

- Total outstanding debt was $3,693,849 at the end of the year. The majority of the debt has primary revenue sources to cover debt service payments from sources other than property taxes. Special assessment and revenue debt account for $3,136,059 or 85% of the bonded debt.

OVERVIEW OF THE FINANCIAL SECTION

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

- *Government-Wide Financial Statements* provide information about the activities of the City as a whole and present a longer-term view of City finances.

- *Fund Financial Statements* provide detailed information on significant City funds.

- *Notes to the Financial Statements* provide additional information essential to understanding the government-wide and fund statements.

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

Government-Wide Financial Statements

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

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

OVERVIEW OF THE FINANCIAL SECTION

Government-Wide Financial Statements (Continued)

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

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

The government-wide financial statements can be found on pages 13 and 14 of this report.

Fund Financial Statements

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

Governmental Funds

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

The basic governmental fund financial statements can be found on pages 15 through 19 of this report.

Proprietary Funds

The City maintains one type of proprietary fund, enterprise funds.

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its municipal liquor operations and public utility (water and sewer) services.

Proprietary funds provide the same information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 20 through 23 of this report.

OVERVIEW OF THE FINANCIAL SECTION

Fund Financial Statements (Continued)

Custodial Funds

The City is the trustee, or custodian, for assets that belong to others. The City is responsible for ensuring that only those to whom the assets belong use the assets reported in these funds. The City's custodial activities are reported in a separate financial statement. We exclude these activities from the government-wide financial statements because the City cannot use these assets to finance its operations. The custodial financial statements can be found on pages 24 and 25 of this report.

Notes to Financial Statements

The notes provide additional information essential to the full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26 through 70 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, over time, net position may serve as a useful indicator of a government's financial position. At the end of 2024, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $5,162,106.

The largest portion of the City's net position, 58%, reflects its Net Investment in Capital Assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Statements of Net Position
December 31, 2024 and 2023

	Governmental Activities		Business-Type Activities		Totals	
	2024	2023	2024	2023	2024	2023
ASSETS						
Current and Other Assets	$ 2,282,265	$ 2,074,133	$ 1,171,768	$ 1,155,896	$ 3,454,033	$ 3,230,029
Capital Assets, Net of Depreciation	4,233,693	4,355,013	2,456,229	2,576,273	6,689,922	6,931,286
Total Assets	6,515,958	6,429,146	3,627,997	3,732,169	10,143,955	10,161,315
DEFERRED OUTFLOWS OF RESOURCES *	206,995	276,819	80,669	127,419	287,664	404,238
LIABILITIES						
Long-Term Liabilities Outstanding	2,518,815	2,742,549	1,669,560	1,764,729	4,188,375	4,507,278
Other Liabilities	243,469	298,150	644,144	463,688	887,613	761,838
Total Liabilities	2,762,284	3,040,699	2,313,704	2,228,417	5,075,988	5,269,116
DEFERRED INFLOWS OF RESOURCES	263,439	247,413	158,618	97,454	422,057	344,867
NET POSITION						
Net Investments in Capital Assets	1,894,842	2,055,325	1,104,445	1,124,164	2,999,287	3,179,489
Restricted	1,354,635	1,293,592	30,245	43,783	1,384,880	1,337,375
Unrestricted	442,301	68,936	335,638	365,770	777,939	434,706
Total Net Position	$ 3,691,778	$ 3,417,853	$ 1,470,328	$ 1,533,717	$ 5,162,106	$ 4,951,570

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

A portion of the City's net position, approximately 27%, represents resources subject to restrictions on how they may be used. The remaining balance of unrestricted net position, $777,939 may be used to meet the government's ongoing obligations to citizens and creditors.

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

Governmental Activities

Net position of the City's governmental activities increased by $255,715.

Business-type Activities

Net position of the City's business-type activities decreased by $322,578.

Statements of Revenues, Expenses, and Changes in Net Position
Years Ended December 31, 2024 and 2023

	Governmental Activities		Business-Type Activities		Totals	
	2024	2023	2024	2023	2024	2023
REVENUES						
Program Revenues:						
Charges for Services	$ 441,024	$ 412,483	$ 2,220,976	$ 2,132,580	$ 2,662,000	$ 2,545,063
Operating Grants and Contributions	3,469	80,828	-	-	3,469	80,828
Capital Grants and Contributions	168,000	110,000	-	-	168,000	110,000
General Revenues:						
Property Taxes and Special Assessments	449,641	402,433	13,306	9,222	462,947	411,655
Grants and Aids Not Restricted for Specific Programs	408,495	411,085	9,189	-	417,684	411,085
Fines and Fees	746	172	-	-	746	172
Interest Income	51,905	32,588	27,649	20,270	79,554	52,858
Gain on Sale of Capital Assets	33,878	-	-	-	33,878	-
Rental Income	1,050	-	33,661	12,401	34,711	12,401
Other	31,872	36,828	9,851	8,698	41,723	45,526
Total Revenues	1,590,080	1,486,417	2,314,632	2,183,171	3,904,712	3,669,588
EXPENSES						
General Government	322,419	334,532	-	-	322,419	334,532
Public Safety	387,778	38,022	-	-	387,778	38,022
Streets and Highways	255,964	288,577	-	-	255,964	288,577
Economic Development	345,959	27,398	-	-	345,959	27,398
Culture and Recreation	25,190	355,367	-	-	25,190	355,367
Cemetery	12,645	9,380	-	-	12,645	9,380
Interest and Fiscal Fees	94,255	79,983	-	-	94,255	79,983
Municipal Water	-	-	296,654	314,164	296,654	314,164
Municipal Sewage Disposal	-	-	292,626	233,971	292,626	233,971
Municipal Liquor Store	-	-	1,938,085	1,673,100	1,938,085	1,673,100
Total Expenses	1,444,210	1,133,259	2,527,365	2,221,235	3,971,575	3,354,494
INCREASE (DECREASE) IN NET POSITION BEFORE TRANSFERS	145,870	353,158	(212,733)	(38,064)	(66,863)	315,094
TRANSFERS	109,845	(2,016)	(109,845)	2,016	-	-
CHANGE IN NET POSITION	255,715	351,142	(322,578)	(36,048)	(66,863)	315,094
Net Position - Beginning of Year	3,417,853	3,066,711	1,792,906	1,828,954	5,210,759	4,895,665
Change within Financial Reporting Entity (See Note 9)	18,210	-	-	-	18,210	-
NET POSITION - END OF YEAR	$ 3,691,778	$ 3,417,853	$ 1,470,328	$ 1,792,906	$ 5,162,106	$ 5,210,759

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

User fees, or charges for services, support business-type activities almost exclusively. Since public utility activities require significant physical assets to operate, any excess revenues are held for future capital expenditures to keep pace with the growing demand for services and regularly scheduled maintenance and repairs. The municipal liquor store's excess revenue is used in part to off-set revenue shortfalls in the governmental funds. Some of the excess revenue is also held for future capital expenditures.

The water and sewer rates are reviewed on an annual basis to insure they are sufficient to cover operational, debt service and depreciation costs. As part of the Water System Improvement Project and the procurement of federal grant and loan funds, the City Council has adopted a Utility Rate Policy, which will incrementally increase the water and sewer rates to ensure they are sufficient to cover expenditures and an increase in debt service.

Financial Analysis of the Government's Funds

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

Governmental Funds

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

At the end of the 2024 fiscal year, the City's governmental funds reported combined fund balances of $1,937,076. Approximately 13.7% of this total amount, or $266,149, constitutes unassigned fund balances, which is available for spending at the government's discretion. The remainder of the fund balances are made up of nonspendable of $116,277, restricted use of $1,136,387 and designated by the City of $65,729. The restricted funds could be used for the following: $29,831 for revolving loans; $74,532 for debt repayment; $793,273 for capital projects; $176,298 for tax increment financing districts; $26,048 for economic development; $13,308 for Equipment and $23,097 for the Pine Tree Park.

Proprietary Funds

The City's proprietary fund statements found on pages 20 through 23 provide the same type of information found in the government-wide financial statements, but in more detail.

The unrestricted net position in the respective proprietary funds are municipal liquor $(256,123), municipal sewage $291,972, and municipal water $324,786. Total net position before operating transfers for the current year ended decreased in the municipal water fund and increased in the municipal sewage disposal fund and the municipal liquor store fund.

General Fund Budgetary Highlights

The City did not revise its 2024 budget during the year. The 2024 budget for the General Fund anticipated expenditures and other financing uses in excess of revenues and other financing sources of $17,193. Actual results for the General Fund for 2024 show revenues and other financing sources in excess of expenditures and other financing of $55,595.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2024 amounts to $6,689,922 (net of accumulated depreciation and amortization). This investment includes land, buildings, improvements, equipment and infrastructure.

Statements of Capital Assets
Years Ended December 31, 2024 and 2023

	Governmental Activities		Business-Type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Land	$ 534,228	$ 534,228	$ 39,487	$ 39,487	$ 573,715	$ 573,715
Buildings	2,743,063	2,743,063	3,379,002	3,379,002	6,122,065	6,122,065
Furniture, Fixtures, and Equipment	2,035,123	1,843,670	94,278	94,278	2,129,401	1,937,948
Other Improvements	1,416,807	1,416,807	2,995,981	2,995,981	4,412,788	4,412,788
Construction in Progress	-	-	-	-	-	-
Right-to-Use Lease - Equipment	177,312	241,368	64,384	64,384	241,696	305,752
Less: Accumulated Depreciation and Amortization	(2,672,840)	(2,424,123)	(4,116,903)	(3,996,859)	(6,789,743)	(6,420,982)
Total	$ 4,233,693	$ 4,355,013	$ 2,456,229	$ 2,576,273	$ 6,689,922	$ 6,931,286

Additional information on the City's capital assets can be found in Note 2 on pages 42 and 43 of this report.

Long Term Debt

At the end of the current fiscal year, the City had $3,693,849 in long term bonds, notes and leases outstanding, including interfund debt. The full faith and credit of the City backs this debt. However, some of this debt has primary repayment sources other than property taxes. These primary sources include tax increment financing, special assessments and charges for services.

Statements of Long-Term Debt
Years Ended December 31, 2024 and 2023

	Governmental Activities		Business-Type Activities		Totals	
	2024	2023	2024	2023	2024	2023
General Obligation:						
Bonds	$ 194,000	$ 28,000	$ -	$ -	$ 194,000	$ 28,000
Special Assessment Bonds	-	-	12,000	23,000	12,000	23,000
Revenue Bonds	1,934,059	1,975,000	1,190,000	1,265,000	3,124,059	3,240,000
Leases Payable	41,965	113,512	6,997	13,840	48,962	127,352
Notes Payable	168,828	183,822	146,000	155,644	314,828	339,466
Total	$ 2,338,852	$ 2,300,334	$ 1,354,997	$ 1,457,484	$ 3,693,849	$ 3,757,818

A total of $214,936 was retired throughout the year. A more detailed breakdown of these obligations can be found in Note 2 on pages 44 through 47.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Economic Factors and Next Year's Budget and Rates

The City's elected officials and staff considered many factors when setting the fiscal year 2025 budget, rates, tax levy and fees, and as a result, the 2025 levy increased from 2024. Factors considered by the City included financial support for the water and sewer base rates to support the increasing maintenance costs for the infrastructure; provide financial support to the golf course, cemetery, and parks and the need to increase funding to repair and service several City streets. The City continues to strive to be fiscally responsible and yet maintain existing services to our residents while setting goals for future improvements to the City's infrastructure.

Requests for Information

This financial report is designed to provide a general overview of the City of Blackduck, Minnesota's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City of Blackduck, P.O. Box 380, Blackduck, MN 56630, or christina.regas@blackduckmn.com.

BASIC FINANCIAL STATEMENTS

CITY OF BLACKDUCK, MINNESOTA
STATEMENT OF NET POSITION
DECEMBER 31, 2024

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	$ 1,895,223	$ 837,101	$ 2,732,324
Restricted Cash	13,308	30,245	43,553
Accounts Receivable	16,584	47,346	63,930
Special Assessments Receivable	21,935	137,594	159,529
Notes Receivable	30,870	-	30,870
Property Taxes Receivable	36,928	855	37,783
Inventory	-	103,252	103,252
Prepaid Expenses	13,667	15,375	29,042
Net Pension Assets	253,750	-	253,750
Capital Assets:			
Nondepreciable Assets	534,228	39,487	573,715
Depreciable Capital Assets, Net of Depreciation and Amortization	3,699,465	2,416,742	6,116,207
Total Assets	6,515,958	3,627,997	10,143,955
DEFERRED OUTFLOWS OF RESOURCES			
Related to Pensions	201,825	71,688	273,513
Related to OPEB	5,170	8,981	14,151
Total Deferred Outflows of Resources	206,995	80,669	287,664
LIABILITIES			
Accounts Payable	28,884	101,423	130,307
Sales Tax Payable	-	12,441	12,441
Accrued Interest Payable	22,194	11,598	33,792
Accrued Salaries and Wages Payable	22,670	31,020	53,690
Due to Other Governments	-	4,384	4,384
Unearned Revenues	-	2,667	2,667
Noncurrent Liabilities:			
Due Within One Year	113,703	150,447	264,150
OPEB Liability - Due Within One Year	5,452	9,485	14,937
Due in More Than One Year	2,248,892	1,247,787	3,496,679
Net Pension Liability - More than One Year	169,721	237,142	406,863
OPEB Liability - More than One Year	156,220	271,326	427,546
Total Liabilities	2,767,736	2,079,720	4,847,456
DEFERRED INFLOWS OF RESOURCES			
Related to Pensions	263,439	158,618	422,057
Total Deferred Inflows of Resources	263,439	158,618	422,057
NET PENSION			
Net Investment in Capital Assets	1,894,842	1,104,445	2,999,287
Restricted for Economic Development	276,451	-	276,451
Restricted for Debt Service	52,338	-	52,338
Restricted for Capital Projects	748,999	-	748,999
Restricted for Pensions	253,750	-	253,750
Restricted for E-Tab Sales	-	30,245	30,245
Restricted for Other Purposes	23,097	-	23,097
Unrestricted	442,301	335,638	777,939
Total Net Position	$ 3,691,778	$ 1,470,328	$ 5,162,106

See accompanying Notes to Financial Statements.

CITY OF BLACKDUCK, MINNESOTA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024

		Program Revenues			Net Revenue (Expense) and Changes in Net Position		
					Primary Government		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES							
General Government	$ 322,419	$ 37,106	$ 1,958	$ -	$ (283,355)	$ -	$ (283,355)
Public Safety	387,778	96,440	-	155,000	(136,338)	-	(136,338)
Public Works	255,964	-	1,511	-	(254,453)	-	(254,453)
Culture and Recreation	345,959	304,765	-	13,000	(28,194)	-	(28,194)
Economic Development	25,190	-	-	-	(25,190)	-	(25,190)
Cemetery	12,645	2,713	-	-	(9,932)	-	(9,932)
Interest and Fiscal Fees	94,255	-	-	-	(94,255)	-	(94,255)
Total Governmental Activities	1,444,210	441,024	3,469	168,000	(831,717)	-	(831,717)
BUSINESS-TYPE ACTIVITIES							
Municipal Water	296,654	218,529	-	-	-	(78,125)	(78,125)
Municipal Sewage Disposal	292,626	230,383	-	-	-	(62,243)	(62,243)
Municipal Liquor Store	1,938,085	1,772,064	-	-	-	(166,021)	(166,021)
Total Business-Type Activities	2,527,365	2,220,976	-	-	-	(306,389)	(306,389)
Total Primary Government	$ 3,971,575	$ 2,662,000	$ 3,469	$ 168,000	(831,717)	(306,389)	(1,138,106)
GENERAL REVENUES AND TRANSFERS							
General Revenues:							
Property Taxes and Special Assessments					449,641	13,306	462,947
Grants and Aids Not Restricted for Specific Programs					408,495	9,189	417,684
Fines and Fees					746	-	746
Interest Income					51,905	27,649	79,554
Rental Income					1,050	33,661	34,711
Gain on sale of capital assets					33,878	-	33,878
Other					31,872	9,851	41,723
Transfers In (Out)					109,845	(109,845)	-
Total General Revenues and Transfers					1,087,432	(16,189)	1,071,243
CHANGE IN NET POSITION					255,715	(322,578)	(66,863)
Net Position - Beginning of Year, As Previously Reported					3,417,853	1,792,906	5,210,759
Change within Financial Reporting Entity (See Note 9)					18,210	-	18,210
Net Position - Beginning, As Adjusted					3,436,063	1,792,906	5,228,969
NET POSITION - END OF YEAR					$ 3,691,778	$ 1,470,328	$ 5,162,106

See accompanying Notes to Financial Statements.

CITY OF BLACKDUCK, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2024

	General Fund	Golf Fund	Revolving Loan Fund	Fire Dept Special Equipment	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash	$ 358,322	$ 2,975	$ 355,134	$ 748,999	$ 429,793	$ 1,895,223
Restricted Cash	13,308	-	-	-	-	13,308
Accounts Receivable	15,057	1,464	-	-	63	16,584
Advance from Other Funds	222,476	-	71,530	-	-	294,006
Notes Receivable	-	-	30,870	-	-	30,870
Property Taxes Receivable	32,664	528	-	-	25,671	58,863
Prepaid Expenses	13,667	-	-	-	-	13,667
Total Assets	$ 655,494	$ 4,967	$ 457,534	$ 748,999	$ 455,527	$ 2,322,521
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts Payable	$ 21,454	$ 6,513	$ -	$ -	$ 917	$ 28,884
Accrued Salaries and Wages Payable	19,823	2,352	-	-	495	22,670
Advance to Other Funds	-	244,127	-	-	49,879	294,006
Total Liabilities	41,277	252,992	-	-	51,291	345,560
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue	15,995	221	-	-	23,879	40,095
FUND BALANCES						
Nonspendable	13,667	-	102,610	-	-	116,277
Restricted	13,308	-	29,831	748,999	344,249	1,136,387
Committed	-	-	-	-	65,729	65,729
Assigned	23,743	-	325,303	-	3,488	352,534
Unassigned	547,504	(248,246)	(210)	-	(33,109)	265,939
Total Fund Balances	598,222	(248,246)	457,534	748,999	380,357	1,936,866
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 655,494	$ 4,967	$ 457,534	$ 748,999	$ 455,527	$ 2,322,521

See accompanying Notes to Financial Statements.

CITY OF BLACKDUCK, MINNESOTA
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
DECEMBER 31, 2024

FUND BALANCES - TOTAL GOVERNMENTAL FUNDS		$ 1,936,866
Amounts reported for governmental activities in the statement of net position are different because:		
Capital Assets Used in Governmental Activities are Not Current Financial Resources and Therefore are Not Reported in the Governmental funds:		
Cost	6,906,533	
Less: Accumulated Depreciation and Amortization	(2,672,840)	
Total		
Unavailable Revenue in Governmental Funds is Susceptible to Full Accrual on the Government-Wide Statements.	40,095	
Compensated Absences Payable are Not Due and Payable in the Current Period and Therefore are Not Reported as Liabilities in the Governmental Funds.	(23,743)	
Long-Term Liabilities are Not Payable With Current Financial Resources and are Therefore Not Reported in the Governmental Funds. The Effect of Premiums or Discounts are Recognized as an Expenditure When Debt is Issues in the Funds, Whereas These Amounts are Deferred and Amortized in the Government-Wide Statements.		
Bonds payable	2,296,887	
Lease Payable	41,965	
OPEB Liability	161,672	
OPEB Deferred Outflows of Resources	(5,170)	
Net Pension Liability	169,721	
Deferred Outflows of Resources	(159,900)	
Deferred Inflows of Resources	235,664	
Accrued interest payable	22,194	
Amounts Pertaining to the Blackduck Fire Relief Association Pension Plan are Not Current Financial Resources and, Therefore, are Not Reported in Governmental Funds:		
Net Pension Asset	253,750	
Deferred Outflows of Resources	41,925	
Deferred Inflows of Resources	(27,775)	
Total	267,900	
NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 3,691,778

See accompanying Notes to Financial Statements.

CITY OF BLACKDUCK, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2024

	General Fund	Golf Fund	Revolving Loan Fund	Fire Dept Special Equipment	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Property Taxes	$ 350,025	$ 882	$ -	$ -	$ 51,378	$ 402,285
Special Assessments	-	-	-	-	2,583	2,583
Licenses and Permits	5,029	-	-	-	-	5,029
Intergovernmental Revenues	396,925	-	-	-	11,000	407,925
Tax Increments	-	-	-	-	43,370	43,370
Charges for Services	128,517	275,691	-	-	24,792	429,000
Fines and Fees	133	-	-	-	-	133
Interest Income	13,307	-	17,709	16,001	6,915	53,932
Donations and Grants	8,547	3,498	-	155,000	13,115	180,160
Other	22,596	6,081	-	-	240	28,917
Total Revenues	925,079	286,152	17,709	171,001	153,393	1,553,334
EXPENDITURES						
Current:						
General Government	242,015	-	-	-	-	242,015
Public Safety	277,762	-	-	14,770	-	292,532
Streets and Highways	192,139	-	-	-	-	192,139
Economic Development	-	-	-	-	37,785	37,785
Culture and Recreation	57,798	260,615	-	-	29,564	347,977
Cemetery	-	-	-	-	12,595	12,595
Capital Outlay	93,133	18,481	-	3,655	180,829	296,098
Debt Service:						
Principal	29,269	37,336	11,588	-	30,941	109,134
Interest and Fiscal Charges	-	630	3,058	-	71,916	75,604
Issuance Fees	-	-	-	-	15,700	15,700
Total Expenditures	892,116	317,062	14,646	18,425	379,330	1,621,579
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	32,963	(30,910)	3,063	152,576	(225,937)	(68,245)

See accompanying Notes to Financial Statements.

CITY OF BLACKDUCK, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2024

	General Fund	Golf Fund	Revolving Loan Fund	Fire Dept Special Equipment	Nonmajor Governmental Funds	Total Governmental Funds
OTHER FINANCING SOURCES (USES)						
Issuance of Leases	$ 12,367	$ -	$ -	$ -	$ -	$ 12,367
Issuance of Long-Term Debt	-	-	-	-	180,000	180,000
Operating Transfers In	65,000	10,000	-	5,000	95,080	175,080
Operating Transfers Out	(54,735)	(10,500)	-	-	-	(65,235)
Total Other Financing Sources (Uses)	22,632	(500)	-	5,000	275,080	302,212
NET CHANGE IN FUND BALANCES	55,595	(31,410)	3,063	157,576	49,143	233,967
Fund Balances - Beginning, As Previously Reported	542,627	(158,122)	454,471	591,423	340,385	1,770,784
Change Within Financial Reporting Entity	-	-	-	-	18,210	18,210
Restatement	-	(58,714)	-	-	(27,381)	(86,095)
Fund Balances - Beginning, As Adjusted and Restated	542,627	(216,836)	454,471	591,423	331,214	1,702,899
FUND BALANCES - END OF YEAR	$ 598,222	$ (248,246)	$ 457,534	$ 748,999	$ 380,357	$ 1,936,866

See accompanying Notes to Financial Statements.

CITY OF BLACKDUCK, MINNESOTA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2024

NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS		$ 233,967
Amounts reported for governmental activities in the statement of activities are different because:		
Capital Outlay is Reported as Expenditures in Governmental Funds. However, in the Statement of Activities the Cost of Those Assets is Allocated Over Their Estimated Useful Lives as Depreciation Expense. In the Current Period These Amounts are:		
Capital Outlay		264,180
Depreciation and Amortization		(375,310)
Total		
Disposals of Fixed Assets are Only Reported in the Governmental Funds When Cash is Received from the Sale. In the Statement of Activities, a Gain or Loss is Reported for Each Disposal.		31,667
Revenues in the Government-Wide Statement of Activities that do Not Provide Current Financial Resources are Not Reported as Revenues in the Governmental Funds.		4,562
Compensated Absences are Reported as an Expenditure when Paid. In the Statement of Activities, However, Compensated Absences are Recognized as Earned, Regardless of When Paid.		(2,635)
Proceeds from the Issuance of Long-Term Liabilities Provide Current Financial Resources to Governmental Funds, However, Issuing Debt Increases Long-Term Liabilities in the Statement of Net Position.		(192,367)
Repayment of Long-Term Debt is Reported as an Expenditure in Governmental Funds, but the Repayment Reduces the Long-Term Liabilities on the Statement of Net Position. In the Current Period These Amounts Consisted of:		
Principal Retirement on Bonds and Notes		69,287
Compensated Absences		(2,635)
Lease Liability		39,847
Net Amortization of Bond Discount		(648)
Interest is Recognized as an Expenditure in the Governmental Funds When it is Paid. In the Statement of Activities, However, Interest Expense is Recognized as it Accrued, Regardless of When it is Paid.		3,293
Governmental Funds Report City and Fire Relief Pension Contributions and OPEB Contributions as Expenditures. In the Statement of Activities, However, the Cost of Pension and OPEB Benefits Earned Net of Employee Contributions is Reported as Pension Expense:		
City and Fire Relief Pension Contributions		(69,403)
Costs of Benefits Earned Net of Employee Contributions		251,910
Total		182,507
CHANGE IN NET POSITION TO GOVERNMENTAL ACTIVITIES		$ 255,715

See accompanying Notes to Financial Statements.

CITY OF BLACKDUCK, MINNESOTA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2024

	Business-Type Activities - Enterprise Funds			
	Municipal Water Fund	Municipal Sewage Disposal Fund	Municipal Liquor Store Fund	Total 2024
ASSETS				
Current Assets:				
Cash and Cash Equivalents	$ 325,958	$ 336,462	$ 174,681	$ 837,101
Restricted Cash	-	-	30,245	30,245
Accounts Receivable	22,322	25,024	-	47,346
Property Taxes Receivable	-	855	-	855
Special Assessment Receivable	87,317	50,277	-	137,594
Inventory	-	-	103,252	103,252
Prepaid Expenses	3,606	5,212	6,557	15,375
Total Current Assets	439,203	417,830	314,735	1,171,768
Capital Assets:				
Land	-	16,400	23,087	39,487
Buildings	-	2,273,273	1,105,728	3,379,001
Furniture, Fixtures, and Equipment	7,740	18,027	68,511	94,278
Other Improvements	2,206,386	743,541	46,054	2,995,981
Right-to-Use Lease - Equipment	-	-	64,384	64,384
Total Capital Assets	2,214,126	3,051,241	1,307,764	6,573,131
Less: Accumulated Depreciation and Amortization	(1,218,038)	(2,413,380)	(485,484)	(4,116,902)
Total Capital Assets, Net of Depreciation and Amortization	996,088	637,861	822,280	2,456,229
Total Assets	1,435,291	1,055,691	1,137,015	3,627,997
DEFERRED OUTFLOWS OF RESOURCES				
Related to Pensions	11,315	11,912	48,461	71,688
Related to OPEB	1,348	1,407	6,226	8,981
Total Deferred Outflows of Resources	12,663	13,319	54,687	80,669
LIABILITIES				
Current Liabilities:				
Current Portion of Bonds and Lease Payable	55,000	12,000	36,997	103,997
Current Portion of OPEB Liability	1,449	1,524	6,513	9,485
Compensated Absences	8,508	9,004	28,938	46,450
Accounts Payable	1,783	2,908	96,732	101,423
Sales Tax Payable	415	-	12,026	12,441
Accrued Interest Payable	6,862	357	4,379	11,598
Accrued Salaries and Wages Payable	4,924	5,153	20,943	31,020
Due to Other Governments	-	-	4,384	4,384
Unearned Revenues	-	-	2,667	2,667
Total Current Liabilities	78,941	30,946	213,579	323,465
Long-Term Liabilities:				
Bonds and Leases Payable, Net of Unamortized Bond Discount	687,787	-	560,000	1,247,787
Net Pension Liability	37,430	39,406	160,306	237,142
OPEB Liability	40,673	42,468	188,184	271,326
Total Long-Term Liabilities	765,890	81,874	908,490	1,756,255
Total Liabilities	844,831	112,820	1,122,069	2,079,720
DEFERRED INFLOWS OF RESOURCES				
Related to Pensions	25,036	26,357	107,225	158,618
NET POSITION				
Net Investment in Capital Assets	253,301	637,861	188,286	1,079,448
Restricted	-	-	30,245	30,245
Unrestricted	324,786	291,972	(256,123)	360,635
Total Net Position	$ 578,087	$ 929,833	$ (37,592)	$ 1,470,328

See accompanying Notes to Financial Statements.

CITY OF BLACKDUCK, MINNESOTA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2024

	Business-Type Activities - Enterprise Funds			
	Municipal Water Fund	Municipal Sewage Disposal Fund	Municipal Liquor Store Fund	Totals 2024
OPERATING REVENUES	$ 218,529	$ 230,383	$ 21,232	$ 470,144
SALES	-	-	1,750,832	1,750,832
COST OF SALES	-	-	(979,244)	(979,244)
GROSS PROFIT (LOSS)	-	-	771,588	771,588
INCOME BEFORE EXPENSES	218,529	230,383	792,820	1,241,732
OPERATING EXPENSES				
Personnel Services	163,351	168,503	672,417	1,004,271
Utilities	10,267	23,845	42,599	76,711
Supplies and Materials	13,547	5,511	16,966	36,024
Advertising and Printing	-	-	7,954	7,954
Repairs and Maintenance	8,306	5,914	10,505	24,725
Contracted Services	8,988	6,551	45,494	61,033
Insurance	8,144	12,134	25,938	46,216
Depreciation and Amortization	57,283	18,008	46,914	122,205
Other Expenses	10,658	51,552	79,709	141,919
Total Operating Expenses	280,544	292,018	948,496	1,521,058
OPERATING LOSS	(62,015)	(61,635)	(155,676)	(279,326)
NONOPERATING REVENUES (EXPENSES)				
Interest Income	11,751	12,269	3,629	27,649
Rental Income	-	-	33,661	33,661
Miscellaneous	2,242	1,947	5,662	9,851
Property Taxes	-	8,476	-	8,476
Special Assessments	3,047	1,783	-	4,830
Intergovernmental	7,376	91	1,722	9,189
Interest Expense	(16,110)	(608)	(10,345)	(27,063)
Total Nonoperating Revenues (Expenses)	8,306	23,958	34,329	66,593
NET LOSS BEFORE OPERATING TRANSFERS	(53,709)	(37,677)	(121,347)	(212,733)
OPERATING TRANSFERS				
Transfer to Other Funds	(24,540)	(24,540)	(78,500)	(127,580)
Transfer from Other funds	-	17,735	-	17,735
Total Operating Transfers	(24,540)	(6,805)	(78,500)	(109,845)
CHANGE IN NET POSITION	(78,249)	(44,482)	(199,847)	(322,578)
Net Position - Beginning	656,336	974,315	162,255	1,792,906
NET POSITION - END OF YEAR	$ 578,087	$ 929,833	$ (37,592)	$ 1,470,328

See accompanying Notes to Financial Statements.

CITY OF BLACKDUCK, MINNESOTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2024

	Business-Type Activities - Enterprise Funds			
	Municipal Water Fund	Municipal Sewage Disposal Fund	Municipal Liquor Store Fund	Totals 2024
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers	$ 218,779	$ 229,158	$ 800,722	$ 1,248,659
Cash Paid to Employees	(128,878)	(129,586)	(469,665)	(728,129)
Cash Paid to Suppliers	(62,183)	(105,518)	(58,559)	(226,260)
Net Cash Provided (Used) by Operating Activities	27,718	(5,946)	272,498	294,270
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Miscellaneous Revenue	2,242	1,948	-	4,190
Transfers to Other Funds	-	-	(78,500)	(78,500)
Transfers from Other Funds	-	17,735	-	17,735
State Aid	7,376	91	1,722	9,189
Net Cash Provided (Used) by Noncapital Financing Activities	9,618	19,774	(76,778)	(47,386)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Transfers to Other Funds	(24,540)	(24,540)	-	(49,080)
Purchase of Property and Equipment	(2,162)	-	-	(2,162)
Principal Paid on Leases Payable	-	-	(6,843)	(6,843)
Principal Paid on Debt	(46,838)	(16,644)	(30,000)	(93,482)
Property Taxes Proceeds	-	8,208	-	8,208
Special Assessments Proceeds	10,291	6,512	-	16,803
Interest and Fees Paid on Bonds	(16,110)	(608)	(10,345)	(27,063)
Net Cash Used by Capital and Related Financing Activities	(79,359)	(27,072)	(47,188)	(153,619)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Income	11,751	12,269	3,629	27,649
Rental Income	-	-	39,323	39,323
Net Cash Provided by Investing Activities	11,751	12,269	42,952	66,972
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(30,272)	(975)	191,484	160,237
Cash and Cash Equivalents - Beginning of Year	356,230	337,437	13,442	707,109
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 325,958	$ 336,462	$ 204,926	$ 867,346

See accompanying Notes to Financial Statements.

CITY OF BLACKDUCK, MINNESOTA
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2024

	Business-Type Activities - Enterprise Funds			
	Municipal Water Fund	Municipal Sewage Disposal Fund	Municipal Liquor Store Fund	Totals 2024
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating Loss	$ (62,015)	$ (61,635)	$ (155,676)	$ (279,326)
Adjustments to Reconcile Operating Loss to Net Cash Provided (Used) by Operating Activities:				
Depreciation and Amortization	57,283	18,008	46,914	122,205
(Increase) Decrease in Assets and Deferrals:				
Accounts Receivable	250	(1,225)	5,235	4,260
Due from Other Governments	-	-	136,088	136,088
Inventory	-	-	(14,494)	(14,494)
Prepaid Expenses	499	201	6,106	6,806
Deferred Outflows of Resources	7,728	7,072	23,482	38,282
Increase (Decrease) in Liabilities and Deferrals:				
Accounts Payable	(2,796)	(212)	38,489	35,481
Sales Tax Payable	24	-	33	57
Accrued Salaries and Wages Payable	1,272	1,308	3,051	5,631
Accrued Compensated Absences	(2,687)	(2,790)	6,964	1,487
OPEB Liability	42,122	43,992	194,697	280,811
Due to Other Governments	-	-	4,384	4,384
Deferred Inflows of Resources	8,330	9,651	43,183	61,164
Unearned Revenue	-	-	2,667	2,667
Net Pension Liability	(22,292)	(20,316)	(68,625)	(111,233)
Net Cash Provided (Used) by Operating Activities	$ 27,718	$ (5,946)	$ 272,498	$ 294,270

See accompanying Notes to Financial Statements.

CITY OF BLACKDUCK, MINNESOTA
CUSTODIAL FUND
STATEMENT OF FIDUCIARY NET POSITION
YEAR ENDED DECEMBER 31, 2024

ASSETS		
Cash and Cash Equivalents	$	-
LIABILITIES		
Accounts Payable	$	-
Accrued Salaries and Wages Payable		-
Total Liabilities		-
NET POSITION		
Restricted for Other Organizations	$	-

See accompanying Notes to Financial Statements.

CITY OF BLACKDUCK, MINNESOTA
CUSTODIAL FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN FIDUCIARY NET POSITION
YEAR ENDED DECEMBER 31, 2024

Additions	$ -
Deductions	-
Net Income (Loss)	-
Net Position, Beginning of Year, As Previously Reported	18,210
Change Within Financial Reporting Entity (See Note 9)	(18,210)
Net Position, Beginning, As Adjusted	-
Net Position, End of Year	$ -

See accompanying Notes to Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Introduction

The City of Blackduck, Minnesota (the City) was incorporated in 1901 and operates under the State of Minnesota Statutory Plan – a form of government. The governing body consists of a five- member City Council elected by voters of the City.

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

B. Financial Reporting Entity

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government.

Blended Component Unit

The City of Blackduck Housing Redevelopment Authority (HRA) was created by the City in 1990 and is governed by a board comprised of the members of the City Council. The HRA activities are blended and reported as a special revenue fund due to substantively the same governing board and the financial benefit/burden relationship. Separate financial statements for the HRA are not issued for this component unit.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

1. Related Organization

<u>Blackduck Fire Relief Association</u>

Blackduck Fire Relief Association (Association) is organized as a nonprofit organization, legally separate from the City, by its members to provide pension and other benefits to such members in accordance with *Minnesota Statutes*. Its Board of Trustees is appointed by the members of the Association and not by the City Council. All funding is conducted in accordance with *Minnesota Statues*, including state aid flowing through the City and the City's required contribution, if any. Because the Association is fiscally independent of the City, the financial statements of the Association have not been included within the City's reporting entity.

2. Joint Ventures

<u>Pine Tree Park</u>

The Pine Tree Park Joint Powers Board was formed on November 18, 1997, under the authority of the Joint Powers Act, pursuant to *Minnesota Statutes* 471.59, and includes Beltrami County and the City of Blackduck. The purpose of the Pine Tree Park Joint Powers Board is to ensure Beltrami County is paying for a portion of the costs associated with operating the Park.

Pine Tree Park Joint Powers Board consists of one Beltrami County Commissioner and three Beltrami County employees, the Mayor of Blackduck and three City employees, and one member of the Pine Tree Park Advisory Committee.

Pine Tree Park has no long-term debt. Beltrami County contributes $11,000 annually. Financing is also provided by appropriations from the members and other lawful sources. The City of Blackduck operates the Park, makes all purchasing decisions and reports the cash transactions of the Pine Tree Park on its financial statements. In the event of dissolution, the City of Blackduck shall retain ownership of the assets of Pine Tree Park.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

3. Government-wide and Fund Financial Statements

Government-Wide Financial Statements

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

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided, and other charges between the City's enterprise fund 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.

Fund Financial Statements

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as nonoperating in the financial statements.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Fund Types and Major Funds

1. Governmental Funds

The City reports the following major funds:

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

Golf Fund – The Golf Fund accounts for the activities related to golf course operations.

Revolving Loan Fund – The Revolving Loan Fund is a special revenue fund used to account for the proceeds of specific revenue sources that are legally and internally designated to issue loans.

Fire Department Special Equipment Fund – The Fire Department Special Equipment Fund is a capital project fund used to account for the funds collected for and costs of equipment for the Fire Department.

2. Proprietary Funds

The City reports the following major funds:

Municipal Water Enterprise Fund – The Municipal Water Enterprise Fund accounts for the activities related to water operations.

Municipal Sewage Disposal Enterprise Fund – The Municipal Sewage Disposal Enterprise Fund accounts for the activities related to sewage disposal operations.

Municipal Liquor Store Enterprise Fund – The Municipal Liquor Store Enterprise Fund accounts for the activities related to liquor store operations.

3. Fiduciary Fund Types

Custodial Funds account for assets collected and held by the City in a fiduciary capacity for individuals, organizations, and other governments. The City Housing Redevelopment Fund special revenue fund was previously reported as a Custodial Fund.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

4. Cash, Cash Equivalents and Investments

   Cash, cash equivalents and investment balances of the primary government funds are pooled and invested to the extent available in authorized investments. Earnings from investments are allocated to individual funds on the basis of the fund's equity in the cash and investment pool.

   Investments are stated at market (plus interest added, if any). Material purchase discounts and premiums are amortized over the term of the investment. Investment earnings are accrued at the balance sheet date.

   For the purposes of the Statement of Cash Flows of the Proprietary Fund type, the City considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. All of the pooled cash and investments allocated to the Primary Government's Proprietary Fund types are considered to be cash and cash equivalents.

5. Inventories and Prepaid Expenses

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

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

6. Capital Assets and Depreciation

   The City’s capital assets with useful lives of more than one year are stated at historical costs or estimated historical cost and comprehensively reported in the government-wide financial statements. Infrastructure with useful lives of more than one year are stated at historical cost or estimated historical cost and comprehensively reported in the government-wide financial statements. The City maintains infrastructure asset records consistent with all other capital assets. Proprietary and component unit capital assets are also reported in their respective fund financial statements. Donated assets are stated at acquisition value on the date donated.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

4. Capital Assets and Depreciation (Continued)

The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using straight-line depreciation. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

The City has established the following capitalization thresholds:

Land and Land Improvements	$	10,000
Buildings		25,000
Building Improvements		25,000
Furniture, Fixtures, and Equipment		2,500
Vehicles		2,500
Infrastructure		100,000
Other		2,500

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

Land Improvements	3 to 50 Years
Buildings and Building Improvements	7 to 40 Years
Furniture, Fixtures, and Equipment	5 to 20 Years
Vehicles	3 to 25 Years
Infrastructure	25 to 50 Years
Other	5 to 20 Years

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

5. Long-Term Obligations

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

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

6. 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 relief association and additions to/deductions from PERA and relief association's fiduciary net position have been determined on the same basis as they are reported by PERA and the relief association except that the report's fiscal year-end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

7. Deferred Outflows/Inflows of Resources

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

7. Deferred Outflows/Inflows of Resources (Continued)

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

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

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

Plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Additional information can be found in Note 3.

8. Fund Balance

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

- *Nonspendable fund balance* – amounts are in a nonspendable form (such as inventory or prepaid items) or are required to be maintained intact.
- *Restricted fund balance* – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

8. Fund Balance (Continued)

- *Committed fund balance* – amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (i.e., city council). To be reported as committed, amounts cannot be used for any purpose unless the City takes the same highest-level action to remove or change the constraint.
- *Assigned fund balance* – amounts the City intends to use for a specific purpose. Intent can be expressed by the city council or by an official or body to which the city council delegates the authority.
- *Unassigned fund balance* – amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

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

The City adopted a formal fund balance policy that strives to maintain an unassigned fund balance equal to or greater than 35% of the General Fund operating revenues. Should the unassigned fund balance fall below the 35% threshold, the City will strive toward regaining the minimum threshold during the next budget process.

9. Net Position

Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

Net Investment in Capital Assets - Consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

Restricted Net Position - Is reported when there are limitations imposed on use either through enabling legislation or through external restrictions imposed by creditors, grants, laws or regulations of other governments.

Unrestricted Net Position - Is the amount of net position that does not meet the definition of the two preceding categories.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

10. Compensated Absences

The liability for compensated absences reported in the government-wide and proprietary fund statements consists of leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that has been used for time off but has not yet been paid in cash or settled through noncash means and certain other types of leave.

11. Use of Estimates

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

12. Adoption of New Accounting Standards

Effective January 1, 2024, the City implemented GASB Statement No. 100, *Accounting Changes and Error Corrections*. This statement required the City to evaluate and disclose the nature and effects of accounting changes and error corrections in the financial statements. The City adopted the requirements of the guidance effective January 1, 2024, and has applied the provisions of this standard to the beginning of the period of adoption.

Effective January 1, 2024, the City implemented GASB Statement No. 101, *Compensated Absences*. This statement updated the recognition and measurement guidance for compensated absences and associated salary-related payments and amended certain previously required disclosures. The City adopted the requirements of the guidance effective January 1, 2024, and has applied the provisions of this standard to the beginning of the period of adoption.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

13. Local Governmental Aid Revenue Recognition

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

14. Market Value Credit

Property taxes on agriculture homestead property (as defined by State Statutes) are partially reduced by a Market Value Credit. The Market Value Credit is paid to the City by the State in lieu of taxes levied against agriculture homestead property. The State remits this credit in two installments during each year.

15. Property Tax Revenue Recognition

The City Council annually adopts a tax levy and certifies it to the County in December for collection in the following year. Such taxes become a lien on January 1 and are recorded as a receivable by the City at that date. The County is responsible for billing and collecting all property taxes for itself, the City, the local school district and other taxing authorities. These taxes are payable by May 15 and October 15 of each calendar year by the property owners.

The County possesses this authority. Pursuant to State Statutes, a property shall be subject to a tax forfeit sale after three years unless it is homesteaded, agricultural, or seasonal recreational land (as defined in State Statutes) in which event the property is subject to such sale after five years.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

16. Special Assessment Revenue Recognition

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

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

17. Interfund Balances

Activity between funds that is representative of lending or borrowing arrangements is reported as either “due to/from other funds” (current portion) or “advances to/from other funds (noncurrent portion).” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

NOTE 2 ASSETS AND LIABILITIES

A. Deposits

Authority

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

Custodial Credit Risk

The custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be covered. The City's policy for custodial credit risk is to maintain compliance with Minnesota Statutes that require all the City's deposits to be protected by insurance, surety bond, or pledged collateral, and therefore, there is no custodial credit risk for deposits at December 31, 2024.

Restricted Deposits

The City has $13,308 in general fund deposits restricted for public safety vehicles and $30,245 in liquor fund deposits restricted for E-Tab sales from Fire Relief gambling revenue.

B. Investments

Authority

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

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

NOTE 2 ASSETS AND LIABILITIES (CONTINUED)

B. Investments (Continued)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. Ratings are provided by various credit rating agencies and where applicable, indicate associated credit risk.

Custodial Credit Risk

Custodial credit risk for investments, custodial credit risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party.

Concentration of Credit Risk

The concentration of credit risk is the risk of loss that may be caused by the City of Blackduck’s investment in a single issuer.

The City has not adopted a formal investment policy and currently does not have any investment holdings.

C. Accounts Receivable

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

NOTE 2 ASSETS AND LIABILITIES (CONTINUED)

D. Special Assessment Receivables

Special assessment receivables include the following components:

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

Delinquent – includes amounts billed to property owners but not paid as of December 31, 2024.

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

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

E. Notes Receivable

Notes receivable in the Revolving Loan Fund used for business economic development at December 31, 2024 are as follows:

Note Dated	Authorized/ Original Amount	Maturity Date	Interest Rate	Balance
Special Revenue Fund:				
May 18, 2016	$ 40,000	June 1, 2026	-	$ 4,724
August 1, 2019	5,500	August 1, 2029	-	900
August 1, 2019	15,000	August 1, 2029	5.50	7,310
September 1, 2019	32,000	November 1, 2029	5.50	17,936
Total	$ 92,500			$ 30,870

NOTE 2 ASSETS AND LIABILITIES (CONTINUED)

F. Capital Assets

Capital asset activity for the year ended December 31, 2024 is as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital Assets Not Being Depreciated:				
Land	$ 534,228	$ -	$ -	$ 534,228
Total Capital Assets Not Being Depreciated	534,228	-	-	534,228
Capital Assets Being Depreciated:				
Buildings	2,743,063	-	-	2,743,063
Furniture, Fixtures, and Equipment	1,843,670	251,813	60,360	2,035,123
Right-to-Use Lease - Equipment	241,368	12,367	76,423	177,312
Other Improvements	1,416,807	-	-	1,416,807
Total Capital Assets Being Depreciated	6,244,908	264,180	136,783	6,372,305
Less: Accumulated Depreciation	(2,281,766)	(322,362)	(60,360)	(2,543,768)
Less: Accumulated Amortization	(142,357)	(52,948)	(66,233)	(129,072)
Total Capital Assets Being Depreciated, Net	3,820,785	(111,130)	10,190	3,699,465
Total Governmental Activities Capital Assets, Net	$ 4,355,013	$ (111,130)	$ 10,190	$ 4,233,693

NOTE 2 ASSETS AND LIABILITIES (CONTINUED)

F. Capital Assets (Continued)

	Beginning Balance	Additions	Disposals	Ending Balance
BUSINESS-TYPE ACTIVITIES				
Capital Assets Not Being Depreciated:				
Land	$ 39,487	$ -	$ -	$ 39,487
Total Capital Assets Not Being Depreciated	39,487	-	-	39,487
Capital Assets Being Depreciated:				
Buildings	3,379,002	-	-	3,379,002
Furniture, Fixtures, and Equipment	94,278	-	-	94,278
Right-to-Use Lease - Equipment	64,384	-	-	64,384
Other Improvements	2,995,981	-	-	2,995,981
Total Capital Assets Being Depreciated	6,533,645	-	-	6,533,645
Less: Accumulated Depreciation and Amortization	(3,996,859)	(120,044)	-	(4,116,903)
Total Capital Assets Being Depreciated, Net	2,536,786	(120,044)	-	2,416,742
Total Business-Type Activities Capital Assets, Net	$ 2,576,273	$ (120,044)	$ -	$ 2,456,229

The City's lease amortization is presented as amortization expense on the statement of activities related to the City's equipment leases, which is included in the above table as right-to-use (ROU) lease. With the implementation of Governmental Accounting Standards Board Statement No. 87, *Leases*, a lease meeting the criteria of this statement requires the lessee to recognize a lease liability and an intangible ROU asset.

Depreciation and amortization expenses were charged to functions of primary government as follows:

Governmental Activities:	
General Government	$ 30,221
Public Safety	139,828
Public Works	87,440
Streets and Highways	28,014
Culture and Recreation	11,669
Economic Development	25,190
Total Governmental Activities Expense	$ 322,362
Business-Type Activities:	
Municipal Water	$ 55,121
Municipal Sewage Disposal	18,009
Municipal Liquor Store	46,914
Total Business-Type Activities Expense	$ 120,044

NOTE 2 ASSETS AND LIABILITIES (CONTINUED)

G. Long-Term Liabilities

The following is a schedule of changes in long-term liabilities for the year ended December 31, 2024:

	Beginning Balance	Issues	Payments	Disposals	Ending Balance	Amounts Due Within One Year
GOVERNMENTAL ACTIVITIES						
General Long-Term Debt:						
General Obligation Revenue Bonds:						
2012A Equipment Bond	$ 3,000	$ -	$ 3,000	$ -	$ -	$ -
2012A Club House Refunded Bond	7,000	-	7,000	-	-	-
2023A Refunding Bond	1,655,000	-	25,946	-	1,629,054	26,530
2023B Refunding Bond	310,000	-	4,995	-	305,005	5,101
General Obligation Bond:						
2016 G.O. Equipment Certificate	28,000	-	14,000	-	14,000	$ 14,000
2024A G.O. Equipment				-		
Certificate	-	180,000	-	-	180,000	-
Note Payable:						
USDA Loan	21,790	-	3,406	-	18,384	3,406
DEED Demolition Loan	162,032	-	11,588	-	150,444	11,484
Total General Long-Term Debt	2,186,822	180,000	69,935	-	2,296,887	60,521
Less: Unamortized Bond Discount	(648)	-	(648)	-	-	-
Total General Long-Term Debt, Net	2,186,174	180,000	69,287	-	2,296,887	60,521
Lease Payable (See Note 2, Section H):						
Grader	52,376	-	8,309	44,067	-	-
Trucks	26,679	-	13,049	-	13,630	13,630
Golf Carts	34,457	-	13,336	-	21,121	13,336
City Hall Copier	-	12,367	5,153	-	7,214	2,473
Total Lease Payable, Net	113,512	12,367	39,847	44,067	41,965	29,439
Other Long-Term Liabilities:						
Compensated Absences, Net	21,108	2,635	-	-	23,743	23,743
Total Governmental Activities	$ 2,320,794	$ 195,002	$ 109,134	$ 44,067	$ 2,362,595	$ 113,703

NOTE 2 ASSETS AND LIABILITIES (CONTINUED)

G. Long-Term Liabilities (Continued)

	Beginning Balance	Issues	Payments	Ending Balance	Amounts Due Within One Year
BUSINESS-TYPE					
Enterprise Fund Debt:					
General Obligation Special Assessment Bonds:					
G.O. Disposal System Bonds, Series 2014A	$ 23,000	$ -	$ 11,000	$ 12,000	$ 12,000
General Obligation Revenue Bonds:					
G.O. Refunding Bonds, Series 2012A	645,000	-	45,000	600,000	50,000
G.O. Tax Abatement Bond 2021A	620,000	-	30,000	590,000	30,000
Note Payable:					
2017 G.O. Disposal System Note	5,644	-	5,644	-	-
2016 G.O. Water Revenue Note	150,000	-	4,000	146,000	5,000
Total Proprietary Fund Long-Term Debt	1,443,644	-	95,644	1,348,000	97,000
Less: Unamortized Bond Discount	(5,375)	-	(2,162)	(3,213)	-
Total Proprietary Fund Long-Term Debt, Net	1,438,269	-	93,482	1,344,787	97,000
Lease Payable (See Note 2, Section H):					
Liquor	13,840	-	6,843	6,997	6,997
Other Long-Term Liabilities:					
Compensated Absences	44,963	1,487	-	46,450	46,450
Total Business-Type Activities	$ 1,497,072	$ 1,487	$ 100,325	$ 1,398,234	$ 150,447

Compensated absences are reported as a net change in the total liability.

NOTE 2 ASSETS AND LIABILITIES (CONTINUED)

G. Long-Term Liabilities (Continued)

City indebtedness at December 31, 2024 is composed of the following individual bonds, and notes:

Governmental Activities

	Interest Rates	Issue Date	Maturity Date	Authorized and Issued	Ending Balance	Amounts Due in 2025 Principal	Amounts Due in 2025 Interest
General Obligation Issues:							
2016 G.O. Equipment Certificate	2.500	9/15/2016	2/1/2025	$ 93,000	$ 14,000	$ 14,000	$ 175
2024 G.O. Equipment Certificate	2.500	7/25/2024	2/1/2032	180,000	180,000	-	8,839
Total Equipment Certificate				$ 273,000	$ 194,000	$ 14,000	$ 9,014
General Obligation Revenue Bonds:							
G.O. Refunding Revenue Bonds,							
2012A Equipment Bond	0.750-2.550	12/27/2012	2/1/2035	$ 25,000	$ -	$ -	$ -
2023A Refunding Bond	2.250	7/28/2023	7/28/2063	1,655,000	1,629,054	26,530	36,654
2023B Refunding Bond	2.125	7/28/2023	7/28/2063	310,000	305,005	5,101	6,481
Less: Unamortized Discount				-	-	-	-
Total G.O. Revenue Bonds				$ 1,990,000	$ 1,934,059	$ 31,631	$ 43,135
Notes Payable:							
USDA Loan	2.375	4/6/2020	4/6/2023	$ 30,000	$ 18,384	$ 3,406	$ -
DEED Demolition Loan	2.000	3/26/2021	3/26/2026	162,033	150,445	11,484	2,952
Total Notes Payable				$ 192,033	$ 168,829	$ 14,890	$ 2,952
Lease Payable:							
Ziegler CAT	4.800	2/15/2021	2/15/2025	$ 76,823	$ -	$ -	$ -
GM Financial	4.457	1/5/2021	1/5/2025	89,367	13,630	13,630	-
TCF Bank - Gold Carts	4.500	7/22/2021	7/22/2026	65,578	21,121	13,336	-
City Hall Copier	4.500	12/1/2022	12/1/2027	11,098	7,214	2,473	
Total Lease Payable				$ 242,866	$ 41,965	$ 29,439	$ -
Compensated Absences Payable:					$ 23,743	$ 23,743	$ -
OPEB Payable:					156,220	5,452	-
Total Compensated Absences and OPEB Payable:					$ 179,963	$ 29,195	$ -

Business-Type Activities

	Interest Rates	Issue Date	Maturity Date	Authorized and Issued	Ending Balance	Amounts Due in 2025 Principal	Amounts Due in 2025 Interest
General Obligation Revenue Bonds:							
G.O. Refunding Revenue Bonds,							
Series 2012A	0.750-2.550	12/27/2012	2/1/2035	$ 1,075,000	$ 600,000	$ 50,000	$ 13,613
G.O. Tax Abatement Bonds,							
Series 2021A	0.750-2.550	5/27/2021	2/1/2030	650,000	590,000	30,000	10,015
Total G.O. Revenue Bonds				$ 1,725,000	$ 1,190,000	$ 80,000	$ 23,628
Special Assessment Bonds With Governmental Commitment:							
G.O. Disposal System Bonds,							
Series 2014A	3.000	10/20/2014	2/1/2025	$ 105,000	$ 12,000	$ 12,000	$ 180
Total Special Assessment Bonds, Net				$ 105,000	$ 12,000	$ 12,000	$ 180
Notes Payable:							
2017 G.O. Disposal System Note	2.950	11/1/2017	2/1/2028	$ 180,000	$ -	$ -	$ -
2016 G.O. Water Revenue Note	1.000	8/22/2016	8/20/2046	148,293	146,000	5,000	1,460
Total Notes Payable				$ 328,293	$ 146,000	$ 5,000	$ 1,460
Lease Payable:							
TCF Bank	4.490	1/4/2020	1/1/2025	64,867	6,997	6,997	-
Total Lease Payable				$ 64,867	$ 6,997	$ 6,997	$ -
Compensated Absences Payable:					$ 46,450	$ 46,450	$ -
OPEB Payable:					271,326	9,485	-
Total Compensated Absences and OPEB Payable:					$ 317,776	$ 55,935	$ -
Total Business-type Activities					$ 1,672,773	$ 159,932	$ 25,268

NOTE 2 ASSETS AND LIABILITIES (CONTINUED)

G. Long-Term Liabilities (Continued)

Special assessment bonds and related interest costs are payable from property taxes and assessments and interest collected from the property owners benefited by the respective improvements. All special assessment bonds are backed by the full faith and credit of the City.

There are a number of limitations in the various bond indentures. Various bond indentures contain significant requirements for annual debt service and flow of funds through various restricted accounts. The reporting entity is in compliance with all significant requirements of the various bond covenants.

During 2023, the City entered into two refunding agreements with the USDA – Rural Development for funding the project costs of the new maintenance facility. The agreements will provide financing of $1,655,000 and $310,000 at an interest rate of 2.25% and 2.125%, respectively. Interest payments are due annually. The current maturity for the agreements is July 28, 2063.

The City leases a Ziegler CAT tractor for street department use, an electric sign for liquor store advertising, two GMC trucks for street department use, a copier for the City Hall, and 15 golf carts for patron use with a fee.

The debt service requirements for the City's bonds and notes are as follows:

Year Ending	G.O. Bonds		G.O. Special Assessment Bonds		G.O. Revenue Bonds		Notes Payable	
December 31,	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2025	$ 14,000	$ 9,014	$ 12,000	$ 180	$ 111,631	$ 66,762	$ 34,670	$ 5,789
2026	18,000	8,259	-	-	112,336	64,677	35,207	5,202
2027	24,000	7,245	-	-	113,057	62,538	35,758	4,601
2028	25,000	6,062	-	-	113,794	60,346	35,622	3,983
2029	26,000	4,830	-	-	119,548	58,082	30,975	3,429
2030-2034	87,000	6,400	-	-	624,644	251,330	105,416	11,665
2035-2039	-	-	-	-	441,171	188,173	57,638	4,404
2040-2044	-	-	-	-	340,209	147,020	40,000	2,000
2045-2049	-	-	-	-	257,051	116,778	16,000	240
2050-2054	-	-	-	-	287,024	86,805	-	-
2055-2059	-	-	-	-	320,493	53,335	-	-
2060- 2063	-	-	-	-	283,102	15,961	-	-
Total	$ 194,000	$ 41,810	$ 12,000	$ 180	$ 3,124,060	$ 1,171,807	$ 391,286	$ 41,313

General Obligation bond issues sold by the City are financed by ad valorem tax levies and special assessments levied against the benefiting properties. When a bond issue to be financed partially or completely by ad valorem tax levies is sold, specific annual amounts of such tax levies are stated in the bond resolution and the County Auditor is notified and instructed to levy these taxes over the appropriate years. The future tax levies are subject to cancellation when and if the City has provided alternative sources of financing. The City Council is required to levy any additional taxes found necessary for full payment of principal and interest.

NOTE 2 ASSETS AND LIABILITIES (CONTINUED)

H. Leases

A summary of changes in the leases are as follows:

Governmental Activities

Description	Beginning Balance	Additions	Payments and Retirements	Ending Balance	Current Amounts Principal	Current Amounts Interest
Grader	$ 52,376	$ -	$ 52,376	$ -	$ -	$ -
Trucks	26,679	-	13,049	13,630	13,630	1,189
Golf Carts	34,457	-	13,336	21,121	13,336	1,334
City Hall Copier	-	12,367	5,153	7,214	2,473	250
Totals	$ 113,512	$ 12,367	$ 83,914	$ 41,965	$ 29,439	$ 2,773

Business-Type Activities

Description	Beginning Balance	Additions	Payments and Retirements	Ending Balance	Current Amounts Principal	Current Amounts Interest
Liquor Sign	$ 13,840	$ -	$ 6,843	$ 6,997	$ 6,997	$ 311

The City's lease assets total $241,696 with accumulated amortization of $187,018.

The payments on the lease are accounted for in the General Fund, Golf Fund, and Municipal Liquor Fund. The annual requirements to amortize the leases at December 31, 2024 are as follows:

Year Ending December 31,	Principal	Interest	Total
2025	$ 29,439	$ 3,084	$ 32,523
2026	10,258	148	10,406
2027	2,268	42	2,310
Total	$ 41,965	$ 3,274	$ 45,239

Year Ending December 31,	Principal	Interest	Total
2025	$ 6,997	$ 157	$ 7,154

NOTE 3 DEFINED BENEFIT PENSION PLANS

Public Employees' Retirement Association

A. Plan Description

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

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.

NOTE 3 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

B. Benefits Provided

Public Employees Police and Fire Plan

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

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

General Employees Plan Benefits

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

The Level formula allows General Plan members to receive a full retirement benefit at age 65 if they were first hired before July 1, 1989 or at age 66 if they were hired on or after July 1, 1989. Early retirement begins at age 55 with an actuarial reduction applied to the benefit.

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

NOTE 3 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

B. Benefits Provided (Continued)

Police and Fire Plan Benefits

Benefits for Police and Fire Plan members hired before July 1, 2010, are vested after three years of service. Members hired on or after July 1, 2010, are 50% vested after five years of service and 100% vested after ten years. After five years, vesting increase by 10% each full year of service until members are 100% vested after ten years. Police and Fire Plan members receive 3% of highest average salary for all years of service.

Police and Fire Plan members receive a full retirement benefit when they are age 55 and vested, or when their age plus their years of service equals 90 or greater if they were first hired before July 1, 1989. Early retirement starts at age 50, and early retirement benefits are reduced by 0.417% each month members are younger than age 55.

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

C. Contributions

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

General Employees Fund Contributions

General Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2024 and the City was required to contribute 7.50% for General Plan members. The City's contributions to the General Employees Fund for the year ended December 31, 2024 were $63,590. The City's contributions were equal to the required contributions as set by State Statute.

Police and Fire Fund Contributions

Police and Fire Plan members were required to contribute 11.80% of their annual covered salary in fiscal year 2024 and the City was required to contribute 17.70% for Police and Fire Plan members. The City's contributions to the Police and Fire Fund for the year ended December 31, 2024, were $13,221. The City's contributions were equal to the required contributions as set by State Statute.

NOTE 3 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

C. Pension Costs

General Employees Fund Pension Costs

At December 31, 2024, the City reported a liability of $341,581 for its proportionate share of the General Employees Fund's net pension liability. The City's net pension liability reflected a reduction due to the state of Minnesota's contribution of $16 million. The state of Minnesota is considered a nonemployer contributing entity and the State's contribution meets the definition of a special funding situation. The state of Minnesota's proportionate share of the net pension liability associated with the City totaled $8,833.

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2023 through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. The City's proportion was .0092% at the end of the measurement period and .0089% for the beginning of the period.

City's Proportionate Share of Net Pension Liability	$	341,591
State of Minnesota's Proportionate Share of Net Pension Liability Associated With the City		8,833
Total	$	350,424

For the year ended December 31, 2024 the City recognized pension expense of $68,623 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized an additional $109 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.

NOTE 3 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

C. Pension Costs (Continued)

General Employees Fund Pension Costs (Continued)

At December 31, 2024, 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 Experience	$ 32,118	$ -
Changes in Actuarial Assumptions	1,668	129,287
Difference Between Projected and Actual Investment Earnings	-	99,195
Changes in Proportion	41,518	-
Contributions Paid to PERA Subsequent to the Measurement Date	27,959	-
Total	$ 103,263	$ 228,482

The $27,959 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Pension Expense Amount
2025	$ (80,262)
2026	(10,222)
2027	(36,514)
2028	(26,180)

Police and Fire Fund Pension Costs

At December 31, 2024, the City reported a liability of $65,272 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's 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, 2023 through June 30, 2024 relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was .0050% at the end of the measurement period and .0040% for the beginning of the period.

NOTE 3 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

C. Pension Costs (Continued)

Police and Fire Fund Pension Costs

The state of Minnesota contributed $37.4 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2024. The contribution consisted of $9 million in direct state aid that meets the definition of a special funding situation, additional one-time direct state aid contribution of $19.4 million, and $9 million in supplemental state aid that does not meet the definition of a special funding situation. Additionally, $9 million supplemental state aid on October 1, 2024. Thereafter, by October 1 of each year, the State will pay $9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The $9 million in supplemental state aid will continue until the fund is 90% funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90% funded, whichever occurs later. The state of Minnesota's proportionate share of the net pension liability associated with the City totaled $2,488.

City's Proportionate Share of Net Pension Liability	$	65,272
State of Minnesota's Proportionate Share of Net Pension Liability Associated With the City		2,488
Total	$	67,760

For the year ended June 30, 2024, the City recognized pension expense of $4,046 for its proportionate share of the Police and Fire Plan's pension expense. The City recognized an additional $978 as grant revenue for its proportionate share of the state of Minnesota's pension expense for the contribution of $9 million to the Police and Fire Fund special funding situation.

The state of Minnesota is not included as a nonemployer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the $28.4 million in supplemental aid because this contribution was not considered to meet the definition of a special funding situation. The City recognized $1,409 for the year ended December 31, 2024 as revenue and an offsetting reduction of net pension liability for its proportionate share of the state of Minnesota's on- behalf contributions to the Police and Fire Fund.

NOTE 3 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

C. Pension Costs (Continued)

Police and Fire Fund Pension Costs (Continued)

At December 31, 2024, the City reported its proportionate share of the Police and Fire Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 25,437	$ 21,223
Changes in Actuarial Assumptions	71,750	96,114
Difference Between Projected and Actual Investment Earnings	-	-
Changes in Proportion	24,583	48,463
Contributions Paid to PERA Subsequent to the Measurement Date	6,555	-
Total	$ 128,325	$ 165,800

The $6,555 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Pension Expense Amount
2025	$ (14,134)
2026	6,328
2027	(20,488)
2028	(20,057)
2029	4,321

NOTE 3 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

D. Long-Term Expected Return on Investment

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

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

E. Actuarial Methods and Assumptions

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

Inflation is assumed to be 2.25% for the General Employees Plan, Police and Fire Plan, and the Correctional Plan.

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

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25% after one year of service to 3% after 27 years of service. In the Police and Fire Plan, salary growth assumptions range in annual increments from 11.75% after one year of service to 3% after 24 years of service.

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

NOTE 3 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

F. Actuarial Methods and Assumptions (Continued)

Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study for the General Employees Plan was completed in 2022. The assumption changes were adopted by the Board and became effective with the July 1, 2023 actuarial valuation. The Police and Fire Plan were reviewed in 2024. PERA anticipates the experience study will be approved by the Legislative Commission on Pensions and Retirement and become effective with the July 1, 2025 actuarial valuation.

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

General Employees Fund

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

Police and Fire Fund

Changes in Plan Provisions:

- The State contribution $9.0 million per year will continue until the earlier of 1) both the Police and Fire Plan and the State Patrol Retirement Fund attain 90% funded status for three consecutive years (on an actuarial value of assets basis) or 2) July 1, 2048. The contribution was previously due to expire after attaining a 90% funded status for one year.
- The additional $9.0 million contribution will continue until the Police and Fire Plan is fully funded for a minimum of three consecutive years on an actuarial value of assets basis, or July 1, 2048, whichever is earlier. This contribution was previously due to expire upon attainment of fully funded status on an actuarial value of assets basis for one year (or July 1, 2048 if earlier).

NOTE 3 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

G. Discount Rate

The discount rate used to measure the total pension liability in 2024 was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in *Minnesota Statutes*. Based on these assumptions, the fiduciary net position of the General Employees Fund and Police and Fire Fund 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 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase Discount Rate (8.00%)
Net Pension Liability at Different Discount Rates:			
General Employees Fund	$ 746,089	$ 341,591	$ 8,854
Police and Fire Fund	154,250	65,272	(7,798)

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.

Single Employer Plan – Blackduck Fire Relief Association

A. Plan Description

Blackduck Firemen's Relief Association (Association) is the administrator of a single employer defined benefit pension plan established to provide benefits for members of the City of Blackduck Fire Department per *Minnesota State Statutes*.

NOTE 3 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Single Employer Plan – Blackduck Fire Relief Association (Continued)

B. Benefits Provided

Volunteer firefighters of the City are members of the Association. Members who have completed 20 years of service receive full retirement benefits. Partial benefits are earned for members who have completed 10 years of service, with vesting increasing each year until 20 years of service. The lump sum benefit is based on the years of service and annual benefit level. The benefit is available to the retired members when they reach 50 years of age.

Disability benefits and survivor benefits are payable to members or their beneficiaries based on years of service and the current annual benefit level.

The benefit provisions are set forth in the Association's bylaws and are consistent with *Minnesota State Statues*.

C. Employees Covered by Benefit Terms

At December 31, 2024, the following employees were covered by the benefit terms:

Inactive Members Entitled to but Not Yet Receiving Benefits	2
Active Members	21
Total	23

D. Contributions

Minnesota Statutes Chapter 424A.092 specifies minimum support rates required on an annual basis. The minimum support rates from the municipality and from State aids are determined as the amount required to meet the normal cost plus amortizing any existing prior service costs over a 10 year period. The City's obligation is the financial requirement for the year less state aids. Any additional payments by the City shall be used to amortize the unfunded liability of the relief association. The Association is comprised of volunteers: therefore, there are no payroll expenditures (i.e. there are no covered payroll percentage calculations).

E. Net Pension Liability (Asset)

The City's net pension liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023.

NOTE 3 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Single Employer Plan – Blackduck Fire Relief Association (Continued)

E. Net Pension Liability (Asset) (Continued)

Actuarial Assumptions

The total pension liability in the December 31, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Discount Rate	5.25%
Inflation	2.50%
Expected Return on Plan Assets	5.25%
Actuarial Cost Method	Entry age normal in accordance with the requirements of GASB 67/68
Asset Valuation Method	Market Value of Assets
Mortality	Healthy Preretirement: Pub-2010 Public Safety Employee mortality tables with projected mortality improvements based on scale MP-2021. Healthy Postretirement: Pub-2010 Healthy Retired Public Safety mortality tables with projected mortality improvements based on Scale MP-2021. Males rates are adjusted by a factor of 0.98. Disabled: Pub-2010 Public Safety Disabled Retiree mortality tables with projected mortality improvements based on scale MP-2021. Males rates are adjusted by a factor of 1.05.

NOTE 3 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Single Employer Plan – Blackduck Fire Relief Association (Continued)

E. Net Pension Liability (Asset) (Continued)

Actuarial Assumptions (Continued)

The best estimates of geometric real and nominal rates of return for each major asset class included in the pension plan's asset allocation as of the measurement date are summarized in the following table:

Asset Class	Assumed Target Allocation at Measurement Date	Long-Term Expected Real Rate of Return	Long-Term Expected Nominal Rate of Return
Domestic Stocks	25.00 %	4.52 %	7.02 %
International Equity	12.00	5.08	7.58
Fixed Income	-	2.44	4.94
Real Estate and Alternatives	3.00	3.73	6.23
Cash and Equivalents	60.00	0.99	3.49
Total	100.00 %		5.35 %
Reduced for Assumed Investment Expense			(0.04)%
Assumed Investments Return, Net			5.25 %

F. Discount Rate

The discount rate used to measure the total pension liability was 5.25%. The liability discount rate was developed using the alternative method described in paragraph 43 of GASB 67, which states that "if the evaluations required by paragraph 41 can be made with sufficient reliability without a separate projection of cash flows into and out of the pension plan, alternative methods may be applied in making the evaluations." We believe that the plan's current overfunded status, combined with statutory funding requirements, provide sufficient reliability that projected plan assets will be adequate to pay future retiree benefits. Therefore, we have used the plan's long-term expected investment return as the liability discount rate.

NOTE 3 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Single Employer Plan – Blackduck Fire Relief Association (Continued)

G. Changes in the Net Pension Liability (Asset)

	(A) Total Pension Liability	(B) Plan Fiduciary Net Position	(A) - (B) Net Pension Liability (Asset)
Balances at December 31, 2023	$ 205,279	$ 499,412	$ (294,133)
Changes for the Year:			
Service Cost	9,586	-	9,586
Interest Cost	11,818	-	11,818
Change in Benefit Terms	59,823	-	59,823
Differences Between Expected and Actual Experience	(6,149)	-	(6,149)
Changes in Assumptions	1,229	-	1,229
Contributions - State and Local	-	25,668	(25,668)
Net Investment Income (Loss)	-	15,210	(15,210)
Administrative Expense	-	(4,954)	4,954
Net Changes	76,307	35,924	40,383
Balances at December 31, 2024	$ 281,586	$ 535,336	$ (253,750)

Sensitivity of the net pension liability (asset) to changes in the discount rate. The following presents the net pension liability (asset) of the City, calculated using the discount rate of 5.25%, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher that the current rate:

	1% Decrease Discount Rate (4.25%)	Current Discount Rate (5.25%)	1% Increase Discount Rate (6.25%)
Total Pension Liability	$ 288,001	$ 281,586	$ 275,227
Plan Fiduciary Net Pension	535,336	535,336	535,336
Net Pension Liability (Asset)	(247,335)	(253,750)	(260,109)

H. Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued pension accounting report. This may be requested by contacting the City of Blackduck.

NOTE 3 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Single Employer Plan – Blackduck Fire Relief Association (Continued)

I. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2024, The City recognized pension expense of $48,897. At December 31, 2024, The City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net Difference Between Projected and Actual Investments Earnings	$ 37,869	$ -
Difference Between Expected and Actual Liability Earnings	-	27,775
Change in Assumptions	4,056	-
Contributions to the Plan Subsequent to the Measurement Date	-	-
Total	$ 41,925	$ 27,775

There were no contributions subsequent to the measurement date in the year ended December 31, 2024. Other amounts reported as deferred outflows of resources related to pensions will be recognized in the pension expense as follows:

Year Ending December 31,	Pension Expense Amount
2025	$ 141
2026	9,493
2027	8,417
2028	(192)
2029	(1,790)
Thereafter	(1,919)

J. Aggregate Pension Cost

	General Employees Plan	Police and Fire Fund	Blackduck Fire Relief	Note_Aggregate Total
Net Pension Liability	$ 341,591	$ 65,272	$ -	$ 406,863
Net Pension Asset	-	-	253,750	253,750
Deferred Inflows of Resources	228,482	165,800	27,775	422,057
Deferred Outflows of Resources	103,263	128,325	41,925	273,513
Pension Expense	68,623	11,790	48,897	129,310

NOTE 4 OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The City operates the City of Blackduck, Minnesota Other Post-Employment Benefit Plan, a single-employer retiree defined benefit plan for health insurance in which retiring employees and their spouse may participate. Retiring employees are eligible to participate only if they are a participant in the City's health insurance at the time of retirement. If a retiree chooses to drop their participation in the plan they cannot re-enroll back with the City's health plan. Upon the death of a retiree, the retiree's spouse can continue participation only if the spouse was covered under the plan at the time of the retiree's death. There are 12 active plan participants, and one retiree plan participant. The Plan does not issue a publicly available financial report.

The following changes in actuarial assumptions occurred in 2024:

- The discount rate was changed from 4.05% to 3.77%.
- Health care trend rates were reset to reflect updated cost increase expectations.
- Medical per capita claims costs were updated to reflect recent experience.
- Mortality rates were updated from the rates used in the 7/1/2022 PERA General Employees Plan and 7/1/2022 PERA Police and Fire Plan valuations to the rates used in the 7/1/2022 valuations.
- The inflation assumption stayed consistent at 2.50%.

Contributions

The required contribution is based on pay-as-you-go financing requirements.

Total OPEB Liability

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

Assumptions

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

Discount Rate	3.77%
Inflation	2.50%
Healthcare Cost Trend Rate	6.30% for FY2023 gradually decreasing over several decades to an ultimate rate of 3.90% in FY2075 and later years

NOTE 4 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Total OPEB Liability (Continued)

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

Discount Rate

The discount rate used to measure the total OPEB liability was 3.77%.

Changes in the Total OPEB Liability

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

	Total OPEB Liability (Asset)
Balances at December 31, 2023	$ 421,755
Changes for the Year:	
Service Cost	54
Interest Cost	16,810
Differences Between Expected and Actual Experience	142
Changes in Assumptions	17,204
Benefit Payments	(13,482)
Net Changes	20,728
Balances at December 31, 2024	$ 442,483

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

The following presents the City's total OPEB liability, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate.

	1% Decrease Discount Rate (2.77%)	Current Discount Rate (3.77%)	1% Increase Discount Rate (4.77%)
Total OPEB Liability	$ 512,372	$ 442,483	$ 385,119

Sensitivity of the Total OPEB Liability to Changes in Healthcare Trend Rates

The following presents the City's total OPEB liability, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (5.30% decreasing to 2.90%) or one percentage point higher (7.30% decreasing to 4.90%) than the current healthcare cost trend rates:

NOTE 4 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Changes in the Total OPEB Liability (Continued)

Sensitivity of the Total OPEB Liability to Changes in Healthcare Trend Rates (Continued)

	1% Decrease Healthcare Cost Trend Rates (5.30% Decreasing to 2.90%)	Current Healthcare Cost Trend Rates (6.30% Decreasing to 3.90%)	1% Increase Healthcare Cost Trend Rates (7.30% Decreasing to 4.90%)
Total OPEB Liability	$ 383,335	$ 442,483	$ 513,282

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

For the year ended December 31, 2024, the City recognized OPEB expense of $34,210.

The City reported deferred outflows of resources related to OPEB of $14,151, resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended December 31, 2024.

NOTE 5 INTERFUND BALANCES AND TRANSFERS

As of December 31, 2024, the City had the following advances to eliminate cash deficits and for interfund debt and receivables.

	Advances from Other Funds		
Advances to Other Funds	General Fund	Revolving Loan Fund	Total
Interfund Balances			
Golf Course Fund	$ 222,476	$ 21,651	$ 244,127
Nonmajor Governmental Funds:			
Cemetery Fund	-	9,842	9,842
2018 Frontage/Pine Ave Loan Fund	-	21,835	21,835
Downtown Development Fund	-	18,202	18,202
Total Interfund Balances	$ 222,476	$ 71,530	$ 294,006

The City of Blackduck, Minnesota made the following transfers between funds during 2024 as follows:

	Transfer Out					
Transfer In	General Fund	Golf Course Fund	Municipal Water Fund	Municipal Sewer Fund	Municipal Liquor Store Fund	Total
Operating Transfers						
General Fund	$ -	$ -	$ -	$ -	$ 65,000	$ 65,000
Golf Course Fund	-	-	-	-	10,000	10,000
Fire Hall Maintenance Fund	-	-	-	-	-	-
Fire Department Special Equipment Fund	5,000	-	-	-	-	5,000
Nonmajor Governmental Funds	32,000	10,500	24,540	24,540	3,500	95,080
Municipal Water Fund	-	-	-	-	-	-
Municipal Sewer Disposal Fund	17,735	-	-	-	-	17,735
Total Transfers	$ 54,735	$ 10,500	$ 24,540	$ 24,540	$ 78,500	$ 192,815

NOTE 5 INTERFUND BALANCES AND TRANSFERS (CONTINUED)

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

NOTE 6 RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

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

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

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

NOTE 7 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Deficit Fund Equity

The following major (Golf fund) and nonmajor funds (2018 Frontage/Pine Ave Loan fund, Downtown Development fund, & Cemetery fund) fund balance deficit exists as of December 31, 2024:

Golf Fund	$	248,246
2018 Frontage/Pine Ave Loan Fund		11,391
Downtown Development Fund		4,388
Cemetary Fund		3,516

The deficit balance in these funds are primarily the result of project expenditures exceeding funding in the current year.

NOTE 7 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

B. Expenditures in Excess of Budget

Expenditures exceed the budget in the following major governmental funds for the year-ended December 31, 2024:

	Expenditures	Budget	Excess
General Fund	$ 892,116	$ 838,741	$ 53,375
Golf Course Fund	317,062	252,259	64,803

The above overages were considered by City management to be the result of necessary expenditures that are critical to operations and were approved by the City Council.

C. Budget Procedures

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

- Prior to September 15 of each year, the Administrator submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- The budget is legally enacted through passage of a resolution on a fund basis.
- Interdepartmental or interfund appropriations and deletions are or may be authorized by the City Council with fund (contingency) reserves or additional revenues. Additionally, Management cannot amend the budget without Council approval.
- Formal budgetary integration is employed as a management control device during the year for the General Fund, certain Special Revenue Funds and Enterprise Funds.
- Legal debt obligation indentures determine the appropriation level and debt service tax levies for the Debt Service Funds. These debt service and budget amounts represent general obligation bond indenture provisions and net income for operation and capital maintenance.
- Expenditures may not legally exceed budgeted appropriations at the total fund level without City Council authorization. Monitoring of budgets is maintained at the expenditure category level (i.e., personal services, material and supplies, repairs and maintenance, purchased services, other expenditures, capital outlay, debt service) within each activity.
- The City Council may authorize transfer of budgeted amounts between City funds.

NOTE 8 COMPONENTS OF FUND BALANCE

At December 31, 2024, a summary of the governmental fund balance classifications are as follows:

	General Fund	Golf Fund	Revolving Loan Fund	Fire Dept Special Equipment	Nonmajor Governmental Funds	Total
Fund Balances						
Nonspendable:						
Prepaid Expenses	$ 13,667	$ -	$ -	$ -	$ -	$ 13,667
Revolving Loan	-	-	102,610	-	-	102,610
Restricted:						
Pine Tree Park	-	-	-	-	23,097	23,097
Tax Increment Financing District	-	-	-	-	176,298	176,298
Housing and Redevelopment	-	-	-	-	26,048	26,048
Economic Development	-	-	29,831	-	13,814	43,645
Fire Hall Maintenance	-	-	-	-	30,460	30,460
Debt Service	-	-	-	-	74,532	74,532
Equipment	13,308	-	-	748,999	-	762,307
Committed:						
Cemetery Perpetual Care Fund	-	-	-	-	65,729	65,729
Assigned:						
Compensated Absences	23,743	-	-	-	-	23,743
Public Works Reserve	-	-	-	-	3,488	3,488
Economic Development	-	-	325,303	-	-	325,303
Unassigned	547,504	(248,246)	-	-	(33,109)	266,149
Total	$ 598,222	$ (248,246)	$ 457,744	$ 748,999	$ 380,357	$ 1,937,076

NOTE 9 ACCOUNTING CHANGES AND ERROR CORRECTIONS

A. Correction of an Error in Previously Issued Financial Statements

During fiscal year 2024, beginning net position of the Governmental Activities, Business-Type activities, the Water fund, Sewer fund, and Liquor fund, as well as the fund balance for the Housing and Redevelopment Authority fund, Aggregate Remaining funds and the Golf fund were restated due to errors.

In the prior year, there were several interfund loans accounted for as long term debt and loans receivable, rather than an interfund transaction. Loans receivable were included on the fund level, however, the long term debt portion did not appear on the fund level, requiring a prior period adjustment. This resulted in advances from other funds being understated, and fund balance for Aggregate Remaining and the Golf fund to be overstated by $27,381 and $58,714 respectively. The effect of correcting that error is shown in the table below.

B. Changes to or within Financial Reporting Entity

<u>Changes in Custodial Fund Presentation</u>
In the prior year the Housing and Redevelopment Authority (HRA) fund was previously reported as a custodial fund. After further evaluation, it was determined that the HRA fund should be classified as a blended component unit in a special revenue fund, as the HRA board consists of the same members as the Blackduck City Council. The effect of that change to or within the financial reporting entity is shown in the table below.

NOTE 9 ACCOUNTING CHANGES AND ERROR CORRECTIONS (CONTINUED)

B. Changes to or within Financial Reporting Entity (Continued)

Change in Fund Presentation from Nonmajor to Major

The Fire Hall Maintenance Fund previously met the criteria to be reported as a major governmental fund. However, effective January 1, 2024, the fund no longer met the criteria to be reported as a major fund and is reported as a nonmajor governmental fund for the fiscal year ended December 31, 2024. Total fund balance at January 1, 2024 was $0, and therefore there is no adjustment reflected within these financial statements.

C. Change in Accounting Estimate

For the year ended December 31, 2024, the City of Blackduck changed the allocation estimate for the Other Post Employment Benefit (OPEB) deferred outflows and liability. In prior years, the entire liability and deferred outflow was included in governmental activities. The City of Blackduck determined that a new allocation using the applicable underlying salaries by fund was more accurate. As a portion of the underlying salaries are in business type funds, this change will allocate a portion of the liability and deferred outflow to the water, sewer & liquor funds. This change is being applied prospectively, beginning January 1, 2024. The effect of this change in the current period is an increase in the OPEB liability of $40,105 in the Water fund, $41,885 in the Sewer fund, $185,667 in the Liquor fund and an increase in the deferred outflow of $1,269 in the Water fund, $1,325 in the Sewer fund and $5,874 in the Liquor fund. This caused a decrease in net position of $38,836 in the Water fund, $40,560 in the Sewer fund and $179,793 in the Liquor fund and in total by $259,189 in Business-Type funds. This also resulted in a decrease in the government wide OPEB liability by $267,657, deferred outflows by $8,468 and an increase in net position of $259,189.

Adjustments to and Restatements of Beginning Balances

During fiscal year 2024, a change to or within the financial reporting entity, and error corrections resulted in adjustments to and restatements of beginning net position and fund net position, as follows:

	Aggregate Remaining Funds	Golf Fund	Custodial Fund
Fund Balance, as Previously Reported at December 31, 2023	$ 340,385	$ (158,122)	$ 18,210
Error Correction	(27,381)	(58,714)	-
Change to or within Financial Reporting Entity - HRA	18,210	-	(18,210)
Fund Balance, as Restated, at January 1, 2024	$ 331,214	$ (216,836)	$ -

	Governmental Activities
Net Position, as Previously Reported at December 31, 2023	$ 3,417,853
Change to or within Financial Reporting Entity - HRA	18,210
Net Position, as Adjusted or Restated, at January 1, 2024	$ 3,436,063

NOTE 10 SUBSEQUENT EVENTS

On January 23, 2025, the City of Blackduck issued a Series 2025A $363,000 General Obligation Equipment Certificate to finance the acquisition of a fire truck for the City. The interest rate on the certificate is 4.5% and the maturity date is February 1, 2036. Additionally, the City of Blackduck made a purchase of $1,076,239 ($744,000 on January 7, 2025 and $332,239 on January 23, 2025) for the Pierce Enforcer HDR-Pumper fire truck that was purchased with funds sourced from the 2025A General Obligation Certificate.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BLACKDUCK, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2024

	2024		
	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes and Special Assessments:			
General Property Tax	$ 345,987	$ 350,025	$ 4,038
Licenses and Permits	14,625	5,029	(9,596)
Intergovernmental Revenues:			
Federal:			
Other Federal Revenue	-	17,735	17,735
State:			
Local Government Aids	323,445	323,445	-
Market Value Credit	-	64	64
Police Aids	13,000	10,770	(2,230)
Fire Aids	19,000	28,475	9,475
Other State Aid	-	16,436	16,436
Total Intergovernmental Revenues	355,445	396,925	41,480
Charges for Services:			
Rural Fire Contracts	32,077	32,077	-
Other	96,440	96,440	-
Total Charges for Services	128,517	128,517	-
Fines and Fees	200	133	(67)
Interest Income	2,500	13,307	10,807
Other:			
Reimbursements	7,660	21,153	13,493
Donations	-	8,547	8,547
Rental	-	1,050	1,050
Other	1,000	393	(607)
Total Other	8,660	31,143	22,483
Total Revenues	855,934	925,079	69,145

See accompanying Notes to Required Supplementary Information.

CITY OF BLACKDUCK, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (CONTINUED)
GENERAL FUND
YEAR ENDED DECEMBER 31, 2024

	2024		
	Original and Final Budget	Actual	Variance Positive (Negative)
EXPENDITURES			
General Government:			
Mayor and Council:			
Personal Services	$ 11,850	$ 11,276	$ 574
Materials and Supplies	4,000	280	3,720
Other Expenditures	600	2,206	(1,606)
Total Mayor and Council	16,450	13,762	2,688
Administration:			
Personal Services	134,795	131,222	3,573
Materials and Supplies	4,490	4,631	(141)
Purchased Services	32,524	63,917	(31,393)
Other Expenditures	9,345	10,682	(1,337)
Debt Service - Principal	2,473	9,636	(7,163)
Total Administration	183,627	220,088	(36,461)
Planning/Zoning:			
Purchased Services	15,000	9,296	5,704
Government Buildings:			
Materials and Supplies	825	2,220	(1,395)
Repairs and Maintenance	5,400	5,534	(134)
Purchased Services	10,486	751	9,735
Capital Outlay	-	22,333	(22,333)
Total Government Buildings	16,711	30,838	(14,127)
Total General Government	231,788	273,984	(42,196)
Public Safety:			
Law Enforcement:			
Personal Services	197,279	114,745	82,534
Materials and Supplies	12,350	12,706	(356)
Repairs and Maintenance	3,600	5,755	(2,155)
Purchased Services	33,379	33,613	(234)
Other Expenditures	4,550	3,517	1,033
Capital Outlay	-	66,485	(66,485)
Total Law Enforcement	251,158	236,821	14,337

See accompanying Notes to Required Supplementary Information.

CITY OF BLACKDUCK, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (CONTINUED)
GENERAL FUND
YEAR ENDED DECEMBER 31, 2024

	2024		
	Original and Final Budget	Actual	Variance Positive (Negative)
EXPENDITURES (CONTINUED)			
Public Safety (Continued):			
Fire:			
Personal Services	$ 17,225	$ 18,753	$ (1,528)
Materials and Supplies	20,410	16,543	3,867
Repairs and Maintenance	13,150	17,424	(4,274)
Purchased Services	23,965	25,719	(1,754)
Other Expenditures	22,250	28,987	(6,737)
Total Fire	97,000	107,426	(10,426)
Total Public Safety	348,158	344,247	3,911
Streets and Highways:			
Street Maintenance:			
Personal Services	90,225	106,082	(15,857)
Materials and Supplies	53,600	39,733	13,867
Repairs and Maintenance	10,000	9,392	608
Purchased Services	26,473	21,055	5,418
Other Expenditures	3,300	2,231	1,069
Capital Outlay	-	2,369	(2,369)
Debt Service - Principal	-	19,633	(19,633)
Total Street Maintenance	183,598	200,495	(16,897)
Street Lighting:			
Repairs and Maintenance	10,000	2,685	7,315
Purchased Services	10,500	10,961	(461)
Total Street Lighting	20,500	13,646	6,854
Total Streets and Highways	204,098	214,141	(10,043)

See accompanying Notes to Required Supplementary Information.

CITY OF BLACKDUCK, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (CONTINUED)
GENERAL FUND
YEAR ENDED DECEMBER 31, 2024

	2024		
	Original and Final Budget	Actual	Variance Positive (Negative)
EXPENDITURES (CONTINUED)			
Culture and Recreation:			
Parks and Recreation:			
Personal Services	$ 10,158	$ 10,983	$ (825)
Materials and Supplies	7,100	4,097	3,003
Repairs and Maintenance	2,000	131	1,869
Purchased Services	7,710	7,465	245
Capital Outlay	-	1,946	(1,946)
Miscellaneous	500	(1,475)	1,975
Total Parks and Recreation	27,468	23,147	4,321
Library:			
Materials and Supplies	400	9,294	(8,894)
Repairs and Maintenance	1,350	2,195	(845)
Purchased Services	25,479	25,108	371
Total Library	27,229	36,597	(9,368)
Total Culture and Recreation	54,697	59,744	(5,047)
Total Expenditures	838,741	892,116	(53,375)
EXCESS OF REVENUES OVER EXPENDITURES	17,193	32,963	122,520
OTHER FINANCING SOURCES (USES)			
Proceeds from Leases	-	12,367	12,367
Operating Transfer In	-	65,000	65,000
Operating Transfer Out	-	(54,735)	(54,735)
Total Other Financing Sources (Uses)	-	22,632	22,632
NET CHANGE IN FUND BALANCE	17,193	55,595	145,152
Fund Balances - Beginning of Year	292,232	542,627	250,395
FUND BALANCES - END OF YEAR	$ 309,425	$ 598,222	$ 395,547

See accompanying Notes to Required Supplementary Information.

CITY OF BLACKDUCK, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GOLF FUND
YEAR ENDED DECEMBER 31, 2024

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes and Special Assessments:			
General Property Tax	$ -	$ 882	$ 882
Charges for Services	249,850	275,691	25,841
Other:			
Donations	-	3,498	3,498
Other	3,900	6,081	2,181
Total Revenues	253,750	286,152	32,402
EXPENDITURES			
Culture and Recreation:			
Current	212,959	260,615	(47,656)
Capital Outlay	-	18,481	(18,481)
Total Culture and Recreation	212,959	279,096	(66,137)
Debt Service:			
Principal	38,670	37,336	1,334
Interest and Fiscal Charges	630	630	-
Total Debt Service	39,300	37,966	1,334
Total Expenditures	252,259	317,062	(64,803)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,491	(30,910)	(32,401)
OTHER FINANCING SOURCES (USES)			
Operating Transfer In	10,000	10,000	-
Operating Transfer Out	-	(10,500)	(10,500)
Total Other Financing Sources (Uses)	10,000	(500)	(10,500)
NET CHANGE IN FUND BALANCE	11,491	(31,410)	(42,901)
Fund Balances - Beginning, As Previously Reported	(212,354)	(158,122)	54,232
Restatement	-	(58,714)	(58,714)
Fund Balances - Beginning, As Restated	(212,354)	(216,836)	(4,482)
FUND BALANCES - END OF YEAR	$ (200,863)	$ (248,246)	$ (47,383)

See accompanying Notes to Required Supplementary Information.

CITY OF BLACKDUCK, MINNESOTA
SCHEDULE OF THE CITY'S AND NONEMPLOYER PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
GENERAL EMPLOYEE PLAN
LAST TEN YEARS

Measurement Year Ended June 30,	City's Proportion of the Net Pension Liability (Asset)	City's Proportionate Share of the Net Pension Liability (Asset)	State's Proportionate Share of the Net Pension Liability (Asset) Associated with the City	Total	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of it's Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	0.0092 %	$ 341,591	$ 15,716	$ 357,307	$ 847,873	40.29 %	89.1 %
2023	0.0089	497,678	13,651	511,329	705,983	70.49	83.1
2022	0.0087	689,043	20,302	709,345	652,751	105.56	76.7
2021	0.0073	311,743	9,491	321,234	523,482	59.55	87.0
2020	0.0066	395,700	12,196	407,896	467,533	84.64	79.1
2019	0.0056	309,611	9,666	319,277	392,597	78.86	80.2
2018	0.0063	349,498	11,629	361,127	391,852	89.19	79.5
2017	0.0055	351,116	4,440	355,556	358,707	97.88	75.9
2016	0.0059	479,051	6,281	485,332	339,358	141.16	68.9
2015	0.0056	290,221	-	290,221	331,834	87.46	78.2

See accompanying Notes to Required Supplementary Information.

CITY OF BLACKDUCK, MINNESOTA
SCHEDULE OF THE CITY'S AND NONEMPLOYER PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
POLICE AND FIRE PLAN
LAST TEN YEARS

Measurement Year Ended June 30,	City's Proportion of the Net Pension Liability (Asset)	City's Proportionate Share of the Net Pension Liability (Asset)	State's Proportionate Share of the Net Pension Liability (Asset) Associated with the City	Total	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of it's Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	0.0050 %	$ 65,272	$ -	$ 65,272	$ 74,694	87.39 %	90.2 %
2023	0.0040	69,075	-	69,075	52,011	132.81	86.5
2022	0.0030	130,548	-	130,548	36,746	355.27	70.5
2021	0.0099	76,418	-	76,418	117,454	65.06	93.7
2020	0.0098	129,174	-	129,174	110,692	116.70	87.2
2019	0.0100	106,460	-	106,460	105,353	101.05	89.3
2018	0.0089	94,865	-	94,865	93,975	100.95	88.8
2017	0.0070	94,508	-	94,508	70,299	134.44	85.4
2016	0.0090	361,186	-	361,186	82,565	437.46	63.9
2015	0.0090	102,261	-	102,261	85,264	119.93	86.6

See accompanying Notes to Required Supplementary Information.

CITY OF BLACKDUCK, MINNESOTA
SCHEDULE OF CITY'S CONTRIBUTIONS
GENERAL EMPLOYEE PLAN
LAST TEN YEARS

Year Ended December 31,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	$ 63,590	$ 63,590	$ -	$ 847,873	7.50 %
2023	55,320	55,320	-	737,588	7.50
2022	52,792	52,792	-	703,885	7.50
2021	42,307	42,307	-	564,099	7.50
2020	37,075	37,075	-	495,004	7.49
2019	32,576	32,576	-	424,634	7.67
2018	29,979	29,979	-	400,281	7.49
2017	27,750	27,750	-	369,998	7.50
2016	26,862	26,862	-	357,400	7.52
2015	25,927	25,927	-	345,842	7.50

See accompanying Notes to Required Supplementary Information.

CITY OF BLACKDUCK, MINNESOTA
SCHEDULE OF CITY'S CONTRIBUTIONS
POLICE AND FIRE PLAN
LAST TEN YEARS

Year Ended December 31,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	$ 13,221	$ 13,221	$ -	$ 74,694	17.70 %
2023	10,648	10,648	-	60,848	17.50
2022	6,384	6,384	-	36,067	17.70
2021	15,119	15,119	-	85,417	17.70
2020	20,348	20,348	-	114,963	17.70
2019	18,207	18,207	-	107,416	16.95
2018	16,383	16,383	-	101,126	16.20
2017	14,402	14,402	-	88,902	16.20
2016	10,129	10,129	-	63,273	16.01
2015	14,201	14,201	-	87,662	16.20

See accompanying Notes to Required Supplementary Information.

CITY OF BLACKDUCK, MINNESOTA
SCHEDULE OF CHANGES IN NET POSITION LIABILITY (ASSET) AND RELATED RATIOS
BLACKDUCK FIRE RELIEF ASSOCIATION
LAST SEVEN YEARS*

Year Ended December 31,	2024	2023	2022	2021	2020	2019	2018
Total Pension Liability (Asset)							
Service Costs	$ 9,586	$ 9,352	$ 9,586	$ 9,352	$ 9,396	$ 9,167	$ 8,943
Interest Cost	11,818	11,807	14,314	13,998	13,785	12,596	11,491
Differences Between Expected and Actual Experience	(6,149)	-	(14,110)	-	(8,444)	-	-
Assumption Changes	1,229	-	4,523	-	18	-	-
Changes of benefit terms	59,823	-	-	-	-	-	-
Benefit Payments	-	(42,400)	(14,464)	(22,600)	-	(5,940)	-
Net Change in Total Pension Liability (Asset)	76,307	(21,241)	(151)	750	14,755	15,823	20,434
Total Pension Liability - Beginning	205,279	226,520	226,671	225,921	211,166	195,343	174,909
Total Pension Liability - Ending (a)	$ 281,586	$ 205,279	$ 226,520	$ 226,671	$ 225,921	$ 211,166	$ 195,343
Plan Fiduciary Net Position							
Contributions - State and Local	$ 25,668	$ 23,114	$ 22,687	$ 21,824	$ 20,348	$ 19,446	$ 24,084
Net Investment Income	15,210	(13,678)	25,571	73,658	70,704	(10,829)	50,603
Administrative Expenses	-	(4,343)	(1,650)	(1,799)	(599)	(599)	(2,399)
Benefit Payments	(4,954)	(42,400)	(14,464)	(22,600)	-	(5,940)	-
Net Change in Plan Fiduciary Net Position	35,924	(37,307)	32,144	71,083	90,453	2,078	72,288
Plan Fiduciary Net Position - Beginning	499,412	536,719	504,575	433,492	343,039	340,961	268,673
Plan Fiduciary Net Position - Ending (b)	$ 535,336	$ 499,412	$ 536,719	$ 504,575	$ 433,492	$ 343,039	$ 340,961
Net Pension Liability (Asset) - Ending (a) - (b)	$ (253,750)	$ (294,133)	$ (310,199)	$ (277,904)	$ (207,571)	$ (131,873)	$ (145,618)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	190.11%	243.28%	236.94%	222.60%	191.88%	162.45%	174.54%
Covered Payroll	NA	NA	NA	NA	NA	NA	NA
Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	NA	NA	NA	NA	NA	NA	NA

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

See accompanying Notes to Required Supplementary Information.

CITY OF BLACKDUCK, MINNESOTA
SCHEDULE OF EMPLOYER AND NONEMPLOYER CONTRIBUTIONS
BLACKDUCK FIRE RELIEF ASSOCIATION
LAST SEVEN YEARS*

Year Ended December 31,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions
2024	$ 28,475	$ 28,475
2023	25,668	25,668
2022	22,113	22,113
2021	21,687	21,687
2020	20,824	20,824
2019	19,808	19,808
2018	19,446	19,446

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

See accompanying Notes to Required Supplementary Information.

CITY OF BLACKDUCK, MINNESOTA
SCHEDULE OF INVESTMENT RETURNS
BLACKDUCK FIRE RELIEF ASSOCIATION
LAST SEVEN YEARS*

Year Ended December 31,	Annual Money-Weighted Rate of Return, Net of Investment Expense
2024	5.3 %
2023	(2.6)
2022	5.2
2021	17.1
2020	20.6
2019	(3.2)
2018	18.7

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

See accompanying Notes to Required Supplementary Information.

CITY OF BLACKDUCK, MINNESOTA
SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST FOUR YEARS*

	2024	2023	2022	2021
Total OPEB Liability				
Service Cost	$ 54	$ 228	$ 214	$ -
Interest	16,810	14,113	15,001	-
Assumption Changes	17,204	(161,790)	20,761	-
Differences Between Expected and Actual Experience	142	(189,219)	(5,760)	754,805
Benefit Payments	(13,482)	(16,668)	(9,930)	-
Net Changes in Total OPEB Liability	20,728	(353,336)	20,286	754,805
Total OPEB Liability - Beginning	421,755	775,091	754,805	-
Total OPEB Liability - Ending	$ 442,483	$ 421,755	$ 775,091	$ 754,805
Covered Payroll	$ 670,030	$ 597,093	$ 462,782	$ 624,986
City's Net OPEB Liability as a Percentage of Covered Payroll	66.04%	70.63%	167.49%	120.77%

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

See accompanying Notes to Required Supplementary Information.

NOTE 1 BUDGETARY DATA

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the General, certain Special Revenue Funds and Enterprise Funds. The City is not legally required to adopt a budget for the Revolving Loan Fund. Therefore, budget comparison information is not included in the City's financial statements.

Budgeted amounts are reported as originally adopted, or as amended by the City Council. Individual amendments were not material in relation to the original appropriations which were adjusted. Budgeted expenditure appropriations lapse at year-end.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the appropriation, is not employed by the City because it is at present not considered necessary to assure effective budgetary control or to facilitate effective cash management.

Expenditures exceed the budget in the following major governmental funds for the year-ended December 31, 2024:

	Expenditures	Budget	Excess
General Fund	$ 892,116	$ 838,741	$ 53,375
Golf Course Fund	317,062	252,259	64,803

The above overages were considered by City management to be the result of necessary expenditures that are critical to operations and were approved by the City Council.

NOTE 2 PENSIONS

General Employees Fund

2024 Changes:

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

NOTE 2 PENSIONS (CONTINUED)

General Employees Fund (Continued)

2023 Changes:

Changes in Actuarial Assumptions:
- The investment return assumption and single discount rate were changed from 6.50% to 7.00%.

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

2022 Changes:

Changes in Actuarial Assumptions:
- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

Changes in Plan Provisions:
- There were no changes in plan provisions since the previous valuation.

2021 Changes:

Changes in Actuarial Assumptions:
- The investment return and single discount rates were changed from 7.5% to 6.5%, for financial reporting purposes.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

Changes in Plan Provisions:
- There were no changes in plan provisions since the previous valuation.

NOTE 2 PENSIONS (CONTINUED)

General Employees Fund (Continued)

2020 Changes:

Changes in Actuarial Assumptions:

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 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 and Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint and Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions:

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

NOTE 2 PENSIONS (CONTINUED)

General Employees Fund (Continued)

2019 Changes:

Changes in Actuarial Assumptions:
- The mortality projection scale was changed from MP-2017 to MP-2018.

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

2018 Changes:

Changes in Actuarial Assumptions:
- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.00% per year through 2044 and 2.50% per year thereafter to 1.25% per year.

2017 Changes:

Changes in Actuarial Assumptions:
- The Combined Service Annuity (CSA) loads were changed from .8% for active members and 60% for vested and nonvested deferred members. The revised CSA loads are now 0% for active member liability, 15% for vested deferred member liability and 3% for nonvested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1% per year for all years to 1% per year through 2044 and 2.5% per year thereafter.

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

2016 Changes:

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

NOTE 2 PENSIONS (CONTINUED)

General Employees Fund (Continued)

2015 Changes:

Changes in Plan Provisions:

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

Changes in Actuarial Assumptions:

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

Police and Fire Fund

2024 Changes:

Changes in Plan Provisions:

- The State contribution $9.0 million per year will continue until the earlier of 1) both the Police and Fire Plan and the State Patrol Retirement Fund attain 90% funded status for three consecutive years (on an actuarial value of assets basis) or 2) July 1, 2048. The contribution was previously due to expire after attaining a 90% funded status for one year.
- The additional $9.0 million contribution will continue until the Police and Fire Plan is fully funded for a minimum of three consecutive years on an actuarial value of assets basis, or July 1, 2048, whichever is earlier. This contribution was previously due to expire upon attainment of fully funded status on an actuarial value of assets basis for one year (or July 1, 2048 if earlier).

2023 Changes:

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- Additional one-time direct state aid contribution of 19.4 million will be contributed to the Plan on October 1, 2023.
- Vesting requirement for new hires after June 30, 2014, was changed from a graded 20- year vesting schedule to a graded 10-year vesting schedule, with 50% vesting after five years, increasing incrementally to 100% after 10 years.
- A one-time, noncompounding benefit increase of 3.0% will be payable in a lump sum for calendar year 2024 by March 31, 2024.

NOTE 2 PENSIONS (CONTINUED)

Police and Fire Fund (Continued)

2023 Changes (Continued):

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

2022 Changes:

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

Changes in Plan Provisions:
- There were no changes in plan provisions since the previous valuation.

2021 Changes:

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

NOTE 2 PENSIONS (CONTINUED)

Police and Fire Fund (Continued)

2021 Changes (Continued):

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

2020 Changes:

Changes in Actuarial Assumptions:

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

2019 Changes:

Changes in Actuarial Assumptions:

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

2018 Changes:

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- Postretirement benefit increases were changed to 1.00% for all years, with no trigger.
- An end date of July 1, 2048 was added to the existing $9.0 million state contribution.
- New annual state aid will equal $4.5 million in fiscal years 2019 and 2020, and $9.0 million thereafter until the plan reaches 100% funding, or July 1, 2048, if earlier.
- Member contributions were changed from 10.80% to 11.30% of pay, effective January 1, 2019 and 11.80% of pay, effective January 1, 2020.
- Employer contributions were changed from 16.20% to 16.95% of pay, effective January 1, 2019 and 17.70% of pay, effective January 1, 2020.
- Interest credited on member contributions decreased from 4.00% to 3.00%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

NOTE 2 PENSIONS (CONTINUED)

Police and Fire Fund (Continued)

2017 Changes:

Changes in Actuarial Assumptions:

- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average .34% lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The Combined Service Annuity (CSA) load was 30% for vested and nonvested deferred members. The CSA has been changed to 33% for vested members and 2% for nonvested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of .96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3% for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65% to 60%.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing Joint and Survivor annuities was increased.
- The assumed post-retirement benefit increase rate was changed from 1% for all years to 1% per year through 2064 and 2.5% thereafter.
- The single discount rate was changed from 5.60% per annum to 7.50% per annum.

2016 Changes:

Changes in Actuarial Assumptions:

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2037 and 2.5% per year thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%.
- The single discount rate changed from 7.9% to 5.6%.
- The single discount changed from 7.90% to 5.60%
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.5% for inflation.

NOTE 2 PENSIONS (CONTINUED)

Police and Fire Fund (Continued)

2015 Changes:

Changes in Plan Provisions:

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

Changes in Actuarial Assumptions:

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

Details, if necessary, can be obtained from PERA ACFR.

NOTE 3 OTHER POST-EMPLOYMENT BENEFITS

2024 Changes:

Changes in Actuarial Assumptions:

- The discount rate was changed from 4.05% to 3.77%.
- The inflation rate was consistent at 2.50% similar to prior year.

2023 Changes:

Changes in Actuarial Assumptions:

- The discount rate was changed from 1.84% to 4.05%.
- Health care trend rates were reset to reflect updated cost increase expectations.
- Medical per capita claims costs were updated to reflect recent experience.
- Mortality rates were updated from the rates used in the 7/1/2021 PERA General Employees Plan and 7/1/2021 PERA Police and Fire Plan valuations to the rates used in the 7/1/2022 valuations.
- The inflation assumption was changed from 2.25% to 2.50% based on an updated historical analysis of inflation rates and forward-looking market expectations.
- The payroll growth assumption was changed from 3.00% to 3.25% based on the 7/1/2022 PERA valuations.

2022 Changes:

Changes in Actuarial Assumptions:

- The discount rate was changed from 2.00% to 1.84%.

SUPPLEMENTARY INFORMATION

CITY OF BLACKDUCK, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2024

	Total Special Revenue Funds	Total Capital Project Funds	Total Debt Service Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash	$ 298,847	$ 47,762	$ 83,184	$ 429,793
Accounts Receivable	63	-	-	63
Property Taxes Receivable	-	-	25,671	25,671
Total Assets	$ 298,910	$ 47,762	$ 108,855	$ 455,527
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	$ 917	$ -	$ -	$ 917
Accrued Salaries and Wages Payable	495	-	-	495
Advance to Other Funds	9,842	18,202	21,835	49,879
Total Liabilities	11,254	18,202	21,835	51,291
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue	-	-	23,879	23,879
FUND BALANCES				
Restricted	225,443	44,274	74,532	344,249
Committed	65,729	-	-	65,729
Assigned	-	3,488	-	3,488
Unassigned	(3,516)	(18,202)	(11,391)	(33,109)
Total Fund Balances	287,656	29,560	63,141	380,357
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 298,910	$ 47,762	$ 108,855	$ 455,527

CITY OF BLACKDUCK, MINNESOTA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2024

	Total Special Revenue Funds	Total Capital Project Funds	Total Debt Service Funds	Total Nonmajor Governmental Funds
REVENUES				
General Property Taxes	$ 7,838	$ -	$ 43,540	$ 51,378
Special Assessments	-	-	2,583	2,583
Tax Increments	43,370	-	-	43,370
Charges for Services	24,792	-	-	24,792
Intergovernmental Revenues	11,000	-	-	11,000
Interest Income	3,603	1,727	1,585	6,915
Donations and Grants	-	13,000	115	13,115
Other	240	-	-	240
Total Revenues	90,843	14,727	47,823	153,393
EXPENDITURES				
Current:				
Economic Development	-	37,785	-	37,785
Culture and Recreation	29,564	-	-	29,564
Cemetery	12,595	-	-	12,595
Capital Outlay	16,529	-	164,300	180,829
Debt Service:				
Principal	-	-	30,941	30,941
Interest and Fiscal Charges	27,242	-	44,674	71,916
Issuance Fees	-	-	15,700	15,700
Total Expenditures	85,930	37,785	255,615	379,330
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	4,913	(23,058)	(207,792)	(225,937)
OTHER FINANCING SOURCES				
Issuance of Long-Term Debt	-	-	180,000	180,000
Operating Transfers In	16,000	30,000	49,080	95,080
Total Other Financing Sources	16,000	30,000	229,080	275,080
NET CHANGE IN FUND BALANCES	20,913	6,942	21,288	49,143
Fund Balances - Beginning, As Previously Reported	248,533	22,618	69,234	340,385
Change Within Financial Reporting Entity (See Note 9)	18,210	-	-	18,210
Restatement (See Note 9)	-	-	(27,381)	(27,381)
Fund Balances - Beginning, As Adjusted and Restated	266,743	22,618	41,853	331,214
FUND BALANCES - END OF YEAR	$ 287,656	$ 29,560	$ 63,141	$ 380,357

CITY OF BLACKDUCK, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS
DECEMBER 31, 2024

	Cemetery Fund	Perpetual Care Fund	Pine Tree Park Fund	Tax Increment Financing Districts	Housing and Redevelopment Fund	Total Nonmajor Special Revenue Funds
ASSETS						
Cash	$ 6,868	$ 65,792	$ 23,841	$ 176,298	$ 26,048	$ 298,847
Accounts Receivable	63	-	-	-	-	63
Total Assets	$ 6,931	$ 65,792	$ 23,841	$ 176,298	$ 26,048	$ 298,910
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts Payable	$ 375	$ 63	$ 479	$ -	$ -	$ 917
Accrued Salaries and Wages Payable	230	-	265	-	-	495
Advance to Other Funds	9,842	-	-	-	-	9,842
Total Liabilities	10,447	63	744	-	-	11,254
FUND BALANCES						
Restricted	-	-	23,097	176,298	26,048	225,443
Committed	-	65,729	-	-	-	65,729
Unassigned	(3,516)	-	-	-	-	(3,516)
Total Fund Balances	(3,516)	65,729	23,097	176,298	26,048	287,656
Total Liabilities and Fund Balances	$ 6,931	$ 65,792	$ 23,841	$ 176,298	$ 26,048	$ 298,910

CITY OF BLACKDUCK, MINNESOTA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2024

	Cemetery Fund	Perpetual Care Fund	Pine Tree Park Fund	Tax Increment Financing Districts	Housing and Redevelopment Fund	Total Nonmajor Special Revenue Funds
REVENUES						
Tax Increments	$ -	$ -	$ -	$ 43,370	$ -	$ 43,370
General Property Taxes	-	-	-	-	7,838	7,838
Charges for Services	2,462	864	21,466	-	-	24,792
Intergovernmental Revenues	-	-	11,000	-	-	11,000
Interest Income	2,352	340	911	-	-	3,603
Other	62	-	178	-	-	240
Total Revenues	4,876	1,204	33,555	43,370	7,838	90,843
EXPENDITURES						
Current:						
Culture and Recreation	-	-	29,564	-	-	29,564
Cemetery	10,320	2,275	-	-	-	12,595
Capital Outlay	-	-	16,529	-	-	16,529
Debt Service:						
Interest and Fiscal Charges	-	-	-	27,242	-	27,242
Total Expenditures	10,320	2,275	46,093	27,242	-	85,930
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(5,444)	(1,071)	(12,538)	16,128	7,838	4,913
OTHER FINANCING SOURCES (USES)						
Operating Transfers In	5,500	-	10,500	-	-	16,000
Total Other Financing Sources (Uses)	5,500	-	10,500	-	-	16,000
NET CHANGE IN FUND BALANCES	56	(1,071)	(2,038)	16,128	7,838	20,913
Fund Balances - Beginning of Year, As Previously Reported	(3,572)	66,800	25,135	160,170	-	248,533
Change within Financial Reporting Entity - (See Note 9)	-	-	-	-	18,210	18,210
Fund Balances - Beginning, As Adjusted	(3,572)	66,800	25,135	160,170	18,210	266,743
FUND BALANCES - END OF YEAR	$ (3,516)	$ 65,729	$ 23,097	$ 176,298	$ 26,048	$ 287,656

CITY OF BLACKDUCK, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS GOVERNMENTAL FUNDS
DECEMBER 31, 2024

	Public Works Reserve Fund	Downtown Development Fund	Fire Hall Maintenance Fund	Total Nonmajor Capital Project Funds
ASSETS				
Cash	$ 3,488	$ 13,814	$ 30,460	$ 47,762
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Advance to Other Funds	$ -	$ 18,202	$ -	$ 18,202
FUND BALANCES				
Restricted	-	13,814	30,460	44,274
Assigned	3,488	-	-	3,488
Unassigned	-	(18,202)	-	(18,202)
Total Fund Balances	3,488	(4,388)	30,460	29,560
Total Liabilities and Fund Balances	$ 3,488	$ 13,814	$ 30,460	$ 47,762

CITY OF BLACKDUCK, MINNESOTA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR CAPITAL PROJECTS GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2024

	Public Works Reserve Fund	Downtown Development Fund	Fire Hall Maintenance Fund	Total Nonmajor Capital Project Funds
REVENUES				
Interest Income	$ 150	$ 1,117	$ 460	$ 1,727
Donations and Grants	-	13,000	-	13,000
Total Revenues	150	14,117	460	14,727
EXPENDITURES				
Current:				
Economic Development	-	37,785	-	37,785
Total Expenditures	-	37,785	-	37,785
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	150	(23,668)	460	(23,058)
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	-	-	30,000	30,000
Total Other Financing Sources (Uses)	-	-	30,000	30,000
NET CHANGE IN FUND BALANCES	150	(23,668)	30,460	6,942
Fund Balances - Beginning of Year	3,338	19,280	-	22,618
FUND BALANCES - END OF YEAR	$ 3,488	$ (4,388)	$ 30,460	$ 29,560

CITY OF BLACKDUCK, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE GOVERNMENTAL FUNDS
DECEMBER 31, 2024

	2009 G.O. Improvement Bonds	2018 Frontage/ Pine Ave Loan	2024 G.O. Bond	2023 G.O. Bond	Total Nonmajor Debt Service Funds
ASSETS					
Cash	$ 72,267	$ 10,444	$ -	$ 473	$ 83,184
Property Taxes Receivable	1,851	21,935	-	1,885	25,671
Total Assets	74,118	32,379	-	2,358	108,855
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Advance to Other Funds	$ -	$ 21,835	$ -	$ -	$ 21,835
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue	1,025	21,935	-	919	23,879
FUND BALANCES					
Restricted	73,093	-	-	1,439	74,532
Unassigned	-	(11,391)	-	-	(11,391)
Total Fund Balances	73,093	(11,391)	-	1,439	63,141
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 74,118	$ 32,379	$ -	$ 2,358	$ 108,855

CITY OF BLACKDUCK, MINNESOTA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR DEBT SERVICE GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2024

	2009 G.O. Improvement Bonds	2018 Frontage/ Pine Ave Loan	2024 G.O. Bonds	2023 G.O. Bond	Total Nonmajor Debt Service Funds
REVENUES					
General Property Taxes	$ 16,408	$ -	$ -	$ 27,132	$ 43,540
Special Assessments	-	2,583	-	-	2,583
Interest Income	1,243	342	-	-	1,585
Miscellaneous Revenue	115	-	-	-	115
Total Revenues	17,766	2,925	-	27,132	47,823
EXPENDITURES					
Capital Outlay:	-	-	164,300	-	164,300
Debt Service:					
Principal	-	-	-	30,941	30,941
Interest and Fiscal Charges	-	842	-	43,832	44,674
Issuance Fees	-	-	15,700	-	15,700
Total Expenditures	-	842	180,000	74,773	255,615
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	17,766	2,083	(180,000)	(47,641)	(207,792)
OTHER FINANCING					
Issuance of Long-Term Debt	-	-	180,000	-	180,000
Operating Transfers In	-	-	-	49,080	49,080
Total Other Financing Sources (Uses)	-	-	180,000	49,080	229,080
NET CHANGE IN FUND BALANCES	17,766	2,083	-	1,439	21,288
Fund Balances - Beginning, As Previously Reported	55,327	13,907	-	-	69,234
Restatement (See Note 9)	-	(27,381)	-	-	(27,381)
Fund Balances - Beginning, As Restated	55,327	(13,474)	-	-	41,853
FUND BALANCES - END OF YEAR	$ 73,093	$ (11,391)	$ -	$ 1,439	$ 63,141