



CITY OF  
**Otsego**  
MINNESOTA

**Annual Comprehensive Financial Report**  
For the Year Ended December 31, 2024



Friedrich Park (Constructed in 2024)



# City of Otsego, Minnesota



## Annual Comprehensive Financial Report

For the Year Ended  
December 31, 2024

Adam Flaherty  
City Administrator

Prepared by:  
Finance Department

Member of the:

Government Finance Officers' Association  
of the United States and Canada

**CITY OF OTSEGO, MINNESOTA**  
**TABLE OF CONTENTS**



	<u>Page No.</u>
<b>INTRODUCTORY SECTION</b>	
Letter of Transmittal	1
Elected Officials and Administration	7
Organizational Chart	8
Certificate of Achievement	9
 <b>FINANCIAL SECTION</b>	
Independent Auditor's Report	11
Management's Discussion and Analysis	14
 <u>Basic Financial Statements</u>	
Government-Wide Financial Statements	
Statement of Net Position	28
Statement of Activities	29
Fund Financial Statements	
Governmental Funds	
Balance Sheet	30
Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Position	33
Statement of Revenues, Expenditures and Changes in Fund Balances	34
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of the Governmental Funds to the Statement of Activities	36
Statement of Revenues, Expenditures and Changes in Fund Balances: Budget-to-Actual General Fund	37
Proprietary Funds	
Statement of Net Position	38
Statement of Revenues, Expenses and Changes in Net Position	39
Statement of Cash Flows	40
Notes to the Financial Statements	41
 <u>Required Supplementary Information</u>	
Schedule of City's Proportionate Share of Net Pension Liability	73
Schedule of City's Contributions	74
Notes to Required Supplementary Information	75
 <u>Combining and Individual Fund Statements and Schedules</u>	
Governmental Funds	
Nonmajor Governmental Funds	
Combining Balance Sheet	80
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	81
Nonmajor Special Revenue Funds	
Combining Balance Sheet	84
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	86
Schedule of Revenues, Expenditures and Changes in Fund Balances: Budget-to-Actual	
Tax Increment District No. 1 Fund	88
Tax Increment District No. 3 Fund	89
Tax Increment District No. 4 Fund	90
Nonmajor Capital Projects Funds	
Combining Balance Sheet	92
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	94
Schedule of Revenues, Expenditures and Changes in Fund Balances: Budget-to-Actual General Fund	96

**CITY OF OTSEGO, MINNESOTA**  
**TABLE OF CONTENTS**

Debt Service Fund by Account	
Combining Balance Sheet	102
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	103
Schedule of Revenues, Expenditures and Changes in Fund Balances: Budget-to-Actual	
Series 2018A	104
Series 2020A	105

**STATISTICAL SECTION (UNAUDITED)**

Financial Trends	
Net Position by Component	108
Changes in Net Position	110
Governmental Activities Tax Revenue by Source	117
Fund Balances of Governmental Funds	118
Changes in Fund Balances of Governmental Funds	120
Revenue Capacity	
Estimated Actual Value, Taxable Market Value and Tax Capacity of Taxable Property	122
Tax Capacity of Real Estate & Personal Property	124
Property Tax Rates - Direct and Overlapping Governments	125
Principal Property Taxpayers	126
Property Tax Levies and Collections	127
Debt Capacity	
Ratios of Outstanding Debt by Type	128
Ratios of General Bonded Debt Outstanding	129
Computation of Direct and Overlapping Governmental Activities Debt	131
Legal Debt Margin Information	132
Pledged Revenue Coverage	134
Demographic and Economic Information	
Demographic and Economic Statistics	135
Principal Employment Sectors	136
Operating Information	
Full-Time City Government Positions by Function	137
Operating Indicators by Function	138
Capital Asset Statistics by Function	140



***This page has been left blank intentionally.***



May 29, 2025

To the Honorable Mayor, Members of the City Council, and Residents of the City of Otsego.

Transmitted herewith is the Annual Comprehensive Financial Report of the City of Otsego for the fiscal year ended December 31, 2024.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the City following the policies and procedures specified by the City's system of internal control. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

To the best of our knowledge and belief, the enclosed data is accurate, in all material respects, and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures deemed necessary to enable the reader to gain an understanding of the City's financial activities have been included.

Minnesota Statutes require that the financial statements of the City be audited annually by the State Auditor, or a Certified Public Accountant selected by the City Council. These financial statements have been audited by BerganKDV (the Auditors). The Auditors expressed an unmodified opinion on the financial statements, and their opinion letter is included as the first component within the financial section of this report.

The Auditors have also issued several other reports on compliance with Government Auditing Standards and Minnesota Legal Compliance. These reports have been issued under separate cover.

Accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

## **PROFILE OF THE CITY**

The first town site in Otsego was originally platted in 1857 in what was once known as the Big Woods, heavily laden with deciduous trees, and interspersed with rivers, ponds, and prairies. The first settlers to the area were of European descent, settling in the area in 1852. On April 5, 1858, Otsego Township was established. The area remained a township until 1990 when it was incorporated into the City of Otsego to serve its residents more fully and to manage growth.

Otsego is located at the confluence of the Mississippi and Crow Rivers approximately thirty miles northwest of Minneapolis. The Mississippi River runs along the northern and eastern borders of the City and the Crow River runs along the southern border in the far eastern part of the City until it enters the Mississippi River.

The City, located in the northeast corner of Wright County and covers an area of about 30.5 square miles. The State Demographer's most recent population estimate was 23,132, compared with 19,966 from the 2020 US Census. Otsego is both the largest and fastest growing city in Wright County and outpaces growth in neighboring cities outside Wright County.

The City operates under the "Optional Plan A" form of government as defined in Minnesota Statutes. Under this plan, the government of the City is directed by a City Council consisting of an elected mayor and four elected councilmembers at large. The City Council exercises legislative authority and determines all matters of policy. The City Council appoints personnel responsible for the proper administration of all affairs relating to the City. The Mayor and Councilmembers serve four-year terms with two Councilmembers elected to four-year terms every two years. The Mayor is also elected to a four-year term.

The City of Otsego Economic Development Authority (EDA) is a legally separate entity from the City. Although legally separate, the EDA is reported as if it were part of the City as the EDA Board of Commissioners are made up of the Mayor and four Councilmembers. The City has operational responsibility over the EDA, with this criterion resulting in the EDA being reported as a blended component unit of the City, and separate financial statements are not prepared for the EDA.

The City provides its residents and businesses with a full range of municipal services consisting of the construction & maintenance of public streets, pedestrian trails, park and athletic facilities, recreational opportunities, access to the Mississippi River, and general administrative services. The City services also provide public utilities including water, sanitary sewer and storm water services accounted for in enterprise funds. Police protection has been provided for more than 25 years through an agreement with the Wright County Sheriff's Department which provides 50 hours of service every day. Fire suppression and emergency response services are provided through agreements with the neighboring cities of Albertville, Elk River, and Rogers, with each agreement having geographical boundaries based upon response times.

Financial planning and control for the City of Otsego are based on the annual Operating Budget and the ten-year Capital Improvement Plan. Under Minnesota Statutes, a preliminary property tax levy must be adopted by the City Council no later than September 30th of each year for the ensuing year's collection. This establishes a maximum levy that may subsequently be lowered but may not be increased at the time of final adoption. A ceiling on the increase of the annual property tax levy is established from time to time by the Minnesota Legislature. Such a limit was not in place for taxes payable 2024 and 2025.

Effective establishment of this levy means that a preliminary operating budget must be prepared. The City Administrator, with the assistance of the Finance Director and management staff, prepares such a budget each year and presents it along with the preliminary levy for City Council review. The City Council is required to adopt a final tax levy and annual budget each December for the subsequent year, which begins on January 1. Departments may make transfers of appropriations within their department. However, transfers of budget appropriations between departments need authorization of the City Administrator. The legal level of budgetary control is at the fund level, so any appropriation transfers between funds need the approval of the City Council.

In addition, a Capital Improvement Plan covering a ten-year period is reviewed and revised during the annual budget process. This includes projects for which the City may issue debt and/or assess portions of the cost to adjacent or benefiting property owners. Because there are limited funds available each year and the City does not wish to issue excessive amounts of debt, these projects are reviewed and reprioritized each year.

## **ECONOMIC CONDITION**

Otsego continues to experience strong residential and commercial growth due to its ideal location. The City is 30 miles from downtown Minneapolis, the center of the Twin Cities metropolitan area and has excellent transportation access with Interstate 94 and State Highway 101. The City maintains a Comprehensive Plan document for land use and development to manage and encourage growth.

The residential growth can be expressed with the 239 new residential construction permits issued during 2024. The average number of new residential construction permits over the past five years is 323. The latest estimates developed by the City show total households at 8,226 or a growth of 53 percent over the past ten years.

While most of the new housing in the community are single family homes, Phase 2 of the River's Edge Apartments complex initiated construction during 2024, adding 67 additional apartment units to the City.

The City is expecting this trend in residential housing growth to continue in accordance with the City's Comprehensive Plan with a population forecast of more than 30,000 by the year 2030. Housing developers continually obtain new parcels of land, submit applications for development, complete the final plat approval process through the Planning Commission and City Council, and ultimately develop new housing.

The taxable market value of property within the City for taxes payable 2025 is \$3,555,416,695, the highest in Wright County. Comparing this data point to 2015, there has been an increase in taxable market value of property within the City of 237%, reflecting the growth in the community. The change from taxes payable 2024 was a decrease of 1.47%, the result of stabilization in assessed valuation of residential properties within the City. According to data from the Wright County Assessor's Office, there was approximately \$105 million of value added for new residential, commercial, and industrial development.

The City's tax rate for payable 2025 is 24.352, an increase of 5.38% compared to the previous year. Taking a longer-term view, the City's tax rate in 2015 was 41.202, a decrease of 40.90%, illustrating the City's ability to manage growth of the property tax levy when compared to the growth in taxable market value.

As the City has continued to grow over the years, commercial development has paced well behind residential and industrial sectors. In the past few years, the City is beginning to see a shift in this trend with numerous commercial development projects. The City had a busy year in 2024, with completed projects including Satellite Shelters, Coborn's Grocery Store Expansion, Erberts and Gerbert's, Starbuck's Coffee, Kennedy Vision, the Little Gym, Ace Hardware, and Pet Supplies Plus.

Additional commercial and industrial projects initiated in 2024 are nearing completion and should be open for service during 2025 including R&L Carriers, Michels Office Expansion, O2B Kids Daycare, Everbrook Academy, and Christian Brothers Automotive. The City approved additional projects in 2024 that have not broken ground but are expected to begin construction in 2025 including Condo Suites of Otsego, Les Schwab Tire, and Costco.

The City has several development applications which have been submitted for staff reports and will proceed to the Planning Commission and City Council, indicating that commercial and industrial growth will continue throughout 2025 and beyond.

Minnesota Statutes and the City's Business Subsidy Policy provide the authority for the City to enter into certain agreements for economic development purposes. This policy outlines economic development goals that provide public purpose including creation or retention of employment opportunities, transportation and utility improvements, elimination of blight, growing taxable market value, and other development goals established by the City Council. The City has two types of active economic development agreements including tax abatements and tax increment financing.

The tax abatement program provided for investment in public infrastructure within the City that created an opportunity for mixed use development that but for this public investment, would not have been feasible. This program has provided for a 346% growth in taxable market value over the past five years for the development property, has created employment opportunities, and commercial development providing goods and services for the community.

The tax increment financing program provided for investment in public and private infrastructure within the City. This program has created affordable senior housing, industrial development providing employment opportunities, and elimination of blight by removal of a private wastewater treatment facility and redevelopment into multifamily housing, mini-storage, and future commercial development opportunities.

### **LONG-TERM FINANCIAL PLANNING**

The City has adopted and annually updates a ten-year Capital Improvement Plan (CIP) to facilitate the growth and maintenance of public infrastructure, community facilities and capital equipment. Projects in the CIP demonstrate the importance of developing long-range financial planning strategies to facilitate the growth and prosperity of the City. The process assists with both short- and long-range financial planning needs by:

- Prioritizing capital projects and equipment acquisitions
- Estimating resource needs and related cash flows
- Identifying adequate and sustainable funding sources

### **MAJOR INITIATIVES**

With all the growth that has been experienced in Otsego, the City has identified the need to expand our future planning and has illustrated this by developing a Strategic Plan. Within this Plan, the City has developed a practical vision of what Otsego should be in three to five years. The following list outlines the City's strategic directions with certain examples of initiatives that have been accomplished in 2024 or set as goals in 2025.

- Positioning for Growth.
  - *Continued Construction of the West Wastewater Facility Expansion Project*
  - *Completed Space Needs & Architectural Design for Fire & Emergency Services Facility*
  - *Land Acquisition for Future Water Treatment Facilities*
  - *Completed Facility Design for Public Works Cold Storage Facility*

- Empowering the Organization.
  - *Ongoing Administrator & Department group discussions*
  - *Improved Internal Communications with Onboarding of Communications Specialist*
  - *Revised Employee Performance Assessment Tools and Procedures*
  - *Continued annual all-employee team building and training session*
  
- Engaging Stakeholders.
  - *Formation of Otsego Business Alliance in conjunction with Chamber of Commerce*
  - *Prairie Park Advisory Committee formulated the Prairie Park Master Plan*
  - *Ongoing collaboration with School District to plan for school capacities*
  - *Obtained County, State, and Federal Grant Funding for City Projects*

**RELEVANT FINANCIAL POLICIES**

The City Council has approved a fund balance policy that established the minimum fund balance requirements of the General Fund at forty-five percent of the subsequent year’s budgeted expenditures. The policy also includes the annual review of the fund balance reserves of all other funds and the criteria for the use of reserves. Reserve balances are reviewed annually as part of the budget/financial planning process and at the time the Capital Improvement Plan is approved by the City Council.

The financial management staff of the City of Otsego have developed and implemented internal controls designed to protect the City’s assets from loss, abuse, theft, or other misappropriation. These controls provide reasonable assurance of the safety of the City’s assets while recognizing that management estimates and judgements as to the cost of such controls are also important to deriving maximum benefit from these controls.

Policies relating to investment of City funds, billing and collection of public utility charges, management of long-term debt, purchasing, fund balances and general accounting procedures have been developed. In addition, goals and objectives have been established for internal and external financial reporting and for long-term financial planning strategies.

**FINANCIAL REPORTING AWARD**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Otsego for its Annual Comprehensive Financial Report for the fiscal year ended December 31, 2023. This was the 12<sup>th</sup> consecutive year that the City has achieved this prestigious award.

To be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized annual comprehensive financial report that satisfied both accounting principles generally accepted in the United States and applicable federal, state and local legal requirements.

A Certificate of Achievement is valid for a period of one year. It is expected that the 2024 Annual Comprehensive Financial Report continues to meet the Certificate of Achievement program requirements, and it will be submitted to the GFOA to determine eligibility for another Certificate.

**ACKNOWLEDGEMENTS**

The preparation of this report would not have been possible without the skill, effort, and dedication of the City's staff. Further, the City Council's support to promote and sustain the highest standards of professionalism in the financial management of the City of Otsego is acknowledged and appreciated.

Respectfully submitted,



Adam Flaherty  
City Administrator & Finance Director

**CITY OF OTSEGO, MINNESOTA**  
ELECTED OFFICIALS AND ADMINISTRATION

**ELECTED OFFICIALS**

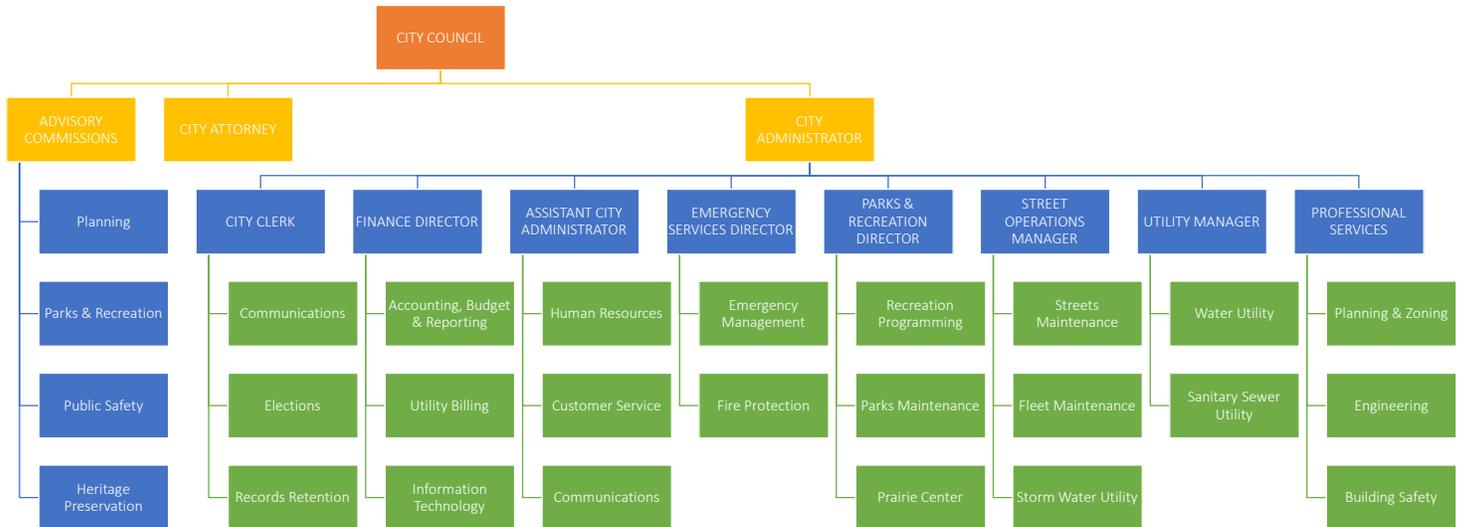
<u>Name</u>	<u>Position</u>	<u>Term Expires</u>
Jessica Stockamp	Mayor	December 31, 2024
Jeff Dahl	Council Member	December 31, 2024
Brittany Moores	Council Member	December 31, 2024
Tina Goede	Council Member	December 31, 2026
Ryan Dunlap	Council Member	December 31, 2026

**ADMINISTRATION**

<u>Name</u>	<u>Position</u>
Audra Etzel	City Clerk
Adam Flaherty	City Administrator & Finance Director
Sabrina Hille	Assistant City Administrator & Human Resources
Kevin Lamson	Street Operations Manager
Nick Jacobs	Parks & Recreation Director
Kurt Neidermeier	Public Utilities Manager
David Kendall	City Attorney
Daniel Licht	City Planner
Ron Wagner	City Engineer



# CITY OF Otsego MINNESOTA





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Otsego  
Minnesota**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

December 31, 2023

*Christopher P. Morill*

Executive Director/CEO



*This page has been left blank intentionally.*



## Independent Auditor's Report

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

### **Report on the Audit of the Financial Statements**

#### **Opinions**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Otsego, Minnesota, as of and for the year ended December 31, 2024, and the related notes to financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements referred to in the first paragraph 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 Otsego, Minnesota, as of December 31, 2024, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Otsego and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Responsibilities of Management for the Financial Statements**

The City of Otsego's 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 Otsego's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 Otsego'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 Otsego'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, which follows this report letter, and Required Supplementary Information as listed in the Table of Contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Otsego's basic financial statements. The accompanying combining and individual fund statements and schedules identified in the Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying combining and individual fund 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 Comprehensive Financial Report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 29, 2025, on our consideration of the City of Otsego'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 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 Otsego's internal control over financial reporting and compliance.

BerganKDV, Ltd.

St. Cloud, Minnesota  
May 29, 2025

As management of the City of Otsego, Minnesota, (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2024. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-6 of this report.

**Financial Highlights**

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$195,576,778 (net position). Of this amount, \$66,800,863 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$30,087,479 (18.18%) from the previous year. The net position of the governmental activities increased \$8,861,595 (11.75%). The increase is primarily attributable to the investment in public assets and infrastructure by the City and housing developers in the community. This infrastructure consists of streets, trail systems and park additions. The business type activities increased \$21,225,884 (23.57%) due to a combination of connection fees to the City's public utility system, and similar to the governmental activities, the investment in public assets and infrastructure.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$51,400,599, which is an increase of \$20,700,587 (67.43%) from the previous year. Of the total fund balance, the unassigned portion is \$3,880,588, which is free from any internal or external constraints upon its use.
- The General fund has a fund balance of \$5,537,452 at the close of the current fiscal year. During 2024, the fund balance increased \$555,937 (11.16%) from the previous year. The increase in fund balance was the result of revenues exceeding expenditures and a positive from other financing sources including interfund transfers and sales of capital assets. There is \$351,229 (6.34%) of fund balance that is nonspendable, which is a combination of prepaid items and land held for resale. The remaining fund balance is either restricted, \$180,133 (3.25%), assigned, \$363,807 (6.57%) or is unassigned, \$4,642,283 (83.84%).
- The Economic Development Authority (EDA) of the City issued \$16,900,000 of Lease Revenue Bonds to finance the construction of the Fire & Emergency Services Facility. The City had additional draw requests in the amount of \$8,782,377 for the 2023 General Obligation Sewer Revenue Notes aligned with construction activity on the West Wastewater Treatment Facility Expansion. The City's total outstanding bonded debt increased by \$21,419,018 (43.86%) during the year.

**Overview of the Financial Statements**

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

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include: general government, public safety, public works, culture & recreation, economic development, and interest on long-term debt. The business-type activities of the City include: water utility, sanitary sewer utility and storm water utility.

The government-wide financial statements can be found on pages 28 through 29 of this report.

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

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

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

The City maintains 20 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the following: General fund, the Debt Service fund, the Pavement Management fund, and the Fire & Emergency Services Facility fund, which are considered to be major funds. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements or schedules, elsewhere in this report.

The City adopts an annual appropriated budget for the General Fund, the Debt Service Fund, Tax Increment District No. 1, Tax Increment District No. 3, and Tax Increment District No. 4 special revenue funds. A budgetary comparison statement has been provided in the basic financial statements for the General fund.

The basic governmental fund financial statements can be found on pages 30 through 37 of this report.

**Proprietary Funds:** Proprietary funds provide similar information to the government-wide financial statements, but in more detail. The City maintains one type of proprietary fund.

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, sanitary sewer and storm water utilities. All of the City's enterprise funds are considered to be major funds, and separate information is provided for each of them in the basic financial statements.

The basic proprietary fund financial statements can be found on pages 38 through 40 of this report.

**Notes to the Financial Statements:** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 41 through 72 of this report.

**Other Information:** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information in relation to the City's net pension liability. The schedules and related notes can be found on pages 73 through 78 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining statements can be found on pages 80 through 105 of this report.

**Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$195,576,778 at the close of the most recent fiscal year.

The largest portion of the City's net position (\$118,517,911 or 60.60%) reflects its investment in capital assets, which includes: land, infrastructure, buildings, and machinery & equipment, less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**CITY OF OTSEGO - SUMMARY OF NET POSITION**

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current Assets	\$ 58,517,167	\$ 40,027,059	\$ 46,682,395	\$ 40,231,550	\$ 105,199,562	\$ 80,258,609
Capital Assets	53,383,378	47,738,125	120,748,653	100,194,097	174,132,031	147,932,222
Total Assets	111,900,545	87,765,184	167,431,048	140,425,647	279,331,593	228,190,831
Deferred Outflows of Resources	420,433	365,540	154,624	123,770	575,057	489,310
Long-term Liabilities	21,283,087	4,125,336	47,476,921	43,370,123	68,760,008	47,495,459
Other Liabilities	6,030,883	7,078,343	7,491,258	6,534,668	13,522,141	13,613,011
Total Liabilities	27,313,970	11,203,679	54,968,179	49,904,791	82,282,149	61,108,470
Deferred Inflows of Resources	715,191	1,496,823	1,332,532	585,549	2,047,723	2,082,372
Net Investment in Capital Assets	51,935,165	44,222,133	66,582,746	50,937,723	118,517,911	95,159,856
Restricted	10,258,004	9,937,633	-	-	10,258,004	9,937,633
Unrestricted	22,098,648	21,270,456	44,702,215	39,121,354	66,800,863	60,391,810
Total Net Position	\$ 84,291,817	\$ 75,430,222	\$ 111,284,961	\$ 90,059,077	\$ 195,576,778	\$ 165,489,299

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 separate governmental and business-type activities.

A portion of the City's net position (5.24%) represents resources that are subject to external restrictions on how they may be used. The unrestricted portion (34.16%) may be used to meet the City's ongoing obligations to citizens and creditors.

The governmental activities experienced increases in both current and capital assets. The increase in current assets is primarily due to unspent bond proceeds as cash with fiscal agent. The increase in capital assets can be illustrated with street renewal projects, park improvements, vehicles and equipment, facility planning, and developer infrastructure contributions. The increase in long-term liabilities is related to the EDA issuance of Lease Revenue Bonds for construction of the Fire & Emergency Services Facility. The decrease in other liabilities is contributed to the decrease in Development & Builder Fund deposits payable.

The current assets of the business-type activities increase is attributed to additional cash and investment balances through the continued development activities generating availability and connection fees for the utility systems. Within current assets there was a decrease in amounts due from other governments, representing receivables for draw requests on the West Wastewater Facility Expansion project. The capital asset increases were attributable to ongoing investment in the utility systems infrastructure and the construction of projects such as the West Wastewater Treatment Facility, Well No. 11, and Water Treatment Improvements at Wellhouse No. 4. The long-term liabilities increased with continued draw requests and respective note issuance for financing of the West Wastewater Treatment Facility.

**CITY OF OTSEGO, MINNESOTA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**DECEMBER 31, 2024**

**CITY OF OTSEGO - CHANGES IN NET POSITION**

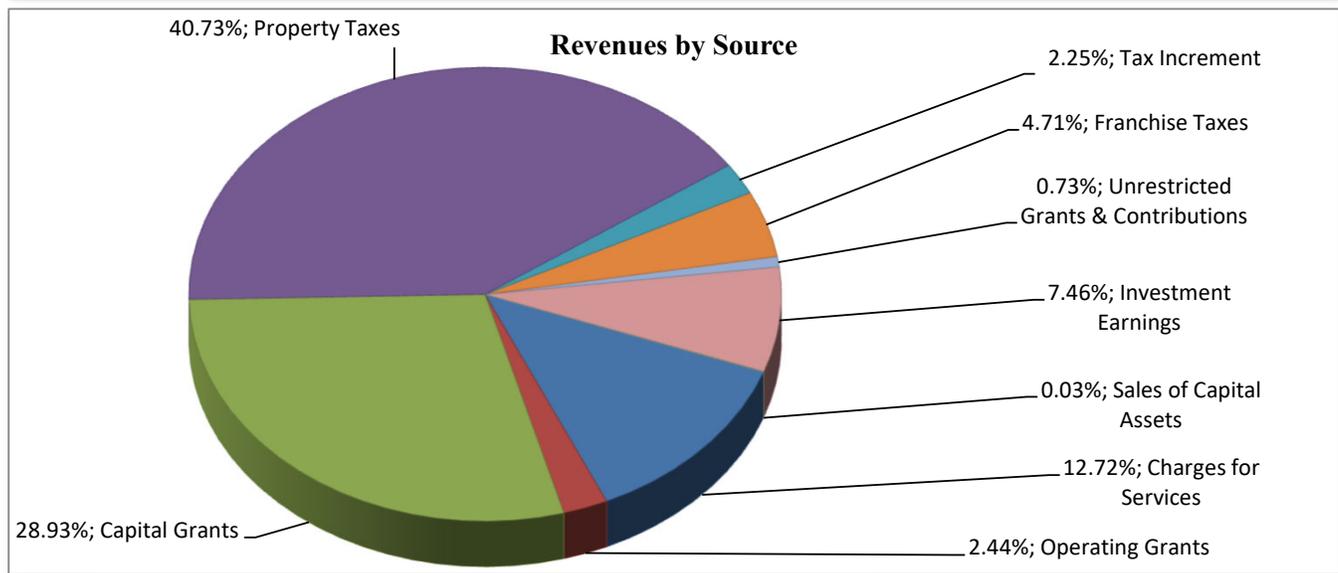
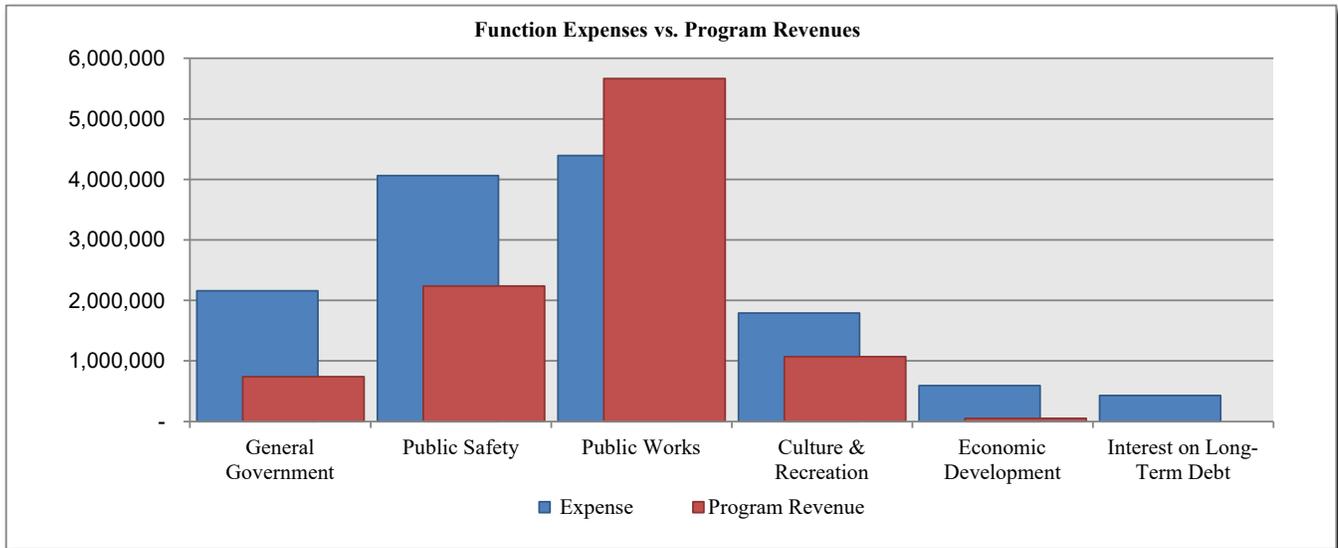
	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Program Revenues						
Charges for Services	\$ 2,817,638	\$ 2,237,454	\$ 7,722,174	\$ 7,952,180	\$ 10,539,812	\$ 10,189,634
Operating Grants and Contributions	540,778	924,558	-	-	540,778	924,558
Capital Grants and Contributions	6,408,502	3,133,926	19,225,556	6,264,410	25,634,058	9,398,336
General Revenues						
Property Taxes	9,022,265	9,177,125	-	38,000	9,022,265	9,215,125
Tax Increment	497,951	491,535	-	-	497,951	491,535
Franchise Taxes	1,043,896	1,026,846	-	-	1,043,896	1,026,846
Grants and Contributions not						
Restricted to Specific Programs	162,084	111,798	-	-	162,084	111,798
Unrestricted Investment Earnings	1,653,036	1,242,417	1,871,352	2,704,796	3,524,388	3,947,213
Other General Revenues	6,775	822	12,000	537	18,775	1,359
Total Revenues	<u>22,152,925</u>	<u>18,346,481</u>	<u>28,831,082</u>	<u>16,959,923</u>	<u>50,984,007</u>	<u>35,306,404</u>
Expenses						
General Government	2,156,382	1,838,849	-	-	2,156,382	1,838,849
Public Safety	4,064,326	3,378,313	-	-	4,064,326	3,378,313
Public Works	4,394,198	4,761,125	-	-	4,394,198	4,761,125
Culture and Recreation	1,790,561	1,541,099	-	-	1,790,561	1,541,099
Economic Development	591,967	429,054	-	-	591,967	429,054
Interest on Long-term Debt	429,496	67,854	-	-	429,496	67,854
Water Utility	-	-	2,432,113	2,434,158	2,432,113	2,434,158
Sanitary Sewer Utility	-	-	4,701,984	4,590,454	4,701,984	4,590,454
Storm Water Utility	-	-	335,501	224,368	335,501	224,368
Total Expenses	<u>13,426,930</u>	<u>12,016,294</u>	<u>7,469,598</u>	<u>7,248,980</u>	<u>20,896,528</u>	<u>19,265,274</u>
Increase Before Transfers	8,725,995	6,330,187	21,361,484	9,710,943	30,087,479	16,041,130
Transfers	427,000	322,750	(427,000)	(322,750)	-	-
Transfers - Capital Assets	(291,400)	(336,480)	291,400	336,480	-	-
Change in Net Position	8,861,595	6,316,457	21,225,884	9,724,673	30,087,479	16,041,130
Net Position - January 1	<u>75,430,222</u>	<u>69,113,765</u>	<u>90,059,077</u>	<u>80,334,404</u>	<u>165,489,299</u>	<u>149,448,169</u>
Net Position - December 31	<u>\$ 84,291,817</u>	<u>\$ 75,430,222</u>	<u>\$ 111,284,961</u>	<u>\$ 90,059,077</u>	<u>\$ 195,576,778</u>	<u>\$ 165,489,299</u>

**Governmental Activities**

Governmental activities resulted in an increase of the City's net position by \$8,861,595. Key elements of this change is as follows:

- Revenues increased \$3,806,444 (20.75%) from the previous year. Charges for services, notably in public safety increased with the issuance of more building permits. Capital grants, specifically in public works increased with increased municipal state-aid funding for streets, a grant for construction of Otsego Creek improvements, and continued growth in developer installed infrastructure. Unrestricted investment earnings also showed an increase from the prior year related to additional cash and investment balances earning interest, and market conditions bearing higher interest rates.
- Expenses increased \$1,410,636 (11.74%) compared to the previous year, with all functions having increases with the exception of public works. The increase in interest on long-term debt was attributed to issuance costs for the EDA Lease Revenue Bonds when compared to the prior year.

Below are specific graphs which provide comparisons of the governmental activities revenues and expenses:

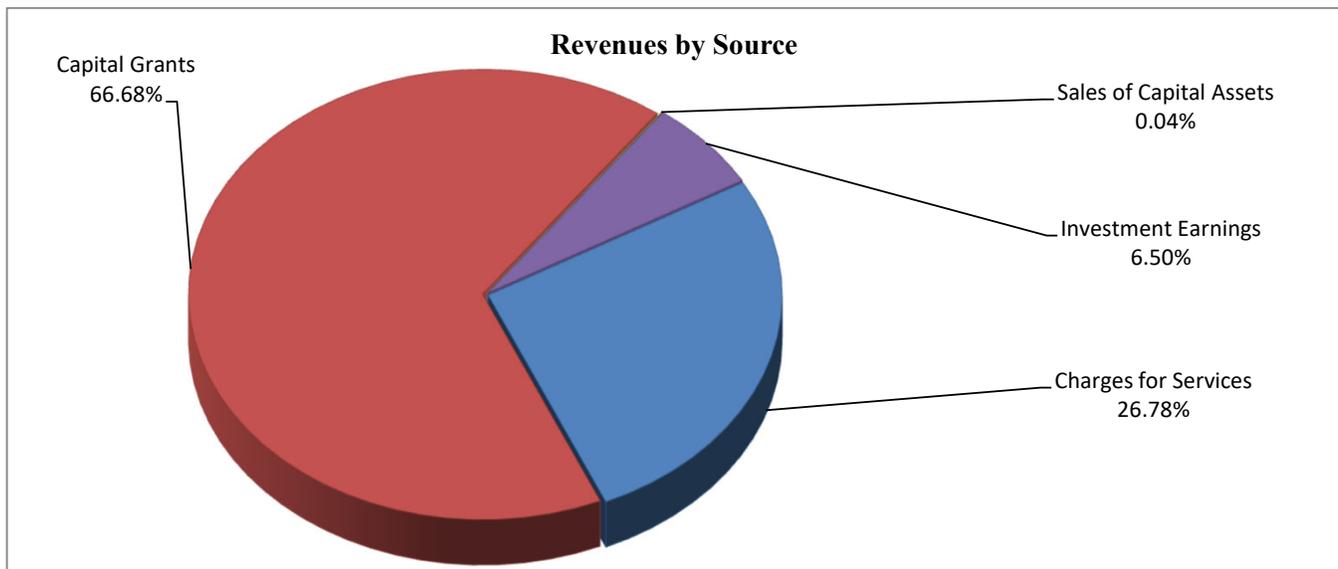
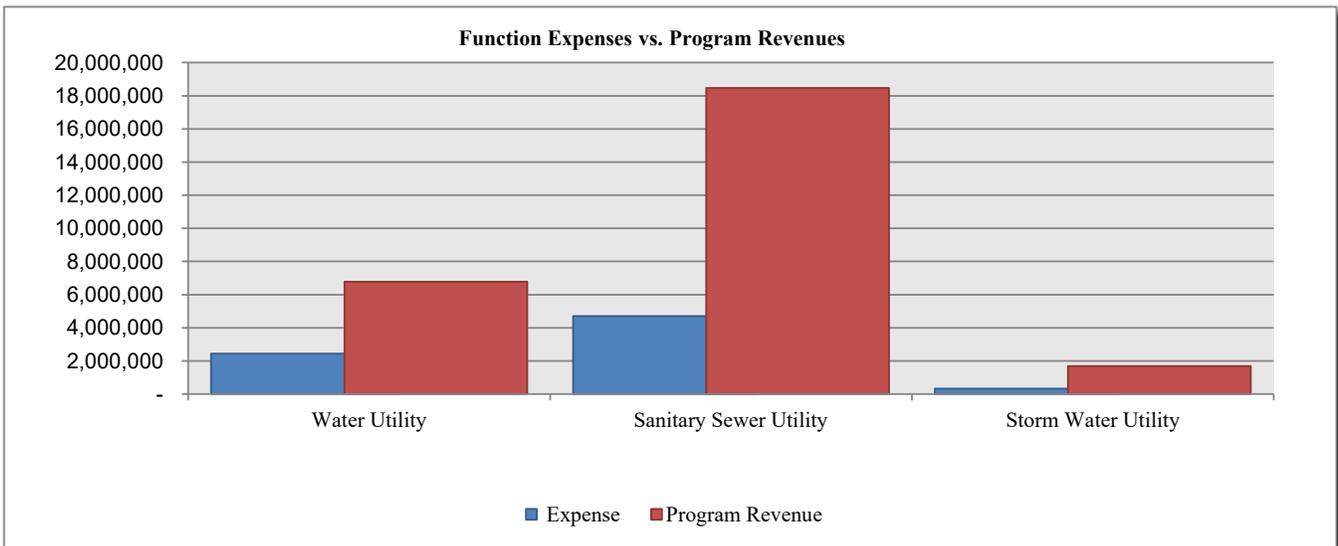


**Business-type Activities**

Business-type activities resulted in an increase of net position by \$21,225,884. Key elements of this change are as follows:

- Revenues increased \$11,871,159 (70.00%) when compared to the previous year. The capital grants and contributions were the largest driver, with increases in this revenue source from each of the three utility systems. The largest increase occurred in the sanitary sewer function, with an \$8 million state grant to offset costs of the West Wastewater Facility Expansion Project. Each of the three functions had increases in this revenue source from continued development activities generating availability and connections and from developer contributed assets. Investment earnings decreased primarily as bond proceeds earning interest have been consumed for project costs.
- Expenses increased \$220,618 (3.04%) with increases amongst each utility function, except for the water utility, which showed a slight decrease. Increases in expenditures were primarily attributable to increased personal services and depreciation expenses.
- Revenues exceeding expenses is attributable to the new development within the City. Charges for services are adequately covering the expenses, with capital grants and contributions resulting in the increase and will provide for future debt service and capital projects.

Below are specific graphs which provide comparisons of the business-type activities revenues and expenses:



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

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

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$51,400,599, which is an increase of 20,700,587 (67.43%) from the previous year. The unassigned fund balance, which is not subject to internal or external constraints upon its use, \$3,880,588 (7.55% of total).

***Major Funds***

The General fund is the primary operating fund of the City. At the end of the current fiscal year, total fund balance is \$5,537,452, an increase of \$555,937 (11.16%). The increase in fund balance was the result of revenues exceeding expenditures by \$118,937 and from other financing sources in the amount of \$437,000 from interfund transfers and sales of capital assets. Assets of the General fund increased by \$601,184, with cash and investments, interest and taxes receivable being the primary increases. Liabilities increased \$51,202 with both accounts and accrued salaries payable increasing from the prior year. As a measure of the General fund's liquidity, it may be useful to compare both unassigned and total fund balance, to total fund expenditures. The unassigned fund balance, which is \$4,642,283, represents 51.11% of the current year General fund expenditures. Total General fund balance represents 60.96% of those same expenditures.

The Debt Service fund has a total fund balance of \$1,882,352 at the end of the year, an increase of \$734,901 (64.05%) from the previous year. The primary reason for the increase of fund balance was the issuance of bonds, resulting in bond proceeds of \$814,909. During the year, the fund had \$460,000 of principal payments.

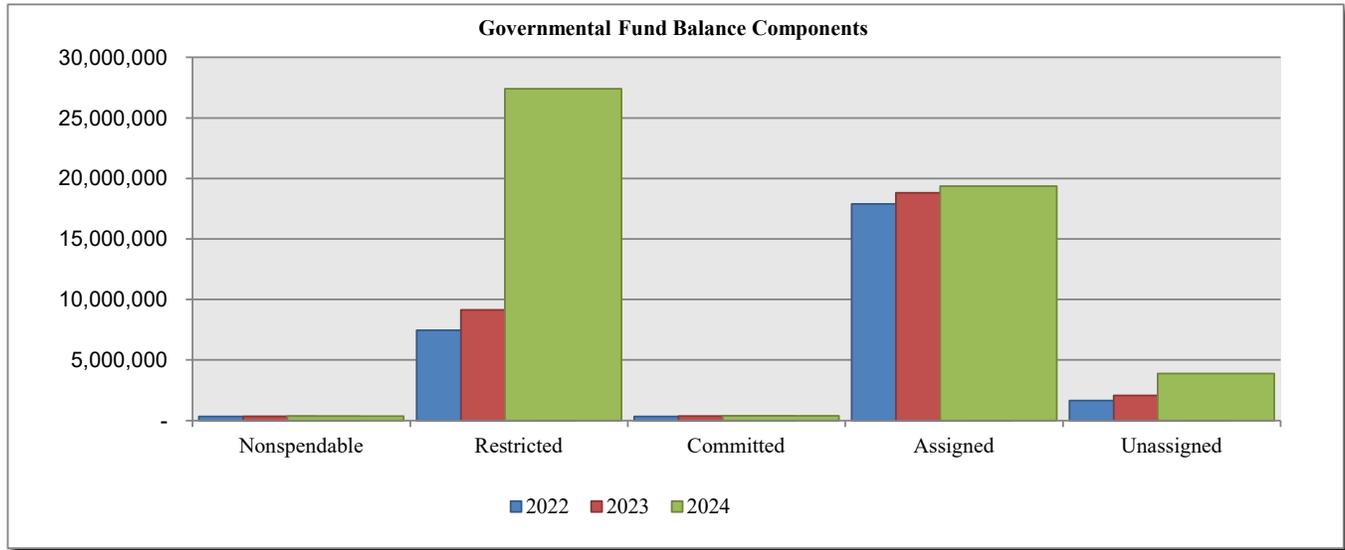
The Pavement Management fund has a fund balance of \$6,140,126 at the end of the year, an increase of \$447,962 (7.87%) from the previous year. Expenditures for the year totaled \$2,254,276 which were for the annual street renewal project and annual pavement preservation projects including mill and overlay, crack filling, fog sealing, asphalt patching, paint striping, and micro-surfacing.

The Fire & Emergency Services fund has a fund balance of \$17,810,141 at the end of year. The fund balance is classified as restricted, and represents unspent bond proceeds for the Fire & Emergency Services Facility Project. Expenditures during the year were \$379,222 and were for issuance costs related to the bond issuance. A \$2 million transfer into the fund was made from the Capital Improvements fund as a cash contribution to the respective capital project that decreased the amount of bond issuance.

**Proprietary Funds:** The City's proprietary funds provide the same type of information presented as business-type activities found in the government-wide financial statements, but in more detail.

The enterprise funds have a combined ending net position of \$111,284,961, an increase of \$21,225,884 (23.57%). There are two components to net position in the enterprise funds, unrestricted (\$44,702,215 or 40.17%) and net investment in capital assets (\$66,582,746 or 59.83%). As a measure of liquidity, the unrestricted net position amounts to 658.27% of the current year operating expenses. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

Below is a graph with comparative amounts for each fund balance component for fiscal years 2022, 2023 and 2024:



The City's Unassigned fund balance is currently \$3,880,588, and represents 7.55% of total governmental fund balance. The City also has four other components of fund balance, including Nonspendable (0.68%), Restricted (53.34%), Committed (0.73%) and Assigned (37.70%).

- Nonspendable fund balance represents the amount of assets the City has invested in prepaid items and land assets held for resale. This fund balance component can largely fluctuate with the timing of certain payments (e.g. insurance premiums) and the net realizable value of the land assets being held by the City for future resale.
- The City's restricted fund balance is the result of external constraints placed upon it. The source of that constraint includes debt service, park development, affordable housing programs, lawful gambling, public safety, and tax increments. This component of fund balance has been on an increasing trend as the result of fees collected on new development for park dedication and from additional state aid funding with use restrictions such as public safety and affordable housing. The increase in the current year is the result of issuance of bonds, with unspent bond proceeds being restricted for use as outlined within the bond issuance documents.
- The committed fund balances are within the City's special revenue funds for Street Lighting and Revolving Loans. This fund balance component has remained consistent over the past three years.
- Assigned fund balances are primarily associated with the City's capital project funds. The fund balance in this component is the result of the City accumulating resources for future capital improvement projects and capital equipment purchases.

A more detailed breakdown of the fund balance components can be found in the basic financial statements and accompanying financial statement footnotes.

**General Fund Budgetary Highlights**

During the year, there were no amendments to the General fund budget. The budgeted revenues, expenditures, and other financing sources resulted in no change in fund balance. Actual results for the fiscal year were an increase of \$555,937 (11.16%). The key elements of this change are as follows:

- Actual revenues exceeded the budget by \$208,579 (2.32%). The largest revenue variance was provided by intergovernmental sources, which were under budget by \$248,661. This variance was largely expected, with the approved budget allocating \$285,686 of public safety aid received in 2023, and classified as restricted fund balance. This budget allocation was spread out over four years to phase in the budget impacts of increasing public safety contracts for law enforcement. The next most significant variance was from licenses and permits, which were over budget by \$211,426, driven by more permits being issued during the year than anticipated during the budget development. Investment earnings were over budget by \$167,431, as the result of market conditions for interest rates which provided and increase in the fair market value of the City's investment portfolio compared with the prior year. Other notable variances were from property taxes, which were the result of more delinquent tax collections during the year than anticipated with the budget, and from charges and services which were over budget by \$23,974, with general government and culture and recreation sources being over budget.
- Actual expenditures were less than budget by \$337,358 (3.58%). The largest variance was within the public works function, which was under budget by \$157,871. Each department within this function were under budget, with streets maintenance being the largest variance, the result of staffing vacancies during the year. The general government function was the next most significant variance, being \$152,756 under budget. Staffing vacancies within the finance department were the primary factor to the variance, with multiple other departments also being under budget. The public safety function was over budget by \$13,885, a combination of court fine payments to Wright County for criminal prosecution services and fire protection contract payments. The other function over budget was capital outlay for public works which was the result of a trailer purchase, with the overage being offset by sales of capital assets for the olde equipment.
- Transfers in were as budgeted, and represent annual contributions from the Water and Sanitary Sewer utility funds that help manage the property tax levy.
- Sales of capital assets were not budgeted for during 2024, with the activity as a result of disposition of a trailer for public works.
- Transfers out were not budgeted for during 2024, and there were no interfund transfers out during the year.

The ending unassigned fund balance of the General fund (\$4,642,283) represents 46.70% of the adopted 2025 budget.

**Capital Asset and Debt Administration**

**Capital Assets:** The City's investment in capital assets for its governmental and business-type activities at the end of the current year, amounts to \$174,132,031 (net of accumulated depreciation). This investment in capital assets includes: land, buildings, street and utility infrastructure, parks equipment, trails, machinery and equipment and construction in progress. The City's investment in capital assets increased \$26,199,809 (17.71%) from the previous year.

Major capital asset events during the current year included the following:

- The City updated its machinery & equipment fleet with several new pieces of equipment. The City maintains a ten-year capital improvement plan budget which schedules equipment and vehicle replacements and additions.
- The 2024 street renewal project was completed during the year. This project improved the condition of street infrastructure within the Vasseur's Oak Grove Estates 3rd & 4th Additions, Hall's 1st, 2nd, and 3rd Additions.
- The City received contributed infrastructure from housing developers. These assets include: streets, trail systems, and public utility infrastructure. These assets are paid for and installed by the developer, are inspected by the City Engineer to City standards, and are later accepted by the City, who is responsible for future maintenance and replacement.
- The City continued construction of the West Wastewater Treatment Facility Expansion which will increase the treatment capacity of the west sewer system. The project will also bring the treatment processes to the most current technologies available in order to meet current and future regulatory requirements. An additional component of the project will be the construction of an Administration building that will provide staff workspaces, vehicle storage, and customer service accessibility.
- The City initiated several drinking water system projects, that include Well No. 11, Water Treatment Improvements at Wellhouse 4 and Wellhouse 3. These projects increase capacity, system redundancy, and quality for the drinking water system.
- The City completed a space needs analysis, architectural design, and public bidding process for the Fire & Emergency Services Facility, with construction phase anticipated for the summer of 2025.
- The City completed construction of Friedrich Park, the newest addition to the City's neighborhood park system. Carrick's Landing Improvements were initiated during the year to provide additional park and river access amenities to the Mississippi River. A master plan was developed for Prairie Park, with phasing and implementation of the plan slated for consideration by the City Council in future years.

**CITY OF OTSEGO - CAPITAL ASSETS**  
*(net of depreciation)*

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 4,278,161	\$ 4,278,161	\$ 1,047,903	\$ 759,721	\$ 5,326,064	\$ 5,037,882
Construction in Progress	3,445,500	1,092,466	39,268,175	25,365,280	42,713,675	26,457,746
Buildings and Improvements	3,791,743	3,955,436	15,673,670	15,787,127	19,465,413	19,742,563
Land Improvements	3,647,757	3,945,895	197,635	146,334	3,845,392	4,092,229
Machinery and Equipment	1,901,900	2,043,789	1,483,944	1,399,036	3,385,844	3,442,825
Infrastructure	36,318,317	32,422,378	63,077,326	56,736,599	99,395,643	89,158,977
	<u>\$ 53,383,378</u>	<u>\$ 47,738,125</u>	<u>\$ 120,748,653</u>	<u>\$ 100,194,097</u>	<u>\$ 174,132,031</u>	<u>\$ 147,932,222</u>

Additional information on the City's capital assets can be found in Note 3 (C) on pages 54 through 55 of this report.

**Long-Term Debt:** At the end of the current year, the City had outstanding long-term bonded debt of \$70,225,627.

**CITY OF OTSEGO - OUTSTANDING DEBT**

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
General Obligation Bonds	\$ 2,595,000	\$ 3,055,000	\$ -	\$ -	\$ 2,595,000	\$ 3,055,000
Lease Revenue Bonds	16,900,000	-	-	-	16,900,000	-
Notes from Direct Borrowings	-	-	42,900,627	35,586,609	42,900,627	35,586,609
General Obligation Revenue Bonds	-	-	7,860,000	10,195,000	7,860,000	10,195,000
Unamortized Premiums	1,195,915	234,506	693,924	954,563	1,889,839	1,189,069
Compensated Absences	164,416	136,799	49,284	44,506	213,700	181,305
<b>Total</b>	<b>\$ 20,855,331</b>	<b>\$ 3,426,305</b>	<b>\$ 51,503,835</b>	<b>\$ 46,780,678</b>	<b>\$ 72,359,166</b>	<b>\$ 50,206,983</b>

Revenue streams for the repayment of the outstanding debt liabilities include: lease revenues, special assessments upon benefitting properties, fees from new connections to the water and sanitary sewer utility systems, and property tax levies. Should any of these sources of revenues prove inadequate, all outstanding bonds are backed by the full faith and credit of the City.

The Economic Development Authority has issued lease revenue bonds to provide funding for the construction of the Fire & Emergency Services Facility. Debt service on this issue is provided through a lease agreement between the EDA and the City. The City can source the lease payments to the EDA with any available resources, and expects that property taxes will be the primary source.

In November 2023, the City issued \$34,045,359 of General Obligation PFA Revenue Note, Series 2023 for the purpose of financing the eligible project costs of the Clean Water State Revolving Fund project to improve treatment and for expansion of the West Wastewater Treatment Facility. The aggregate principal amount of the loan disbursed and outstanding will bear interest at the rate of 2.843 percent per annum accruing from and after the date of the Note, which is November 9, 2023, through the date on which no principal of the loan remains unpaid and all accrued interest and servicing fees have been paid.

Outstanding debt increased by 43.86% during the year, net of scheduled principal payments of \$4,263,359 during the year.

The City long term bond rating of AA+ was affirmed during the year, with a stable outlook, and the EDA received a long term bond rating of AA with a stable outlook, each from Standard & Poor's Rating Services.

State statutes limit the amount of general obligation debt a Minnesota city may issue to 3% of total Estimated Market Value. The current debt limitation for the City is \$108,250,495, with \$18,162,678 in debt outstanding that is applicable to the limit.

Additional information on the City's long-term debt can be found in Note 3 (F) on pages 58 through 61 of this report.

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

The following economic factors were identified by the City as potentially having an impact on the financial future of the City, and were considered in preparation of the 2025 operating budgets and capital improvement plans.

- The Taxable Market Value of real estate and personal property within the City decreased 1.47% for taxes payable 2025. This was the result of residential property values decreasing by 4.85% from stabilization in the existing home sales market. The dollar value of new construction in the City increased by \$105,297,700, providing an offset to the valuation changes for existing properties.
- New construction in the residential sector continues within the City. During 2024, the City issued 239 building permits for new residential construction, which brings the five year average to 323. The City also continues to see builders final platting new developments for future years construction.
- Development of commercial and industrial properties was strong during 2024 with multiple completed development projects. The City has approved several additional commercial and industrial developments that have will initiate construction in 2025.
- The City continued construction of the City's West Wastewater Treatment Facility. The project, first identified in the City's Master Sewer Plan, will provide for not only expansion of the facility, but will change the way the City completes the treatment processing within sanitary sewer operations. Construction of this facility will continue through the spring of 2025.
- The City has continued planning efforts for development of the Fire & Emergency Services Department that is expected to initiate operations in January 2027. The City has entered contracts for the purchase of four apparatus that will be used in the operations of the department and have significant build lead times. The City has completed a Facility Space Needs Analysis and architectural design phases for the Fire & Emergency Services Building. Groundbreaking for construction of this facility is anticipated in the summer of 2025.
- The City continues to expand upon and make improvements to the Capital Improvement Plan (CIP). The adopted CIP for 2025 plans for capital purchasing ten years into the future. These long range planning efforts assure that the City is always looking into the future and that the City is adequately planning from a financial resources standpoint.

**Requests for Information**

This financial report is designed to provide a general overview of the City of Otsego's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the: Finance Director, 13400 90th Street NE, Otsego, MN 55330.



***This page has been left blank intentionally.***

**CITY OF OTSEGO, MINNESOTA**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2024**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Investments	\$ 36,264,291	\$ 40,165,866	\$ 76,430,157
Cash with Fiscal Agent	19,524,792	-	19,524,792
Receivables			
Interest	310,311	-	310,311
Accounts	270,103	943,091	1,213,194
Taxes	169,696	-	169,696
Special Assessments	1,395,470	1,446,428	2,841,898
Leases	-	964,761	964,761
Due from Other Governments	231,275	3,053,699	3,284,974
Land Held for Resale	202,200	-	202,200
Prepaid Items	149,029	108,550	257,579
Capital Assets			
Nondepreciable	7,723,661	40,316,078	48,039,739
Depreciable, Net of Accumulated Depreciation	45,659,717	80,432,575	126,092,292
Total Assets	<u>111,900,545</u>	<u>167,431,048</u>	<u>279,331,593</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
General Employees Retirement Plan Pension Resource:	420,433	154,624	575,057
Total Deferred Outflows of Resources	<u>420,433</u>	<u>154,624</u>	<u>575,057</u>
<b>LIABILITIES</b>			
Accounts Payable	666,662	2,670,040	3,336,702
Deposits Payable	2,959,972	-	2,959,972
Due to Other Governments	7,997	23,623	31,620
Accrued Salaries Payable	82,563	30,331	112,894
Accrued Interest Payable	37,565	394,407	431,972
Unearned Revenue	1,763,241	-	1,763,241
Compensated Absences Payable			
Due Within One Year	32,883	9,857	42,740
Due in More than One Year	131,533	39,427	170,960
Bonds Payable			
Due Within One Year	480,000	2,210,000	2,690,000
Due in More than One Year	20,210,915	6,343,924	26,554,839
Notes from Direct Borrowings			
Due Within One Year	-	2,153,000	2,153,000
Due in More than One Year	-	40,747,627	40,747,627
General Employees Retirement Plan Net Pension Payable			
Due in More than One Year	940,639	345,943	1,286,582
Total Liabilities	<u>27,313,970</u>	<u>54,968,179</u>	<u>82,282,149</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Grants for Subsequent Years	144,169	-	144,169
General Employees Retirement Plan Pension Resource:	571,022	210,007	781,029
Antenna Rental Leases	-	964,761	964,761
Deferred Gain on Refunding	-	157,764	157,764
Total Deferred Inflows of Resources	<u>715,191</u>	<u>1,332,532</u>	<u>2,047,723</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	51,935,165	66,582,746	118,517,911
Restricted			
Debt Service	2,528,237	-	2,528,237
Lawful Gambling Programs	196,725	-	196,725
Affordable Housing	105,514	-	105,514
Tax Increment Financing	371,954	-	371,954
Park Development	6,409,647	-	6,409,647
Public Safety	645,927	-	645,927
Unrestricted	22,098,648	44,702,215	66,800,863
Total Net Position	<u>\$ 84,291,817</u>	<u>\$ 111,284,961</u>	<u>\$ 195,576,778</u>

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



**CITY OF OTSEGO, MINNESOTA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2024**

	<u>General</u>	<u>Debt Service</u>
<b>ASSETS</b>		
Cash and Investments	\$ 4,991,574	\$ 1,066,855
Cash with Fiscal Agent	-	814,909
Receivables		
Interest	310,311	-
Accounts	3,000	-
Taxes		
Current	71,652	-
Delinquent	98,033	-
Special Assessments		
Current	-	946
Deferred	3,200	682,789
Delinquent	2,733	661
Due from Other Governments	3,787	-
Due from Other Funds	-	-
Land Held for Resale	202,200	-
Prepaid Items	149,029	-
	<u>5,835,519</u>	<u>2,566,160</u>
<b>LIABILITIES</b>		
Accounts Payable	103,541	358
Accrued Salaries Payable	82,563	-
Deposits Payable	-	-
Due to Other Governments	7,997	-
Due to Other Funds	-	-
Unearned Revenue	-	-
Total Liabilities	<u>194,101</u>	<u>358</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable Revenue - Property Taxes	98,033	-
Unavailable Revenue - Special Assessments	5,933	683,450
Grants for Subsequent Years	-	-
Total Deferred Inflows of Resources	<u>103,966</u>	<u>683,450</u>
<b>FUND BALANCES</b>		
Nonspendable	351,229	-
Restricted	180,133	1,882,352
Committed	-	-
Assigned	363,807	-
Unassigned	4,642,283	-
Total Fund Balances	<u>5,537,452</u>	<u>1,882,352</u>
	<u>\$ 5,835,519</u>	<u>\$ 2,566,160</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 5,835,519</u>	<u>\$ 2,566,160</u>

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

<u>Pavement Management</u>	<u>Fire &amp; Emergency Services Facility</u>	<u>Other Nonmajor Governmental</u>	<u>Total Governmental</u>
\$ 5,944,044	\$ -	\$ 24,261,818	\$ 36,264,291
-	17,810,141	899,742	19,524,792
-	-	-	310,311
253,466	-	13,637	270,103
-	-	11	71,663
-	-	-	98,033
593	-	-	1,539
469,745	-	232,414	1,388,148
1,841	-	548	5,783
17,488	-	210,000	231,275
-	-	617,526	617,526
-	-	-	202,200
-	-	-	149,029
<u>6,687,177</u>	<u>17,810,141</u>	<u>26,235,696</u>	<u>59,134,693</u>
75,465	-	487,298	666,662
-	-	-	82,563
-	-	2,959,972	2,959,972
-	-	-	7,997
-	-	617,526	617,526
-	-	1,763,241	1,763,241
<u>75,465</u>	<u>-</u>	<u>5,828,037</u>	<u>6,097,961</u>
-	-	-	98,033
471,586	-	232,962	1,393,931
-	-	144,169	144,169
<u>471,586</u>	<u>-</u>	<u>377,131</u>	<u>1,636,133</u>
-	-	-	351,229
-	17,810,141	7,542,404	27,415,030
-	-	377,086	377,086
6,140,126	-	12,872,733	19,376,666
-	-	(761,695)	3,880,588
<u>6,140,126</u>	<u>17,810,141</u>	<u>20,030,528</u>	<u>51,400,599</u>
<u>\$ 6,687,177</u>	<u>\$ 17,810,141</u>	<u>\$ 26,235,696</u>	<u>\$ 59,134,693</u>



*This page has been left blank intentionally.*

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

Fund Balances - Governmental Funds	\$ 51,400,599
Amounts reported for the governmental activities within the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources, and therefore, are not reported as assets in governmental funds.	
Cost of Capital Assets	77,341,765
Accumulated Depreciation	(23,958,387)
Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore, are not reported as liabilities in governmental funds.	
Bonds Payable	(19,495,000)
Unamortized Premium on Bonds Payable	(1,195,915)
Accrued Interest Payable	(37,565)
Compensated Absences Payable	(164,416)
General Employees Retirement Plan Net Pension Payable	(940,639)
Some receivables are not available soon enough to pay for the current period's expenditures, and therefore, are unavailable in governmental funds.	
Delinquent Property Taxes Receivable	98,033
Special Assessments Receivable	1,393,931
Deferred resources from pensions reported in governmental activities are not financial resources and are not payable in the current period, therefore are not reported in governmental funds.	
GERF Pension Deferred Outflows of Resources	420,433
GERF Pension Deferred Inflows of Resources	(571,022)
Total Net Position - Governmental Activities	<u>\$ 84,291,817</u>

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

**CITY OF OTSEGO, MINNESOTA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	<u>General</u>	<u>Debt Service</u>
<b>REVENUES</b>		
Property Taxes	\$ 6,373,290	\$ 299,144
Tax Increments	-	-
Franchise Taxes	114,342	-
Licenses and Permits	1,868,466	-
Intergovernmental	213,323	-
Charges for Services	282,489	-
Special Assessments	5,733	180,602
Fines and Forfeitures	40,982	-
Investment Earnings (net)	274,351	-
Miscellaneous	29,055	-
Total Revenues	<u>9,202,031</u>	<u>479,746</u>
<b>EXPENDITURES</b>		
Current		
General Government	1,929,189	-
Public Safety	4,037,788	-
Public Works	1,867,967	-
Culture and Recreation	1,088,343	-
Economic Development	90,600	-
Capital Outlay		
General Government	32,397	-
Public Safety	3,211	-
Public Works	23,868	-
Culture and Recreation	9,731	-
Debt Service		
Principal	-	460,000
Interest	-	98,406
Fiscal Agent Fees	-	1,348
Total Expenditures	<u>9,083,094</u>	<u>559,754</u>
Excess (Deficiency) of Revenues		
Over (Under) Expenditures	<u>118,937</u>	<u>(80,008)</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers In	427,000	-
Issuance of Debt	-	814,909
Premium on Issuance of Debt	-	-
Sales of Capital Assets	10,000	-
Transfers Out	-	-
Total Other Financing Sources (Uses)	<u>437,000</u>	<u>814,909</u>
Net Change in Fund Balance	555,937	734,901
Fund Balance - January 1 (As Previously Reported)	4,981,515	1,147,451
Change within Financial Reporting Entity (Major to Nonmajor)	-	-
Fund Balance - January 1 (As Restated)	<u>4,981,515</u>	<u>1,147,451</u>
Fund Balance - December 31	<u>\$ 5,537,452</u>	<u>\$ 1,882,352</u>

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

<u>Pavement Management</u>	<u>Capital Improvements</u>	<u>Fire &amp; Emergency Services Facility</u>	<u>Other Nonmajor Governmental</u>	<u>Total Governmental</u>
\$ 1,000,000	\$ -	\$ -	\$ 1,353,617	\$ 9,026,051
-	-	-	499,441	499,441
929,554	-	-	-	1,043,896
-	-	-	-	1,868,466
344,312	-	-	1,482,974	2,040,609
-	-	-	1,922,066	2,204,555
130,901	-	-	33,104	350,340
-	-	-	-	40,982
297,471	-	-	1,081,214	1,653,036
-	-	-	140,087	169,142
<u>2,702,238</u>	<u>-</u>	<u>-</u>	<u>6,512,503</u>	<u>18,896,518</u>
-	-	-	-	1,929,189
-	-	-	-	4,037,788
-	-	-	-	1,867,967
-	-	-	-	1,088,343
-	-	-	501,367	591,967
-	-	-	191,700	224,097
-	-	-	1,141,148	1,144,359
2,254,276	-	-	931,366	3,209,510
-	-	-	1,501,793	1,511,524
-	-	-	-	460,000
-	-	-	-	98,406
-	-	379,222	-	380,570
<u>2,254,276</u>	<u>-</u>	<u>379,222</u>	<u>4,267,374</u>	<u>16,543,720</u>
<u>447,962</u>	<u>-</u>	<u>(379,222)</u>	<u>2,245,129</u>	<u>2,352,798</u>
-	-	2,000,000	-	2,427,000
-	-	15,185,349	899,742	16,900,000
-	-	1,004,014	-	1,004,014
-	-	-	6,775	16,775
-	-	-	(2,000,000)	(2,000,000)
-	-	<u>18,189,363</u>	<u>(1,093,483)</u>	<u>18,347,789</u>
447,962	-	17,810,141	1,151,646	20,700,587
5,692,164	7,558,150	-	11,320,732	30,700,012
-	(7,558,150)	-	7,558,150	-
<u>5,692,164</u>	<u>-</u>	<u>-</u>	<u>18,878,882</u>	<u>30,700,012</u>
<u>\$ 6,140,126</u>	<u>\$ -</u>	<u>\$ 17,810,141</u>	<u>\$ 20,030,528</u>	<u>\$ 51,400,599</u>

**CITY OF OTSEGO, MINNESOTA**

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

Total Net Change in Fund Balances - Governmental Funds \$ 20,700,587

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives as depreciation.

Capital Outlays	4,842,880
Depreciation Expense	(2,286,200)
Assets Contributed by Developers	3,389,973

Contributions of capital assets to the proprietary funds decrease net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources. (291,400)

In the statement of activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus the change in net position differs from the change in fund balance by the cost of the capital assets sold. (10,000)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Principal Repayments	460,000
Issuance of Debt	(16,900,000)
Premium on Issuance of Debt	(1,004,014)

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities; however, interest expense is recognized as the interest accrues, regardless of when it is due. 49,480

Certain revenues are recognized as soon as they are earned. Under the modified accrual basis of accounting, certain revenues cannot be recognized until they are available to liquidate liabilities of the current period.

Property Taxes	(3,786)
Tax Increments	(1,490)
Special Assessments	(135,065)

In the statement of activities, personnel expenses are recognized as they are accrued, however these expenses do not consume current financial resources, and under the modified accrual basis of accounting, are not reported in the governmental funds until they are due.

Compensated Absences	(27,618)
GERF Pension	78,248

Change in Net Position - Governmental Activities \$ 8,861,595

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

**CITY OF OTSEGO, MINNESOTA**  
**GENERAL FUND - STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
<b>REVENUES</b>			
Property Taxes	\$ 6,324,793	\$ 6,373,290	\$ 48,497
Franchise Taxes	132,000	114,342	(17,658)
Licenses and Permits	1,657,040	1,868,466	211,426
Intergovernmental	461,984	213,323	(248,661)
Charges for Services	258,515	282,489	23,974
Special Assessments	3,800	5,733	1,933
Fines and Forfeitures	30,900	40,982	10,082
Investment Earnings (net)	106,920	274,351	167,431
Miscellaneous	17,500	29,055	11,555
Total Revenues	<u>8,993,452</u>	<u>9,202,031</u>	<u>208,579</u>
<b>EXPENDITURES</b>			
Current			
General Government	2,081,945	1,929,189	(152,756)
Public Safety	4,023,903	4,037,788	13,885
Public Works	2,025,838	1,867,967	(157,871)
Culture and Recreation	1,119,706	1,088,343	(31,363)
Economic Development	104,960	90,600	(14,360)
Capital Outlay			
General Government	38,100	32,397	(5,703)
Public Safety	6,000	3,211	(2,789)
Public Works	10,000	23,868	13,868
Culture and Recreation	10,000	9,731	(269)
Total Expenditures	<u>9,420,452</u>	<u>9,083,094</u>	<u>(337,358)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(427,000)</u>	<u>118,937</u>	<u>545,937</u>
<b>OTHER FINANCING SOURCES</b>			
Transfers In	427,000	427,000	-
Sales of Capital Assets	-	10,000	10,000
Total Other Financing Sources	<u>427,000</u>	<u>437,000</u>	<u>10,000</u>
Net Change in Fund Balance	-	555,937	555,937
Fund Balance - January 1	<u>4,981,515</u>	<u>4,981,515</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 4,981,515</u>	<u>\$ 5,537,452</u>	<u>\$ 555,937</u>

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

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

	Water Utility	Sanitary Sewer Utility	Storm Water Utility	Total Enterprise
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and Cash Equivalents	\$ 10,718,874	\$ 28,553,558	\$ 893,434	\$ 40,165,866
Receivables				
Accounts	258,344	673,958	10,789	943,091
Special Assessments				
Current	-	-	302	302
Delinquent	272	-	984	1,256
Due from Other Governments	-	3,053,699	-	3,053,699
Prepaid Items	29,895	78,655	-	108,550
Total Current Assets	<u>11,007,385</u>	<u>32,359,870</u>	<u>905,509</u>	<u>44,272,764</u>
<b>Noncurrent Assets</b>				
Receivables				
Leases	964,761	-	-	964,761
Special Assessments				
Deferred	444,565	965,039	35,266	1,444,870
Capital Assets				
Land	505,192	542,711	-	1,047,903
Buildings and Building Improvements	431,412	16,561,654	-	16,993,066
Land Improvements	212,810	-	-	212,810
Machinery and Equipment	702,077	2,025,793	32,200	2,760,070
Infrastructure	38,283,472	42,221,496	9,752,572	90,257,540
Construction in Progress	2,186,387	36,672,192	409,596	39,268,175
Total Capital Assets	<u>42,321,350</u>	<u>98,023,846</u>	<u>10,194,368</u>	<u>150,539,564</u>
Less: Accumulated Depreciation	<u>(10,238,648)</u>	<u>(18,422,360)</u>	<u>(1,129,903)</u>	<u>(29,790,911)</u>
Net Capital Assets	<u>32,082,702</u>	<u>79,601,486</u>	<u>9,064,465</u>	<u>120,748,653</u>
Total Noncurrent Assets	<u>33,492,028</u>	<u>80,566,525</u>	<u>9,099,731</u>	<u>123,158,284</u>
Total Assets	<u>44,499,413</u>	<u>112,926,395</u>	<u>10,005,240</u>	<u>167,431,048</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
General Employees Retirement Plan Pension Resources	<u>38,656</u>	<u>115,968</u>	<u>-</u>	<u>154,624</u>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Accounts Payable	366,302	2,302,317	1,421	2,670,040
Due to Other Governments	23,623	-	-	23,623
Accrued Salaries Payable	7,583	22,748	-	30,331
Accrued Interest Payable	37,347	357,060	-	394,407
Bonds Payable	962,000	1,248,000	-	2,210,000
Notes from Direct Borrowings	-	2,153,000	-	2,153,000
Compensated Absences Payable	2,464	7,393	-	9,857
Total Current Liabilities	<u>1,399,319</u>	<u>6,090,518</u>	<u>1,421</u>	<u>7,491,258</u>
<b>Noncurrent Liabilities</b>				
Bonds Payable (net)	4,731,194	1,612,730	-	6,343,924
Notes from Direct Borrowings	-	40,747,627	-	40,747,627
Compensated Absences Payable	9,857	29,570	-	39,427
General Employees Retirement Plan Net Pension Payable	86,486	259,457	-	345,943
Total Noncurrent Liabilities	<u>4,827,537</u>	<u>42,649,384</u>	<u>-</u>	<u>47,476,921</u>
Total Liabilities	<u>6,226,856</u>	<u>48,739,902</u>	<u>1,421</u>	<u>54,968,179</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
General Employees Retirement Plan Pension Resources	52,502	157,505	-	210,007
Antenna Rental Leases	964,761	-	-	964,761
Deferred Gain on Refunding	56,795	100,969	-	157,764
Total Deferred Inflows of Resources	<u>1,074,058</u>	<u>258,474</u>	<u>-</u>	<u>1,332,532</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	25,998,253	31,520,028	9,064,465	66,582,746
Unrestricted	11,238,902	32,523,959	939,354	44,702,215
Total Net Position	<u>\$ 37,237,155</u>	<u>\$ 64,043,987</u>	<u>\$ 10,003,819</u>	<u>\$ 111,284,961</u>

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

**CITY OF OTSEGO, MINNESOTA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	Water Utility	Sanitary Sewer Utility	Storm Water Utility	Total Enterprise
<b>OPERATING REVENUES</b>				
Charges for Services	\$ 2,976,498	\$ 4,476,296	\$ 157,131	\$ 7,609,925
<b>OPERATING EXPENSES</b>				
Personal Services	304,884	914,748	14,974	1,234,606
Supplies	396,080	421,800	1,893	819,773
Insurance	26,149	77,671	-	103,820
Utilities	208,979	400,572	-	609,551
Services and Other Charges	462,355	607,961	74,359	1,144,675
Depreciation	993,164	1,640,956	244,275	2,878,395
Total Operating Expenses	<u>2,391,611</u>	<u>4,063,708</u>	<u>335,501</u>	<u>6,790,820</u>
Operating Income (Loss)	<u>584,887</u>	<u>412,588</u>	<u>(178,370)</u>	<u>819,105</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Antenna Rental	97,389	-	-	97,389
Investment Earnings (net)	511,500	1,318,608	41,244	1,871,352
Sales of Capital Assets	6,000	6,000	-	12,000
Miscellaneous Revenue	9,297	4,422	1,141	14,860
Interest and Fiscal Agent Fees	(40,502)	(638,276)	-	(678,778)
Total Nonoperating Revenues (Expenses)	<u>583,684</u>	<u>690,754</u>	<u>42,385</u>	<u>1,316,823</u>
Income (Loss) Before Capital Contributions and Transfers	1,168,571	1,103,342	(135,985)	2,135,928
Capital Contributions - Intergovernmental Grants	-	8,000,000	-	8,000,000
Capital Contributions - Connection Fees	2,024,229	4,429,102	-	6,453,331
Capital Contributions - Developer Assets	1,665,699	1,563,692	1,542,834	4,772,225
Capital Contributions - Governmental Funds	-	-	291,400	291,400
Transfers Out	(106,750)	(320,250)	-	(427,000)
Change in Net Position	4,751,749	14,775,886	1,698,249	21,225,884
Net Position - January 1	<u>32,485,406</u>	<u>49,268,101</u>	<u>8,305,570</u>	<u>90,059,077</u>
Net Position - December 31	<u>\$ 37,237,155</u>	<u>\$ 64,043,987</u>	<u>\$ 10,003,819</u>	<u>\$ 111,284,961</u>

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

**CITY OF OTSEGO, MINNESOTA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	Water Utility	Sanitary Sewer Utility	Storm Water Utility	Total Enterprise
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from Customers and Users	\$ 2,987,926	\$ 4,409,138	\$ 150,500	\$ 7,547,564
Other Operating Receipts	106,686	4,422	1,141	112,249
Payments to Suppliers	(1,143,506)	(1,562,932)	(75,334)	(2,781,772)
Payments to Employees	(299,712)	(899,137)	(14,974)	(1,213,823)
Net Cash Flows Provided by Operating Activities	<u>1,651,394</u>	<u>1,951,491</u>	<u>61,333</u>	<u>3,664,218</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers Out	<u>(106,750)</u>	<u>(320,250)</u>	<u>-</u>	<u>(427,000)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and Construction of Capital Assets	(2,453,764)	(15,645,527)	-	(18,099,291)
Principal Paid on Revenue Bonds	(1,000,600)	(1,334,400)	-	(2,335,000)
Interest Paid on Revenue Bonds	(178,844)	(172,689)	-	(351,533)
Note Proceeds from Direct Borrowings	-	9,591,067	-	9,591,067
Principal Paid on Direct Borrowings	-	(1,468,359)	-	(1,468,359)
Interest Paid on Direct Borrowings	-	(467,722)	-	(467,722)
Intergovernmental Capital Grant	-	8,000,000	-	8,000,000
Sales of Capital Assets	6,000	6,000	-	12,000
Connection Fees	2,097,820	4,675,585	-	6,773,405
Net Cash Flows Provided (Used) by Capital and Related Financing Activities	<u>(1,529,388)</u>	<u>3,183,955</u>	<u>-</u>	<u>1,654,567</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest on Investments	<u>511,500</u>	<u>1,318,608</u>	<u>41,244</u>	<u>1,871,352</u>
Net Increase in Cash and Cash Equivalents	526,756	6,133,804	102,577	6,763,137
Cash and Cash Equivalents - January 1	<u>10,192,118</u>	<u>22,419,754</u>	<u>790,857</u>	<u>33,402,729</u>
Cash and Cash Equivalents - December 31	<u>\$ 10,718,874</u>	<u>\$ 28,553,558</u>	<u>\$ 893,434</u>	<u>\$ 40,165,866</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES</b>				
Operating Income (Loss)	\$ 584,887	\$ 412,588	\$ (178,370)	\$ 819,105
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows Provided by Operating Activities:				
Depreciation	993,164	1,640,956	244,275	2,878,395
GERF Pension Activity	1,313	4,036	-	5,349
Other Income Related to Operations	106,686	4,422	1,141	112,249
(Increase) Decrease in Assets & Deferred Outflows of Resources:				
Accounts Receivable	55,305	(68,159)	(3,073)	(15,927)
Special Assessments	(43,877)	-	(3,558)	(47,435)
Due from Other Governments	-	1,001	-	1,001
Prepaid Items	(8,535)	(11,677)	-	(20,212)
Increase (Decrease) in Liabilities & Deferred Inflows of Resources:				
Accounts Payable	(33,606)	(43,251)	918	(75,939)
Due to Other Governments	(7,802)	-	-	(7,802)
Accrued Salaries Payable	2,664	7,992	-	10,656
Compensated Absences Payable	1,195	3,583	-	4,778
Net Cash Flows Provided by Operating Activities	<u>\$ 1,651,394</u>	<u>\$ 1,951,491</u>	<u>\$ 61,333</u>	<u>\$ 3,664,218</u>
<b>NONCASH FINANCING ACTIVITIES</b>				
Amortization of Premium and Deferred Gains on Bonds Payable	\$ 132,272	\$ 207,248	\$ -	\$ 339,520
Acquisition of Capital Assets on Account	\$ 334,460	\$ 2,219,132	\$ -	\$ 2,553,592
Contribution of Capital Assets - Developer	\$ 1,665,699	\$ 1,563,692	\$ 1,542,834	\$ 4,772,225
Contribution of Capital Assets - Governmental Funds	\$ -	\$ -	\$ 291,400	\$ 291,400

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

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. REPORTING ENTITY**

The City of Otsego, Minnesota (the City) was incorporated in 1990 after being an established township since 1858. The City operates under the "Optional Plan A" form of government, as defined in Minnesota statutes. The governing body of the City (City Council) consists of an elected Mayor, and four elected Council members, all of which are elected at-large and serve four year staggered terms. The City Council exercises legislative authority and determines all matters of policy.

The financial statements of the City have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), as applied to governmental units by the Governmental Accounting Standards Board (GASB).

The City includes all funds, organizations, institutions, agencies, departments, boards, and offices that are not legally separate from the City. Component units are legally separate organizations for which the elected officials of the City are financially accountable and are included within the basic financial statements of the City because of the significance of their operational or financial relationships with the City.

The City is considered financially accountable for a component unit if it appoints a voting majority of the organization's governing body and is able to impose its will on the organization by significantly influencing the programs, projects, activities, or level of services performed or provided by the organization, or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the City.

Blended component units, although legally separate, are, in substance, part of the government's operations. A blended component unit is reported as if it were a fund of the City throughout the year. It is included at both the government-wide and fund financial reporting levels.

A description of the City's blended component unit follows:

The City of Otsego Economic Development Authority (EDA) – The City of Otsego EDA is a legal entity separate from the City. Although legally separate, the City of Otsego EDA is reported as if it were part of the primary government because the Board of Commissioners is made up of the Mayor and four Council members and the City has operational responsibility over the City of Otsego EDA. It is this criterion that results in the EDA being reported as a blended component unit within the primary government. Separate financial statements are not prepared for the City of Otsego EDA.

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

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

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

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

**C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

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

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

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

The City reports the following major governmental funds:

**General Fund** - This is the City's primary operating fund, and accounts for all of the general financial resources of the City, except those required to be accounted for in another fund. Most of the current day-to-day operations of the City are financed from this fund.

**Debt Service Fund** - This fund is used to account for the collection of property taxes, special assessments and other resources which are used to repay the principal and interest on debt issued for various improvements in the City.

**Pavement Management Fund** - This fund was established to provide funds and to account for the expenditure of such funds, for costs associated with the City's street maintenance and replacement plan adopted annually within the Capital Improvement Plan. Annual projects may include: fog & seal coating, crack filling, paint striping, patching and asphalt overlays.

**Fire & Emergency Services Facility Fund** - This fund was established to receipt the proceeds of debt issuance and to account for the expenditure of funds for the construction of the Fire & Emergency Services Facility.

The City reports the following major enterprise funds:

**Water Utility Fund** - This fund accounts for the operations of the public water utility system. The resources accumulated are primarily from system user charges and system connection fees. The accumulated funds are then used to pay for the operational costs of pumping and distributing water to the system customers. The fund also accumulates resources to finance certain capital improvements and to pay the debt service associated with the water utility.

**Sanitary Sewer Utility Fund** - This fund accounts for the operations of the public sewer utility system. The resources accumulated are primarily from system user charges and system connection fees. The accumulated funds are then used to pay for the operational costs of collection and treatment of sewage from the system. The fund also accumulates resources to finance certain capital improvements and to pay the debt service associated with the sewer utility.

**Storm Water Utility Fund** - This fund accounts for the operations of the storm water collection system. The resources accumulated are primarily from system user charges and property taxes. The accumulated funds are then used to pay for the operational costs of collection and treatment of surface water runoff that does not require treatment.

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

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

#### **D. DEPOSITS AND INVESTMENTS**

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and investments with a maturity of three months or less when from the date of acquisition. All of the deposits and investments allocated to the proprietary funds are considered to meet this criteria.

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

Minnesota statute §118A.04 governs the investment of public funds and outlines the allowable investment types. The City's investment policy is more restrictive than statute, and authorizes the City to invest in the following:

- a] 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.
- b] Shares of investment companies registered under the Federal Securities Act of 1940, and received the highest credit rating and is rated in one of the two highest categories by at least one nationally recognized statistical rating agency.
- c] Obligations of any state or local government with taxing powers rated "A" for general obligations or with a rating of "AA" or better for revenue backed obligations, with the ratings being provided by a national bond rating service.
- d] Commercial paper issued by a United States corporation or their Canadian subsidiaries that is rated in the highest quality by at least two nationally recognized rating agencies.
- e] Time deposits that are fully insured by the Federal Deposit Insurance Corporation or the National Credit Union Administration.

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

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 79, the Minnesota Municipal Investment Pool (4M) securities are valued at amortized cost, which approximates fair value. There are no restrictions or limitations on withdrawals from the 4M Liquid Asset Fund. Amounts invested in the 4M Plus must be deposited for a minimum of 14 days. Withdrawals made prior to the 14-day requirement will be subject to a penalty equal to 7 days interest on the amount withdrawn. Term Series investments are designed to be held to maturity. If an investment made in a Term Series is withdrawn prior to the maturity date of that Series, seven days notice of redemption is required, and a penalty will likely be assessed.

**E. RECEIVABLES AND PAYABLES**

***Accounts Receivable***

Receivables include amounts billed for services provided by the City before year-end. Receivables within the enterprise funds do include unbilled charges for services provided from the middle of December to the end of the year, as the City bills for those services mid-month. The City currently has not established an allowance for doubtful accounts for either trade or utility charge receivables. The City annually certifies unpaid trade and utility charge receivable to Wright County for collection in the following year, and is the primary factor in reporting the receivables at a gross amount, rather than net of allowance.

***Leases***

The City is a lessor for several noncancellable leases. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and proprietary fund financial statements.

At the commencement of a lease, the City measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments receive. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term in a systematic and rational manner.

Key estimates and judgements include how the City determines: 1) the discount rate, 2) the lease term, 3) lease receipts, and 4) the amortization. The City determines the discount rate for leases based on the applicable State and Local Government Securities (SLGS) rate. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

***Property Taxes***

The City Council annually adopts a property tax levy and certifies it to Wright County in December. The County allocates this levy across taxable properties in the City based on valuations assessed in the prior year. These taxes become an enforceable lien against the property on January 1st, and are recorded as receivables by the City as of that date.

Tax statements are generated and mailed by the County to the respective taxpayers, with half of the total due on May 15th and the second half due on October 15th. The County is also the collecting agency, and remits the amounts collected to the City with primary settlements in June and December, and a minor settlement in January.

Property taxes that are unpaid as of December 31st, are then classified as delinquent. Delinquent taxes receivable include the past six years of uncollected taxes and are fully offset by a deferred inflow of resources for those collections not received within 60 days of year-end in the governmental fund financial statements.

***Special Assessments***

Special assessments represent the financing for public improvements paid for by benefiting property owners. These assessments are recorded as receivables upon certification to the County. Special assessments have been offset by a deferred inflow of resources for those collections not received within 60 days after year end in the governmental fund financial statements.

***Interfund Receivables and Payables***

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. Short-term interfund loans are classified as “due to/from other funds.” All short-term interfund receivables and payables at December 31, 2024 are planned to be eliminated in 2025. Long-term interfund loans are classified as “advances to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

**F. PREPAID ITEMS**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are reported using the consumption method and recorded as expenditures/expenses at the time of consumption rather than when purchased.

**G. ASSETS HELD FOR RESALE**

Assets held for resale represent various parcels of land that are currently owned by the City with the intent to sell in the future to create economic development activity within the City. The assets are reported at their net realizable value in the General fund. During the year ended December 31, 2024, management has reviewed the reported values of the assets.

**H. CAPITAL ASSETS**

Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and intangible assets such as easements and computer software, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and the proprietary fund financial statements. Capital assets are defined by the City as assets with an initial, individual cost in excess of the amounts in the table below and with an estimated useful life in excess of three years. All land assets are recorded by the City with no assigned cost threshold. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Infrastructure	\$	100,000
Buildings and Building Improvements		50,000
Land Improvements		25,000
Machinery and Equipment		5,000

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets of the City, are depreciated using the straight line method over the following estimated useful lives:

Infrastructure	25 - 40 years
Buildings and Building Improvements	10 - 40 years
Land Improvements	5 - 20 years
Machinery and Equipment	3 - 15 years

**I. DEFERRED OUTFLOWS 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 assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City presents deferred outflows of resources on the Statement of Net Position for deferred outflows of resources related to pensions for various estimate differences that will be amortized and recognized over future years.

**J. COMPENSATED ABSENCES**

It is the City's policy to permit employees to accumulate earned but unused personal time-off (PTO) benefits. All PTO pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only if they have matured, for example, as a result of an employee retirement or resignation. The General fund is typically used to liquidate the compensated absences payable for governmental activities.

**K. LONG TERM OBLIGATIONS**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the straight line method. 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 debt service expenditures.

**L. PENSIONS**

For purposes of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to or deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA except that PERA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments, and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The General fund is typically used to liquidate the net pension liability for governmental activities. The Water Utility and Sanitary Sewer Utility funds would be used to liquidate the net pension liability for business-type activities.

**M. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The primary objective of this Statement was to improve accounting and financial reporting for postemployment benefits other than pensions (OPEB). The City has no plans that would result in an OPEB liability and, therefore, the City anticipates it will not incur any future explicit or implicit OPEB costs for its employees, and therefore, no liability will be recorded.

**N. SUBSCRIPTION BASED INFORMATION TECHNOLOGY ARRANGEMENTS**

In May 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 96, Subscription Based Information Technology Arrangements (SBITA). The primary objective of this Statement was to improve accounting and financial reporting of SBITA's by providing uniform guidance that will result in greater consistency in practice. The City has no SBITA's that would result in an intangible asset and corresponding subscription liability.

**N. DEFERRED INFLOWS OF RESOURCES**

In addition to liabilities, statements of financial position or balance sheets will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City has four types of items which qualify for reporting in this category. One item, unavailable revenue, which arises only under a modified accrual basis of accounting, therefore, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from sources such as: property taxes and special assessments not collected within 60 days of year-end. The statement of net position and governmental funds also report deferred inflows of grants for subsequent years due to timing requirements not being met at year-end. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The second item presented by the City are deferred inflows of resources on the statement of net position for deferred inflows of resources related to pensions for various estimate differences that will be amortized and recognized over future years. The third item presented by the City on the government-wide statement of net position and on the proprietary funds statement of net position are deferred inflows of resources related to a deferred gain on a refunding bond issuance which will be amortized over the remaining life of the debt issuance. The fourth item, Antenna Rental Leases, is reported in both the government-wide and proprietary funds statements of net position.

## O. FUND EQUITY

Fund equity in the fund financial statements is classified as fund balance for governmental funds and net position for proprietary funds. Fund equity in the government-wide financial statements is classified as net position for both governmental and business-type activities.

**Fund Balance** – In the fund financial statements, governmental funds report fund balance in classifications that disclose restraints for which amounts in those funds can be spent. These classifications are as follows:

*Nonspendable* – consists of amounts that are not in spendable form or are required to be maintained intact.

*Restricted* – consists of amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions.

*Committed* – consists of internally imposed constraints. These constraints are imposed by formal action (resolution) of the City Council, which is the highest level of decision making authority.

*Assigned* – consists of internally imposed constraints. These constraints reflect the specific purpose for which it is the City's intended use. These constraints are established by the City Council or, pursuant to council resolution, the City Administrator or the Finance Director.

*Unassigned* – is the residual classification for the General fund and also reflects negative residual amounts in other funds.

When committed, assigned, or unassigned resources are available for an allowable use, it is the City's policy to use resources in the following order; 1) committed, 2) assigned, and 3) unassigned.

The City has formally adopted a fund balance policy for the General Fund. The policy establishes a year-end target fund balance amount of 45% of the next year's operating budget for cash flow needs.

**Net Position** – Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net position can be displayed in the three following classifications:

*Net Investment in Capital Assets* – consists of capital assets, net of accumulated depreciation, and further reduced by the outstanding balance of any long-term debt used to build or acquire the respective capital assets.

*Restricted* – reported when there are limitations of use through external restrictions imposed by creditors, grantors, or laws and regulations of other governments.

*Unrestricted* – all remaining net position is reported in this classification.

When both restricted and unrestricted net position are available for an allowable use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

**P. USE OF ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP), requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Actual results could differ from such estimates.

**Q. BUDGETARY INFORMATION**

An annual budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP) for the General fund, the Series 2018A and Series 2020A Debt Service funds, Tax Increment District No. 1, Tax Increment District No. 3, and Tax Increment District No. 4 special revenue funds. All annual appropriations lapse at year-end. The City does not use encumbrance accounting.

In June of each year, General fund departments submit requests for appropriations to the City Administrator so that a budget may be prepared. The requested budget appropriations are presented and reviewed with the City Council. The proposed General fund budget and preliminary property tax levy must be certified to Wright County prior to September 30. The City Council holds public hearings and a final budget is adopted in early December, with the final property tax levy required to be certified to Wright County prior to the end of December.

The appropriated budget is prepared by fund and department. The City's department heads are authorized to make transfers of budgeted appropriations within a department. Any transfers of appropriations between a department needs authorization of the City Administrator. The legal level of budgetary control is at the fund level, so any appropriations transfers between funds needs the approval of the City Council. There were no transfers of budgeted appropriations or budget amendments during the year.

**NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. DEFICIT FUND EQUITY**

Deficit fund equity exists at December 31, 2024 in the following fund:

Non-Major Governmental Funds:	
Capital Project Funds	
MSA Construction	\$ 761,695

The deficit is being funded through internal borrowing. The MSA Construction fund deficit will be repaid with State-Aid funding in 2025, which has been advanced to the City for the 85th Street and Maciver Avenue street extension project.

**NOTE 3 DETAILED NOTES ON ALL FUNDS**

**A. DEPOSITS AND INVESTMENTS**

In accordance with Minnesota Statutes, the City maintains deposits at only 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 with financial institutions be protected by federal deposit insurance, corporate surety bonds or collateral. The fair value of collateral pledged must equal 110% of the deposits not covered by insurance or bonds. Minnesota Statutes require that all securities pledged as collateral be placed in safekeeping in a restricted account at the Federal Reserve Bank, or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral.

At year-end, the City's carrying amount of deposits was \$513,054, and a bank balance of \$1,273,379.

Custodial credit risk for the City's deposits would arise in the event of a bank failure, where the City's deposits may not be returned to it. As of year-end, the City's bank balance was not exposed to custodial credit risk because it was insured and fully collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.

As of December 31, 2024 the City had the following investments:

Investment Type	Fair Value	Investment Maturities (In Years)		
		< 1	1 - 3	3 - 5
Negotiable Certificates of Deposit	\$ 22,168,996	\$ 5,333,312	\$ 13,925,057	\$ 2,910,627
U.S. Government Agency Securities	25,482,280	7,448,032	14,243,250	3,790,998
Municipal Bonds	11,481,055	1,615,112	8,312,492	1,553,451
External Investment Pool	16,697,669	16,697,669	-	-
Brokered Money Market Accounts	86,503	86,503	-	-
<b>Total</b>	<b>\$ 75,916,503</b>	<b>\$ 31,180,628</b>	<b>\$ 36,480,799</b>	<b>\$ 8,255,076</b>

The external investment pool and brokered money market investments are valued at amortized cost. The City's investments in Negotiable Certificates of Deposit, U.S. Government Agency Securities, and Municipal Bonds have recurring fair value measurements using a matrix pricing model (level 2 input). The City's investments in U.S. Treasuries are valued using a quoted market price (level 1 input).

**CITY OF OTSEGO, MINNESOTA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

As of December 31, 2024, the City's investments in U.S. Government Agency Securities and Municipal Bonds carried the following ratings as well as their respective concentration percentage when compared to the total investment portfolio. An indication of "NR" in the ratings below mean that the respective rating organization has not provided a rating on the respective investment.

Investment Type	Moody's Rating	S & P Rating	Fair Value	Portfolio Concentration %
<b>U.S. Government Agency Securities</b>				
Federal Farm Credit Bank (FFCB)	Aaa	AA+	\$ 4,174,731	5.50%
Federal Home Loan Bank (FHLB)	Aaa	AA+	9,813,078	12.93%
Federal Home Loan Mortgage Corporation (FHLMC)	Aaa	AA+	4,228,956	5.57%
Federal National Mortgage Association (FNMA)	Aaa	AA+	2,877,642	3.79%
Treasury Note	Aaa	NR	4,387,873	5.78%
Total			\$ 25,482,280	33.57%
<b>Municipal Bonds</b>				
Lake of the Woods School District, MN	NR	AAA	620,322	0.82%
City of Salem, OR	Aa2	NR	500,150	0.66%
State of Mississippi	Aa2	AA	1,426,980	1.88%
Shakopee School District, MN	Aa1	NR	722,063	0.95%
City of New York, NY	Aa2	AA	949,280	1.25%
State of California	Aa2	AA-	483,660	0.64%
Canutillo School District, TX	Aaa	NR	525,370	0.69%
Town of Wilmington, MA	NR	AAA	463,655	0.61%
Multnomah County School District, TX	Aa2	AA	694,447	0.91%
Sunnyvale School District, CA	NR	AAA	348,465	0.46%
City of Richmond, VA	Aa1	AA+	680,360	0.90%
City of Medford, OR	NR	AA-	1,120,436	1.48%
Glendale School District, CA	Aa1	NR	654,713	0.86%
San Jose Evergreen College, CA	Aaa	AA+	423,450	0.56%
Yosemite Community College, CA	Aa2	NR	462,415	0.61%
State of Connecticut	Aa3	AA-	467,854	0.62%
Carter County, TN	Aa3	NR	430,885	0.57%
Nashville Davidson County, TN	Aa2	AA+	506,550	0.67%
Total			\$ 11,481,055	15.12%

The following is a summary of cash deposits and investments as of December 31, 2024 and presented in the basic financial statements in the Statement of Net Position:

Deposits	\$ 513,054
Investments	75,916,503
Petty Cash and Change Funds	600
Total	\$ 76,430,157

The following is a summary of total deposits and investments as of December 31, 2024 and presented in the basic financial statements in the Statement of Net Position:

Cash and Investments	\$ 76,430,157
Cash with Fiscal Agent	19,524,792
Total	\$ 95,954,949

Interest Rate Risk – This is the risk that the fair values of the securities in the City's investment portfolio would decrease due to changes in market interest rates. The City identifies interest rate risk within the second and fourth objectives of the City's investment policy, which are liquidity and return on investment. The City attempts to limit its exposure to interest rate risk by keeping the investment portfolio sufficiently liquid to meet cash flow requirements, while still attempting to obtain a reasonable return on investment. The City also addresses interest rate risk by attempting to create proportions in the maturities of the City's investment portfolio which places longer term investments higher on the yield curve than those shorter term investments.

Credit Risk – This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Minnesota Statutes limits allowable investments to those that are in the top two ratings issued by nationally recognized statistical rating organizations. The City's investment policy also addresses credit risk by further limiting investments to the list provided within Note 1-D.

Concentration of Credit Risk – This is the risk of loss attributed to the magnitude of the City's investment in any single issuer. The first objective of the City's investment policy is safety. To obtain this objective, diversification is to be considered in the type of investment, maturity and the issuer of the respective investments. Each of the City's certificates of deposit are purchased in amounts not exceeding federal deposit insurance. The tables above outline the concentrations of the City's other investment types, including U.S. Government Agency Securities and Municipal Bonds.

More than 5 percent of the City's investments are in Federal Farm Credit Bank (FFCB), Federal Home Loan Bank (FHLB), and Federal Home Loan Mortgage Corporation (FHLMC). These investments are 5.50 percent, 12.93 percent, and 5.57 percent respectively, of the City's total investments.

Custodial Credit Risk – This is the risk that in the event of the failure of a counterparty to an investment, the City will not be able to recover the value of an investment or collateral securities that are in possession of an outside party. In accordance with the City's investment policy, all investment securities shall be held by a single safekeeping agent in the name of the City.

**B. LEASE RECEIVABLE**

The City has implemented GASB 87 effective December 31, 2022 and has recognized a Lease Receivable and respective Deferred Inflow of Resources in the amount of \$964,761. Leases included in the lease receivable are the leased space above Water Towers No. 1 and No. 3 to several communication companies. Lease terms are as follows:

Lessee	2024 Lease Revenue	2024 Lease Receivable	Annual Lease Adjustment Factor	Renewal Options
T-Mobile	\$ 36,182	\$ 849,499	4%	Four Terms of 5-Years
Nextera Wireless	19,359	51,185	4%	Three Terms of 5-Years
Verizon Wireless	41,848	64,077	5%	n/a

**CITY OF OTSEGO, MINNESOTA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

**C. CAPITAL ASSETS**

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

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
Capital Assets, not Being Depreciated:				
Land	\$ 4,278,161	\$ -	\$ -	\$ 4,278,161
Construction in Progress	1,092,466	2,353,034	-	3,445,500
<b>Total Capital Assets, not Being Depreciated</b>	<b>5,370,627</b>	<b>2,353,034</b>	<b>-</b>	<b>7,723,661</b>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	6,680,801	-	-	6,680,801
Land Improvements	7,826,703	-	-	7,826,703
Machinery and Equipment	5,230,489	272,438	(59,678)	5,443,249
Infrastructure	44,351,370	5,315,981	-	49,667,351
<b>Total Capital Assets, Being Depreciated</b>	<b>64,089,363</b>	<b>5,588,419</b>	<b>(59,678)</b>	<b>69,618,104</b>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	2,725,365	163,693	-	2,889,058
Land Improvements	3,880,808	298,138	-	4,178,946
Machinery and Equipment	3,186,700	404,327	(49,678)	3,541,349
Infrastructure	11,928,992	1,420,042	-	13,349,034
<b>Total Accumulated Depreciation</b>	<b>21,721,865</b>	<b>2,286,200</b>	<b>(49,678)</b>	<b>23,958,387</b>
<b>Total Capital Assets Being Depreciated - Net</b>	<b>42,367,498</b>	<b>3,302,219</b>	<b>(10,000)</b>	<b>45,659,717</b>
<b>Governmental Activities Capital Assets - Net</b>	<b>\$ 47,738,125</b>	<b>\$ 5,655,253</b>	<b>\$ (10,000)</b>	<b>\$ 53,383,378</b>

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

<b>Governmental Activities:</b>	
General Government	\$ 30,409
Public Safety	24,276
Public Works	1,761,546
Culture and Recreation	469,969
<b>Total Depreciation Expense - Governmental Activities</b>	<b>\$ 2,286,200</b>

**CITY OF OTSEGO, MINNESOTA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type Activities:</b>				
Capital Assets, not Being Depreciated:				
Land	\$ 759,721	\$ 288,182	\$ -	\$ 1,047,903
Construction in progress	25,365,280	18,000,241	(4,097,346)	39,268,175
<b>Total Capital Assets, not Being Depreciated</b>	<b>26,125,001</b>	<b>18,288,423</b>	<b>(4,097,346)</b>	<b>40,316,078</b>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	16,670,750	322,316	-	16,993,066
Land Improvements	151,380	61,430	-	212,810
Machinery and Equipment	2,449,196	310,874	-	2,760,070
Infrastructure	81,710,286	8,547,254	-	90,257,540
<b>Total Capital Assets, Being Depreciated</b>	<b>100,981,612</b>	<b>9,241,874</b>	<b>-</b>	<b>110,223,486</b>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	880,253	439,143	-	1,319,396
Land Improvements	5,046	10,129	-	15,175
Machinery and Equipment	1,050,160	225,966	-	1,276,126
Infrastructure	24,977,057	2,203,157	-	27,180,214
<b>Total Accumulated Depreciation</b>	<b>26,912,516</b>	<b>2,878,395</b>	<b>-</b>	<b>29,790,911</b>
<b>Total Capital Assets Being Depreciated - Net</b>	<b>74,069,096</b>	<b>6,363,479</b>	<b>-</b>	<b>80,432,575</b>
<b>Business-type Activities Capital Assets - Net</b>	<b>\$ 100,194,097</b>	<b>\$ 24,651,902</b>	<b>\$ (4,097,346)</b>	<b>\$ 120,748,653</b>

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

Business-type Activities:	
Water Utility	\$ 993,164
Sanitary Sewer Utility	1,640,956
Storm Water Utility	244,275
<b>Total Depreciation Expense - Business-type Activities</b>	<b>\$ 2,878,395</b>

**D. CONSTRUCTION COMMITMENTS**

At December 31, 2024 the City had construction project contracts in progress. The commitments related to remaining contract balances are summarized as follows:

Fund & Project	Contract Amount	Remaining Commitment
Major Governmental Funds:		
Fire & Emergency Services Facility		
Fire & Emergency Services Building	\$ 14,018,369	\$ 14,018,369
Nonmajor Governmental Funds:		
Park Development		
Carrick's Landing Improvements	466,802	41,274
Watershed Districts		
Otsego Creek Rehabilitation	332,370	77,423
Water Utility		
Well No. 11	254,041	47,227
Wellhouse No. 4 Water Treatment	6,887,419	6,351,342
Sanitary Sewer Utility		
West Wastewater Treatment Facility Expansion	35,066,973	2,920,054
Total	<u>\$ 57,025,974</u>	<u>\$ 23,455,689</u>

**E. INTERFUND BALANCES AND TRANSFERS**

At December 31, 2024, the composition of balances for due to/from other funds of the City were as follows:

Fund	Due from Other Funds	Due to Other Funds
Major Governmental Funds:		
Capital Improvements	\$ 617,526	\$ -
Nonmajor Governmental Funds:		
MSA Construction	-	617,526
Total	<u>\$ 617,526</u>	<u>\$ 617,526</u>

Interfund due to/from balances are representative of lending/borrowing arrangements to cover deficit cash balances at the end of the fiscal year. The balance in the Municipal State-Aid for Construction fund will be repaid with State-Aid funding for the 85th Street and Maciver Avenue extension projects.

**CITY OF OTSEGO, MINNESOTA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

Transfers between funds made during the year ended December 31, 2024 were as follows:

Fund	Transfer In	Transfer Out
<b>Major Governmental Funds:</b>		
General	\$ 427,000	\$ -
Fire & Emergency Services Facility	2,000,000	-
<b>Nonmajor Governmental Funds:</b>		
Capital Improvements	-	2,000,000
<b>Total Governmental Funds</b>	<u>2,427,000</u>	<u>2,000,000</u>
<b>Major Proprietary Funds:</b>		
Water Utility	-	106,750
Sanitary Sewer Utility	-	320,250
<b>Total Proprietary Funds</b>	<u>-</u>	<u>427,000</u>
<b>Total All Funds</b>	<u>\$ 2,427,000</u>	<u>\$ 2,427,000</u>

Interfund transfers allow the City to allocate financial resources to the funds that receive benefit from services provided by another fund or to provide additional capital and infrastructure funding. In addition, interfund transfers are occasionally authorized to allow redistribution of resources between funds for the most efficient use of funds. In 2024, the following transfers were made between funds:

- The Capital Improvements fund transferred \$2,000,000 to the Fire & Emergency Services Facility fund as a contribution to reduce the amount of borrowing needed for the construction of the facility project.
- The Water Utility and Sanitary Sewer Utility funds transferred \$106,750 and \$320,250 respectively to the General fund as an annual contribution to help manage the property tax levy.

**F. LONG-TERM DEBT**

***Governmental Activities***

The City has issued general obligation bonds to provide funding for the construction of governmental activities infrastructure for street improvements. General obligation bonds have also been issued to refinance previously issued bonds to achieve interest rate savings. These bond issues are backed by the full faith and credit of the City. Debt service on these issues is provided through the collection of property taxes and special assessments. At the end of the current year, there are assets accumulated in the amount of \$1,751,251 to meet future debt service requirements. Included within those assets are \$661 of delinquent special assessments receivable, of which collection is uncertain.

The Economic Development Authority has issued lease revenue bonds to provide funding for the construction of the Fire & Emergency Services Facility. Debt service on this issue is provided through a lease agreement between the EDA and the City. The City can source the lease payments to the EDA with any available resources, and expects that property taxes will be the primary source. At the end of the current year, there are assets accumulated of \$814,909 to meet future debt service requirements.

	Interest Rates	Issue Date	Final Maturity Date	Original Issue	Payable 12/31/24
General Obligation Bonds:					
Improvement Bonds, Series 2018A	3.00 - 3.13%	7/11/2018	2/1/2034	\$ 2,305,000	\$ 1,390,000
Refunding Bonds 2020A	1.03 - 1.11%	11/17/2020	2/1/2028	2,950,000	1,205,000
Lease Revenue Bonds:					
EDA Lease Revenue Bonds 2024A	4.00 - 5.00%	12/9/2024	2/1/2046	<u>16,900,000</u>	<u>16,900,000</u>
Total - Bonded Indebtedness				<u>\$ 22,155,000</u>	19,495,000
Other Liabilities:					
Unamortized Premium on Issuance of Bonds					1,195,915
Compensated Absences Payable					<u>164,416</u>
Total Governmental Activities					<u>\$ 20,855,331</u>

Annual debt service requirements to maturity for governmental activities long-term indebtedness are as follows:

Year Ending December 31	<u>Governmental Activities</u>		<u>Governmental Activities</u>	
	<u>General Obligation Bonds</u>		<u>Lease Revenue Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 480,000	\$ 81,556	\$ -	\$ 439,759
2026	495,000	64,081	-	750,300
2027	525,000	45,756	525,000	737,175
2028	540,000	26,606	550,000	710,300
2029	225,000	13,531	575,000	682,175
2030 - 2034	330,000	23,403	3,345,000	2,937,125
2035 - 2039	-	-	4,260,000	2,008,075
2040 - 2044	-	-	5,240,000	1,021,200
2045 - 2046	-	-	<u>2,405,000</u>	<u>97,100</u>
Total	<u>\$ 2,595,000</u>	<u>\$ 254,933</u>	<u>\$ 16,900,000</u>	<u>\$ 9,383,209</u>

**CITY OF OTSEGO, MINNESOTA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

***Business-type Activities***

The City issued general obligation bonds to provide funding for the acquisition and construction of major capital facilities and construction of infrastructure in the business-type activities. All long-term indebtedness outstanding is backed by the full faith and credit of the City. Bonds in the business-type activities will be retired with the net revenues of the Water and Sanitary Sewer funds. (Net revenues are defined as the excess of gross revenues and earnings over the normal, reasonable and current costs of operating and maintenance). In the event that a deficiency exists because of inadequate net revenues at the time a debt service payment is due, the City must provide resources to cover the deficiency until other resources are available. At the end of the current year, the Water and Sanitary Sewer funds provided net revenues of \$7,450,806, which accounts for a debt-service coverage ratio of 161.18%.

	Interest Rates	Date	Final Maturity Date	Original Issue	Payable 12/31/24
General Obligation Bonds:					
Revenue Bonds, Series 2019A	4.00 - 4.00%	12/19/2019	12/1/2026	\$ 3,525,000	\$ 2,915,000
Revenue Bonds, Series 2021A	1.00 - 3.00%	9/23/2021	2/1/2037	4,345,000	3,880,000
Revenue Bonds, Series 2021B	5.00 - 5.00%	9/23/2021	12/1/2026	7,390,000	1,065,000
Note from Direct Borrowing:					
G.O. PFA Revenue Note, 2020	1.16%	4/27/2020	8/20/2040	17,199,866	14,055,000
G.O. PFA Revenue Note, 2023	2.84%	11/9/2023	8/20/2043	34,045,359	28,845,627
Sub-Total				<u>\$ 66,505,225</u>	50,760,627
Other Liabilities:					
Unamortized Premium on Issuance of Bonds					693,924
Compensated Absences Payable					<u>49,284</u>
Total Business-type Activities					<u>\$ 51,503,835</u>

**CITY OF OTSEGO, MINNESOTA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

Annual debt service requirements to maturity for business-type activities long-term indebtedness are as follows:

Year Ending December 31	Business-type Activities		Business-type Activities	
	General Obligation Bonds		Note from Direct Borrowing	
	Principal	Interest	Principal	Interest
2025	\$ 2,210,000	\$ 243,355	\$ 2,153,000	\$ 950,652
2026	2,295,000	152,280	2,201,000	1,064,258
2027	275,000	57,530	2,250,000	1,015,375
2028	285,000	49,130	2,300,000	965,250
2029	290,000	40,505	2,351,000	913,872
2030 - 2034	1,535,000	141,278	12,574,000	3,751,988
2035 - 2039	970,000	29,400	14,069,000	2,257,155
2040 - 2043	-	-	9,529,000	628,895
<b>Total</b>	<b>\$ 7,860,000</b>	<b>\$ 713,478</b>	<b>\$ 47,427,000</b>	<b>\$ 11,547,445</b>

In November 2023, the City issued \$34,045,359 of General Obligation PFA Revenue Note, Series 2023 for the purpose of financing the eligible projects costs of the Clean Water State Revolving Fund project to improve treatment and for expansion of the West Wastewater Treatment Facility. The aggregate principal amount of the loan disbursed and outstanding will bear interest at the rate of 2.843 percent per annum accruing from and after the date of the Note, which is November 9, 2023, through the date on which no principal of the loan remains unpaid and all accrued interest and servicing fees have been paid.

The annual debt service requirements to maturity presented are based on the final projected costs and debt authorized by the Minnesota Public Facilities Authority. The balance of the debt represents costs incurred through December 31, 2024.

**CITY OF OTSEGO, MINNESOTA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

***Changes in Long-Term Liabilities***

Long-term liability activity for the year ended December 31, 2024 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
General Obligation Bonds	\$ 3,055,000	\$ -	\$ (460,000)	\$ 2,595,000	\$ 480,000
Lease Revenue Bonds	-	16,900,000	-	16,900,000	-
Unamortized Bond Premium	234,506	1,004,014	(42,605)	1,195,915	-
Compensated Absences	136,799	227,038	(199,421)	164,416	32,883
<b>Total - Governmental</b>	<b>3,426,305</b>	<b>18,131,052</b>	<b>(702,026)</b>	<b>20,855,331</b>	<b>512,883</b>
<b>Business-type Activities:</b>					
General Obligation Bonds	10,195,000	-	(2,335,000)	7,860,000	2,210,000
Notes from Direct Borrowings	35,586,609	8,782,377	(1,468,359)	42,900,627	2,153,000
Unamortized Bond Premium	954,563	-	(260,639)	693,924	-
Compensated Absences	44,506	82,899	(78,121)	49,284	9,857
<b>Total - Business-type</b>	<b>46,780,678</b>	<b>8,865,276</b>	<b>(4,142,119)</b>	<b>51,503,835</b>	<b>4,372,857</b>
<b>Total Long-Term Liabilities</b>	<b>\$ 50,206,983</b>	<b>\$ 26,996,328</b>	<b>\$ (4,844,145)</b>	<b>\$ 72,359,166</b>	<b>\$ 4,885,740</b>

**G. CONDUIT DEBT OBLIGATIONS**

Conduit debt obligations are certain limited-obligation revenue bonds or similar instruments issued for the express purpose of providing capital financing for a specific third party. The City has issued various revenue bonds to provide funding to private sector entities for projects deemed to be in the public interest. Although these bonds bear the name of the City, the City has no obligation for such debt. Accordingly, the bonds are not reported as liabilities in the financial statements of the City.

As of December 31, 2024, the City's conduit debt consisted of the following:

Guardian Angels Senior Services Revenue Bonds, Series 2017	\$ 27,510,000
Guardian Angels Senior Services Revenue Refunding Bonds, Series 2017A	8,355,000
Revenue Refunding Bonds, Series 2017B	3,880,000
Kaleidoscope Charter School Revenue Bonds, Series 2014A	13,355,000

**H. TAX ABATEMENTS**

The City has entered into certain agreements for economic development purposes to either attract new businesses or retain existing business operations within the City. The authority for the City to enter into such agreements comes from *Minnesota Statute §469*. The City further has an established Business Subsidy Policy that provides evaluation criteria for any business subsidy requests. As of December 31, 2024, the City has entered into two types of agreements.

***Property Tax Abatements***

For the year ended December 31, 2024, the City abated property taxes totaling \$88,224. Details of each agreement and the abatement for the current year are as follows:

- The City has entered into a tax abatement agreement with Wright County in order to finance the cost of Parkview Avenue and 88th Street improvements which facilitated the Parkview Retail development. The agreement outlines that the City will use tax abatement financing in an amount not to exceed \$950,000 to reimburse the costs of the public improvements. Wright County will use tax abatement financing in an amount not to exceed \$400,000 to reimburse the City for a portion of the costs of the public improvements. This abatement began with taxes payable 2022. For the current year, Wright County provided an abatement in the amount of \$76,672. At the end of the current year, the total abatement from Wright County totals \$186,547.

***Tax Increment Financing***

For the year ended December 31, 2024, the Tax Increment Financing Districts within the City generated increment in the amount of \$499,441 and payments to the developers in the amount of \$492,565. Details of each agreement are as follows:

- Tax Increment Financing District No. 1 was established in 2015 for the purpose of promoting industrial development on a parcel owned by the City which had been obtained through the tax forfeiture process. The parcel would not have been developed but-for tax increment financing given the existing special assessments and the extraordinary amount of soil improvements. Under the agreement, up to \$694,487 of costs incurred by the developer will be reimbursed through a tax increment revenue note, payable beginning in 2018 and concluding in 2027. Payments on the tax increment revenue note are only made to the extent of increment generated by the district. For 2024, this tax increment financing district generated increment in the amount of \$88,037 and payments to the developer in the amount of \$116,488.
- Tax Increment Financing District No. 3 was established in 2017 for the purpose of facilitating the development of a 142 unit senior housing facility, consisting of independent living, assisted living and memory care. The tax increment district is a housing district, and is intended for occupancy, in part, by persons or families of low and moderate income. In order to qualify as a housing district, the senior housing facility is required to provide at least 20% of the residential units to persons whose incomes do not exceed 50% of the County median income. By providing the affordable housing, the City believes that such a project was in the best interests of the City and its residents and agreed to reimburse the developer the lesser of \$2,389,400 or the costs of the site improvements actually incurred. The reimbursements will be made through a tax increment revenue note, payable beginning in 2020 and concluding in 2047. Payments of the tax increment revenue note are only made to the extent of increment generated by the district. For 2024, this tax increment financing district generated increment in the amount of \$199,247 and payments to the developer in the amount of \$182,342.
- Tax Increment Financing District No. 4 was established in 2018 for the purpose of facilitating the redevelopment of an existing site including the decommissioning of a private wastewater treatment facility. The redevelopment of this site will facilitate the construction of 164 units of market-rate multifamily housing, a mini-storage facility, and will create shovel ready sites for approximately 15,000 square feet of future commercial retail development. The City determined this development will ultimately preserve and enhance the tax base, redevelop sub-standard areas and provide employment opportunities within the City that would not reasonably be expected to occur solely through private investment within the foreseeable future. Under the agreement, up to \$3,359,685 of costs incurred by the developer will be reimbursed through a tax increment revenue note, payable beginning in 2021 and concluding in 2046. Payments on the tax increment revenue note are only made to the extent of increment generated by the district. For 2024, this tax increment financing district generated increment in the amount of \$212,157 and payments to the developer in the amount of \$193,735.

**CITY OF OTSEGO, MINNESOTA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

**H. FUND EQUITY**

Net position reported in the government-wide statement of net position at December 31, 2024 include the following:

**Governmental Activities**

Net Investment in Capital Assets:	
Cost of Capital Assets	\$ 77,341,765
Less: Accumulated Depreciation	(23,958,387)
Less: Related Long-Term Debt Outstanding	(20,690,915)
Add: Unspent Bond Proceeds	19,524,792
Less: Acquisition of Capital Assets on Account	<u>(282,090)</u>
Total Net Investment in Capital Assets	<u>51,935,165</u>
Restricted for Debt Service	
Fund Balance - Governmental Fund Financial Statements	1,882,352
Add: Unavailable Revenue - Special Assessments	683,450
Less: Accrued Interest Payable	<u>(37,565)</u>
Total Restricted for Debt Service	<u>2,528,237</u>
Restricted for Lawful Gambling Programs	<u>196,725</u>
Restricted for Affordable Housing Programs	<u>105,514</u>
Restricted for Tax Increment Financing	<u>371,954</u>
Restricted for Park Development	
Fund Balance - Governmental Fund Financial Statements	6,402,417
Add: Unavailable Revenue - Special Assessments	<u>7,230</u>
Total Restricted for Park Development	<u>6,409,647</u>
Restricted for Public Safety	<u>645,927</u>
Unrestricted	<u>22,098,648</u>
Total Governmental Activities Net Position	<u><u>\$ 84,291,817</u></u>

**CITY OF OTSEGO, MINNESOTA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

**Business-type Activities**

Net Investment in Capital Assets:	
Cost of Capital Assets	\$ 150,539,564
Less: Accumulated Depreciation	(29,790,911)
Less: Related Long-Term Debt Outstanding	(51,454,551)
Less: Acquisition of Capital Assets on Account	(2,553,592)
Less: Deferred Gain on Refunding	(157,764)
Total Net Investment in Capital Assets	<u>66,582,746</u>
Unrestricted	<u>44,702,215</u>
Total Business-type Activities Net Position	<u>\$ 111,284,961</u>

Aggregated funds balances reported in the governmental funds balance sheet at December 31, 2024 include the following:

**Governmental Funds**

	Nonspendable	Restricted	Committed	Assigned
General Fund				
Prepaid Items	\$ 149,029	\$ -	\$ -	\$ -
Assets Held for Resale	202,200	-	-	-
Public Safety	-	180,133	-	-
Insurance Deductibles	-	-	-	294,193
Educational Programs	-	-	-	69,614
Debt Service				
Debt Service	-	1,882,352	-	-
Pavement Management				
City Buildings & Infrastructure	-	-	-	6,140,126
Fire & Emergency Services Facility				
City Buildings & Infrastructure	-	17,810,141	-	-
Nonmajor Governmental Funds				
Lawful Gambling Programs	-	196,725	-	-
Tax Increment Financing	-	371,954	-	-
Affordable Housing	-	105,514	-	-
Street Light Replacement	-	-	75,607	-
Business Development Loans	-	-	301,479	-
Park Development	-	6,402,417	-	-
Public Safety	-	465,794	-	-
City Buildings & Infrastructure	-	-	-	11,353,898
City Vehicles & Equipment	-	-	-	777,838
City Parks & Trails	-	-	-	740,997
Total Fund Balances	<u>\$ 351,229</u>	<u>\$ 27,415,030</u>	<u>\$ 377,086</u>	<u>\$ 19,376,666</u>

**NOTE 4 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 and natural disasters.

Property and casualty insurance is provided through the League of Minnesota Cities Insurance Trust (LMCIT), a public entity risk pool currently operating as a common risk management and insurance program. The City pays an annual premium to the LMCIT for its insurance coverage. The LMCIT is self-sustaining through member premiums and reinsures through commercial companies for excess claims. The City is covered through the pool for any claims incurred but unreported, however, retains risk for the deductible portions of the insurance policies. The amount of those deductibles is considered immaterial to the financial statements.

Workers' compensation coverage is provided through a pooled self-insurance program through the LMCIT. The respective insurance policy 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. This coverage is not subject to a deductible.

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

The City is subject to certain legal claims in the normal course of business. Management does not expect the resolution of these claims will have a material impact on the City's financial condition or results of operations.

**NOTE 5 PENSION PLAN**

*Public Employee's Retirement Association*

**A. PLAN DESCRIPTION**

The City participates in the following cost-sharing multiple-employer defined benefit pension plan 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*

Membership in the General Plan includes employees of counties, cities, townships, certain school positions, and other government entities whose revenues are derived from taxation, fees, or assessments. All full-time and certain part-time employees of the City are covered by the General Employees Plan.

**B. BENEFITS PROVIDED**

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

*General 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 or service. Two methods are used to compute benefits for PERA's General Plan members. Members hired prior to July 1, 1989, receive the higher of Step or Level formulas. Only the Level formula is used for members hired after June 30, 1989. Under the Step formula, General Plan members receive 1.2 percent of the highest average salary for each of the first ten years of service, and 1.7 percent for each additional year. Under the Level formula, General Plan members receive 1.7 percent of the 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 0.25 percent for each month under age 65. Members with thirty or more years of service can retire at any age with a reduction of 0.25 percent for each month the member is younger than age 62. The Level formula allows General Plan members to receive a full retirement benefit at age 65 if they were hired before July 1, 1989 or at age 66 if they were hired after July 1, 1989. Early retirement begins at age 55 with an actuarial reduction applied to the benefit.

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

**C. CONTRIBUTIONS**

Minnesota Statutes Chapters 353 and 356 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 6.5 percent of their annual covered salary in fiscal year 2024, and the City was required to contribute 7.5 percent for General Plan members. The City's contributions to the General Employees Fund for years ended December 31, 2024, 2023 and 2022 were \$250,343, \$189,626, and \$161,169. The City's contributions were equal to the required contributions as set by state statute.

**D. PENSION COSTS**

***General Employees Fund Pension Costs***

At December 31, 2024, the City reported a liability of \$1,286,582 for its proportionate share of the General Employees Fund's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the State's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$33,268.

City's proportionate share of the net pension liability	\$ 1,286,582
State of Minnesota's proportionate of the net pension liability associated with the City	<u>33,268</u>
Total	<u><u>\$ 1,319,850</u></u>

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension 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 0.0348 percent at the end of the measurement period and 0.0284 percent for the beginning of the period.

For the year ended December 31, 2024, the City recognized pension expense of \$237,533 for its proportionate share of the General Employees Plan's pension expense. Included in the amount, the City recognized \$892 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

During the Plan year ended June 30, 2024, the State of Minnesota contributed \$170.1 million to the General Employees Fund. The State of Minnesota is not included as a non-employer contributing entity in the General Employees Plan pension allocation schedule for the \$170.1 million in direct State-aid because this contribution was not considered to meet the definition of a special funding situation. The City recognized \$59,197 for the year ended December 31, 2024, as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the General Employees Fund.

**CITY OF OTSEGO, MINNESOTA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

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:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 113,386	\$ -
Changes in Actuarial Assumptions	4,945	421,541
Net Difference Between Projected and Actual Investment Earnings	-	359,488
Changes in Proportion	331,554	-
Contributions Paid Subsequent to the Measurement Date	125,172	-
Totals	<u>\$ 575,057</u>	<u>\$ 781,029</u>

Deferred outflows totaling \$125,172 related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Pension Expense Amount
2025	\$ (195,944)
2026	23,788
2027	(60,380)
2028	(98,608)
2029	-
Thereafter	-
Total	<u>\$ (331,144)</u>

**E. LONG-TERM EXPECTED RETURN ON INVESTMENT**

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

Asset Class	Target Allocation	Long-Term
Domestic Equity	33.50%	5.10%
International Equity	16.50%	5.30%
Fixed Income	25.00%	0.75%
Private Markets	25.00%	5.90%
Total	<u>100.00%</u>	

**F. ACTUARIAL ASSUMPTIONS**

The total pension liability in the June 30, 2024, actuarial valuation was determined using an individual entry age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 7 percent. This 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 return investment return rates considered reasonable by the actuary. An investment return of 7 percent is within that range.

Inflation is assumed to be 2.25 percent and benefit increases after retirement are assumed to be 1.25 percent.

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

Mortality rates are based on the Pub-2010 General Employee Mortality Table, adjusted slightly to fit PERA's experience.

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

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

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.

**G. DISCOUNT RATE**

The discount rate used to measure the total pension liability in 2024 was 7 percent. The projection of cash flows used to determine the discount rate assumed that contributions from Plan members and employers will be made at rates set in *Minnesota Statutes*. Based on these assumptions, the fiduciary net positions of the General Employees Fund was 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 rate.

City's Proportionate Share of the Net Pension Liability	6.00% One Point Decrease	7.00% Current Rate	8.00% One Point Increase
General Employees Fund	\$ 2,810,096	\$ 1,286,582	\$ 33,348

**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 at [www.mnpera.org](http://www.mnpera.org).

**NOTE 6 NEW STANDARDS ISSUED BUT NOT YET IMPLEMENTED**

The Governmental Accounting Standards Board recently approved the following statements which were not implemented in these financial statements. The effect these standards may have on future financial statements has not been determined.

- Statement No. 102, *Certain Risk Disclosures*  
 The disclosures required by this Statement will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. This Statement will be effective for the year ending December 31, 2025.
- Statement No. 103, *Financial Reporting Model Improvements*  
 The changes required by this Statement provide clarity, enhance the relevance of information, provide more useful information for decision making, and provide for greater comparability amongst government entities. This Statement will be effective for the year ending December 31, 2026.
- Statement No. 104, *Disclosure of Certain Capital Assets*  
 The disclosures required by this Statement provide users of the financial statements with essential information about certain types of capital assets. This Statement will be effective for the year ending December 31, 2026.

**NOTE 7 RESTATEMENTS AND ADJUSTMENTS OF BEGINNING FUND BALANCES**

During the year ended December 31, 2024, the City's Capital Improvements fund was changed from a major governmental fund to a nonmajor governmental fund, resulting in a reduction of beginning fund balance for the major governmental funds.

Description	Capital Improvements	Other Nonmajor Governmental
Fund Balance - January 1 (As Previously Reported)	\$ 7,558,150	\$ -
Change within Financial Reporting Entity (Major to Nonmajor)	(7,558,150)	7,558,150
Fund Balance - January 1 (As Restated)	\$ -	\$ 7,558,150

The Development & Builder Escrows fund was changed from a major governmental fund to a nonmajor governmental fund during the year, however, the fund had no beginning or ending fund balance so there are no restatements presented.

**CITY OF OTSEGO, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION (LAST TEN YEARS)**  
**SCHEDULE OF CITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY**  
**GENERAL EMPLOYEE'S RETIREMENT FUND**

<u>Fiscal Year Ending</u>	<u>City's Proportionate (%) Share of Net Pension Liability</u>	<u>City's Proportionate (\$) Share of Net Pension Liability</u>	<u>State's Proportionate (\$) Share of the Net Pension Liability Associated With the City</u>	<u>City's Proportionate (\$) Share of the Net Pension Liability and the State's Proportionate (\$) Share of the Net Pension Liability Associated With the City</u>	<u>City's Covered Payroll</u>	<u>City's Proportionate (%) Share of Net Pension Liability Compared With Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
June 30, 2024	0.0348%	\$ 1,286,582	\$ 33,268	\$ 1,319,850	\$ 2,945,420	43.68%	89.10%
June 30, 2023	0.0284%	1,588,096	43,804	1,631,900	2,261,121	70.23%	83.10%
June 30, 2022	0.0274%	2,170,089	63,613	2,233,702	2,051,891	105.76%	76.70%
June 30, 2021	0.0252%	1,076,153	32,902	1,109,055	1,813,749	59.33%	87.00%
June 30, 2020	0.0247%	1,480,878	45,554	1,526,432	1,745,138	84.86%	79.10%
June 30, 2019	0.0218%	1,205,273	37,332	1,242,605	1,531,014	78.72%	80.20%
June 30, 2018	0.0215%	1,192,732	39,115	1,231,847	1,365,460	87.35%	79.50%
June 30, 2017	0.0215%	1,372,546	17,254	1,389,800	1,332,687	102.99%	75.89%
June 30, 2016	0.0198%	1,607,662	20,935	1,628,597	1,136,013	141.52%	68.91%
June 30, 2015	0.0195%	1,010,592	-	1,010,592	1,124,606	89.86%	78.19%

**CITY OF OTSEGO, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION (LAST TEN YEARS)**  
**SCHEDULE OF CITY'S CONTRIBUTIONS**  
**GENERAL EMPLOYEE'S RETIREMENT FUND**

Year Ending	Statutorily Required Contributions	Contributions in Relation to Statutorily Required Contributions	Contribution (Excess) Deficiency	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
December 31, 2024	\$ 250,343	\$ 250,343	\$ -	\$ 3,337,910	7.50%
December 31, 2023	189,626	189,626	-	2,528,348	7.50%
December 31, 2022	161,169	161,169	-	2,148,921	7.50%
December 31, 2021	142,796	142,796	-	1,903,947	7.50%
December 31, 2020	133,158	133,158	-	1,775,440	7.50%
December 31, 2019	120,583	120,583	-	1,607,772	7.50%
December 31, 2018	110,473	110,473	-	1,472,972	7.50%
December 31, 2017	98,542	98,542	-	1,313,896	7.50%
December 31, 2016	96,567	96,567	-	1,287,564	7.50%
December 31, 2015	83,256	83,256	-	1,110,085	7.50%

**NOTE 1 GENERAL EMPLOYEES FUND**

**CHANGES FOR 2024**

***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 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.

**CHANGES FOR 2023**

***Changes in Actuarial Assumptions***

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

***Changes in Plan Provisions***

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

**CHANGES FOR 2022**

***Changes in Actuarial Assumptions***

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

***Changes in Plan Provisions***

- There have been no changes since the previous valuation.

## **CHANGES FOR 2021**

### ***Changes in Actuarial Assumptions***

- The investment return and single discount rates were changed from 7.5 percent to 6.5 percent for financial reporting.
- The mortality improvement scale was changed from scale MP-2019 to scale MP-2020.

### ***Changes in Plan Provisions***

- There have been no changes since the previous valuation.

## **CHANGES FOR 2020**

### ***Changes in Actuarial Assumptions***

- The price inflation assumption was decreased from 2.5 percent to 2.25 percent.
- The payroll growth assumption was decreased from 3.25 percent to 3.0 percent.
- 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 percent 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 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 percent to 45 percent. The assumed number of married female new retirees electing the 100% Joint and Survivor option changed from 15 percent to 30 percent. 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 percent for the period July 1, 2020 through December 31, 2023, and 0.0 percent thereafter. Augmentation was eliminated for privatizations occurring after June 30, 2020.

**CHANGES FOR 2019**

*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 \$31.0 million to \$21.0 million per year. The State's special funding contribution was changed prospectively, requiring \$16.0 million per year through 2031.

**CHANGES FOR 2018**

*Changes in Actuarial Assumptions*

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

*Changes in Plan Provisions*

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.0 percent to 3.0 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.0 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Annual increases were changed from 1.0 percent per year with a provision to increase to 2.5 percent upon attainment of 90.0 percent funding ratio to 50.0 percent of the Social Security Cost of Living Adjustment, not less than 1.0 percent and not more than 1.5 percent, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

**CHANGES FOR 2017**

***Changes in Actuarial Assumptions***

- The Combined Service Annuity (CSA) loads were changed from 0.80 percent for active members and 60 percent for both vested and non-vested deferred members. The revised CSA loads are now 0.00 percent for active member liability, 15 percent for vested deferred member liability, and 3.00 percent for non-vested deferred member liability.
- The annual benefit increase rate was changed from 1.00 percent per year for all years to 1.00 percent per year through 2044, and 2.50% percent thereafter.

***Changes in Plan Provisions***

- The State's contribution for the Minneapolis Employees Retirement Fund equals \$16.0 million in 2017 and 2018, and \$6.0 million thereafter.
- The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21.0 million to \$31.0 million in calendar years 2019 to 2031. The State's contribution changed from \$16.0 million to \$6.0 million in calendar years 2019 to 2031.

**CHANGES FOR 2016**

***Changes in Actuarial Assumptions***

- The assumed post-retirement benefit increase was changed from 1.00% per year through 2035 and 2.50% per year thereafter to 1.00% per year for all future years.
- The assumed investment return was changed from 7.90% to 7.50%. The single discount rate was changed from 7.90% to 7.50%.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases and payroll growth were decreased by 0.25% to 3.25%. Inflation was decreased 0.25% to 2.50%.

***Changes in Plan Provisions***

- There have been no changes since the prior valuation.

**CHANGES FOR 2015**

***Changes in Actuarial Assumptions***

- The assumed post-retirement benefit increase rate was changed from 1.00% per year through 2030 and 2.50% per year thereafter to 1.00% per year through 2035 and 2.50% per year thereafter.

***Changes in Plan Provisions***

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.10 billion, and increased the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised; the State's contribution of \$6.0 million, which meets the special funding situation definition, was due September 2015.



*This page has been left blank intentionally.*

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

	Special Revenue	Capital Project	Total Nonmajor Governmental
<b>ASSETS</b>			
Cash and Investments	\$ 1,037,631	\$ 23,224,187	\$ 24,261,818
Cash with Fiscal Agent	-	899,742	899,742
Receivables			
Accounts	13,637	-	13,637
Taxes			
Current	11	-	11
Special Assessments			
Deferred	15,724	216,690	232,414
Delinquent	-	548	548
Due from Other Governments	-	210,000	210,000
Due from Other Funds	-	617,526	617,526
	<u>1,067,003</u>	<u>25,168,693</u>	<u>26,235,696</u>
<b>LIABILITIES</b>			
Accounts Payable	-	487,298	487,298
Deposits Payable	-	2,959,972	2,959,972
Due to Other Funds	-	617,526	617,526
Unearned Revenue	-	1,763,241	1,763,241
Total Liabilities	<u>-</u>	<u>5,828,037</u>	<u>5,828,037</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Revenue - Special Assessments	15,724	217,238	232,962
Grants for Subsequent Years	-	144,169	144,169
Total Deferred Inflows of Resources	<u>15,724</u>	<u>361,407</u>	<u>377,131</u>
<b>FUND BALANCES</b>			
Restricted			
Lawful Gambling Programs	196,725	-	196,725
Tax Increment Financing	371,954	-	371,954
Affordable Housing	105,514	-	105,514
Park Development	-	6,402,417	6,402,417
Public Safety	-	465,794	465,794
Committed			
Street Light Replacement	75,607	-	75,607
Business Development Loans	301,479	-	301,479
Assigned			
City Buildings & Infrastructure	-	11,353,898	11,353,898
City Vehicles & Equipment	-	777,838	777,838
City Parks & Trails	-	740,997	740,997
Unassigned	<u>-</u>	<u>(761,695)</u>	<u>(761,695)</u>
Total Fund Balances	<u>1,051,279</u>	<u>18,979,249</u>	<u>20,030,528</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,067,003</u>	<u>\$ 25,168,693</u>	<u>\$ 26,235,696</u>

**CITY OF OTSEGO, MINNESOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	Special Revenue	Capital Project	Total Nonmajor Governmental
<b>REVENUES</b>			
Property Taxes	\$ -	\$ 1,353,617	\$ 1,353,617
Tax Increments	499,441	-	499,441
Intergovernmental	52,757	1,430,217	1,482,974
Charges for Services	5,300	1,916,766	1,922,066
Special Assessments	3,532	29,572	33,104
Investment Earnings (net)	28,714	1,052,500	1,081,214
Miscellaneous	50,915	89,172	140,087
Total Revenues	<u>640,659</u>	<u>5,871,844</u>	<u>6,512,503</u>
<b>EXPENDITURES</b>			
Current			
Economic Development	501,367	-	501,367
Capital Outlay			
General Government	-	191,700	191,700
Public Safety	-	1,141,148	1,141,148
Public Works	-	931,366	931,366
Culture and Recreation	-	1,501,793	1,501,793
Total Expenditures	<u>501,367</u>	<u>3,766,007</u>	<u>4,267,374</u>
Excess of Revenues Over Expenditures	139,292	2,105,837	2,245,129
<b>OTHER FINANCING SOURCES (USES)</b>			
Issuance of Debt	-	899,742	899,742
Sales of Capital Assets	-	6,775	6,775
Transfers Out	-	(2,000,000)	(2,000,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(1,093,483)</u>	<u>(1,093,483)</u>
Net Change in Fund Balance	139,292	1,012,354	1,151,646
Fund Balance - January 1 (As Previously Reported)	911,987	10,408,745	11,320,732
Change within Financial Reporting Entity (Major to Nonmajor)	-	7,558,150	7,558,150
Fund Balance - January 1 (As Restated)	<u>911,987</u>	<u>17,966,895</u>	<u>18,878,882</u>
Fund Balance - December 31	<u>\$ 1,051,279</u>	<u>\$ 18,979,249</u>	<u>\$ 20,030,528</u>



*This page has been left blank intentionally.*

A special revenue fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Lawful Gambling

This fund was established to account for contributions from not-for-profit organizations who are conducting licensed lawful gambling activities within the City. The contributions, which are based on 10% of net profits, are restricted expenditures only for purposes outlined in Minnesota Statute.

Street Lighting

This fund accounts for the electrical service, maintenance, repair and replacement of street lights within the City's above standard street-lighting district for commercially developed areas. The primary funding source of the fund is generated through charges for services imposed upon the benefitting properties in the district.

Revolving Loans

This fund was established to provide for economic development subsidies and loans to be provided to business entities in the City through the City's Economic Development Authority (EDA).

Tax Increment District No. 1 - Great River Centre

This fund was established to account for the collection of tax increment generated revenues for parcels within the District. The District encompasses two parcels in the Great River Centre commercial and industrial area. The increment generated is used for specific economic development incentives within the District.

Tax Increment District No. 3 - Riverview Landing

This fund was established to account for the collection of tax increment generated revenues for parcels within the District. The District is a housing district and is located in the Waterfront East development area. The increment generated is used to provide 20% of the residential units to persons or families of low and moderate income.

Tax Increment District No. 4 - Riverbend North

This fund was established to account for the collection of tax increment generated revenues for parcels within the District. The District is a redevelopment district and includes four parcels within the Riverbend North plat, located near CSAH 42 and Highway 101. The increment generated is used to redevelop the existing site, including the decommissioning of a private wastewater facility, construction of multifamily housing, a mini-storage facility and site preparations to accommodate approximately 15,000 square feet of future commercial development.

**CITY OF OTSEGO, MINNESOTA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**DECEMBER 31, 2024**

	<u>Lawful Gambling</u>	<u>Street Lighting</u>	<u>Revolving Loans</u>
<b>ASSETS</b>			
Cash and Investments	\$ 183,088	\$ 75,607	\$ 406,993
Receivables			
Accounts	13,637	-	-
Taxes			
Current	-	-	-
Special Assessments			
Deferred	-	15,724	-
	<u>196,725</u>	<u>91,331</u>	<u>406,993</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Revenue - Special Assessments	<u>-</u>	<u>15,724</u>	<u>-</u>
<b>FUND BALANCES</b>			
Restricted			
Lawful Gambling Programs	196,725	-	-
Tax Increment Financing	-	-	-
Affordable Housing	-	-	105,514
Committed			
Street Light Replacement	-	75,607	-
Business Development Loans	-	-	301,479
Total Fund Balances	<u>196,725</u>	<u>75,607</u>	<u>406,993</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	 <u>\$ 196,725</u>	 <u>\$ 91,331</u>	 <u>\$ 406,993</u>

<u>Tax Increment District No. 1</u>	<u>Tax Increment District No. 3</u>	<u>Tax Increment District No. 4</u>	<u>Total Nonmajor Special Revenue</u>
\$ 73,801	\$ 169,191	\$ 128,951	\$ 1,037,631
-	-	-	13,637
-	-	11	11
-	-	-	15,724
<u>73,801</u>	<u>169,191</u>	<u>128,962</u>	<u>1,067,003</u>
-	-	-	15,724
-	-	-	196,725
73,801	169,191	128,962	371,954
-	-	-	105,514
-	-	-	75,607
-	-	-	301,479
<u>73,801</u>	<u>169,191</u>	<u>128,962</u>	<u>1,051,279</u>
<u>\$ 73,801</u>	<u>\$ 169,191</u>	<u>\$ 128,962</u>	<u>\$ 1,067,003</u>

**CITY OF OTSEGO, MINNESOTA**  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2024

	Lawful Gambling	Street Lighting	Revolving Loans
<b>REVENUES</b>			
Tax Increments	\$ -	\$ -	\$ -
Intergovernmental	-	-	52,757
Charges for Services	-	5,300	-
Special Assessments	-	3,532	-
Investment Earnings (net)	7,790	3,377	17,547
Miscellaneous	50,915	-	-
Total Revenues	<u>58,705</u>	<u>12,209</u>	<u>70,304</u>
<b>EXPENDITURES</b>			
Current			
Economic Development	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	58,705	12,209	70,304
Fund Balance - January 1	<u>138,020</u>	<u>63,398</u>	<u>336,689</u>
Fund Balance - December 31	<u>\$ 196,725</u>	<u>\$ 75,607</u>	<u>\$ 406,993</u>

<u>Tax Increment District No. 1</u>	<u>Tax Increment District No. 3</u>	<u>Tax Increment District No. 4</u>	<u>Total Nonmajor Special Revenue</u>
\$ 88,037	\$ 199,247	\$ 212,157	\$ 499,441
-	-	-	52,757
-	-	-	5,300
-	-	-	3,532
-	-	-	28,714
-	-	-	50,915
<u>88,037</u>	<u>199,247</u>	<u>212,157</u>	<u>640,659</u>
<u>119,379</u>	<u>185,319</u>	<u>196,669</u>	<u>501,367</u>
(31,342)	13,928	15,488	139,292
<u>105,143</u>	<u>155,263</u>	<u>113,474</u>	<u>911,987</u>
<u>\$ 73,801</u>	<u>\$ 169,191</u>	<u>\$ 128,962</u>	<u>\$ 1,051,279</u>

**CITY OF OTSEGO, MINNESOTA**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**TAX INCREMENT DISTRICT NO. 1 - SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
<b>REVENUES</b>			
Tax Increments	\$ 94,043	\$ 88,037	\$ (6,006)
<b>EXPENDITURES</b>			
Current			
Economic Development			
Personal Services	900	1,217	317
Services and Other Charges	82,255	118,162	35,907
Total Expenditures	83,155	119,379	36,224
Net Change in Fund Balance	10,888	(31,342)	(42,230)
Fund Balance - January 1	105,143	105,143	-
Fund Balance - December 31	\$ 116,031	\$ 73,801	\$ (42,230)

**CITY OF OTSEGO, MINNESOTA**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**TAX INCREMENT DISTRICT NO. 3 - SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
<b>REVENUES</b>			
Tax Increments	\$ 212,838	\$ 199,247	\$ (13,591)
<b>EXPENDITURES</b>			
Current			
Economic Development			
Personal Services	1,100	1,303	203
Services and Other Charges	189,957	184,016	(5,941)
Total Expenditures	191,057	185,319	(5,738)
Net Change in Fund Balance	21,781	13,928	(7,853)
Fund Balance - January 1	155,263	155,263	-
Fund Balance - December 31	\$ 177,044	\$ 169,191	\$ (7,853)

**CITY OF OTSEGO, MINNESOTA**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**TAX INCREMENT DISTRICT NO. 4 - SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
<b>REVENUES</b>			
Tax Increments	\$ 225,934	\$ 212,157	\$ (13,777)
<b>EXPENDITURES</b>			
Current			
Economic Development			
Personal Services	1,200	1,260	60
Services and Other Charges	203,698	195,409	(8,289)
Total Expenditures	204,898	196,669	(8,229)
Net Change in Fund Balance	21,036	15,488	(5,548)
Fund Balance - January 1	113,474	113,474	-
Fund Balance - December 31	\$ 134,510	\$ 128,962	\$ (5,548)

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Trails Management

This fund was established to provide funds and to account for the expenditure of such funds, for costs associated with the City's trail maintenance plan adopted annually within the Capital Improvement Plan. Annual projects will typically include: crack filling, patching and seal coating.

Park Development

This fund was established to accumulate funds that will be used to provide for the acquisition and construction of new park sites, buildings and facilities throughout our growing City.

Parks Capital Equipment

This fund was established to accumulate funds for major maintenance and future replacement of equipment within the City's park system.

Revolving Capital Equipment

This fund was established to provide funds and to account for the expenditure of such funds, for costs associated with the replacement of capital equipment, most significantly the City's machinery and vehicle fleet.

Fire Reserve

This fund was established to accumulate funds that will be used to finance the costs associated with the future construction of a fire department building and the capital equipment that will be housed within.

Municipal State-Aid for Construction

This fund was established to account for the State allotment of construction aid. The source of the State funding is provided for through collection of gasoline taxes. The funds accumulated are used on transportation related construction projects.

Watershed Districts

This fund was established to provide funds and to account for the expenditure of such funds, for costs associated with the maintenance of major water drainage system ditches throughout the City.

City Buildings & Property Maintenance

This fund was established to provide funds and to account for the expenditure of such funds, for costs associated with the maintenance of and improvements to City buildings and properties.

Capital Improvements

This fund was established to accumulate resources that may be used to internally finance future City projects.

Development & Builder Escrows

This fund was established to receipt funds and to account for the expenditure of such funds, for costs associated within residential, commercial and industrial developments within the City.

**CITY OF OTSEGO, MINNESOTA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR CAPITAL PROJECT FUNDS**  
**DECEMBER 31, 2024**

	<u>Trails Management</u>	<u>Park Development</u>	<u>Parks Capital Equipment</u>	<u>Revolving Capital Equipment</u>
<b>ASSETS</b>				
Cash and Investments	\$ 218,284	\$ 6,606,810	\$ 522,713	\$ 777,838
Cash with Fiscal Agent	-	-	-	-
Receivables				
Special Assessments				
Deferred	-	7,230	-	-
Delinquent	-	-	-	-
Due from Other Governments	-	-	-	-
Due from Other Funds	-	-	-	-
	<u>218,284</u>	<u>6,614,040</u>	<u>522,713</u>	<u>777,838</u>
Total Assets				
	<u>218,284</u>	<u>6,614,040</u>	<u>522,713</u>	<u>777,838</u>
<b>LIABILITIES</b>				
Accounts Payable	-	204,393	-	-
Deposits Payable	-	-	-	-
Due to Other Funds	-	-	-	-
Unearned Revenue	-	-	-	-
Total Liabilities	<u>-</u>	<u>204,393</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue - Special Assessments	-	7,230	-	-
Grants for Subsequent Years	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>7,230</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES (DEFICITS)</b>				
Restricted				
Park Development	-	6,402,417	-	-
Public Safety	-	-	-	-
Assigned				
City Buildings & Infrastructure	-	-	-	-
City Vehicles & Equipment	-	-	-	777,838
City Parks & Trails	218,284	-	522,713	-
Unassigned	-	-	-	-
Total Fund Balances (Deficits)	<u>218,284</u>	<u>6,402,417</u>	<u>522,713</u>	<u>777,838</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	<u>\$ 218,284</u>	<u>\$ 6,614,040</u>	<u>\$ 522,713</u>	<u>\$ 777,838</u>

Fire Reserve	MSA Construction	Watershed Districts	City Buildings & Property Maintenance	Capital Improvements	Development & Builder Escrows	Total Nonmajor Capital Projects
\$ 4,159,646 899,742	\$ - -	\$ 2,364,209 -	\$ 133,181 -	\$ 5,459,307 -	\$ 2,982,199 -	\$ 23,224,187 899,742
-	-	8,281	-	201,179	-	216,690
-	-	-	-	548	-	548
-	-	210,000	-	-	-	210,000
-	-	-	-	617,526	-	617,526
<u>5,059,388</u>	<u>-</u>	<u>2,582,490</u>	<u>133,181</u>	<u>6,278,560</u>	<u>2,982,199</u>	<u>25,168,693</u>
38,934	-	221,744	-	-	22,227	487,298
-	-	-	-	-	2,959,972	2,959,972
-	617,526	-	-	-	-	617,526
<u>1,763,241</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,763,241</u>
<u>1,802,175</u>	<u>617,526</u>	<u>221,744</u>	<u>-</u>	<u>-</u>	<u>2,982,199</u>	<u>5,828,037</u>
-	-	8,281	-	201,727	-	217,238
-	144,169	-	-	-	-	144,169
-	<u>144,169</u>	<u>8,281</u>	<u>-</u>	<u>201,727</u>	<u>-</u>	<u>361,407</u>
-	-	-	-	-	-	6,402,417
465,794	-	-	-	-	-	465,794
2,791,419	-	2,352,465	133,181	6,076,833	-	11,353,898
-	-	-	-	-	-	777,838
-	-	-	-	-	-	740,997
-	(761,695)	-	-	-	-	(761,695)
<u>3,257,213</u>	<u>(761,695)</u>	<u>2,352,465</u>	<u>133,181</u>	<u>6,076,833</u>	<u>-</u>	<u>18,979,249</u>
<u>\$ 5,059,388</u>	<u>\$ -</u>	<u>\$ 2,582,490</u>	<u>\$ 133,181</u>	<u>\$ 6,278,560</u>	<u>\$ 2,982,199</u>	<u>\$ 25,168,693</u>

**CITY OF OTSEGO, MINNESOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES (DEFICITS)**  
**NONMAJOR CAPITAL PROJECT FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	Trails Management	Park Development	Parks Capital Equipment	Revolving Capital Equipment
<b>REVENUES</b>				
Property Taxes	\$ 70,000	\$ -	\$ 400,000	\$ 550,393
Intergovernmental	-	-	-	-
Charges for Services	-	955,142	-	-
Special Assessments	-	2,410	-	-
Investment Earnings (net)	10,440	321,735	13,862	23,157
Miscellaneous	-	-	12,500	-
Total Revenues	<u>80,440</u>	<u>1,279,287</u>	<u>426,362</u>	<u>573,550</u>
<b>EXPENDITURES</b>				
Capital Outlay				
General Government	-	-	-	-
Public Safety	-	-	-	30,781
Public Works	-	-	-	154,661
Culture and Recreation	63,162	1,375,256	247	63,128
Total Expenditures	<u>63,162</u>	<u>1,375,256</u>	<u>247</u>	<u>248,570</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	17,278	(95,969)	426,115	324,980
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of Debt	-	-	-	-
Sales of Capital Assets	-	-	-	6,775
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,775</u>
Net Change in Fund Balance	17,278	(95,969)	426,115	331,755
Fund Balance (Deficit) - January 1 (As Previously Reported)	201,006	6,498,386	96,598	446,083
Change within Financial Reporting Entity (Major to Nonmajor)	-	-	-	-
Fund Balance (Deficit) - January 1 (As Restated)	<u>201,006</u>	<u>6,498,386</u>	<u>96,598</u>	<u>446,083</u>
Fund Balance (Deficit) - December 31	<u>\$ 218,284</u>	<u>\$ 6,402,417</u>	<u>\$ 522,713</u>	<u>\$ 777,838</u>

Fire Reserve	MSA Construction	Watershed Districts	City Buildings & Property Maintenance	Capital Improvements	Development & Builder Escrows	Total Nonmajor Capital Projects
\$ 210,000	\$ -	\$ -	\$ 35,000	\$ 88,224	\$ -	\$ 1,353,617
216,188	1,004,029	210,000	-	-	-	1,430,217
-	-	346,956	-	-	614,668	1,916,766
-	-	2,761	-	24,401	-	29,572
219,058	-	111,085	5,507	347,656	-	1,052,500
-	-	-	-	76,672	-	89,172
<u>645,246</u>	<u>1,004,029</u>	<u>670,802</u>	<u>40,507</u>	<u>536,953</u>	<u>614,668</u>	<u>5,871,844</u>
-	-	-	25,490	8,100	158,110	191,700
1,110,367	-	-	-	-	-	1,141,148
-	-	309,977	-	10,170	456,558	931,366
-	-	-	-	-	-	1,501,793
<u>1,110,367</u>	<u>-</u>	<u>309,977</u>	<u>25,490</u>	<u>18,270</u>	<u>614,668</u>	<u>3,766,007</u>
(465,121)	1,004,029	360,825	15,017	518,683	-	2,105,837
899,742	-	-	-	-	-	899,742
-	-	-	-	-	-	6,775
-	-	-	-	(2,000,000)	-	(2,000,000)
<u>899,742</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,000,000)</u>	<u>-</u>	<u>(1,093,483)</u>
434,621	1,004,029	360,825	15,017	(1,481,317)	-	1,012,354
2,822,592	(1,765,724)	1,991,640	118,164	-	-	10,408,745
-	-	-	-	7,558,150	-	7,558,150
<u>2,822,592</u>	<u>(1,765,724)</u>	<u>1,991,640</u>	<u>118,164</u>	<u>7,558,150</u>	<u>-</u>	<u>17,966,895</u>
<u>\$ 3,257,213</u>	<u>\$ (761,695)</u>	<u>\$ 2,352,465</u>	<u>\$ 133,181</u>	<u>\$ 6,076,833</u>	<u>\$ -</u>	<u>\$ 18,979,249</u>

**CITY OF OTSEGO, MINNESOTA**

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2024

(With Comparative Actual Amounts for the Year Ended December 31, 2023)

	2024		Variance with Final Budget - Over (Under)	2023
	Original and Final Budget	Actual Amounts		Actual Amounts
<b>REVENUES</b>				
Property Taxes				
Current	\$ 6,272,793	\$ 6,296,543	\$ 23,750	\$ 5,286,560
Delinquent	50,000	74,054	24,054	(35,425)
Penalties and interest	2,000	2,693	693	2,522
Total Property Taxes	<u>6,324,793</u>	<u>6,373,290</u>	<u>48,497</u>	<u>5,253,657</u>
Franchise Taxes	<u>132,000</u>	<u>114,342</u>	<u>(17,658)</u>	<u>126,594</u>
Licenses and Permits				
Business Licenses	40,950	45,496	4,546	38,095
Rental Licenses	42,700	46,670	3,970	38,770
Other Licenses	3,000	2,990	(10)	4,345
Right of Way Permits	60,000	50,400	(9,600)	54,375
Building Permits	1,494,790	1,711,960	217,170	1,396,183
Other Permits	15,600	10,950	(4,650)	13,001
Total Licenses and Permits	<u>1,657,040</u>	<u>1,868,466</u>	<u>211,426</u>	<u>1,544,769</u>
Intergovernmental				
State				
Local Government Aid	73,598	73,598	-	-
Police Aid	93,000	111,191	18,191	92,918
Other Aid & Grants	295,386	28,534	(266,852)	479,608
Local				
Other Aid & Grants	-	-	-	2,995
Total Intergovernmental	<u>461,984</u>	<u>213,323</u>	<u>(248,661)</u>	<u>575,521</u>
Charges for Services				
General Government	81,615	97,750	16,135	96,128
Public Works	89,800	82,148	(7,652)	63,296
Culture and Recreation	87,100	102,591	15,491	112,866
Total Charges for Services	<u>258,515</u>	<u>282,489</u>	<u>23,974</u>	<u>272,290</u>
Special Assessments	<u>3,800</u>	<u>5,733</u>	<u>1,933</u>	<u>10,389</u>
Fines and Forfeitures	<u>30,900</u>	<u>40,982</u>	<u>10,082</u>	<u>32,109</u>
Investment Earnings (net)	<u>106,920</u>	<u>274,351</u>	<u>167,431</u>	<u>295,571</u>
Miscellaneous				
Refunds and Reimbursements	12,500	21,541	9,041	35,577
Contributions and Donations	-	914	914	686
Other	5,000	6,600	1,600	9,178
Total Miscellaneous	<u>17,500</u>	<u>29,055</u>	<u>11,555</u>	<u>45,441</u>
Total Revenues	<u>8,993,452</u>	<u>9,202,031</u>	<u>208,579</u>	<u>8,156,341</u>

**CITY OF OTSEGO, MINNESOTA**

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2024

(With Comparative Actual Amounts for the Year Ended December 31, 2023)

	2024		Variance with Final Budget - Over (Under)	2023
	Original and Final Budget	Actual Amounts		Actual Amounts
<b>EXPENDITURES</b>				
General Government				
City Council				
Personal Services	33,434	34,634	1,200	34,622
Supplies	375	115	(260)	91
Services and Other Charges	74,053	53,633	(20,420)	53,959
Total	107,862	88,382	(19,480)	88,672
City Administrator				
Personal Services	233,455	222,542	(10,913)	209,328
Supplies	400	470	70	256
Services and Other Charges	7,664	7,019	(645)	3,008
Total	241,519	230,031	(11,488)	212,592
Administration				
Personal Services	374,103	325,449	(48,654)	273,319
Supplies	8,200	7,626	(574)	5,902
Services and Other Charges	81,105	68,121	(12,984)	66,881
Total	463,408	401,196	(62,212)	346,102
Elections				
Personal Services	55,930	56,544	614	-
Supplies	14,537	7,057	(7,480)	409
Services and Other Charges	9,807	3,592	(6,215)	4,800
Total	80,274	67,193	(13,081)	5,209
Assessing				
Services and Other Charges	161,370	162,700	1,330	161,020
Finance				
Personal Services	325,887	229,835	(96,052)	275,530
Supplies	1,450	782	(668)	912
Services and Other Charges	71,221	62,935	(8,286)	58,195
Total	398,558	293,552	(105,006)	334,637
Information Technology				
Personal Services	140,812	122,632	(18,180)	-
Supplies	5,550	1,280	(4,270)	4,302
Services and Other Charges	64,659	64,270	(389)	111,806
Total	211,021	188,182	(22,839)	116,108
Legal				
Services and Other Charges	36,800	40,750	3,950	32,899
Human Resources				
Personal Services	149,353	149,057	(296)	121,310
Supplies	200	60	(140)	200
Services and Other Charges	32,908	32,785	(123)	49,268
Total	182,461	181,902	(559)	170,778

**CITY OF OTSEGO, MINNESOTA**

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2024

(With Comparative Actual Amounts for the Year Ended December 31, 2023)

	2024		Variance with Final Budget - Over (Under)	2023
	Original and Final Budget	Actual Amounts		Actual Amounts
<b>EXPENDITURES (CONTINUED)</b>				
General Government (Continued)				
Communications				
Personal Services	-	48,661	48,661	-
Services and Other Charges	-	747	747	-
Total	-	49,408	49,408	-
Prairie Center				
Supplies	4,500	6,840	2,340	6,112
Services and Other Charges	49,134	44,608	(4,526)	42,335
Total	53,634	51,448	(2,186)	48,447
City Hall & Public Works Garage				
Supplies	8,000	7,917	(83)	9,388
Services and Other Charges	132,573	150,000	17,427	132,274
Total	140,573	157,917	17,344	141,662
Old Town Hall				
Services and Other Charges	4,465	4,410	(55)	4,210
Insurance Deductibles				
Services and Other Charges	-	12,118	12,118	855
Total General Government	2,081,945	1,929,189	(152,756)	1,663,191
Public Safety				
Police Services				
Services and Other Charges	2,052,077	2,063,959	11,882	1,612,222
Public Safety Commission				
Personal Services	960	680	(280)	680
Supplies	500	1,582	1,082	42
Total	1,460	2,262	802	722
Fire Protection				
Personal Services	189,505	185,769	(3,736)	87,575
Supplies	4,650	3,887	(763)	7,511
Services and Other Charges	1,174,529	1,209,884	35,355	1,056,217
Total	1,368,684	1,399,540	30,856	1,151,303
Building Inspections				
Personal Services	188,980	175,292	(13,688)	169,030
Supplies	6,400	3,663	(2,737)	5,144
Services and Other Charges	376,377	365,919	(10,458)	358,024
Total	571,757	544,874	(26,883)	532,198

**CITY OF OTSEGO, MINNESOTA**

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2024

(With Comparative Actual Amounts for the Year Ended December 31, 2023)

	2024		Variance with Final Budget - Over (Under)	2023
	Original and Final Budget	Actual Amounts		Actual Amounts
<b>EXPENDITURES (CONTINUED)</b>				
Public Safety (Continued)				
Emergency Management				
Supplies	2,000	976	(1,024)	216
Services and Other Charges	5,825	4,365	(1,460)	761
Total	7,825	5,341	(2,484)	977
Animal Control				
Services and Other Charges	22,100	21,812	(288)	20,833
Total Public Safety	4,023,903	4,037,788	13,885	3,318,255
Public Works				
Streets Maintenance				
Personal Services	924,951	867,133	(57,818)	770,336
Supplies	220,300	201,470	(18,830)	246,050
Services and Other Charges	130,918	111,898	(19,020)	102,161
Total	1,276,169	1,180,501	(95,668)	1,118,547
Engineering				
Services and Other Charges	105,220	71,772	(33,448)	62,918
Street Lighting				
Services and Other Charges	182,480	178,473	(4,007)	173,395
Fleet Management				
Personal Services	198,644	201,226	2,582	110,334
Supplies	227,695	192,645	(35,050)	191,895
Services and Other Charges	35,630	43,350	7,720	31,792
Total	461,969	437,221	(24,748)	334,021
Total Public Works	2,025,838	1,867,967	(157,871)	1,688,881
Culture and Recreation				
Parks Maintenance				
Personal Services	563,084	540,108	(22,976)	410,139
Supplies	95,250	93,208	(2,042)	93,191
Services and Other Charges	139,999	135,008	(4,991)	148,102
Total	798,333	768,324	(30,009)	651,432
Recreation				
Personal Services	228,524	226,894	(1,630)	203,574
Supplies	15,650	20,761	5,111	9,891
Services and Other Charges	73,899	70,883	(3,016)	75,845
Total	318,073	318,538	465	289,310
Parks and Recreation Commission				
Personal Services	960	330	(630)	550
Supplies	500	93	(407)	205
Services and Other Charges	-	-	-	60
Total	1,460	423	(1,037)	815

**CITY OF OTSEGO, MINNESOTA**

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2024

(With Comparative Actual Amounts for the Year Ended December 31, 2023)

	2024		Variance with	2023
	Original and Final Budget	Actual Amounts	Final Budget - Over (Under)	Actual Amounts
<b>EXPENDITURES (CONTINUED)</b>				
Culture and Recreation (Continued)				
Heritage Preservation Commission				
Personal Services	840	400	(440)	300
Supplies	500	69	(431)	21
Services and Other Charges	500	589	89	607
Total	1,840	1,058	(782)	928
Total Culture and Recreation	1,119,706	1,088,343	(31,363)	942,485
Economic Development				
Planning Commission				
Personal Services	2,000	1,260	(740)	1,440
Supplies	500	-	(500)	11
Total	2,500	1,260	(1,240)	1,451
Planning				
Services and Other Charges	87,150	84,397	(2,753)	85,743
Economic Development				
Personal Services	-	261	261	-
Supplies	100	-	(100)	-
Services and Other Charges	15,210	4,682	(10,528)	4,594
Total	15,310	4,943	(10,367)	4,594
Total Economic Development	104,960	90,600	(14,360)	91,788
Capital Outlay				
General Government	38,100	32,397	(5,703)	15,216
Public Safety	6,000	3,211	(2,789)	4,953
Public Works	10,000	23,868	13,868	5,715
Culture and Recreation	10,000	9,731	(269)	6,915
Total	64,100	69,207	5,107	32,799
Total Expenditures	9,420,452	9,083,094	(337,358)	7,737,399
Excess (Deficiency) of Revenues Over (Under) Expenditures	(427,000)	118,937	545,937	418,942
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	427,000	427,000	-	320,600
Sales of Capital Assets	-	10,000	10,000	1,359
Transfers Out	-	-	-	(710,829)
Total Other Financing Sources (Uses)	427,000	437,000	10,000	(388,870)
Net Change in Fund Balance	-	555,937	555,937	30,072
Fund Balance - January 1	4,981,515	4,981,515	-	4,951,443
Fund Balance - December 31	\$ 4,981,515	\$ 5,537,452	\$ 555,937	\$ 4,981,515



*This page has been left blank intentionally.*

**CITY OF OTSEGO, MINNESOTA**  
**COMBINING BALANCE SHEET**  
**DEBT SERVICE FUND BY ACCOUNT**  
**DECEMBER 31, 2024**

	Series 2018A	Series 2020A	Series 2024A	Total Debt Service
<b>ASSETS</b>				
Cash and Investments	\$ 419,525	\$ 647,330	\$ -	\$ 1,066,855
Cash with Fiscal Agent	-	-	814,909	814,909
Receivables				
Special Assessments				
Current	946	-	-	946
Deferred	586,659	96,130	-	682,789
Delinquent	661	-	-	661
	<u>1,007,791</u>	<u>743,460</u>	<u>814,909</u>	<u>2,566,160</u>
Total Assets	<u>1,007,791</u>	<u>743,460</u>	<u>814,909</u>	<u>2,566,160</u>
<b>LIABILITIES</b>				
Accounts Payable	<u>179</u>	<u>179</u>	<u>-</u>	<u>358</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue - Special Assessments	<u>587,320</u>	<u>96,130</u>	<u>-</u>	<u>683,450</u>
<b>FUND BALANCES</b>				
Restricted	<u>420,292</u>	<u>647,151</u>	<u>814,909</u>	<u>1,882,352</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,007,791</u>	<u>\$ 743,460</u>	<u>\$ 814,909</u>	<u>\$ 2,566,160</u>

**CITY OF OTSEGO, MINNESOTA**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**DEBT SERVICE FUND BY ACCOUNT**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	Series 2018A	Series 2020A	Series 2024A	Total Debt Service
<b>REVENUES</b>				
Property Taxes	\$ 102,144	\$ 197,000	\$ -	\$ 299,144
Special Assessments	126,229	54,373	-	180,602
Total Revenues	<u>228,373</u>	<u>251,373</u>	<u>-</u>	<u>479,746</u>
<b>EXPENDITURES</b>				
Debt Service				
Principal	190,000	270,000	-	460,000
Interest	44,806	53,600	-	98,406
Fiscal Agent Fees	674	674	-	1,348
Total Expenditures	<u>235,480</u>	<u>324,274</u>	<u>-</u>	<u>559,754</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,107)	(72,901)	-	(80,008)
<b>OTHER FINANCING SOURCES</b>				
Issuance of Debt	<u>-</u>	<u>-</u>	<u>814,909</u>	<u>814,909</u>
Net Change in Fund Balance	(7,107)	(72,901)	814,909	734,901
Fund Balance - January 1	<u>427,399</u>	<u>720,052</u>	<u>-</u>	<u>1,147,451</u>
Fund Balance - December 31	<u>\$ 420,292</u>	<u>\$ 647,151</u>	<u>\$ 814,909</u>	<u>\$ 1,882,352</u>

**CITY OF OTSEGO, MINNESOTA**  
**DEBT SERVICE FUND - SERIES 2018A**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
<b>REVENUES</b>			
Property Taxes	\$ 102,144	\$ 102,144	\$ -
Special Assessments	121,866	126,229	4,363
Total Revenues	<u>224,010</u>	<u>228,373</u>	<u>4,363</u>
<b>EXPENDITURES</b>			
Debt Service			
Principal	190,000	190,000	-
Interest	44,806	44,806	-
Fiscal Agent Fees	500	674	174
Total Expenditures	<u>235,306</u>	<u>235,480</u>	<u>174</u>
Net Change in Fund Balance	(11,296)	(7,107)	4,189
Fund Balance - January 1	<u>427,399</u>	<u>427,399</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 416,103</u>	<u>\$ 420,292</u>	<u>\$ 4,189</u>

**CITY OF OTSEGO, MINNESOTA**  
**DEBT SERVICE FUND - SERIES 2020A**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
<b>REVENUES</b>			
Property Taxes	\$ 197,000	\$ 197,000	\$ -
Special Assessments	54,373	54,373	-
Total Revenues	<u>251,373</u>	<u>251,373</u>	<u>-</u>
<b>EXPENDITURES</b>			
Debt Service			
Principal	270,000	270,000	-
Interest	53,600	53,600	-
Fiscal Agent Fees	500	674	174
Total Expenditures	<u>324,100</u>	<u>324,274</u>	<u>174</u>
Net Change in Fund Balance	(72,727)	(72,901)	(174)
Fund Balance - January 1	<u>720,052</u>	<u>720,052</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 647,325</u>	<u>\$ 647,151</u>	<u>\$ (174)</u>



*This page has been left blank intentionally.*

This part of the City of Otsego's annual comprehensive financial report (ACFR) presents detailed information as a context for understanding what the financial statements, note disclosures, and required supplementary information say about the City's overall financial health.

	<u>Page No.</u>
<u>Financial Trends</u> These tables contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	108
<u>Revenue Capacity</u> These tables contain information to help the reader assess the City's most significant local revenue source, the property tax.	122
<u>Debt Capacity</u> These tables present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue debt in the future.	128
<u>Demographic and Economic Information</u> These tables offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	135
<u>Operating Information</u> These tables contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to services the City provides and the activities it performs.	137

Sources: Unless otherwise noted, the information in these tables is derived from the report for each respective year.

**CITY OF OTSEGO, MINNESOTA**  
**STATISTICAL SECTION (UNAUDITED)**  
**NET POSITION BY COMPONENT**  
 Last Ten Fiscal Years  
 (accrual basis of accounting)

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>Governmental Activities</b>				
Net Investment in Capital Assets	\$ 15,303,426	\$ 19,103,702	\$ 21,496,582	\$ 25,330,507
Restricted	4,547,327	4,292,589	4,973,536	6,929,688
Unrestricted	<u>9,627,962</u>	<u>10,745,858</u>	<u>13,338,398</u>	<u>13,626,318</u>
<b>Total Governmental Activities Net Position</b>	<b><u>\$ 29,478,715</u></b>	<b><u>\$ 34,142,149</u></b>	<b><u>\$ 39,808,516</u></b>	<b><u>\$ 45,886,513</u></b>
<b>Business-type activities</b>				
Net Investment in Capital Assets	\$ 11,553,869	\$ 15,889,294	\$ 20,504,751	\$ 24,701,888
Unrestricted	<u>15,474,362</u>	<u>15,248,794</u>	<u>15,679,356</u>	<u>18,287,811</u>
<b>Total Business-type Activities Net Position</b>	<b><u>\$ 27,028,231</u></b>	<b><u>\$ 31,138,088</u></b>	<b><u>\$ 36,184,107</u></b>	<b><u>\$ 42,989,699</u></b>
<b>Primary Government</b>				
Net Investment in Capital Assets	\$ 26,857,295	\$ 34,992,996	\$ 42,001,333	\$ 50,032,395
Restricted	4,547,327	4,292,589	4,973,536	6,929,688
Unrestricted	<u>25,102,324</u>	<u>25,994,652</u>	<u>29,017,754</u>	<u>31,914,129</u>
<b>Total Primary Government Net Position</b>	<b><u>\$ 56,506,946</u></b>	<b><u>\$ 65,280,237</u></b>	<b><u>\$ 75,992,623</u></b>	<b><u>\$ 88,876,212</u></b>

Sources: The data for this table has been extracted from the respective years report.

**Table 1**

2019	2020	2021	2022	2023	2024
\$ 31,373,524	\$ 34,622,760	\$ 39,104,289	\$ 40,938,214	\$ 44,222,133	\$ 51,935,165
7,658,124	7,445,422	7,661,049	8,427,066	9,937,633	10,258,004
11,357,968	13,214,418	16,552,822	19,748,485	21,270,456	22,098,648
<u>\$ 50,389,616</u>	<u>\$ 55,282,600</u>	<u>\$ 63,318,160</u>	<u>\$ 69,113,765</u>	<u>\$ 75,430,222</u>	<u>\$ 84,291,817</u>
\$ 31,344,999	\$ 36,563,803	\$ 43,581,750	\$ 47,080,808	\$ 50,937,723	\$ 66,582,746
18,919,363	24,166,085	28,340,412	33,253,596	39,121,354	44,702,215
<u>\$ 50,264,362</u>	<u>\$ 60,729,888</u>	<u>\$ 71,922,162</u>	<u>\$ 80,334,404</u>	<u>\$ 90,059,077</u>	<u>\$ 111,284,961</u>
\$ 62,718,523	\$ 71,186,563	\$ 82,686,039	\$ 88,019,022	\$ 95,159,856	\$ 118,517,911
7,658,124	7,445,422	7,661,049	8,427,066	9,937,633	10,258,004
30,277,331	37,380,503	44,893,234	53,002,081	60,391,810	66,800,863
<u>\$ 100,653,978</u>	<u>\$ 116,012,488</u>	<u>\$ 135,240,322</u>	<u>\$ 149,448,169</u>	<u>\$ 165,489,299</u>	<u>\$ 195,576,778</u>

**CITY OF OTSEGO, MINNESOTA**  
**STATISTICAL SECTION (UNAUDITED)**  
**CHANGES IN NET POSITION - CONTINUED ON THE FOLLOWING PAGES**  
Last Ten Fiscal Years  
(accrual basis of accounting)

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>GOVERNMENTAL ACTIVITIES</b>				
<b>Expenses</b>				
General Government	\$ 1,174,510	\$ 1,376,793	\$ 1,085,554	\$ 1,228,607
Public Safety	1,670,627	1,846,459	1,906,843	2,207,699
Public Works	6,521,708	3,389,909	2,618,584	3,348,200
Culture and Recreation	792,936	847,553	1,013,252	1,095,151
Economic Development	145,771	302,296	365,768	223,175
Interest on Long-term Debt	231,242	223,938	197,282	276,423
<b>Total Expenses</b>	<u>10,536,794</u>	<u>7,986,948</u>	<u>7,187,283</u>	<u>8,379,255</u>
<b>Program Revenues</b>				
Charges for Services				
General Government	36,235	81,876	100,125	118,219
Public Safety	1,191,134	1,677,788	1,384,626	1,698,522
Public Works	247,260	656,570	805,248	942,042
Culture and Recreation	52,075	59,236	67,112	80,047
Operating Grants and Contributions	244,497	248,910	261,814	328,410
Capital Grants and Contributions	3,154,662	4,437,611	3,957,672	5,800,583
<b>Total Program Revenues</b>	<u>4,925,863</u>	<u>7,161,991</u>	<u>6,576,597</u>	<u>8,967,823</u>
<b>Net (Expense) / Revenue</b>	<u>(5,610,931)</u>	<u>(824,957)</u>	<u>(610,686)</u>	<u>588,568</u>
<b>General Revenues and Transfers</b>				
Taxes				
Property	4,602,153	4,963,787	5,572,250	6,078,341
Tax Increments	-	-	-	96,938
Franchise Taxes	128,722	131,229	135,652	139,161
Unrestricted Grants and Contributions	242,970	255,951	231,683	191,570
Investment Earnings (net)	55,909	82,385	124,052	263,784
Gain on Disposal of Capital Assets	35,600	31,160	38,373	37,563
Transfers	284,586	186,755	195,686	207,840
Transfers - Capital Assets	-	(162,876)	(20,643)	(1,525,768)
<b>Total General Revenues and Transfers</b>	<u>5,349,940</u>	<u>5,488,391</u>	<u>6,277,053</u>	<u>5,489,429</u>
<b>Change in Net Position</b>	<u>\$ (260,991)</u>	<u>\$ 4,663,434</u>	<u>\$ 5,666,367</u>	<u>\$ 6,077,997</u>

**Table 2**  
**Page 1 of 3**

2019	2020	2021	2022	2023	2024
\$ 1,383,291	\$ 1,616,634	\$ 1,509,107	\$ 1,849,685	\$ 1,838,849	\$ 2,156,382
2,411,751	2,683,103	2,889,365	3,101,633	3,378,313	4,064,326
3,387,481	4,967,363	4,101,313	4,559,629	4,761,125	4,394,198
1,177,721	1,151,569	1,240,142	1,396,260	1,541,099	1,790,561
741,705	889,173	503,411	499,481	429,054	591,967
212,402	247,702	125,168	92,945	67,854	429,496
<u>9,314,351</u>	<u>11,555,544</u>	<u>10,368,506</u>	<u>11,499,633</u>	<u>12,016,294</u>	<u>13,426,930</u>
639,077	651,770	889,736	937,238	477,051	718,151
1,726,367	2,552,748	2,557,049	2,156,222	1,579,278	1,909,448
127,176	174,321	308,739	164,533	68,259	87,448
71,553	22,852	81,610	114,375	112,866	102,591
319,332	366,461	415,173	399,743	924,558	540,778
3,361,497	3,212,230	5,838,257	4,631,372	3,133,926	6,408,502
<u>6,245,002</u>	<u>6,980,382</u>	<u>10,090,564</u>	<u>8,403,483</u>	<u>6,295,938</u>	<u>9,766,918</u>
<u>(3,069,349)</u>	<u>(4,575,162)</u>	<u>(277,942)</u>	<u>(3,096,150)</u>	<u>(5,720,356)</u>	<u>(3,660,012)</u>
6,681,989	7,170,868	7,718,135	8,583,996	9,177,125	9,022,265
97,419	275,445	311,971	436,817	491,535	497,951
137,510	132,137	129,467	345,108	1,026,846	1,043,896
162,120	1,411,685	64,729	152,452	111,798	162,084
754,079	625,964	(191,523)	(870,574)	1,242,417	1,653,036
47,362	-	40,000	11,956	822	6,775
212,869	262,369	243,100	293,500	322,750	427,000
(520,896)	(410,322)	(2,377)	(61,500)	(336,480)	(291,400)
<u>7,572,452</u>	<u>9,468,146</u>	<u>8,313,502</u>	<u>8,891,755</u>	<u>12,036,813</u>	<u>12,521,607</u>
<u>\$ 4,503,103</u>	<u>\$ 4,892,984</u>	<u>\$ 8,035,560</u>	<u>\$ 5,795,605</u>	<u>\$ 6,316,457</u>	<u>\$ 8,861,595</u>

**CITY OF OTSEGO, MINNESOTA**  
**STATISTICAL SECTION (UNAUDITED)**  
**CHANGES IN NET POSITION - CONTINUED**  
 Last Ten Fiscal Years  
 (accrual basis of accounting)

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>BUSINESS-TYPE ACTIVITIES</b>				
<b>Expenses</b>				
Water Utility	\$ 1,246,064	\$ 1,276,338	\$ 1,377,537	\$ 1,468,485
Sanitary Sewer Utility	2,207,811	2,480,519	2,477,995	2,561,070
Storm Water Utility	95,533	42,342	62,172	71,040
<b>Total Expenses</b>	<u>3,549,408</u>	<u>3,799,199</u>	<u>3,917,704</u>	<u>4,100,595</u>
<b>Program Revenues</b>				
Charges for Services				
Water Utility	1,261,303	1,334,442	1,529,127	1,754,947
Sanitary Sewer Utility	1,479,703	1,601,172	1,744,067	1,932,885
Storm Water Utility	76,211	75,932	94,919	104,916
Operating Grants and Contributions	-	-	-	-
Capital Grants and Contributions	2,020,299	4,766,947	5,591,332	5,500,794
<b>Total Program Revenues</b>	<u>4,837,516</u>	<u>7,778,493</u>	<u>8,959,445</u>	<u>9,293,542</u>
<b>Net (Expense) / Revenue</b>	<u>1,288,108</u>	<u>3,979,294</u>	<u>5,041,741</u>	<u>5,192,947</u>
<b>General Revenues and Transfers</b>				
Property Taxes	25,000	25,000	25,000	26,000
Investment Earnings (net)	85,259	129,442	154,321	260,833
Gain on Disposal of Capital Assets	-	-	-	7,884
Transfers	(284,586)	(186,755)	(195,686)	(207,840)
Transfers - Capital Assets	-	162,876	20,643	1,525,768
<b>Total General Revenues and Transfers</b>	<u>(174,327)</u>	<u>130,563</u>	<u>4,278</u>	<u>1,612,645</u>
<b>Change in Net Position</b>	<u>\$ 1,113,781</u>	<u>\$ 4,109,857</u>	<u>\$ 5,046,019</u>	<u>\$ 6,805,592</u>

**Table 2**  
**Page 2 of 3**

2019	2020	2021	2022	2023	2024
\$ 1,729,938	\$ 1,443,522	\$ 2,150,216	\$ 2,311,989	\$ 2,434,158	\$ 2,432,113
2,600,436	2,739,519	3,257,261	4,084,200	4,590,454	4,701,984
123,163	138,985	188,245	218,612	224,368	335,501
4,453,537	4,322,026	5,595,722	6,614,801	7,248,980	7,469,598
1,734,090	2,108,577	2,982,786	3,020,259	3,643,209	3,083,184
2,254,688	2,473,673	3,048,707	3,543,804	4,165,010	4,480,718
109,372	120,579	122,200	137,178	143,961	158,272
-	2,157	-	-	-	-
6,543,224	9,214,377	11,066,329	9,754,695	6,264,410	19,225,556
10,641,374	13,919,363	17,220,022	16,455,936	14,216,590	26,947,730
6,187,837	9,597,337	11,624,300	9,841,135	6,967,610	19,478,132
30,000	32,000	34,000	36,000	38,000	-
748,799	688,236	(225,303)	(1,232,893)	2,704,796	1,871,352
-	-	-	-	537	12,000
(212,869)	(262,369)	(243,100)	(293,500)	(322,750)	(427,000)
520,896	410,322	2,377	61,500	336,480	291,400
1,086,826	868,189	(432,026)	(1,428,893)	2,757,063	1,747,752
\$ 7,274,663	\$ 10,465,526	\$ 11,192,274	\$ 8,412,242	\$ 9,724,673	\$ 21,225,884

**CITY OF OTSEGO, MINNESOTA**  
**STATISTICAL SECTION (UNAUDITED)**  
**CHANGES IN NET POSITION - CONTINUED**  
 Last Ten Fiscal Years  
 (accrual basis of accounting)

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>TOTAL PRIMARY GOVERNMENT</b>				
<b>Expenses</b>				
Governmental Activities	\$ 10,536,794	\$ 7,986,948	\$ 7,187,283	\$ 8,379,255
Business-type Activities	<u>3,549,408</u>	<u>3,799,199</u>	<u>3,917,704</u>	<u>4,100,595</u>
<b>Total Expenses</b>	<u>14,086,202</u>	<u>11,786,147</u>	<u>11,104,987</u>	<u>12,479,850</u>
<b>Program Revenues</b>				
Governmental Activities	4,925,863	7,161,991	6,576,597	8,967,823
Business-type Activities	<u>4,837,516</u>	<u>7,778,493</u>	<u>8,959,445</u>	<u>9,293,542</u>
<b>Total Program Revenues</b>	<u>9,763,379</u>	<u>14,940,484</u>	<u>15,536,042</u>	<u>18,261,365</u>
<b>Net (Expense) / Revenue</b>	<u>(4,322,823)</u>	<u>3,154,337</u>	<u>4,431,055</u>	<u>5,781,515</u>
<b>General Revenues and Transfers</b>				
Governmental Activities	5,349,940	5,488,391	6,277,053	5,489,429
Business-type Activities	<u>(174,327)</u>	<u>130,563</u>	<u>4,278</u>	<u>1,612,645</u>
<b>Total General Revenues and Transfers</b>	<u>5,175,613</u>	<u>5,618,954</u>	<u>6,281,331</u>	<u>7,102,074</u>
<b>Change in Net Position</b>	<u>\$ 852,790</u>	<u>\$ 8,773,291</u>	<u>\$ 10,712,386</u>	<u>\$ 12,883,589</u>

Sources: The data for this table has been extracted from the respective years report.

**Table 2**  
**Page 3 of 3**

2019	2020	2021	2022	2023	2024
\$ 9,314,351	\$ 11,555,544	\$ 10,368,506	\$ 11,499,633	\$ 12,016,294	\$ 13,426,930
4,453,537	4,322,026	5,595,722	6,614,801	7,248,980	7,469,598
13,767,888	15,877,570	15,964,228	18,114,434	19,265,274	20,896,528
6,245,002	6,980,382	10,090,564	8,403,483	6,295,938	9,766,918
10,641,374	13,919,363	17,220,022	16,455,936	14,216,590	26,947,730
16,886,376	20,899,745	27,310,586	24,859,419	20,512,528	36,714,648
3,118,488	5,022,175	11,346,358	6,744,985	1,247,254	15,818,120
7,572,452	9,468,146	8,313,502	8,891,755	12,036,813	12,521,607
1,086,826	868,189	(432,026)	(1,428,893)	2,757,063	1,747,752
8,659,278	10,336,335	7,881,476	7,462,862	14,793,876	14,269,359
<u>\$ 11,777,766</u>	<u>\$ 15,358,510</u>	<u>\$ 19,227,834</u>	<u>\$ 14,207,847</u>	<u>\$ 16,041,130</u>	<u>\$ 30,087,479</u>



*This page has been left blank intentionally.*

**CITY OF OTSEGO, MINNESOTA**  
 STATISTICAL SECTION (UNAUDITED)  
 GOVERNMENTAL ACTIVITIES TAX REVENUE BY SOURCE  
 Last Ten Fiscal Years  
 (accrual basis of accounting)

**Table 3**

	Property Taxes	Tax Increments	Franchise Taxes	Total
2015	\$ 4,602,153	\$ -	\$ 128,722	\$ 4,730,875
2016	4,963,787	-	131,229	5,095,016
2017	5,572,250	-	135,652	5,707,902
2018	6,078,341	96,938	139,161	6,314,440
2019	6,681,989	97,419	137,510	6,916,918
2020	7,170,868	275,445	132,137	7,578,450
2021	7,718,135	311,971	129,467	8,159,573
2022	8,583,996	436,817	345,108	9,365,921
2023	9,177,125	491,535	1,026,846	10,695,506
2024	9,022,265	497,951	1,043,896	10,564,112

Sources: The data for this table has been extracted from the respective years report.

**CITY OF OTSEGO, MINNESOTA**  
**STATISTICAL SECTION (UNAUDITED)**  
**FUND BALANCES - GOVERNMENTAL FUNDS**  
 Last Ten Fiscal Years  
 (modified accrual basis of accounting)

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General Fund				
Nonspendable	\$ 105,547	\$ 110,973	\$ 317,197	\$ 320,887
Restricted	-	-	-	-
Assigned	128,646	192,408	205,257	205,449
Unassigned	2,656,330	3,342,821	3,368,191	3,587,331
Total General Fund	<u>\$ 2,890,523</u>	<u>\$ 3,646,202</u>	<u>\$ 3,890,645</u>	<u>\$ 4,113,667</u>
All Other Governmental Funds				
Nonspendable	\$ 2,675	\$ 2,000	\$ 1,325	\$ 650
Restricted	2,278,379	1,931,757	3,290,750	4,167,765
Committed	406,683	419,829	474,863	448,699
Assigned	6,825,237	7,221,257	9,098,697	10,526,550
Unassigned	(26,070)	(281,273)	(355,150)	(1,790,236)
Total All Other Governmental Funds	<u>\$ 9,486,904</u>	<u>\$ 9,293,570</u>	<u>\$ 12,510,485</u>	<u>\$ 13,353,428</u>

Sources: The data for this table has been extracted from the respective years report.

**Table 4**

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
\$ 323,124	\$ 334,946	\$ 354,473	\$ 323,790	\$ 338,076	\$ 351,229
-	-	-	-	465,819	180,133
223,740	242,785	272,801	327,332	342,861	363,807
3,772,946	5,410,002	4,572,627	4,300,321	3,834,759	4,642,283
<u>\$ 4,319,810</u>	<u>\$ 5,987,733</u>	<u>\$ 5,199,901</u>	<u>\$ 4,951,443</u>	<u>\$ 4,981,515</u>	<u>\$ 5,537,452</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5,226,784	5,472,554	6,469,893	7,463,695	8,676,288	27,234,897
438,676	484,582	347,417	335,939	347,330	377,086
11,492,028	11,401,232	14,913,054	17,558,426	18,460,603	19,012,859
(4,463,532)	(4,235,228)	(3,523,065)	(2,654,023)	(1,765,724)	(761,695)
<u>\$ 12,693,956</u>	<u>\$ 13,123,140</u>	<u>\$ 18,207,299</u>	<u>\$ 22,704,037</u>	<u>\$ 25,718,497</u>	<u>\$ 45,863,147</u>

**CITY OF OTSEGO, MINNESOTA**  
**STATISTICAL SECTION (UNAUDITED)**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

	2015	2016	2017	2018
<b>Revenues</b>				
Property Taxes	\$ 4,651,453	\$ 4,960,518	\$ 5,595,120	\$ 6,084,051
Tax Increments	-	-	-	96,938
Franchise Taxes	128,722	131,229	135,652	139,161
Licenses and Permits	1,179,136	1,661,565	1,363,384	1,672,906
Intergovernmental	3,570,630	2,111,727	1,093,154	2,339,286
Charges for Services	555,660	1,274,578	2,129,514	2,328,991
Special Assessments	560,748	575,155	734,522	508,865
Fines and Forfeitures	11,998	16,223	21,092	25,616
Investment Earnings (net)	55,909	82,385	124,052	263,784
Miscellaneous	105,573	119,732	294,909	233,946
<b>Total Revenues</b>	<b>10,819,829</b>	<b>10,933,112</b>	<b>11,491,399</b>	<b>13,693,544</b>
<b>Expenditures</b>				
General Government	1,141,113	1,233,680	1,072,195	1,182,959
Public Safety	1,664,031	1,807,985	1,886,661	2,168,187
Public Works	1,044,024	1,019,946	1,066,349	1,205,464
Culture and Recreation	466,205	534,122	587,739	654,786
Economic Development	145,771	196,534	195,716	223,175
Capital Outlay	4,477,153	4,349,555	2,160,857	8,422,796
Debt Service				
Principal	1,130,000	1,210,000	1,125,000	1,160,000
Interest	256,148	233,498	206,748	182,875
Bond Issuance & Fiscal Agent Fee's	2,979	3,362	3,267	74,512
<b>Total Expenditures</b>	<b>10,327,424</b>	<b>10,588,682</b>	<b>8,304,532</b>	<b>15,274,754</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	492,405	344,430	3,186,867	(1,581,210)
<b>Other Financing Sources (Uses)</b>				
Transfers In	1,574,000	648,087	1,278,609	1,397,210
Issuance of Debt	-	-	-	2,305,000
Premium on Issuance of Debt	-	-	-	58,475
Sales of Capital Assets	35,600	31,160	78,805	75,860
Payment to Refunded Bond Escrow Agent	-	-	-	-
Transfers Out	(489,801)	(461,332)	(1,082,923)	(1,189,370)
<b>Total Other Financing Sources (Uses)</b>	<b>1,119,799</b>	<b>217,915</b>	<b>274,491</b>	<b>2,647,175</b>
<b>Net Change in Fund Balances</b>	<b>\$ 1,612,204</b>	<b>\$ 562,345</b>	<b>\$ 3,461,358</b>	<b>\$ 1,065,965</b>
Debt Service as a Percentage of Noncapital Expenditures	14.22%	18.40%	19.32%	16.69%

Sources: The data for this table has been extracted from the respective years report.

**Table 5**

2019	2020	2021	2022	2023	2024
\$ 6,662,307	\$ 7,141,972	\$ 7,715,949	\$ 8,563,236	\$ 9,179,680	\$ 9,026,051
97,419	275,445	311,971	436,817	490,045	499,441
137,510	132,137	129,467	345,108	1,026,846	1,043,896
1,699,879	2,532,789	2,529,588	2,123,810	1,544,769	1,868,466
1,801,414	2,541,072	1,073,889	1,284,581	2,325,208	2,040,609
2,130,542	1,994,941	2,717,128	2,788,497	1,193,537	2,204,555
586,109	457,606	927,749	376,755	377,125	350,340
26,488	19,959	27,461	31,812	32,109	40,982
754,079	625,964	(191,523)	(870,574)	1,242,417	1,653,036
141,533	149,472	221,998	197,499	228,315	169,142
<u>14,037,280</u>	<u>15,871,357</u>	<u>15,463,677</u>	<u>15,277,541</u>	<u>17,640,051</u>	<u>18,896,518</u>
1,313,178	1,479,856	1,465,403	1,679,038	1,767,226	1,929,189
2,379,440	2,667,435	2,874,479	3,080,382	3,318,255	4,037,788
1,683,958	1,640,892	1,934,040	2,086,883	1,955,380	1,867,967
710,406	695,747	779,820	851,357	942,485	1,088,343
265,498	889,173	503,411	499,481	429,054	591,967
7,001,285	5,137,983	2,379,157	2,331,797	5,701,144	6,089,490
1,185,000	1,330,000	1,360,000	660,000	685,000	460,000
230,217	222,250	153,062	144,431	119,406	98,406
2,874	65,483	1,078	1,348	1,678	380,570
<u>14,771,856</u>	<u>14,128,819</u>	<u>11,450,450</u>	<u>11,334,717</u>	<u>14,919,628</u>	<u>16,543,720</u>
<u>(734,576)</u>	<u>1,742,538</u>	<u>4,013,227</u>	<u>3,942,824</u>	<u>2,720,423</u>	<u>2,352,798</u>
1,274,595	2,465,348	2,677,946	1,646,807	1,099,621	2,427,000
-	2,950,000	-	-	-	16,900,000
-	312,200	-	-	-	1,004,014
68,378	-	40,000	11,956	1,359	16,775
-	(3,170,000)	-	-	-	-
<u>(1,061,726)</u>	<u>(2,202,979)</u>	<u>(2,434,846)</u>	<u>(1,353,307)</u>	<u>(776,871)</u>	<u>(2,000,000)</u>
<u>281,247</u>	<u>354,569</u>	<u>283,100</u>	<u>305,456</u>	<u>324,109</u>	<u>18,347,789</u>
<u>\$ (453,329)</u>	<u>\$ 2,097,107</u>	<u>\$ 4,296,327</u>	<u>\$ 4,248,280</u>	<u>\$ 3,044,532</u>	<u>\$ 20,700,587</u>
<u>15.85%</u>	<u>13.82%</u>	<u>15.17%</u>	<u>7.97%</u>	<u>7.60%</u>	<u>4.77%</u>

**CITY OF OTSEGO, MINNESOTA**  
**STATISTICAL SECTION (UNAUDITED)**  
**ESTIMATED ACTUAL VALUE, TAXABLE MARKET VALUE AND TAX CAPACITY OF TAXABLE PROPERTY**  
**Last Ten Fiscal Years**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Estimated Actual Value	<u>\$ 1,177,857,500</u>	<u>\$ 1,340,579,000</u>	<u>\$ 1,473,986,500</u>	<u>\$ 1,644,926,700</u>
Taxable Market Value				
Real Estate	\$ 1,039,579,100	\$ 1,195,720,700	\$ 1,327,925,100	\$ 1,490,919,200
Personal Property	<u>14,952,700</u>	<u>16,476,000</u>	<u>20,388,300</u>	<u>23,397,400</u>
Total Taxable Market Value	<u>\$ 1,054,531,800</u>	<u>\$ 1,212,196,700</u>	<u>\$ 1,348,313,400</u>	<u>\$ 1,514,316,600</u>
Taxable Market Value as a Percentage of Estimated Actual Value	89.53%	90.42%	91.47%	92.06%
Tax Capacity				
Real Estate	\$ 11,060,135	\$ 12,909,476	\$ 14,465,922	\$ 16,228,630
Personal Property	<u>298,480</u>	<u>328,948</u>	<u>407,194</u>	<u>467,378</u>
Net Tax Capacity for Direct Rate	<u>\$ 11,358,615</u>	<u>\$ 13,238,424</u>	<u>\$ 14,873,116</u>	<u>\$ 16,696,008</u>
Net Tax Capacity as a Percentage of Estimated Actual Value	0.96%	0.99%	1.01%	1.02%
Property Tax Levies				
General Revenues	\$ 4,070,000	\$ 4,380,206	\$ 4,974,745	\$ 5,448,302
Debt Service	<u>610,000</u>	<u>640,000</u>	<u>655,000</u>	<u>655,000</u>
Total Property Taxes Levied	<u>\$ 4,680,000</u>	<u>\$ 5,020,206</u>	<u>\$ 5,629,745</u>	<u>\$ 6,103,302</u>
Tax Rates				
General Revenues	35.832	33.087	33.448	32.632
Debt Service	<u>5.370</u>	<u>4.834</u>	<u>4.404</u>	<u>3.923</u>
Total Direct Tax Rate	<u>41.202</u>	<u>37.921</u>	<u>37.852</u>	<u>36.555</u>

Sources: The data for this table has been provided by the Wright County Auditor / Treasurer's Office.

**Table 6**

2019	2020	2021	2022	2023	2024
<u>\$ 1,837,875,900</u>	<u>\$ 2,043,966,400</u>	<u>\$ 2,237,499,800</u>	<u>\$ 2,467,755,200</u>	<u>\$ 3,083,366,800</u>	<u>\$ 3,741,502,600</u>
\$ 1,666,323,700 29,560,400	\$ 1,864,979,200 27,109,100	\$ 2,054,871,100 32,555,900	\$ 2,285,619,500 29,522,200	\$ 2,918,108,912 33,008,100	\$ 3,578,280,843 30,069,000
<u>\$ 1,695,884,100</u>	<u>\$ 1,892,088,300</u>	<u>\$ 2,087,427,000</u>	<u>\$ 2,315,141,700</u>	<u>\$ 2,951,117,012</u>	<u>\$ 3,608,349,843</u>
92.27%	92.57%	93.29%	93.82%	95.71%	96.44%
\$ 18,029,678 578,862	\$ 19,955,742 541,536	\$ 21,940,788 650,470	\$ 24,263,079 589,792	\$ 30,890,994 659,438	\$ 38,297,340 600,555
<u>\$ 18,608,540</u>	<u>\$ 20,497,278</u>	<u>\$ 22,591,258</u>	<u>\$ 24,852,871</u>	<u>\$ 31,550,432</u>	<u>\$ 38,897,895</u>
1.01%	1.00%	1.01%	1.01%	1.02%	1.04%
\$ 5,975,816 734,293	\$ 6,447,491 746,758	\$ 7,078,874 749,551	\$ 8,037,818 547,187	\$ 8,785,607 544,416	\$ 8,689,617 299,144
<u>\$ 6,710,109</u>	<u>\$ 7,194,249</u>	<u>\$ 7,828,425</u>	<u>\$ 8,585,005</u>	<u>\$ 9,330,023</u>	<u>\$ 8,988,761</u>
32.114 3.946	31.455 3.643	31.335 3.318	32.342 2.202	27.846 1.726	22.340 0.769
<u>36.060</u>	<u>35.099</u>	<u>34.653</u>	<u>34.544</u>	<u>29.572</u>	<u>23.109</u>

**CITY OF OTSEGO, MINNESOTA**  
**STATISTICAL SECTION (UNAUDITED)**  
**TAX CAPACITY OF REAL ESTATE & PERSONAL PROPERTY**  
 Last Ten Fiscal Years

**Table 7**

	Residential		Commercial & Industrial	Agricultural	Personal Property	Other	Total
	Homestead	Non Homestead					
2015	\$ 7,732,867 68.08%	\$ 1,057,409 9.31%	\$ 1,633,988 14.39%	\$ 582,530 5.13%	\$ 298,480 2.63%	\$ 53,341 0.47%	\$ 11,358,615 100.00%
2016	8,878,089 67.06%	1,183,843 8.94%	2,166,341 16.36%	627,666 4.74%	328,948 2.48%	53,537 0.40%	13,238,424 100.00%
2017	9,942,548 66.85%	1,232,700 8.29%	2,627,164 17.66%	597,483 4.02%	407,194 2.74%	66,027 0.44%	14,873,116 100.00%
2018	11,298,428 67.67%	1,276,749 7.65%	2,981,199 17.86%	612,928 3.67%	467,378 2.80%	59,326 0.36%	16,696,008 100.00%
2019	12,807,798 68.83%	1,481,672 7.96%	3,017,858 16.22%	667,248 3.59%	578,862 3.11%	55,102 0.30%	18,608,540 100.00%
2020	14,392,621 70.22%	1,899,299 9.27%	2,935,016 14.32%	670,618 3.27%	541,536 2.64%	58,188 0.28%	20,497,278 100.00%
2021	16,107,001 71.30%	1,982,727 8.78%	3,121,710 13.82%	665,277 2.94%	650,470 2.88%	64,073 0.28%	22,591,258 100.00%
2022	17,987,127 72.37%	2,273,760 9.15%	3,269,738 13.16%	666,662 2.68%	589,792 2.37%	65,792 0.26%	24,852,871 100.00%
2023	22,782,140 72.21%	3,569,387 11.31%	3,728,910 11.82%	740,756 2.35%	659,438 2.09%	69,801 0.22%	31,550,432 100.00%
2024	28,057,398 72.13%	4,367,770 11.23%	4,889,481 12.57%	887,817 2.28%	600,555 1.54%	94,874 0.24%	38,897,895 100.00%

Sources: The data for this table has been provided by the Wright County Auditor / Treasurer's Office.

**CITY OF OTSEGO, MINNESOTA**  
**STATISTICAL SECTION (UNAUDITED)**  
**PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS**  
 Last Ten Fiscal Years

**Table 8**

	Direct Rates			Overlapping Rates				Total Direct & Overlapping		
	General Revenues	Debt Service	Total	School District 728	School District 882	School District 885	County	School District 728	School District 882	School District 885
2015	35.832	5.370	41.202	42.483	22.882	51.082	40.593	124.278	104.677	132.877
2016	33.087	4.834	37.921	39.266	20.587	49.102	39.970	117.157	98.478	126.993
2017	33.448	4.404	37.852	36.659	16.242	46.893	39.599	114.110	93.693	124.344
2018	32.632	3.923	36.555	36.137	15.621	47.950	39.946	112.638	92.122	124.451
2019	32.114	3.946	36.060	32.865	16.972	47.104	44.273	113.198	97.305	127.438
2020	31.455	3.643	35.099	34.371	15.865	45.280	44.421	113.891	95.385	124.800
2021	31.335	3.318	34.653	31.717	15.390	44.216	43.719	110.089	93.762	122.588
2022	32.342	2.202	34.543	30.889	15.459	42.438	43.751	109.183	93.753	120.732
2023	27.846	1.726	29.572	26.605	12.871	35.456	37.848	94.025	80.291	102.876
2024	22.340	0.769	23.109	23.924	13.525	32.282	33.737	80.770	70.371	89.128

Sources: The data for this table has been provided by the Wright County Auditor / Treasurer's Office.

**CITY OF OTSEGO, MINNESOTA**  
**STATISTICAL SECTION (UNAUDITED)**  
**PRINCIPAL PROPERTY TAXPAYERS**  
 Current Year and Nine Years Ago

**Table 9**

Taxpayer	Classification	2024			2015		
		Net Tax Capacity	Rank	Percentage of Total Tax Capacity Value	Net Tax Capacity	Rank	Percentage of Total Tax Capacity Value
Duke Realty LP	Industrial	\$ 1,587,504	1	4.08%	\$ 217,098	1	1.91%
Centerpoint Energy	Utility	536,078	2	1.38%	157,042	3	1.38%
Wagner Spray Tech Corporation	Industrial	312,016	3	0.80%			
Evans Park Inc	Apartments	254,745	4	0.65%			
Target Corporation	Commercial	229,328	5	0.59%	207,250	2	1.82%
Endeavor Investments XII LLC	Industrial	213,838	6	0.55%			
Otsego Apartments LLC	Apartments	187,194	7	0.48%			
R Schultz Exchange LLC	Apartments	182,359	8	0.47%			
Ahava Realty ADA Comliant LP	Industrial	181,250	9	0.47%			
US Home LLC	Residential	159,870	10	0.41%			
Elk Inn Partners LP	Commercial				99,250	4	0.87%
Wright-Hennepin Co-Op Electric	Utility				90,349	5	0.80%
Apex Business Center LLC	Industrial				74,578	6	0.66%
21st Century Bank	Commercial				51,118	7	0.45%
GCI Capital	Commercial				46,662	8	0.41%
Minnwest Bank Central	Commercial				45,450	9	0.40%
Darkenwalds Riverbend	Commercial				40,734	10	0.36%
Totals		<u>\$ 3,844,182</u>		<u>9.88%</u>	<u>\$ 1,029,531</u>		<u>9.06%</u>

Sources: The data for this table has been provided by the Wright County Auditor / Treasurer's Office.

**CITY OF OTSEGO, MINNESOTA**  
**STATISTICAL SECTION (UNAUDITED)**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
 Last Ten Fiscal Years

**Table 10**

	Certified Property Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage to Date
2015	\$ 4,680,000	\$ 4,641,720	99.18%	\$ 38,280	\$ 4,680,000	100.00%
2016	5,020,206	4,979,508	99.19%	40,698	5,020,206	100.00%
2017	5,629,745	5,606,101	99.58%	23,644	5,629,745	100.00%
2018	6,103,302	6,084,700	99.70%	18,602	6,103,302	100.00%
2019	6,710,109	6,670,163	99.40%	33,926	6,704,089	99.91%
2020	7,194,249	7,134,792	99.17%	57,685	7,192,477	99.98%
2021	7,828,425	7,764,474	99.18%	60,961	7,825,435	99.96%
2022	8,585,005	8,506,576	99.09%	72,803	8,579,379	99.93%
2023	9,330,023	9,256,266	99.21%	61,268	9,317,534	99.87%
2024	8,988,761	8,919,625	99.23%	-	8,919,625	99.23%

Sources: The data for this table has been provided by Wright County and from City financial maintenance documents.

Note: The components of the Certified Property Tax Levy can be viewed in table 6 of the statistical section.

**CITY OF OTSEGO, MINNESOTA**  
**STATISTICAL SECTION (UNAUDITED)**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
 Last Ten Fiscal Years

**Table 11**

	Governmental Activities			Business-Type Activities		Total Debt	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Equipment Certificates	Lease Revenue Bonds	General Obligation Revenue Bonds	Notes from Direct Borrowings			
2015	\$ 9,553,029	\$ 175,000	\$ -	\$ 28,527,701	\$ -	\$ 38,255,730	5.61%	\$ 2,473
2016	8,380,857	130,000	-	26,448,820	-	34,959,677	4.68%	2,182
2017	7,293,686	85,000	-	24,334,937	-	31,713,623	3.95%	1,910
2018	8,534,989	40,000	-	22,126,056	-	30,701,045	3.53%	1,772
2019	7,378,641	-	-	17,515,267	-	24,893,908	2.62%	1,373
2020	6,129,492	-	-	15,026,658	9,438,936	30,595,086	2.70%	1,532
2021	4,719,716	-	-	16,735,843	16,305,983	37,761,542	2.94%	1,774
2022	4,017,111	-	-	40,370,203	15,696,489	60,083,803	4.25%	2,646
2023	3,289,506	-	-	11,149,563	35,586,609	50,025,678	3.31%	2,163
2024	2,786,901	-	17,904,014	8,553,924	42,900,627	72,145,466	4.60%	3,004

Sources: The data for this table has been provided from City financial maintenance documents.

Note: More detailed information for Population and Personal Income can be viewed in table 16 of the statistical section.

**CITY OF OTSEGO, MINNESOTA**  
**STATISTICAL SECTION (UNAUDITED)**  
**RATIOS OF GENERAL BONDED DEBT OUTSTANDING**  
 Last Ten Fiscal Years

**Table 12**

	General Obligation Bonds	Equipment Certificates	Lease Revenue Bonds	Total General Bonded Debt Outstanding	Less: Amounts Restricted to Debt Service	Net General Obligation Debt	Percentage of Estimated Actual Value of Property	Per Capita
2015	\$ 9,553,029	\$ 175,000	\$ -	\$ 9,728,029	\$ 4,506,243	\$ 5,221,786	0.44%	\$ 337
2016	8,380,857	130,000	-	8,510,857	4,292,589	4,218,268	0.31%	263
2017	7,293,686	85,000	-	7,378,686	3,596,348	3,782,338	0.26%	228
2018	8,534,989	40,000	-	8,574,989	4,484,680	4,090,309	0.25%	236
2019	7,378,641	-	-	7,378,641	3,979,190	3,399,451	0.18%	188
2020	6,129,492	-	-	6,129,492	3,076,069	3,053,423	0.15%	153
2021	4,719,716	-	-	4,719,716	2,362,735	2,356,981	0.11%	111
2022	4,017,111	-	-	4,017,111	2,137,694	1,879,417	0.08%	83
2023	3,289,506	-	-	3,289,506	1,931,847	1,357,659	0.04%	59
2024	2,786,901	-	17,904,014	20,690,915	2,528,237	18,162,678	0.49%	756

Sources: The data for this table has been provided from City financial maintenance documents.

Note: More detailed information for Population can be viewed in table 16 of the statistical section.

Note: More detailed information for Estimated Property Values can be viewed in table 6 of the statistical section.



*This page has been left blank intentionally.*

**CITY OF OTSEGO, MINNESOTA**  
**STATISTICAL SECTION (UNAUDITED)**  
**COMPUTATION OF DIRECT AND OVERLAPPING**  
**GOVERNMENTAL ACTIVITIES DEBT**  
**DECEMBER 31, 2024**

**Table 13**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
<b>Overlapping Debt:</b>			
<b>School Districts:</b>			
No. 728 - Elk River	\$ 263,240,000	22.25%	\$ 58,570,900
No. 882 - Monticello	38,515,000	4.82%	1,856,423
No. 885 - St. Michael-Albertville	113,720,000	6.02%	6,845,944
Wright County	<u>119,360,000</u>	13.84%	<u>16,519,424</u>
<b>Total Overlapping Debt</b>	<u><u>\$ 534,835,000</u></u>		83,792,691
<b>City of Otsego Direct Debt</b>			<u>2,786,901</u>
<b>Total Direct and Overlapping Debt</b>			<u><u>\$ 86,579,592</u></u>

Sources: The majority of the data for this table has been provided by Wright County Auditor / Treasurer's Office.  
Sources: The remaining data for this table was provided by School District No. 728.

Note: More detailed information for the City's outstanding debt can be viewed in table 11 of the statistical section.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. The schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Note: The percentage of overlapping debt applicable is estimated using tax capacity values. Applicable percentages were estimated by determining the portion of each entity's tax capacity that is within the City's boundaries, and dividing it by the entity's total tax capacity.

**CITY OF OTSEGO, MINNESOTA**  
**STATISTICAL SECTION (UNAUDITED)**  
**LEGAL DEBT MARGIN INFORMATION**  
 Last Ten Fiscal Years

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Taxable Market Value	\$ 1,054,531,800	\$ 1,212,196,700	\$ 1,348,313,400	\$ 1,514,316,600
Debt Limit Percentage	<u>3.00%</u>	<u>3.00%</u>	<u>3.00%</u>	<u>3.00%</u>
Debt Limit	31,635,954	36,365,901	40,449,402	45,429,498
Total Net Debt Applicable to Limit	<u>5,221,786</u>	<u>4,218,268</u>	<u>3,782,338</u>	<u>4,090,309</u>
Legal Debt Margin	<u>\$ 26,414,168</u>	<u>\$ 32,147,633</u>	<u>\$ 36,667,064</u>	<u>\$ 41,339,189</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	16.51%	11.60%	9.35%	9.00%

Sources: The data for this table has been provided by Wright County and from City financial maintenance documents.

Note: Minnesota Statute 475.53 provides that no municipality shall incur or be subject to a net debt in excess of three percent of the estimated market value of taxable property in the municipality.

**Table 14**

2019	2020	2021	2022	2023	2024
\$ 1,695,884,100	\$ 1,892,088,300	\$ 2,087,427,000	\$ 2,315,141,700	\$ 2,951,117,012	\$ 3,608,349,843
3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
50,876,523	56,762,649	62,622,810	69,454,251	88,533,510	108,250,495
3,399,451	3,053,423	2,356,981	1,879,417	1,357,659	18,162,678
<u>\$ 47,477,072</u>	<u>\$ 53,709,226</u>	<u>\$ 60,265,829</u>	<u>\$ 67,574,834</u>	<u>\$ 87,175,851</u>	<u>\$ 90,087,817</u>
6.68%	5.38%	3.76%	2.71%	1.53%	16.78%

**CITY OF OTSEGO, MINNESOTA**  
**STATISTICAL SECTION (UNAUDITED)**  
**PLEDGED-REVENUE COVERAGE**  
 Last Ten Fiscal Years

**Table 15**

General Obligation Revenue Bonds							
	Water and Sanitary Sewer Utility Charges	Water and Sanitary Sewer Connection Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
					Principal	Interest	
2015	\$ 2,641,566	\$ 2,020,299	\$ 2,524,073	\$ 2,137,792	\$ -	\$ 1,007,762	212.13%
2016	2,857,174	3,662,097	2,831,346	3,687,925	2,000,000	1,007,725	122.62%
2017	3,197,486	3,577,039	2,973,383	3,801,142	2,035,000	967,815	126.59%
2018	3,588,031	4,195,354	3,229,493	4,553,892	2,130,000	886,043	150.99%
2019	3,872,764	4,930,688	3,544,713	5,258,739	4,531,906	883,087	97.11%
2020	4,482,841	7,428,178	3,704,373	8,206,646	2,335,000	603,612	279.27%
2021	5,902,263	6,380,178	4,639,776	7,642,665	2,469,779	791,745	234.33%
2022	6,443,632	7,131,721	5,615,835	7,959,518	3,128,000	1,045,956	190.69%
2023	7,599,947	4,281,034	5,876,572	6,004,409	29,820,278	1,572,433	19.13%
2024	7,452,794	6,453,331	6,455,319	7,450,806	3,803,359	819,255	161.18%

Sources: The data for this table has been provided from City financial maintenance documents.

Note: The debt service coverage ratio in 2023 varied significantly from prior years due to the repayment of \$26,215,000 of Series 2022A bonds.

**CITY OF OTSEGO, MINNESOTA**  
**STATISTICAL SECTION (UNAUDITED)**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
 Last Ten Fiscal Years

**Table 16**

	<u>Population</u>	<u>No. of Households</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>	<u>Median Age</u>	<u>School Enrollments</u>		
							<u>No. 728 Elk River</u>	<u>No. 882 Monticello</u>	<u>No. 885 St. Michael Albertville</u>
2015	15,472	5,394	\$ 682,361,616	\$ 44,103	3.8%	34.1	13,136	4,096	6,096
2016	16,019	5,580	746,373,267	46,593	3.9%	33.2	13,219	4,094	6,286
2017	16,605	5,787	803,366,505	48,381	3.6%	34.3	133,461	4,168	6,335
2018	17,323	5,975	869,285,463	50,181	3.1%	34.7	13,670	4,125	6,463
2019	18,130	6,254	949,341,190	52,363	3.3%	34.3	13,921	4,201	6,557
2020	19,966	6,743	1,132,132,098	56,703	5.6%	33.7	13,464	4,072	6,366
2021	21,289	7,190	1,285,685,288	60,727	3.4%	34.7	13,847	4,166	6,653
2022	22,705	7,599	1,413,681,415	62,263	2.5%	34.6	14,152	4,142	6,670
2023	23,132	7,909	1,509,154,812	65,241	2.9%	34.4	14,352	4,138	6,696
2024	24,020	8,226	1,567,083,601	65,241	3.0%	34.4	14,577	4,013	6,795

Sources: Population - Minnesota State Demographer (2015-2019 and 2021-2023); U.S. Census Bureau (2020); Estimated by City (2024)  
 Households - Minnesota State Demographer (2015-2023); Estimated by City (2024)  
 Personal Income - Calculated by the City  
 Per Capita Personal Income - US Department of Commerce; Bureau of Economic Analysis  
 Unemployment Rate - Minnesota Department of Employment and Economic Development  
 Median Age - US Department of Commerce, Bureau of the Census  
 School Enrollment - Minnesota Department of Education

Note: Some data was not yet available for 2024. In those instances, 2023 data was shown for the current year.

**CITY OF OTSEGO, MINNESOTA**  
**STATISTICAL SECTION (UNAUDITED)**  
**PRINCIPAL EMPLOYMENT SECTORS**  
 Current Year and Nine Years Ago

**Table 17**

Employment Industry	2024			2015		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Education & Health Services	1,430	1	34.79%	1,297	1	41.91%
Trade, Transportation & Utilities	1,053	2	25.62%	644	2	20.81%
Construction	601	3	14.62%	246	4	7.95%
Leisure and Hospitality	431	4	10.49%	448	3	14.47%
Professional & Business Services	349	5	8.49%	204	5	6.59%
Other Services	101	6	2.46%	74	6	2.39%
Financial Activities	-		0.00%	35	7	1.13%
Public Administration	48	7	1.17%	30	8	0.97%
Information	-		0.00%			
Totals	<u>4,013</u>		<u>97.64%</u>	<u>2,978</u>		<u>96.22%</u>

Sources: The data for this table has been provided from the Minnesota Department of Employment and Economic Development.

Note: Due to data privacy within the State, data for principal employers of the City is not available. Given this limitation, the City determined it was appropriate to provide data regarding employment industry data. The City felt that this data would still provide the user information to understand the degree to which the City's economy is or is not dependent on a certain employment sector.

**CITY OF OTSEGO, MINNESOTA**  
**STATISTICAL SECTION (UNAUDITED)**  
**FULL TIME CITY GOVERNMENT POSITIONS BY FUNCTION**  
 Last Ten Fiscal Years

**Table 18**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
<b>General Government</b>										
Administration	4.0	3.5	3.6	3.6	3.6	4.0	4.0	4.2	4.2	5.5
Finance	3.0	3.0	3.0	3.0	3.0	3.0	3.0	4.0	4.0	4.0
<b>Total General Government</b>	<u>7.0</u>	<u>6.5</u>	<u>6.6</u>	<u>6.6</u>	<u>6.6</u>	<u>7.0</u>	<u>7.0</u>	<u>8.2</u>	<u>8.2</u>	<u>9.5</u>
<b>Public Safety</b>										
Fire & Emergency Services	-	-	-	-	-	-	-	-	1.0	1.0
Building Inspections	1.0	1.5	1.5	1.8	2.0	2.0	2.0	2.0	2.0	2.0
<b>Total Public Safety</b>	<u>1.0</u>	<u>1.5</u>	<u>1.5</u>	<u>1.8</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>	<u>3.0</u>	<u>3.0</u>
<b>Public Works</b>										
Street Maintenance	6.9	6.9	6.9	6.9	7.8	7.8	7.8	8.4	8.8	8.9
Mechanic	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	2.0	2.0
<b>Total Public Works</b>	<u>7.9</u>	<u>7.9</u>	<u>7.9</u>	<u>7.9</u>	<u>8.8</u>	<u>8.8</u>	<u>8.8</u>	<u>9.4</u>	<u>10.8</u>	<u>10.9</u>
<b>Culture and Recreation</b>										
Parks Maintenance	3.5	3.5	3.5	3.9	4.4	4.4	4.4	4.5	5.2	5.8
Recreation	1.4	1.4	1.4	1.6	1.5	2.0	1.5	1.5	1.6	1.9
<b>Total Culture and Recreation</b>	<u>4.9</u>	<u>4.9</u>	<u>4.9</u>	<u>5.5</u>	<u>5.9</u>	<u>6.4</u>	<u>5.9</u>	<u>6.0</u>	<u>6.8</u>	<u>7.7</u>
<b>Public Utilities</b>										
Water Utility	1.3	1.3	1.3	1.4	1.5	1.8	1.8	2.2	2.3	2.6
Sanitary Sewer Utility	3.7	3.7	3.7	4.1	4.5	5.4	5.4	6.5	6.9	7.7
<b>Total Public Utilities</b>	<u>5.0</u>	<u>5.0</u>	<u>5.0</u>	<u>5.5</u>	<u>6.0</u>	<u>7.2</u>	<u>7.2</u>	<u>8.7</u>	<u>9.2</u>	<u>10.3</u>
<b>Total</b>	<u>25.8</u>	<u>25.8</u>	<u>25.9</u>	<u>27.3</u>	<u>29.3</u>	<u>31.4</u>	<u>30.9</u>	<u>34.3</u>	<u>38.0</u>	<u>41.4</u>

Sources: The data for this table has been provided from City financial maintenance documents.

**CITY OF OTSEGO, MINNESOTA**  
**STATISTICAL SECTION (UNAUDITED)**  
**OPERATING INDICATORS BY FUNCTION**  
 Last Ten Fiscal Years

Function	2015	2016	2017	2018
<b>Administration</b>				
Rental Licenses Issued	372	387	351	329
Code Enforcement Citations	31	41	30	68
Registered Voters		9,324		9,754
Actual Votes Tallied		7,362		6,228
<b>Police</b>				
Total Calls for Service	3,575	3,619	4,310	4,279
<b>Fire</b>				
Calls - Albertville Department	76	93	129	131
Calls - Elk River Department	73	80	92	96
Calls - Rogers Department		15	12	27
<b>Building Inspections</b>				
Number of Permits - All Types	893	968	722	1,147
New Homes Constructed	207	219	210	300
<b>Public Works</b>				
Miles of Streets Constructed	1.66	2.59	3.93	7.80
Miles of Streets Reconstructed		0.35	1.80	5.30
Snow Plowing Events	16	16	22	37
<b>Culture and Recreation</b>				
Parks Acres Maintained	184.3	190.3	160.0	160.0
Prairie Festival Attendance	6,200	5,000	4,000	4,800
Recreation Programs Offered	132	100	127	231
Recreation Programs Participants	12,662	12,662	17,341	20,885
<b>Water Utility</b>				
Connections	3,023	3,155	3,278	3,748
Gallons Delivered	389,118,330	393,795,210	491,484,000	427,795,004
<b>Sanitary Sewer Utility</b>				
Average Daily Gallons Treated	551,000	600,000	627,000	673,000

Sources: The data for this table has been provided by each respective City department.

Note: The City made significant changes to the indicators included in this table for 2015. Not all historical data was able to be compiled, and this table will be updated on a go-forward basis.

**Table 19**

2019	2020	2021	2022	2023	2024
332	300	297	334	351	345
18	37	42	51	64	46
	13,081		13,895		15,197
	11,389		9,402		13,727
4,484	4,145	3,783	3,696	3,917	3,889
164	158	204	209	257	300
105	92	110	96	109	101
26	28	59	93	71	89
1,173	1,791	1,856	1,826	2,172	1,882
300	403	435	317	221	239
4.68	1.47	3.83	2.83	0.56	2.14
-	0.78	0.76	2.28	3.79	3.90
21	11	19	32	12	11
160.0	173.0	175.0	175.0	175.0	177.0
6,450	-	6,850	8,000	11,000	7,000
153	52	161	177	186	177
18,500	5,359	16,936	23,397	24,383	29,189
4,014	4,335	4,445	5,100	5,295	5,373
491,074,000	632,552,814	787,182,348	765,960,269	904,558,000	728,579,000
738,000	798,000	840,000	900,000	983,000	1,023,437

**CITY OF OTSEGO, MINNESOTA**  
**STATISTICAL SECTION (UNAUDITED)**  
**CAPITAL ASSET STATISTICS BY FUNCTION**  
 Last Ten Fiscal Years

Function	2015	2016	2017	2018
Public Safety				
Fire & Emergency Services Vehicles	-	-	-	-
Building Safety Vehicles	1	1	1	1
Public Works				
Street Miles (MSA)	118.59	120.88	124.81	131.00
Heavy Duty Trucks	8	8	8	9
Light Duty Vehicles	15	15	17	17
Tractors & Grading Equipment	8	8	8	7
Culture and Recreation				
Trail Miles	19.96	21.13	25.11	25.60
Number of Parks	10	11	12	14
Playgrounds	7	8	9	10
Park Shelters	9	10	10	12
Ball Fields	5	6	6	6
Soccer Fields	3	3	3	3
Basketball Courts	5	5	5	6
Tennis Courts	7	8	8	8
Pickleball Courts				
Outdoor Ice Rinks	1	1	1	1
Mowing Equipment	5	6	6	6
Water Utility				
Water Towers	3	3	3	3
Wells	8	8	8	8
Miles of Water Main	74	77	79	83
Hydrants	794	846	871	923
Water Valves	1,659	1,841	1,881	1,983
Sanitary Sewer Utility				
Treatment Facilities	2	2	2	2
Lift Stations	9	10	10	10
Miles of Sanitary Sewer Lines	74	76	80	82
Manholes	1,366	1,480	1,524	1,594
Miles of Sanitary Forcemain	20	20	20	21

Sources: The data for this table has been provided by each respective City department.

Note: The City made significant changes to the statistics included in this table for 2015. Not all historical data was able to be compiled, and this table will be updated on a go-forward basis.

**Table 20**

2019	2020	2021	2022	2023	2024
-	-	-	-	1	1
1	2	2	2	3	3
131.00	134.41	138.31	142.00	142.26	144.65
9	9	10	11	11	13
16	19	16	17	20	27
7	6	7	6	8	9
27.95	38.31	42.00	43.40	43.51	35.80
14	14	14	14	14	15
10	14	14	14	14	15
13	13	16	16	16	18
6	7	7	7	7	7
3	3	3	3	3	3
6	7	6	6	5	5
8	8	7	7	6	6
		4	4	4	4
1	2	2	3	3	3
6	7	6	6	6	6
3	3	3	4	4	4
7	9	9	10	10	10
87	90	94	93	96	77
975	1,014	1,066	1,197	1,222	1,284
2,106	2,360	2,287	2,673	2,726	2,728
2	2	2	2	2	2
10	10	10	10	10	10
86	96.9	103.7	104.8	104.8	77.0
1,730	1,774	1,814	2,071	2,092	2,123
21	21	27	27	27	24



*This page has been left blank intentionally.*