

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council
City of Delano
Delano, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Delano, Minnesota (the City), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

We did not audit the financial statements of the Delano Water, Light, and Power Commission, a discretely presented component unit, which represents 100% of the assets, net position, and revenues of the discretely presented component unit as of December 31, 2024. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Delano Water, Light, and Power Commission, is based solely on the report of the other auditors.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 Delano's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule, schedule of changes in the City's total OPEB liability and related ratios, schedule of the City's proportionate share of the net pension liability, the schedule of changes in the Delano Firefighter's Relief Association's net pension liability (asset), and the schedule of the City contributions, 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 who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Honorable Mayor and City Council
City of Delano

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2025, on our consideration of the City of Delano's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Delano's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Delano's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
June 23, 2025

REQUIRED SUPPLEMENTARY INFORMATION

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

This section of the City of Delano's (the City) annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year that ended on December 31, 2024. The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34 – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, issued in June 1999. Certain comparative information between the current year, 2024, and the prior year, 2023, is required to be presented in the MD&A.

The Delano Water, Light, and Power Commission (the Commission) is considered a component unit of the City and, therefore, the Commission's financial information is included in management's discussion of the financial statements.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2024 include the following:

- Governmental activities net position increase of \$1,178,324.
- Business-type activities net position increased \$1,921,578.
- As of December 31, 2024, unassigned fund balance within the General Fund was \$3,996,672 or 86.62% of total 2024 General Fund expenditures.
- The fund balances of the Governmental Funds' decreased from \$18,257,672 to \$16,916,405 as of December 31, 2024. The decrease is due to a deficiency of revenue over expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

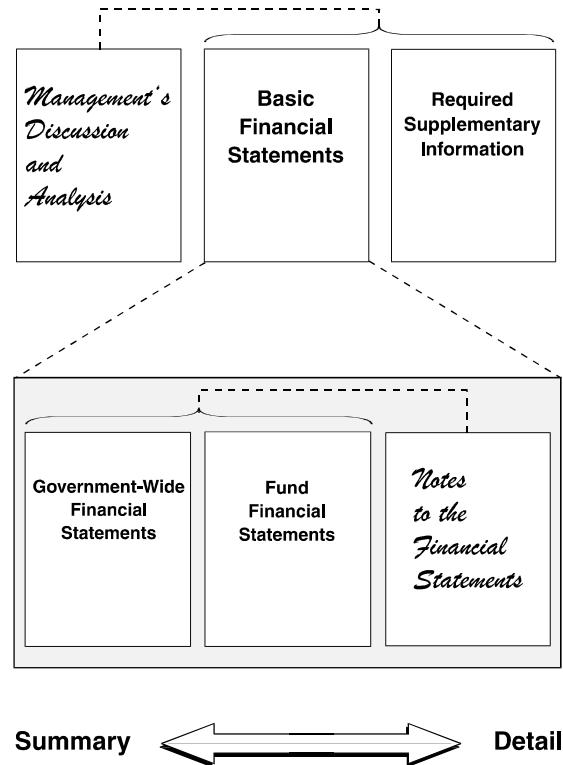
The financial section of the annual report consists of four parts – Independent Auditors' Report, required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, and supplementary information. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are City-wide financial statements which provide both short-term and long-term information about the City's overall financial status.
- The remaining statements are fund financial statements which focus on individual parts of the City, reporting the City's operations in more detail than the City-wide statements.
 - The governmental funds statements tell how basic services such as general government, public safety, and highways and streets were financed in the short-term as well as what remains for future spending.
 - The proprietary funds statements provide details of the City's municipal liquor and utility "business-type" funds.
 - The financial statements also include notes that explain some of the information in the statements and provide more detailed data.

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

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Figure A-1 shows how the various parts of this annual report are arranged and related to one another.



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

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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

Figure A-2. Major Features of the City's Government-Wide and Fund Financial Statements			
Type of Statements	City-Wide	Governmental Funds	Proprietary Funds
Scope	Entire City's government (except fiduciary funds).	The activities of the City that are not proprietary or fiduciary.	The activities of the City that operate similar to private businesses: municipal liquor, sewer, electric, and water.
Required Financial Statements	Statement of net position.	Balance sheet.	Statement of net position.
	Statement of activities.	Statement of revenues, expenditures, and changes in fund balance.	Statement of revenues, expenses, and changes in net position, and statement of cash flows.
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial resources focus.	Accrual accounting and economic resources focus.
Type of Asset/Liability Deferred Outflow/Inflow Information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources both financial and capital, short term and long term.	Only assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due during the year or soon thereafter, no capital assets included.	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both financial and capital, and short term and long term.
Type of Inflow/Outflow Information	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses during the year, regardless of when cash is received or paid.

City-Wide Statements

The City-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the City's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

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

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

City-Wide Statements (Continued)

The two City-wide statements report the City's net position and how they have changed. Net position – the difference between the City's assets and liabilities – are one way to measure the City's financial health or position.

- Over time, increases or decreases in the City's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the City you need to consider additional nonfinancial factors such as changes in the City's property tax base and the condition of City buildings, infrastructure and other facilities.

In the City-wide financial statements, the City's activities are shown in two categories:

- Governmental activities – The City's basic services are included here. Property taxes, charges for services, and state aids finance most of these activities.
- Business-type activities – The City's enterprise fund operations (municipal liquor and sewer) are included here. Charges for services finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's funds – focusing on its most significant or "major" funds – not the City as a whole. Funds are accounting devices the City uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The City establishes other funds to control and manage money for particular purposes (e.g., repaying its long-term debts) or to show that it is properly using certain revenues (e.g., federal grants).

The City has two kinds of funds:

- Governmental Funds – The City's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for future operations. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or less financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the City-wide statements, we provide additional information after the governmental funds statements that explain the relationship (or differences) between them.
- Proprietary (Enterprise) Funds – The City reports two enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its municipal liquor and sewer utility. Enterprise fund financial statements provide the same type of information as the City-wide financial statements, only in more detail.

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

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Position

The City's overall net position was \$63,154,783 on December 31, 2024 (see Table A-1).

Table A-1
Condensed Statements of Net Position
as of December 31, 2024 and 2023

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Assets:						
Current and Other Assets	\$ 28,555,598	\$ 27,132,219	\$ 6,138,744	\$ 5,268,498	\$ 34,694,342	\$ 32,400,717
Capital Assets	61,944,376	56,993,400	23,863,139	23,445,109	85,807,515	80,438,509
Total Assets	90,499,974	84,125,619	30,001,883	28,713,607	120,501,857	112,839,226
Deferred Outflows of Resources	443,607	650,846	68,658	122,158	512,265	773,004
Liabilities:						
Long-Term Liabilities	44,710,729	42,589,214	7,626,618	8,271,021	52,337,347	50,860,235
Other Liabilities	4,111,464	1,421,497	525,239	613,021	4,636,703	2,034,518
Total Liabilities	48,822,193	44,010,711	8,151,857	8,884,042	56,974,050	52,894,753
Deferred Inflows of Resources	726,746	549,436	158,543	113,160	885,289	662,596
Net Position:						
Net Investment in Capital Assets	18,750,565	18,405,157	16,871,284	17,429,579	35,621,849	35,834,736
Restricted	20,851,994	18,962,178	-	-	20,851,994	18,962,178
Unrestricted	1,792,083	2,848,983	4,888,857	2,408,984	6,680,940	5,257,967
Total Net Position	\$ 41,394,642	\$ 40,216,318	\$ 21,760,141	\$ 19,838,563	\$ 63,154,783	\$ 60,054,881

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

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (CONTINUED)

Changes in Net Position

The City-wide total revenues were \$23,289,925 for the year ended December 31, 2024. Property taxes accounted for 21.1% of total revenue for the year (see Graph A-1 for breakdown of Governmental Activities).

Table A-2
Condensed Statements of Activities
Years Ended December 31, 2024 and 2023

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program Revenues:						
Charges for Services	\$ 3,702,509	\$ 2,411,657	\$ 6,922,119	\$ 6,207,277	\$ 10,624,628	\$ 8,618,934
Operating Grants and Contributions	547,728	600,339	-	-	547,728	600,339
General Revenues:						
Property Taxes	4,915,970	4,196,795	-	-	4,915,970	4,196,795
Tax Increments	819,045	598,343	-	-	819,045	598,343
Grants and Contributions,						
Not Restricted	1,031,299	1,175,756	-	-	1,031,299	1,175,756
Unrestricted Investment Earnings	205,298	115,648	44,525	37,548	249,823	153,196
Miscellaneous	3,456,358	4,427,010	1,645,074	391,050	5,101,432	4,818,060
Total Revenues	14,678,207	13,525,548	8,611,718	6,635,875	23,289,925	20,161,423
Expenses:						
General Government	1,382,638	1,323,055	-	-	1,382,638	1,323,055
Public Safety	1,794,894	1,459,518	-	-	1,794,894	1,459,518
Highways and Streets	4,491,039	3,917,999	-	-	4,491,039	3,917,999
Economic Development	1,557,122	3,475,474	-	-	1,557,122	3,475,474
Community Services	3,308,674	2,352,028	-	-	3,308,674	2,352,028
Debt Service	1,535,883	1,142,716	-	-	1,535,883	1,142,716
Municipal Liquor	-	-	3,627,468	3,605,473	3,627,468	3,605,473
Sewer	-	-	2,492,305	2,376,611	2,492,305	2,376,611
Total Expenses	14,070,250	13,670,790	6,119,773	5,982,084	20,190,023	19,652,874
Increase in Net Position						
Before Transfers	607,957	(145,242)	2,491,945	653,791	3,099,902	508,549
Transfers	570,367	4,341,073	(570,367)	(4,341,073)	-	-
Change in Net Position	1,178,324	4,195,831	1,921,578	(3,687,282)	3,099,902	508,549
Net Position - Beginning of Year	40,216,318	36,020,487	19,838,563	23,525,845	60,054,881	59,546,332
Net Position - End of Year	\$ 41,394,642	\$ 40,216,318	\$ 21,760,141	\$ 19,838,563	\$ 63,154,783	\$ 60,054,881

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

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (CONTINUED)

Changes in Net Position (Continued)

Total revenues surpassed expenses, increasing net position \$1,178,324 from the prior year. This compares to a \$4,195,831 increase in net position in 2023. The increase in net position from 2023 to 2024 is largely a result of increased revenues from various sources offsetting increases in expenses.

The City-wide cost of all activities this year was \$20,190,023. Governmental activities and business-type activities comprised of \$14,070,250 and \$6,119,773, respectively.

- A total of \$10,624,628 of the cost was paid by the users of the City's programs, comprised of: \$3,702,509 for governmental activities and \$6,922,119 for business-type activities.
- Certain programs in the governmental activities received federal, state, and local support with operating grants and contributions of \$547,728. Restricted state-aid comprised a majority of the revenue in this classification.
- The City's governmental activities' program expenses exceeded program revenues by \$9,820,013 (see Table A-3).

See Graphs A-1 and A-2 for a breakdown of the City's revenues and expenses for governmental activities.

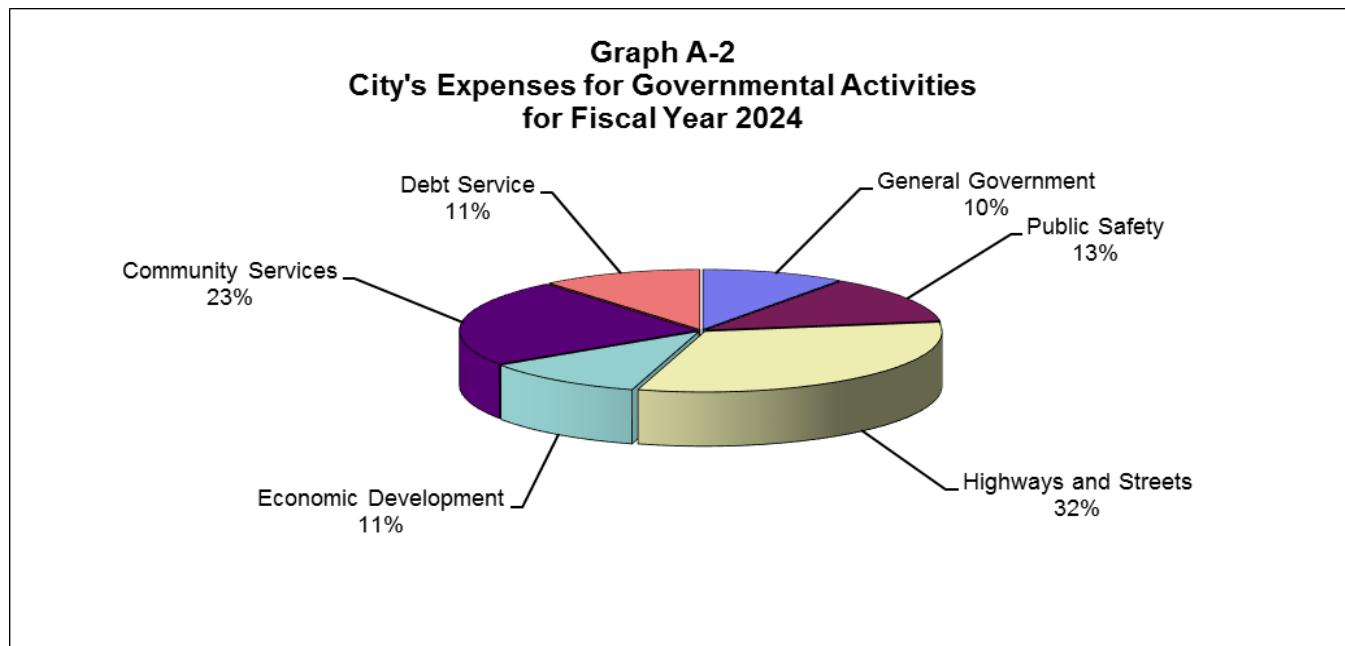
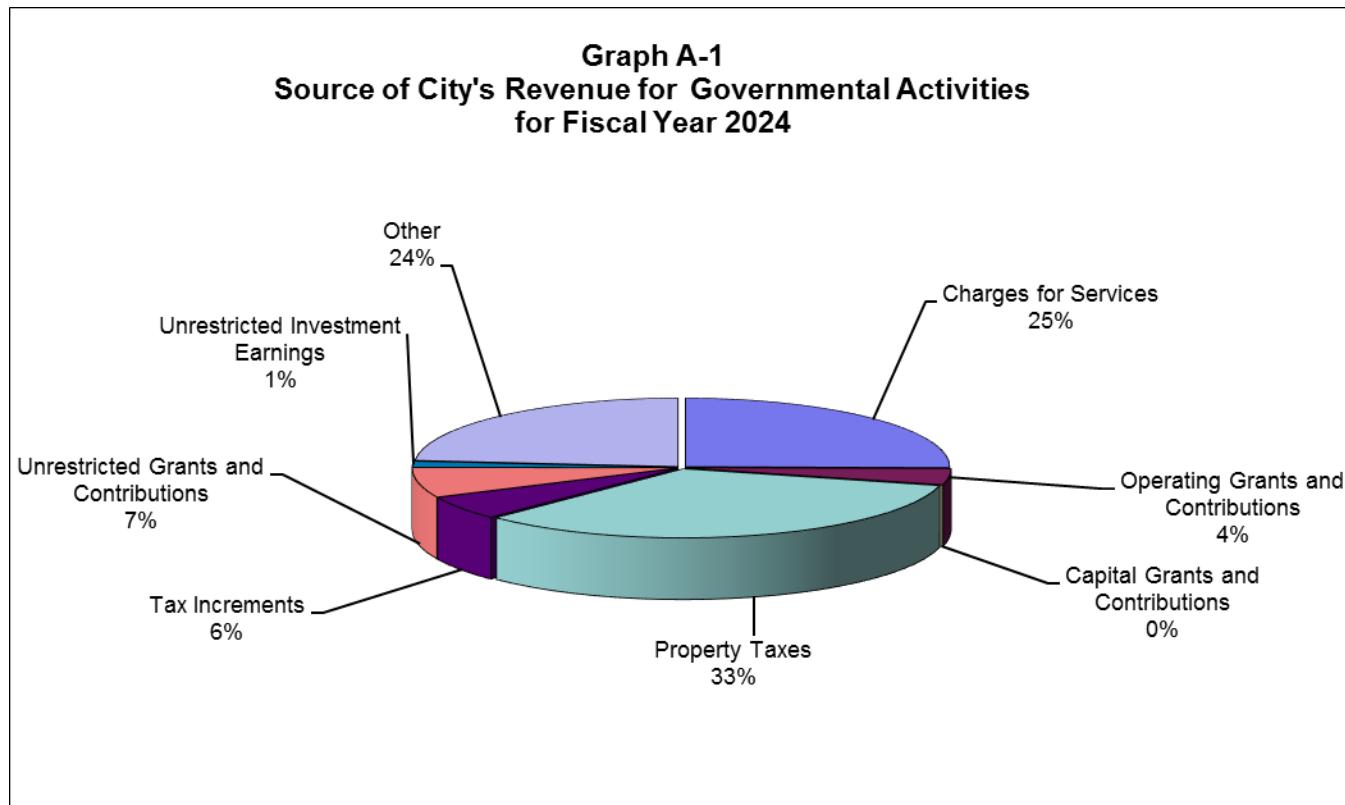
Table A-3
Cost of Services Analysis

	Total Cost of Services		Percentage Change	Net Revenue from (Cost of) Services		Percentage Change
	2024	2023		2024	2023	
Governmental Activities:						
General Government	\$ 1,382,638	\$ 1,323,055	4.5 %	\$ (442,652)	\$ (633,741)	30.2 %
Public Safety	1,794,894	1,459,518	23.0	(1,169,833)	(821,358)	(42.4)
Highways and Streets	4,491,039	3,917,999	14.6	(3,493,051)	(3,323,864)	(5.1)
Economic Development	1,557,122	3,475,474	(55.2)	(430,093)	(3,068,870)	86.0
Community Services	3,308,674	2,352,028	40.7	(2,748,501)	(1,668,245)	(64.8)
Debt Service	1,535,883	1,142,716	34.4	(1,535,883)	(1,142,716)	(34.4)
Total	<u>\$ 14,070,250</u>	<u>\$ 13,670,790</u>		<u>\$ (9,820,013)</u>	<u>\$ (10,658,794)</u>	
Business-Type Activities:						
Municipal Liquor	\$ 3,627,468	\$ 3,605,473	0.6 %	\$ 344,980	\$ 325,089	6.1 %
Sewer	2,492,305	2,376,611	4.9	457,366	(99,896)	(557.8)
Total	<u>\$ 6,119,773</u>	<u>\$ 5,982,084</u>		<u>\$ 802,346</u>	<u>\$ 225,193</u>	

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

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (CONTINUED)

Changes in Net Position (Continued)



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

FINANCIAL ANALYSIS OF THE CITY AT THE FUND LEVEL

The financial performance of the City as a whole is reflected in its governmental funds as well. As the City completed the year, its governmental funds reported a combined fund balance of \$16,885,322.

Revenues for the City's governmental funds were \$13,413,357, while total expenditures were \$20,498,821. Total expenditure includes \$1,403,795 of bond and loan principal payments and \$1,710,927 of expenditures for interest related to the City's long-term debt.

GENERAL FUND

The General Fund includes the primary operations of the City in providing services to its residents. Fund balance in the General Fund increased by \$362,758 in 2024 to an ending balance of \$4,023,802. This compares to an increase of \$416,305 in 2023.

The following schedule presents a summary of General Fund Revenues:

**Table A-4
General Fund Revenues**

General Fund:	Year Ended December 31,		Change	
	2024	2023	Increase/ (Decrease)	Percent
Taxes	\$ 3,329,056	\$ 2,995,144	\$ 333,912	11.1 %
Special Assessments	1,206	1,427	(221)	(15.5)
Licenses and Permits	1,211,149	908,351	302,798	33.3
Intergovernmental	722,507	1,174,895	(452,388)	(38.5)
Charges for Services	614,971	629,787	(14,816)	(2.4)
Investment Earnings	41,211	32,376	8,835	27.3
Miscellaneous	168,991	155,004	13,987	9.0
Total	\$ 6,089,091	\$ 5,896,984	\$ 192,107	3.3

Total General Fund revenue increased by \$192,107 from the previous year. Taxes continue to be the significant source of funding in the general fund, comprising 54.7% of the total general fund revenues for 2024. The City has increased its reliance upon intergovernmental revenues in recent years, which make up 11.9% of general fund revenues for 2024.

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

GENERAL FUND (CONTINUED)

The following schedule presents a summary of General Fund Expenditures:

**Table A-5
General Fund Expenditures**

	Year Ended December 31,		Change	
	2024	2023	Increase/ (Decrease)	Percent
General Fund:				
General Government	\$ 1,150,376	\$ 993,935	\$ 156,441	15.7 %
Public Safety	864,360	717,856	146,504	20.4
Highways and Streets	617,548	622,952	(5,404)	(0.9)
Community Services	1,981,678	1,821,025	160,653	8.8
Total	<u>\$ 4,613,962</u>	<u>\$ 4,155,768</u>	<u>\$ 458,194</u>	11.0

Expenditures were up across all departments except the General Fund in 2024 compared to 2023 with the exception of Highways and Streets which decreased slightly from the prior year. Professional services were up due to the increase in economic development.

General Fund Budgetary Highlights

The 2024 General Fund budget anticipated a balanced budget. Revenues plus other financing sources were expected to be \$5,950,400 while expenditures and other financing uses were expected to be \$5,950,400. The motor vehicle activities are included in the General Fund and typically represent about 5% of all expenditures and other financing uses in the General Fund.

The budget for building permit revenues was a conservative estimate since the City cannot always predict the amount of permits each year and the budget was exceeded in 2024 by \$662,349 due to new developments both residential and commercial. In total revenues were greater than the budget by \$657,691 while expenditures were under budget by \$107,438.

CAPITAL PROJECTS FUND

The Capital Projects Fund accounts for projects and equipment purchases completed by the City. Annually the City budgets transfers into this fund, mostly from the General Fund, to pay for those equipment purchases and projects.

DEBT SERVICE FUND

The Debt Service Fund accounts for the accumulation of resources and payment of resources and payment of general obligation bonds principal and interest from governmental resources and special assessment bond principal and interest from special assessment levies when the City is obligated in some manner for the payment.

TIF #9 DELANO LEGACY

The TIF #9 Delano Legacy Special Revenue Fund accounts for the bond proceeds, payments and economic development activity for the Delano Legacy TIF district.

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

PROPRIETARY FUNDS

Due to timing differences in the user fees and capital improvements in the proprietary funds, increases (or decreases) in net position can occur from year to year. For fiscal year 2024, enterprise funds net income before contributions and transfers was \$1,262,569 compared to \$619,016 in 2023. The following table (A-6) shows a summary of operations for the enterprise funds.

Table A-6
Enterprise Funds Summary of Operations

	Operating Revenues	Operating Expenses	Operating Income	Nonoperating Revenues	Nonoperating Expenses	Net Income Before Capital Contributions and Transfers
Municipal Liquor:						
2024	\$ 1,118,477	\$ 771,430	\$ 347,047	\$ 12,004	\$ 2,067	\$ 356,984
2023	1,120,946	790,952	329,994	7,884	4,905	332,973
Increase / (Decrease)	<u>\$ (2,469)</u>	<u>\$ (19,522)</u>	<u>\$ 17,053</u>	<u>\$ 4,120</u>	<u>\$ (2,838)</u>	<u>\$ 24,011</u>
Sewer:						
2024	\$ 2,236,945	\$ 2,241,378	\$ (4,433)	\$ 1,160,945	\$ 250,927	\$ 905,585
2023	1,908,450	2,183,833	(275,383)	754,204	192,778	286,043
Increase / (Decrease)	<u>\$ 328,495</u>	<u>\$ 57,545</u>	<u>\$ 270,950</u>	<u>\$ 406,741</u>	<u>\$ 58,149</u>	<u>\$ 619,542</u>
Total:						
2024	\$ 3,355,422	\$ 3,012,808	\$ 342,614	\$ 1,172,949	\$ 252,994	\$ 1,262,569
2023	3,029,396	2,974,785	54,611	762,088	197,683	619,016
Increase / (Decrease)	<u>\$ 326,026</u>	<u>\$ 38,023</u>	<u>\$ 288,003</u>	<u>\$ 410,861</u>	<u>\$ 55,311</u>	<u>\$ 643,553</u>

Municipal Liquor

Total sales for the fund increased \$41,886 while the cost of goods sold increased \$44,355. Operating income for the year saw a decrease of \$2,469 or 0.22%.

Sanitary Sewer

Rates remained consistent during 2024. At the end of the year, the fund showed net income before transfers of \$905,585 compared to net income before transfers of \$286,043 in 2023.

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

CAPITAL ASSETS

By the end of 2024, the City had invested approximately \$85 million, net of accumulated depreciation and amortization, in a broad range of capital assets, including: buildings, improvements, equipment, and infrastructure (see Table A-7). (More detailed information about capital assets can be found in Note 3 to the financial statements.) Total depreciation and amortization expense for the year was \$1,941,073 for the enterprise funds.

Table A-7
The City's Capital Assets

	Governmental Activities		Percent Change	Business-Type Activities		Percent Change
	2024	2023		2024	2023	
Land	\$ 6,115,878	\$ 6,115,878	- %	\$ 131,434	\$ 131,434	- %
Construction in Progress	6,518,219	5,234,412	24.5	1,141,048	149,814	661.6
Land Improvements	4,785,458	4,662,800	2.6	72,500	72,500	-
Buildings and Building Improvements	13,837,526	13,320,866	3.9	15,922,375	15,825,245	0.6
Infrastructure and Infrastructure Improvements	43,447,568	38,881,727	11.7	18,805,307	18,673,832	0.7
Furniture, Fixtures, Vehicles, Equipment, and Machinery	6,589,746	6,277,525	5.0	757,430	690,651	9.7
Leasehold Improvements	-	-	-	190,550	190,550	-
Right-to-Use Assets - Buildings	-	-	-	309,693	309,693	-
Less: Accumulated Depreciation	<u>(19,350,019)</u>	<u>(17,499,808)</u>	10.6	<u>(13,467,198)</u>	<u>(12,598,610)</u>	6.9
Total	<u>\$ 61,944,376</u>	<u>\$ 56,993,400</u>	8.7	<u>\$ 23,863,139</u>	<u>\$ 23,445,109</u>	1.8

Major capital asset transaction/events during the current fiscal year included:

- Substantial completion of the 2023 Streets project at a cost of \$1,504,563.
- A good majority of the work to construct Murphy Lane in the Northwest Business Park took place in 2024 costing \$1,199,554 in 2024.
- A significant amount of work was completed on the new Spirit Park project in 2024. This project will provide an outdoor, covered, chilled ice rink as its primary feature. In addition, another outdoor ice rink will be constructed and a separate area to provide open skating opportunities to the public. Total costs so far are \$4.6 million. The project is about 80% complete.
- For business-type activities, about \$1.1 million was spent in 2024 on a trunk extension for sanitary sewer in the Legacy Woods development area.

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

LONG-TERM OBLIGATIONS

At year-end, the City had approximately \$51 million in long-term liabilities outstanding.

- The City's governmental activities total long-term liabilities increased \$2,463,839, due primarily to the governmental activities portion of the 2024A and 2024B bond issuances in 2024.
- The City's business-type activities total long-term liabilities decreased \$482,638 due primarily to the business-type portion of the 2023A bond issuance being transferred to Delano Municipal Utilities in 2024.

Table A-8
The City's Long-Term Liabilities

	Governmental Activities		Percent Change	Business-Type Activities		Percent Change
	2024	2023		2024	2023	
G.O. Bonds	\$ 14,615,689	\$ 15,095,689	(3.2)%	\$ -	\$ -	- %
G.O. Tax Increment Bonds	4,405,000	4,435,000	(0.7)	-	-	-
G.O. Special Assessment Bonds	8,575,000	9,135,000	(6.1)	-	-	-
G.O. Revenue Bonds	1,735,415	3,207,648	(45.9)	6,875,376	7,256,581	(5.3)
G.O. Tax Abatement Bonds	5,145,000	1,590,000	223.6	-	-	-
G.O. Bonds - Commission	6,728,520	5,470,082	23.0	-	-	-
Premium	2,262,184	2,185,000	3.5	466,479	492,608	(5.3)
Lease Liability	-	-	-	24,893	122,640	(79.7)
Compensated Absences	392,762	246,230	59.5	92,403	69,960	32.1
Other Postemployment Benefits	19,857	19,854	0.0	5,802	5,802	-
Total	\$ 43,879,427	\$ 41,384,503	6.0	\$ 7,464,953	\$ 7,947,591	(6.1)

FACTORS BEARING ON THE CITY'S FUTURE

Many factors were considered when the City's budget was prepared for 2023 and for 2024. Some of the more important ones are as follows:

- The City issued 107 new home permits in 2024. These had a value of \$33,442,511.
- Values for all permits have been \$29, \$87, \$35, \$41, and \$68 million for the years 2020 through 2024, respectively.
- The City's tax capacity has grown from \$7.0 million in 2020 to \$12.0 million in 2025. An average of 11.4% per year.
- The median household income for Delano was \$118,091 compared to the State median household income of \$87,556.
- The impacts on cost of services due to economic policies at the federal and state levels.

The City maintains an adequate fund balance and working capital at year-end in the General Fund to avoid cash borrowings until property tax revenues are received around mid-year.

The City annually reviews sanitary sewer and storm water rates to determine if cash flow needs are adequate to meet expected outflows for the coming year and the following five years. Rates for both sanitary sewer and storm water have remained level since 2015.

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

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

The financial report is designed to provide a general overview of the City of Delano's finances for all those with an interest in government finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Delano, City Finance Director, P.O. Box 108, Delano, Minnesota 55328. This report is also available on the City's website: www.delano.mn.us.

BASIC FINANCIAL STATEMENTS

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

	Governmental Activities	Business-Type Activities	Total	Component Unit
				Delano Water, Light, and Power Commission
ASSETS				
Cash and Investments	\$ 14,698,688	\$ 3,312,476	\$ 18,011,164	\$ 4,291,723
Restricted Cash and Investments	-	-	-	5,699,903
Accounts Receivable	140,753	-	140,753	1,242,230
Taxes Receivable	88,075	-	88,075	-
Special Assessments Receivable	7,445,019	-	7,445,019	-
Internal Balances	(1,981,584)	1,981,584	-	-
Note Receivable	24,956	-	24,956	-
Due from Other Governmental Units	228,996	-	228,996	-
Note Receivable - Commission	6,728,520	-	6,728,520	-
Inventories	-	572,790	572,790	2,009,869
Prepaid Items	29,131	73,463	102,594	87
Due from Primary Government/Component Unit	39,451	198,431	237,882	-
Land Held for Resale	665,000	-	665,000	-
Net Pension Asset	401,874	-	401,874	-
Lease Receivable	46,719	-	46,719	-
Capital Assets:				
Capital Assets, Not Being Depreciated	12,634,097	1,272,482	13,906,579	5,919,312
Capital Assets, Being Depreciated and Amortized, Net	49,310,279	22,590,657	71,900,936	32,088,721
Total Assets	90,499,974	30,001,883	120,501,857	51,251,845
DEFERRED OUTFLOWS OF RESOURCES				
Pension Related	443,607	68,658	512,265	148,875
Total Deferred Outflows of Resources	443,607	68,658	512,265	148,875
LIABILITIES				
Accounts Payable	287,420	267,341	554,761	1,292,714
Contracts Payable	2,633,502	-	2,633,502	-
Accrued Expenses	129,719	30,487	160,206	68,285
Sales Tax Payable	-	41,643	41,643	-
Due to Other Governmental Units	159,292	-	159,292	-
Due to Primary Government/Component Unit	-	-	-	237,882
Deposits	75,501	4,854	80,355	100,935
Unearned Revenue	242,188	-	242,188	400,324
Accrued Interest Payable	583,842	105,550	689,392	116,526
Noncurrent Liabilities:				
Lease Liability - Due Within One Year	-	24,893	24,893	178,973
Lease Liability - Due in More Than One year	-	-	-	1,023,803
Net Pension Liability	831,302	237,029	1,068,331	516,263
Due Within One Year	1,592,887	511,917	2,104,804	884,297
Due in More Than One Year	42,266,683	6,922,341	49,189,024	15,904,529
Total OPEB Liability	19,857	5,802	25,659	-
Total Liabilities	48,822,193	8,151,857	56,974,050	20,724,531
DEFERRED INFLOWS OF RESOURCES				
Regulatory Collections to Cover Future Costs	-	-	-	463,119
Deferred Inflow - Gain on Refunding	50,626	-	50,626	-
Deferred Inflow - Leases	56,349	-	56,349	-
Pension Related	619,771	158,543	778,314	366,167
Total Deferred Inflows of Resources	726,746	158,543	885,289	829,286
NET POSITION				
Net Investment in Capital Assets	18,750,565	16,871,284	35,621,849	23,954,659
Restricted for:				
Restricted Cash and Investments	-	-	-	1,144,904
Economic Development Activities	453,598	-	453,598	-
Park Improvements	401,821	-	401,821	-
Future Debt Retirement	16,206,541	-	16,206,541	-
Developer Projects	13,047	-	13,047	-
Park Dedication	1,323,072	-	1,323,072	-
Capital Projects	522,180	-	522,180	-
Fire Equipment	845,761	-	845,761	-
Fire Building	402,501	-	402,501	-
Fire Department	683,473	-	683,473	-
Unrestricted	1,792,083	4,888,857	6,680,940	4,747,340
Total Net Position	\$ 41,394,642	\$ 21,760,141	\$ 63,154,783.00	\$ 29,846,903

See accompanying Notes to Financial Statements.

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

Functions/Programs	Program Revenues			
	Expenses	Fee, Charges, Fines, and Other	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental Activities:				
General Government	\$ 1,382,638	\$ 939,986	\$ -	\$ -
Public Safety	1,794,894	244,393	380,668	-
Highways and Streets	4,491,039	901,835	96,153	-
Economic Development	1,557,122	1,122,029	5,000	-
Community Services	3,308,674	494,266	65,907	-
Interest on Long-Term Debt	1,535,883	-	-	-
Total Governmental Activities	14,070,250	3,702,509	547,728	-
Business-Type Activities:				
Municipal Liquor	3,627,468	3,972,448	-	-
Sewer	2,492,305	2,949,671	-	-
Total Business-Type Activities	6,119,773	6,922,119	-	-
Total Primary Government	20,190,023	10,624,628	547,728	-
COMPONENT UNIT				
Delano Water, Light, and Power Commission	9,917,394	10,307,977	-	381,021
Total Component Unit	9,917,394	10,307,977	-	381,021
Total	\$ 30,107,417	\$ 20,932,605	\$ 547,728	\$ 381,021

GENERAL REVENUES AND TRANSFERS

Taxes:

Property Taxes

Tax Increment

Grants and Contributions Not Restricted to Specific Programs

Investment Earnings

Miscellaneous

Transfers

Total General Revenues and Transfers

CHANGES IN NET POSITION

Net Position - Beginning of Year

NET POSITION - END OF YEAR

See accompanying Notes to Financial Statements.

CITY OF DELANO, MINNESOTA
STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED DECEMBER 31, 2024

Net Revenue (Expense) and Changes in Net Position			Component Unit	
Governmental Activities	Business-Type Activities	Total	Delano Water, Light, and Power Commission	
\$ (442,652)	\$ -	\$ (442,652)	\$ -	
(1,169,833)	-	(1,169,833)	-	
(3,493,051)	-	(3,493,051)	-	
(430,093)	-	(430,093)	-	
(2,748,501)	-	(2,748,501)	-	
(1,535,883)	-	(1,535,883)	-	
<u>(9,820,013)</u>	<u>-</u>	<u>(9,820,013)</u>	<u>-</u>	
-	344,980	344,980	-	
-	457,366	457,366	-	
<u>-</u>	<u>802,346</u>	<u>802,346</u>	<u>-</u>	
(9,820,013)	802,346	(9,017,667)	-	
<u>-</u>	<u>-</u>	<u>-</u>	<u>771,604</u>	
<u>-</u>	<u>-</u>	<u>-</u>	<u>771,604</u>	
(9,820,013)	802,346	(9,017,667)	771,604	
4,915,970	-	4,915,970	-	
819,045	-	819,045	-	
1,031,299	-	1,031,299	-	
205,298	44,525	249,823	-	
3,456,358	1,645,074	5,101,432	433,372	
570,367	(570,367)	-	-	
<u>10,998,337</u>	<u>1,119,232</u>	<u>12,117,569</u>	<u>433,372</u>	
1,178,324	1,921,578	3,099,902	1,204,976	
<u>40,216,318</u>	<u>19,838,563</u>	<u>60,054,881</u>	<u>28,641,927</u>	
<u>\$ 41,394,642</u>	<u>\$ 21,760,141</u>	<u>\$ 63,154,783</u>	<u>\$ 29,846,903</u>	

See accompanying Notes to Financial Statements.

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

							TIF #9	Nonmajor		Total
	General	Capital Projects	Debt Service	Delano Legacy	Governmental Funds	Funds	Governmental Funds			
ASSETS										
Cash and Investments	\$ 4,512,656	\$ 3,274,418	\$ 2,614,076	\$ -	\$ 4,297,538	\$ 14,698,688				
Accounts Receivable	62,285	-	-	-	78,468	140,753				
Note Receivable	-	-	6,728,520	-	24,956	6,753,476				
Taxes Receivable	62,887	-	23,413	-	1,775	88,075				
Special Assessments Receivable	21,194	13,212	7,410,613	-	-	7,445,019				
Due from Component Unit	18,384	-	-	-	21,067	39,451				
Land Held for Resale	-	600,000	-	-	65,000	665,000				
Due from Other Governmental Units	82,508	94,898	13,761	-	37,829	228,996				
Prepaid Items	27,130	-	-	-	2,001	29,131				
Lease Receivable	3,928	-	-	-	42,791	46,719				
Total Assets	\$ 4,790,972	\$ 3,982,528	\$ 16,790,383	\$ -	\$ 4,571,425	\$ 30,135,308				
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE										
LIABILITIES										
Accounts Payable	\$ 111,048	\$ 106,950	\$ -	\$ -	\$ 69,422	\$ 287,420				
Contracts Payable	-	2,633,502	-	-	-	2,633,502				
Accrued Compensation	90,733	-	-	-	38,986	129,719				
Due to Other Funds	-	-	-	-	714,248	714,248				
Advances from Other Funds	-	-	-	789,397	477,939	1,267,336				
Due to Other Governmental Units	159,292	-	-	-	-	159,292				
Deposits	317,689	-	-	-	-	317,689				
Total Liabilities	678,762	2,740,452	-	789,397	1,300,595	5,509,206				
DEFERRED INFLOWS OF RESOURCES										
Unavailable Revenue	84,480	108,110	7,434,027	-	26,731	7,653,348				
Deferred Inflow - Leases	3,928	-	-	-	52,421	56,349				
Total Deferred Inflows of Resources	88,408	108,110	7,434,027	-	79,152	7,709,697				
FUND BALANCE										
Nonspendable for Prepaid Items	27,130	-	-	-	2,001	29,131				
Nonspendable for Land Held for Resale	-	600,000	-	-	65,000	665,000				
Restricted:										
Economic Development Activities	-	-	-	-	480,373	480,373				
Park Improvements	-	-	-	-	401,821	401,821				
Future Debt Retirement	-	-	9,356,356	-	-	9,356,356				
Developer Projects	-	13,047	-	-	-	13,047				
Park Dedication	-	1,323,072	-	-	-	1,323,072				
Capital Projects	-	(849,652)	-	-	-	(849,652)				
Elevator Reserve	-	25,000	-	-	-	25,000				
Fire Equipment	-	-	-	-	845,761	845,761				
Fire Building	-	-	-	-	402,501	402,501				
Fire Department	-	-	-	-	683,473	683,473				
Committed for Senior Activities	-	-	-	-	214,588	214,588				
Assigned:										
Community Room	-	22,499	-	-	-	22,499				
Unassigned	3,996,672	-	-	(789,397)	96,160	3,303,435				
Total Fund Balance	4,023,802	1,133,966	9,356,356	(789,397)	3,191,678	16,916,405				
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 4,790,972	\$ 3,982,528	\$ 16,790,383	\$ -	\$ 4,571,425	\$ 30,135,308				

See accompanying Notes to Financial Statements.

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

Total Fund Balance for Governmental Funds \$ 16,916,405

Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. Those assets consist of:

Land and Land Improvements	10,901,336
Construction in Progress	6,518,219
Buildings and Building Improvements	13,837,526
Infrastructure and Infrastructure Improvements	43,447,568
Furniture, Fixtures, Vehicles, Equipment, and Machinery	6,589,746
Less: Accumulated Depreciation	(19,350,019)

Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable resources in the funds.

Delinquent Property Taxes	88,075
Delinquent and Unavailable Special Assessments	7,445,019
Unavailable Other Receivables	94,898
Loans Receivable	25,356

The City's net pension liability and net pension asset and the related deferred inflows and outflows of resources are recorded only on the statement of net position. Balances at year-end are:

Net Pension Asset	401,874
Net Pension Liability	(831,302)
Deferred Outflows of Resources - Pension	443,607
Deferred Inflows of Resources - Pension	(619,771)

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.

Bonds and Notes Payable	(41,204,624)
Bond Premiums	(2,262,184)
Compensated Absences	(392,762)
Other Postemployment Benefits	(19,857)
Accrued Interest Payable	(583,842)
Gain on Refunding	<u>(50,626)</u>

Total Net Position of Governmental Activities \$ 41,394,642

See accompanying Notes to Financial Statements.

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

	General	Capital Projects	Debt Service	TIF #9 Delano Legacy	TIF #13 Granite Works	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES							
Taxes	\$ 3,329,056	\$ -	\$ 1,481,567	\$ -	\$ -	\$ 104,135	\$ 4,914,758
Tax Increment	-	-	-	58,494	-	755,985	814,479
Special Assessments	1,206	414,667	63,044	-	-	6,797	485,714
Licenses and Permits	1,211,149	-	-	-	-	36	1,211,185
Intergovernmental	722,507	228,813	-	-	-	561,639	1,512,959
Charges for Services	614,971	361,931	-	-	-	810,080	1,786,982
Investment Earnings	41,211	92,839	15,085	178	-	55,985	205,298
Rental Income	-	-	-	-	-	24,938	24,938
Miscellaneous	168,991	555,000	1,657,526	-	-	75,527	2,457,044
Total Revenues	6,089,091	1,653,250	3,217,222	58,672	-	2,395,122	13,413,357
EXPENDITURES							
Current:							
General Government	1,150,376	285,457	-	-	-	-	1,435,833
Public Safety	864,360	17,245	-	-	-	870,768	1,752,373
Highways and Streets	617,548	4,425,807	-	-	-	-	5,043,355
Economic Development	-	710,572	-	5,849	-	410,718	1,127,139
Community Services	1,981,678	5,533,448	-	-	-	510,273	8,025,399
Debt Service:							
Principal	-	-	1,403,795	-	-	-	1,403,795
Interest and Fiscal Charges	-	-	1,618,911	40,106	-	51,910	1,710,927
Total Expenditures	4,613,962	10,972,529	3,022,706	45,955	-	1,843,669	20,498,821
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	1,475,129	(9,319,279)	194,516	12,717	-	551,453	(7,085,464)
OTHER FINANCING SOURCES (USES)							
Transfers In	519,000	827,192	1,116,964	-	-	984,161	3,447,317
Transfers Out	(1,631,371)	(459,470)	-	-	-	(786,109)	(2,876,950)
Premium on Bonds	-	324,372	-	-	-	-	324,372
Issuance of Debt	-	3,574,796	100,204	-	-	-	3,675,000
Proceeds on Capital Asset Disposal	-	1,172,508	-	-	-	1,950	1,174,458
Total Other Financing Sources (Uses)	(1,112,371)	5,439,398	1,217,168	-	-	200,002	5,744,197
NET CHANGE IN FUND BALANCE	362,758	(3,879,881)	1,411,684	12,717	-	751,455	(1,341,267)
Fund Balance - Beginning, As Originally Reported	3,661,044	5,013,847	7,944,672	-	668,463	969,646	18,257,672
Adjustment	-	-	-	(802,114)	(668,463)	1,470,577	-
Fund Balance - Beginning, As Adjusted	3,661,044	5,013,847	7,944,672	(802,114)	-	2,440,223	18,257,672
FUND BALANCE - END OF YEAR	\$ 4,023,802	\$ 1,133,966	\$ 9,356,356	\$ (789,397)	\$ -	\$ 3,191,678	\$ 16,916,405

See accompanying Notes to Financial Statements.

CITY OF DELANO, MINNESOTA
GOVERNMENTAL FUNDS
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024

Net Change in Fund Balances - Total Governmental Funds \$ (1,341,267)

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, assets are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital Outlay	6,892,049
Depreciation Expense	(1,941,073)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.	90,392
---	--------

Certain expenses reported in the statement of activities do not require the use of current resources and, therefore, are not reported as expenditures in governmental funds.

Compensated Absences	(146,532)
Other Postemployment Benefits and related Deferred Outflows and Inflows of Resources	(3)

Pension expenditures in the governmental funds are measured by current year employee contributions. Pension expenses on the statement of activities are measured by the change in the net pension liability and net pension asset and the related deferred outflows and inflows of resources.	101,371
---	---------

The governmental funds report bond proceeds as financing sources, while repayment of bond principal is reported as an expenditure. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities and repayment of principal reduces the liability. Also, governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are amortized in the statement of activities. Interest is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, however, interest expense is recognized as it accrues, regardless of when it is due. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:

Bond Proceeds	(3,675,000)
Change in Bond Premiums	(77,184)
Repayment of Bond Principal	1,403,795
Change in Gain on Refunding	4,783
Change in Accrued Interest Expense for General Obligation Bonds	<u>(133,007)</u>
Change in Net Position of Governmental Activities	<u>\$ 1,178,324</u>

See accompanying Notes to Financial Statements.

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

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	Municipal Liquor	Sewer	Total
CURRENT ASSETS			
Cash and Investments	\$ 509,612	\$ 2,802,864	\$ 3,312,476
Due from Other Funds	714,248	-	714,248
Due from Discretely Presented Component Unit	-	198,431	198,431
Inventories	572,790	-	572,790
Prepaid Items	14,593	58,870	73,463
Total Current Assets	1,811,243	3,060,165	4,871,408
NONCURRENT ASSETS			
Advances to Other Funds	-	1,267,336	1,267,336
Capital Assets:			
Utility Plant Capital Investments	-	34,931,616	34,931,616
Furniture, Fixtures, Vehicles, Equipment, and Machinery	46,085	711,345	757,430
Leasehold Improvements	190,550	-	190,550
Construction in Progress	6,273	1,134,775	1,141,048
Right-to-Use Assets	309,693	-	309,693
Total Capital Assets	552,601	36,777,736	37,330,337
Less: Accumulated Depreciation and Amortization	(445,204)	(13,021,994)	(13,467,198)
Total Net Capital Assets	107,397	23,755,742	23,863,139
Total Noncurrent Assets	107,397	25,023,078	25,130,475
Total Assets	1,918,640	28,083,243	30,001,883
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related	34,155	34,503	68,658
Total Deferred Outflows of Resources	34,155	34,503	68,658
Total Assets and Deferred Outflows of Resources	\$ 1,952,795	\$ 28,117,746	\$ 30,070,541

See accompanying Notes to Financial Statements.

CITY OF DELANO, MINNESOTA
PROPRIETARY FUNDS
STATEMENT OF NET POSITION (CONTINUED)
DECEMBER 31, 2024

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	Municipal Liquor	Sewer	Total
CURRENT LIABILITIES			
Accounts Payable	\$ 209,605	\$ 57,736	\$ 267,341
Accrued Compensation	16,320	14,167	30,487
Compensated Absences, Current Portion	21,840	28,631	50,471
Sales Tax Payable	41,643	-	41,643
Deposits	4,854	-	4,854
Accrued Interest Payable	-	105,550	105,550
Current Portion of Long-Term Debt	-	511,917	511,917
Current Portion of Lease Liability	24,893	-	24,893
Total Current Liabilities	319,155	718,001	1,037,156
LONG-TERM LIABILITIES			
Long-Term Debt, Net of Current Portion	-	6,829,938	6,829,938
Compensated Absences	23,733	18,199	41,932
Other Postemployment Benefits	3,200	2,602	5,802
Net Pension Liability	117,915	119,114	237,029
Total Long-Term Liabilities	144,848	6,969,853	7,114,701
Total Liabilities	464,003	7,687,854	8,151,857
DEFERRED INFLOWS OF RESOURCES			
Pension Related	78,871	79,672	158,543
Total Deferred Inflows of Resources	78,871	79,672	158,543
NET POSITION			
Net Investment in Capital Assets	107,397	16,763,887	16,871,284
Unrestricted	1,302,524	3,586,333	4,888,857
Total Net Position	1,409,921	20,350,220	21,760,141
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 1,952,795	\$ 28,117,746	\$ 30,070,541

See accompanying Notes to Financial Statements.

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

	Municipal Liquor	Sewer	Total
OPERATING REVENUES			
Sales	\$ 3,972,448	\$ 2,236,945	\$ 6,209,393
Costs of Goods Sold	<u>(2,853,971)</u>	-	<u>(2,853,971)</u>
Total Operating Revenues	<u>1,118,477</u>	<u>2,236,945</u>	<u>3,355,422</u>
OPERATING EXPENSES			
Employee Salaries and Benefits	373,896	387,991	761,887
Administrative, Maintenance, and General Expenses	278,234	1,090,094	1,368,328
Depreciation and Amortization	119,300	763,293	882,593
Total Operating Expenses	<u>771,430</u>	<u>2,241,378</u>	<u>3,012,808</u>
OPERATING INCOME (LOSS)	347,047	(4,433)	342,614
OTHER INCOME (EXPENSES)			
Permits and Fees	-	1,072,310	1,072,310
Investment Earnings	11,969	88,635	100,604
Interest and Fiscal Charges	(2,067)	(250,927)	(252,994)
Miscellaneous Revenue	35	-	35
Total Other Income	<u>9,937</u>	<u>910,018</u>	<u>919,955</u>
NET INCOME BEFORE CONTRIBUTIONS, GAIN, AND TRANSFERS	356,984	905,585	1,262,569
Capital Contributions	-	1,229,376	1,229,376
Transfers Out	<u>(125,000)</u>	<u>(445,367)</u>	<u>(570,367)</u>
CHANGE IN NET POSITION	231,984	1,689,594	1,921,578
Net Position - Beginning of Year	<u>1,177,937</u>	<u>18,660,626</u>	<u>19,838,563</u>
NET POSITION - END OF YEAR	<u><u>\$ 1,409,921</u></u>	<u><u>\$ 20,350,220</u></u>	<u><u>\$ 21,760,141</u></u>

See accompanying Notes to Financial Statements.

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

	Municipal Liquor	Sewer	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers and Service Users	\$ 3,972,448	\$ 2,244,156	\$ 6,216,604
Cash Paid to Suppliers and Others	(3,110,749)	(1,220,426)	(4,331,175)
Cash Paid to Employees	(398,752)	(384,943)	(783,695)
Net Cash Provided by Operating Activities	<u>462,947</u>	<u>638,787</u>	<u>1,101,734</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Other Noncapital Income	35	1,072,310	1,072,345
Transfers Out	(125,000)	(445,367)	(570,367)
Payments to / Receipts from Other Funds	(714,248)	1,745,486	1,031,238
Payments to / Receipts from Other Governments	-	(9,510)	(9,510)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(839,213)</u>	<u>2,362,919</u>	<u>1,523,706</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and Construction of Capital Assets	(10,316)	(60,931)	(71,247)
Collections from Customers for Service	-	(4,850)	(4,850)
Issuance Costs of Long-Term Debt	-	-	(97,747)
Principal Paid on Leases	(97,747)	(381,205)	(381,205)
Principal Payments on Revenue Bonds	-	(289,471)	(291,538)
Interest Paid on Long-Term Debt	<u>(2,067)</u>	<u>(736,457)</u>	<u>(846,587)</u>
Net Cash Used by Capital and Related Financing Activities	<u>(110,130)</u>		
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment Earnings	<u>11,969</u>	<u>88,635</u>	<u>100,604</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			
	(474,427)	2,353,884	1,879,457
Cash and Cash Equivalents - Beginning of Year	<u>984,039</u>	<u>448,980</u>	<u>1,433,019</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 509,612</u>	<u>\$ 2,802,864</u>	<u>\$ 3,312,476</u>

See accompanying Notes to Financial Statements.

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

	Municipal Liquor	Sewer	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating Income (Loss)			
Operating Income (Loss)	\$ 347,047	\$ (4,433)	\$ 342,614
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation and Amortization	119,300	763,293	882,593
(Increase) Decrease in Assets:			
Accounts Receivable	-	7,211	7,211
Inventories	(3,516)	-	(3,516)
Prepaid Items	(14,593)	(1,619)	(16,212)
Increase in Deferred Outflows of Resources:			
Pensions	26,992	26,508	53,500
Increase (Decrease) in Liabilities:			
Accounts Payable	12,371	(30,025)	(17,654)
Contractor Payable	-	(98,688)	(98,688)
Salaries and Benefits Payable	(13,970)	-	(13,970)
Accrued Sales Tax	27,083	-	27,083
Net Pension Liability	(59,995)	(58,401)	(118,396)
Accrued Wages	-	11,786	11,786
Increase in Deferred Inflows of Resources:			
Pensions	<u>22,228</u>	<u>23,155</u>	<u>45,383</u>
Net Cash Provided by Operating Activities	<u>\$ 462,947</u>	<u>\$ 638,787</u>	<u>\$ 1,101,734</u>

**SUPPLEMENTAL DISCLOSURE OF NONCASH
INVESTING AND FINANCING ACTIVITIES**

Capital Asset Additions from Governmental
Activities

\$ - \$ 7,211 \$ 7,211

See accompanying Notes to Financial Statements.

**CITY OF DELANO, MINNESOTA
CUSTODIAL FUND
STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2024**

	<u>Custodial Fund - Licenses</u>
ASSETS	
Cash and Cash Equivalents	\$ 130,594
LIABILITIES	
Due to Other Governmental Units	<u>130,594</u>
NET POSITION	
Held for Other Governments	<u>\$ -</u>

See accompanying Notes to Financial Statements.

**CITY OF DELANO, MINNESOTA
CUSTODIAL FUND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED DECEMBER 31, 2024**

	Custodial Fund - Licenses
ADDITIONS	
Licensing Fees	\$ 7,573,450
DEDUCTIONS	
License Fees Paid to State of Minnesota	<u>7,573,450</u>
NET INCREASE IN FIDUCIARY NET POSITION	-
Net Position - Beginning of Year	<u>-</u>
NET POSITION - END OF YEAR	<u>\$ -</u>

See accompanying Notes to Financial Statements.