City of Wykoff, Minnesota

Financial Statements

December 31, 2025

CohnReznick

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City of Wykoff, Minnesota

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City of Wykoff, Minnesota

Introductory Section

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City of Wykoff, Minnesota

City Officials

December 31, 2025

Ryan Breckenridge	Mayor
Jeffrey Hare	Council Member & Mayor Pro-Tem
Jane Baker	Council Member
Barb Fate	Council Member
Missy Musel	Council Member
Rebecca Schmidt	City Administrator

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City of Wykoff, Minnesota

Financial Section

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the City of Wykoff, Minnesota, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the City of Wykoff, Minnesota's basic financial statements as listed in the index.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City of Wykoff, Minnesota, as of December 31, 2025, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparisons for the General Fund, First Responders Fund, and the Rural Fire 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* ("GAS"), 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 Wykoff, Minnesota 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.

Other Matter

The financial statements of City of Wykoff, Minnesota for the year ended December 31, 2024 were audited by another auditor who expressed an unmodified opinion on those statements on February 6, 2025.

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 Wykoff, Minnesota'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 GAS 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 GAS, 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 Wykoff, Minnesota'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 Wykoff, Minnesota'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 Schedule of City Pension Contributions, the Schedule of City and Non-Employer Proportionate Share of Net Pension Liability, and the Notes to the Required Supplementary Information as listed in the index 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 Schedule of City Pension Contributions, the Schedule of City and Non-Employer Proportionate Share of Net Pension Liability, and the Notes to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires 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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Wykoff, Minnesota's basic financial statements. The supplementary information listed in the index is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Report on Summarized Comparative Information

The financial statements of City of Wykoff, Minnesota for the year ended December 31, 2024, were audited by other auditors whose report, dated February 6, 2025, expressed unmodified opinions on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 1, 2026, on our consideration of the City of Wykoff, Minnesota'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 Wykoff, Minnesota's internal control over financial reporting and compliance.

CohnReznick LLP

Rochester, Minnesota
May 1, 2026

City of Wykoff, Minnesota

Government-Wide Financial Statements

December 31, 2025

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City of Wykoff, Minnesota

Statement of Net Position
December 31, 2025
With Comparative Totals for December 31, 2024

	Governmental Activities	Business-Type Activities	Totals 2025	Totals 2024
Assets				
Cash and cash equivalents	$ 844,792	$ 324,281	$ 1,169,073	$ 995,989
Restricted cash and cash equivalents	-	26,928	26,928	11,928
Receivables	196,317	25,794	222,111	109,970
Due from other governments	3,987	10,157	14,144	36,826
Net pension asset	174,236	-	174,236	147,548
Capital assets:				
Nondepreciable	520,503	10,692	531,195	250,573
Depreciable, net	1,636,669	3,219,368	4,856,037	4,579,119
Total assets	3,376,504	3,617,220	6,993,724	6,131,953
Deferred outflows of resources				
Deferred outflows from pension activity	18,836	1,889	20,725	14,188
Liabilities				
Accounts payable	7,227	12,655	19,882	47,547
Accrued interest payable	20,951	12,539	33,490	9,868
Customer deposits	-	17,152	17,152	17,438
Accrued compensated absences	3,572	594	4,166	5,169
Noncurrent liabilities:				
Due within one year	83,054	52,000	135,054	130,104
Due in more than one year	949,412	1,411,000	2,360,412	1,659,466
Net pension liability	24,971	2,504	27,475	23,106
Total liabilities	1,089,187	1,508,444	2,597,631	1,892,698
Deferred inflows of resources				
Deferred inflows from pension activity	15,681	1,573	17,254	14,675
Net position				
Net investment in capital assets	1,124,706	1,767,060	2,891,766	3,040,122
Restricted:				
Contributions	-	-	-	19,645
Debt service	233,796	-	233,796	141,613
Fire pension	174,236	-	174,236	147,548
Replacement reserves	-	26,928	26,928	11,928
Unrestricted	757,734	315,104	1,072,838	877,912
Total net position	$ 2,290,472	$ 2,109,092	$ 4,399,564	$ 4,238,768

See Notes to the Financial Statements.

City of Wykoff, Minnesota

Statement of Activities
Year Ended December 31, 2025
With Comparative Totals for December 31, 2024

		Program Revenues		
Functions/programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	$ 152,867	$ 43,120	$ 4,178	$ -
Public safety	141,457	5,163	65,122	45,000
Public works	166,298	-	8,619	116,444
Sanitation	33,828	-	-	-
Parks, museum and recreation	53,114	17,817	3,575	36,900
Economic development	3,088	2,231	182	-
Interest on long-term debt	28,542	-	-	-
Total governmental activities	579,194	68,331	81,676	198,344
Business-type activities:				
Water	107,935	108,433	-	4,386
Sewer	231,579	203,821	-	7,483
Storm sewer	251	5,602	-	-
Total business-type activities	339,765	317,856	-	11,869
Total	$ 918,959	$ 386,187	$ 81,676	$ 210,213

General revenues:
General property taxes
Grants and contributions not restricted to specific programs:
Local government aid
Interest earnings
Miscellaneous
Total general revenues

Change in net position

Net position - beginning

Net position - ending

See Notes to the Financial Statements.

Net (Expense) Revenue and Changes in Net Position			
Governmental Activities	Business-Type Activities	Totals 2025	Totals 2024
$ (105,569)	$ -	$ (105,569)	$ (145,841)
(26,172)	-	(26,172)	8,626
(41,235)	-	(41,235)	(111,271)
(33,828)	-	(33,828)	(3,341)
5,178	-	5,178	36,922
(675)	-	(675)	(10,667)
(28,542)	-	(28,542)	(17,955)
(230,843)	-	(230,843)	(243,527)
-	4,884	4,884	30,388
-	(20,275)	(20,275)	(51,710)
-	5,351	5,351	5,439
-	(10,040)	(10,040)	(15,883)
(230,843)	(10,040)	(240,883)	(259,410)
240,043	-	240,043	216,578
148,621	-	148,621	148,506
7,939	3,120	11,059	3,894
1,781	175	1,956	18,322
398,384	3,295	401,679	387,300
167,541	(6,745)	160,796	127,890
2,122,931	2,115,837	4,238,768	4,110,878
$ 2,290,472	$ 2,109,092	$ 4,399,564	$ 4,238,768

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City of Wykoff, Minnesota

Fund Financial Statements

December 31, 2025

City of Wykoff, Minnesota

Balance Sheet
Government Funds
December 31, 2025
With Comparative Totals for December 31, 2024

	101 General	230 First Responders	240 Rural Fire	250 Revolving Loan	260 Historical
		Special Revenue Funds			
Assets					
Cash and cash equivalents	$ 353,899	$ -	$ 30,259	$ 9,202	$ 3,426
Accounts receivable	3,946	-	-	-	-
Loans receivable	-	-	-	52,815	-
Taxes receivable, delinquent	8,492	63	-	-	-
Special assessments receivable:					
Delinquent	-	-	-	-	-
Deferred	-	-	-	-	-
Due from other funds	9,141	-	-	-	-
Due from other governmental units	2,643	7	-	-	-
Total assets	$ 378,121	$ 70	$ 30,259	$ 62,017	$ 3,426
Liabilities, Deferred Inflows of Resources and Fund Balance					
Liabilities					
Accounts payable	$ 6,135	$ 70	$ 918	$ -	$ 86
Due to other funds	-	9,141	-	-	-
Total liabilities	6,135	9,211	918	-	86
Deferred inflows of resources					
Unavailable revenue					
Property taxes	8,492	63	-	-	-
Special assessments	-	-	-	-	-
Loans receivable	-	-	-	52,815	-
Total deferred inflows of resources	8,492	63	-	52,815	-
Fund balance					
Restricted					
Contributions (ballpark)	-	-	-	-	-
Debt service	-	-	-	-	-
Committed					
By Council action	-	-	29,341	9,202	-
Assigned	-	-	-	-	3,340
Unassigned	363,494	(9,204)	-	-	-
Total fund balance	363,494	(9,204)	29,341	9,202	3,340
Total liabilities, deferred inflows of resources and fund balance	$ 378,121	$ 70	$ 30,259	$ 62,017	$ 3,426

See Notes to the Financial Statements.

Capital Project Funds		Debt Service Funds				
406 Capital Improvement	408 2025 Street Project	305 2018A Improvement Bond	307 2020A Improvement Bond	308 2025A Bond	Total Governmental Funds 2025	Total Governmental Funds 2024
$ 243,686	$ 81,911	$ 50,016	$ 53,050	$ 19,343	$ 844,792	$ 700,938
-	-	-	-	-	3,946	-
-	-	-	-	-	52,815	34,119
-	-	1,267	1,756	-	11,578	9,213
-	-	-	-	-	-	686
-	-	13,120	20,556	94,302	127,978	38,457
-	-	-	-	-	9,141	22,210
-	-	377	960	-	3,987	36,826
$ 243,686	$ 81,911	$ 64,780	$ 76,322	$ 113,645	$ 1,054,237	$ 842,449
$ -	$ 18	$ -	$ -	$ -	$ 7,227	$ 36,359
-	-	-	-	-	9,141	22,210
-	18	-	-	-	16,368	58,569
-	-	1,267	1,756	-	11,578	9,213
-	-	13,120	20,556	94,302	127,978	39,143
-	-	-	-	-	52,815	34,119
-	-	14,387	22,312	94,302	192,371	82,475
-	-	-	-	-	-	19,645
-	-	50,393	54,010	19,343	123,746	109,576
243,499	-	-	-	-	282,042	258,653
187	81,893	-	-	-	85,420	-
-	-	-	-	-	354,290	313,531
243,686	81,893	50,393	54,010	19,343	845,498	701,405
$ 243,686	$ 81,911	$ 64,780	$ 76,322	$ 113,645	$ 1,054,237	$ 842,449

City of Wykoff, Minnesota

Statement of Revenues, Expenditures, and Changes in Fund Balances Government Funds Year Ended December 31, 2025 With Comparative Totals for December 31, 2024

		Special Revenue Funds			
	101 General	230 First Responders	240 Rural Fire	250 Revolving Loan	260 Historical
Revenues					
Property taxes	$ 177,724	$ 37	$ -	$ -	$ -
Special assessments	2,466	-	-	-	-
Licenses and permits	2,442	-	-	-	-
Intergovernmental revenues	177,701	5,534	30,588	-	-
Charges for services	40,678	-	3,150	-	17,817
Fines and forfeits	63	-	-	-	-
Interest income	3,364	-	251	1,810	-
Miscellaneous revenues	19,300	1,531	3,702	6,486	39,621
Total revenues	423,738	7,102	37,691	8,296	57,438
Expenditures					
Current					
General government	129,664	-	-	-	-
Public safety	75,614	17,747	20,650	-	-
Public works	48,998	-	-	-	-
Sanitation	33,828	-	-	-	-
Parks, museum and recreation	24,335	-	-	-	22,615
Economic development	1,768	-	-	25,006	-
Capital outlay	59,770	-	5,721	-	28,621
Debt service	25,000	-	-	-	-
Total expenditures	398,977	17,747	26,371	25,006	51,236
Excess (deficiency) of revenues over (under) expenditures	24,761	(10,645)	11,320	(16,710)	6,202
Other financing sources (uses)					
Issuance of long-term debt	-	-	-	-	-
Transfers in	-	-	-	16,000	-
Transfers out	(16,000)	-	-	-	-
Total other financing sources (uses)	(16,000)	-	-	16,000	-
Net change in fund balance	8,761	(10,645)	11,320	(710)	6,202
Fund balances, beginning	354,733	1,441	18,021	9,912	(2,862)
Fund balances, ending	$ 363,494	$ (9,204)	$ 29,341	$ 9,202	$ 3,340

See Notes to the Financial Statements.

Capita Project Funds		Debt Service Funds				
		305	307			
406	408	2018A	2020A	308		
Capital	2025 Street	Improvement	Improvement	2025A	Total Governmental Funds	
Improvement	Project	Bond	Bond	Bond	2025	2024
$ -	$ -	$ 24,879	$ 35,038	$ -	$ 237,678	$ 217,890
-	-	2,525	3,427	19,191	27,609	19,713
-	-	-	-	-	2,442	3,612
-	-	-	-	-	213,823	214,991
-	-	-	-	-	61,645	27,032
-	-	-	-	-	63	150
1,937	187	115	123	152	7,939	3,038
40,000	-	-	-	-	110,640	138,511
41,937	187	27,519	38,588	19,343	661,839	624,937
-	-	-	-	-	129,664	140,297
-	-	-	-	-	114,011	109,600
-	-	-	-	-	48,998	29,974
-	-	-	-	-	33,828	3,341
-	-	-	-	-	46,950	42,623
-	-	-	-	-	26,774	12,051
27,530	326,599	-	-	-	448,241	301,136
-	-	29,815	41,465	-	96,280	97,884
27,530	326,599	29,815	41,465	-	944,746	736,906
14,407	(326,412)	(2,296)	(2,877)	19,343	(282,907)	(111,969)
-	427,000	-	-	-	427,000	111,570
-	-	-	-	-	16,000	14,296
-	-	-	-	-	(16,000)	(20,296)
-	427,000	-	-	-	427,000	105,570
14,407	100,588	(2,296)	(2,877)	19,343	144,093	(6,399)
229,279	(18,695)	52,689	56,887	-	701,405	707,804
$ 243,686	$ 81,893	$ 50,393	$ 54,010	$ 19,343	$ 845,498	$ 701,405

City of Wykoff, Minnesota

Reconciliation of Net Position in the Government-wide Financial Statements and Fund Balances in the Fund Basis Financial Statements December 31, 2025

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

Total governmental fund balances (page 20 and 21)		$ 845,498
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental funds - capital assets	$ 5,617,998	
Less: accumulated depreciation	(3,460,826)	
		2,157,172
Some receivables are not available soon enough to pay for current period expenditures and therefore are unavailable in the funds.		
Delinquent property taxes	$ 11,578	
Special assessments	127,978	
Loans receivable	52,815	
		192,371
Long-term liabilities, including bonds payable, net pension liability, net pension asset, accrued compensated absences, and accrued interest are not due and payable in the current period and therefore are not reported in the funds.		
Bonds payable	$ (1,032,466)	
Net pension liability	(21,816)	
Net pension asset	174,236	
Accrued compensated absences	(3,572)	
Accrued interest	(20,951)	
		(904,569)
Net position of governmental activities (page 15)		$ 2,290,472

See Notes to the Financial Statements.

City of Wykoff, Minnesota

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of the Government Funds to the Statement of Activities
Year Ended December 31, 2025

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

Net change in fund balances - total governmental funds (page 22 and 23)		$ 144,093
Governmental funds reported capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay	$ 415,422	
Depreciation expense	(169,058)	
		246,364
The net effect of various miscellaneous transactions involving capital assets (i.e.) sales, trade-ins, and donations) is to decrease net position.		(2,556)
Certain revenues in the statement of activities do not provide current financial resources and are not reported as revenues in the funds.		
Property taxes	$ 2,365	
Special assessments	88,835	
Loans receivable	18,696	
		109,896
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 deferred and 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 obligations bonds and related items is as follows.		
Change in accrued interest	$ (11,366)	
Issuance of long-term debt	(427,000)	
Principal retirement on long-term debt	79,104	
		(359,262)
In the statement of activities, certain operating expenses - compensated absences, net pension liability, and net pension asset - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).		
Change in accrued compensated absences	$ 1,271	
Change in net pension liability	1,047	
Change in net pension asset	26,688	
		29,006
Change in net position of governmental activities (pages 16 and 17)		$ 167,541

See Notes to the Financial Statements.

City of Wykoff, Minnesota

General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended December 31, 2025
With Comparative Totals for December 31, 2024

Revenues	Budgeted Amounts Original	Budgeted Amounts Final	2025 Actual Amounts	Variance with Final Budget - Positive (Negative)	2024 Actual Amounts
Local taxes					
General tax levy	$ 181,110	$ 181,110	$ 177,724	$ (3,386)	$ 153,945
Special assessments	-	-	2,466	2,466	689
Licenses and permits					
Business	1,324	1,324	1,300	(24)	1,300
Nonbusiness	1,200	1,200	1,142	(58)	2,312
Total licenses and permits	2,524	2,524	2,442	(82)	3,612
Intergovernmental revenues					
Local government aid	148,621	148,621	148,621	-	148,506
Fire relief aid	17,663	17,663	17,663	-	14,912
Other state aid	17,752	17,752	11,417	(6,335)	16,180
Total intergovernmental revenues	184,036	184,036	177,701	(6,335)	179,598
Charges for services					
Garbage collection charges	-	-	30,459	30,459	-
Community center rent	6,000	6,000	10,219	4,219	8,726
Total charges for services	6,000	6,000	40,678	34,678	8,726
Fines and forfeits					
Court fines	250	250	63	(187)	150
Interest income	1,800	1,800	3,364	1,564	1,051
Miscellaneous revenues					
Contributions	-	-	9,032	9,032	43,357
Refunds and reimbursements	4,200	4,200	5,297	1,097	3,816
Other	2,232	2,232	4,971	2,739	5,337
Total miscellaneous revenues	6,432	6,432	19,300	12,868	52,510
Total revenues	$ 382,152	$ 382,152	$ 423,738	$ 41,586	$ 400,281

See Notes to the Financial Statements.

City of Wykoff, Minnesota

General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended December 31, 2025
With Comparative Totals for December 31, 2024

	Budgeted Amounts Original	Budgeted Amounts Final	2025 Actual Amounts	Variance with Final Budget - Positive (Negative)	2024 Actual Amounts
Expenditures					
General government					
Mayor and council					
Salaries and benefits	$ 5,650	$ 5,650	$ 5,117	$ 533	$ 5,175
Dues	-	-	50	(50)	952
Miscellaneous	1,400	1,400	305	1,095	1,029
Total mayor and council	7,050	7,050	5,472	1,578	7,156
Elections and voter registration					
Salaries and benefits	-	-	-	-	5,331
General supplies	-	-	-	-	645
Printing and publishing	-	-	-	-	114
Miscellaneous	-	-	-	-	139
Total elections and voter registration	-	-	-	-	6,229
City clerk					
Salaries and benefits	28,700	28,700	31,934	(3,234)	29,571
General supplies	1,500	1,500	2,626	(1,126)	1,422
Repair and maintenance	300	300	654	(354)	211
Utilities	2,500	2,500	2,223	277	2,244
Travel and education	-	-	769	(769)	30
Printing, publishing, and dues	1,150	1,150	897	253	157
Insurance	900	900	5,257	(4,357)	4,143
Capital outlay	-	-	-	-	1,205
Miscellaneous	7,650	7,650	2,712	4,938	3,918
Total city clerk	42,700	42,700	47,072	(4,372)	42,901
Professional services					
Legal and audit	26,750	26,750	18,173	8,577	16,540
Assessor	1,700	1,700	-	1,700	1,700
Other contracted services	2,500	2,500	2,285	215	2,282
Total professional services	30,950	30,950	20,458	10,492	20,522
Municipal buildings/city shed					
Salaries and benefits	3,545	3,545	8,920	(5,375)	5,764
General supplies	200	200	1,096	(896)	185
Repair and maintenance	600	600	1,088	(488)	5,340
Utilities	3,150	3,150	4,471	(1,321)	4,052
Insurance	5,100	5,100	3,312	1,788	1,864
Miscellaneous	-	-	4,458	(4,458)	5,146
Capital outlay	15,000	15,000	-	15,000	2,453
Total municipal buildings/city shed	$ 27,595	$ 27,595	$ 23,345	$ 4,250	$ 24,804

See Notes to the Financial Statements.

City of Wykoff, Minnesota

General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended December 31, 2025
With Comparative Totals for December 31, 2024

	Budgeted Amounts		2025	Variance with Final Budget -	2024
	Original	Final	Actual Amounts	Positive (Negative)	Actual Amounts
Expenditures					
General government (continued)					
Community center					
Salaries and benefits	$ 5,250	$ 5,250	$ 8,920	$ (3,670)	$ 6,815
General supplies	300	300	475	(175)	413
Repair and maintenance	1,500	1,500	7,007	(5,507)	15,370
Utilities	4,700	4,700	5,746	(1,046)	5,098
Insurance	6,000	6,000	3,538	2,462	5,851
Miscellaneous	1,020	1,020	2,901	(1,881)	965
Capital outlay	14,000	14,000	9,688	4,312	7,250
Total community center	32,770	32,770	38,275	(5,505)	41,762
City promotion					
Miscellaneous	3,000	3,000	4,730	(1,730)	7,831
Total city promotion	3,000	3,000	4,730	(1,730)	7,831
Total general government	144,065	144,065	139,352	4,713	151,205
Public safety					
Law enforcement					
Contractual services	22,934	22,934	22,933	1	22,265
Fire protection					
Salaries and benefits	7,240	7,240	11,970	(4,730)	11,506
City fire relief contribution	1,400	1,400	1,400	-	1,400
Fire relief aid	17,663	17,663	17,663	-	14,912
Motor fuel	750	750	361	389	752
Repair and maintenance	6,300	6,300	6,321	(21)	4,217
Professional services	950	950	2,697	(1,747)	1,594
Utilities	2,600	2,600	3,339	(739)	3,068
Insurance	2,500	2,500	3,140	(640)	2,095
Travel and education	2,000	2,000	4,817	(2,817)	2,864
Capital outlay	1,750	1,750	3,995	(2,245)	11,712
Miscellaneous	425	425	471	(46)	6,521
Total fire protection	43,578	43,578	56,174	(12,596)	60,641
Civil defense					
Professional services	-	-	238	(238)	228
Insurance	300	300	264	36	276
Capital outlay	30,000	30,000	10,312	19,688	15,312
Miscellaneous	-	-	-	-	513
Total civil defense	30,300	30,300	10,814	19,486	16,329
Total public safety	$ 96,812	$ 96,812	$ 89,921	$ 6,891	$ 99,235

See Notes to the Financial Statements.

City of Wykoff, Minnesota

General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended December 31, 2025
With Comparative Totals for December 31, 2024

Expenditures	Budgeted Amounts Original	Budgeted Amounts Final	2025 Actual Amounts	Variance with Final Budget - Positive (Negative)	2024 Actual Amounts
Sanitation					
Salaries and benefits	$ 1,195	$ 1,195	$ 1,332	$ (137)	$ 1,396
Contractual services	400	400	32,496	(32,096)	1,945
Total sanitation	1,595	1,595	33,828	(32,233)	3,341
Public works					
Streets and highways					
Salaries and benefits	25,230	25,230	18,562	6,668	11,913
Motor fuels	1,500	1,500	1,169	331	824
Repair and maintenance	8,000	8,000	19,147	(11,147)	7,887
Utilities	9,000	9,000	8,376	624	7,968
Insurance	1,200	1,200	1,354	(154)	1,103
Miscellaneous	200	200	390	(190)	279
Capital outlay	33,000	33,000	11,181	21,819	26,894
Total public works	78,130	78,130	60,179	17,951	56,868
Park and recreation					
Recreation					
General supplies	1,500	1,500	2,270	(770)	3,400
Capital outlay	-	-	17,777	(17,777)	2,200
Total recreation	1,500	1,500	20,047	(18,547)	5,600
Park					
Salaries and benefits	12,950	12,950	13,101	(151)	16,042
Motor fuel	1,100	1,100	985	115	1,110
Repair and maintenance	800	800	1,372	(572)	3,821
Insurance	500	500	398	102	487
Utilities	500	500	135	365	134
Tree removal	8,000	8,000	3,750	4,250	4,724
Capital outlay	-	-	6,817	(6,817)	24,115
Miscellaneous	11,200	11,200	2,324	8,876	1,102
Total park	35,050	35,050	28,882	6,168	51,535
Total park and recreation	36,550	36,550	48,929	(12,379)	57,135
Economic development					
Debt service	25,000	25,000	25,000	-	25,000
Capital outlay	-	-	-	-	111,570
Professional services	-	-	1,768	(1,768)	9,934
Total economic development	25,000	25,000	26,768	(1,768)	146,504
Total expenditures	382,152	382,152	398,977	(16,825)	514,288
Excess (deficiency) revenue Over (under) expenditures	-	-	24,761	24,761	(114,007)
Other financing sources (uses)					
Issuance of long-term debt	-	-	-	-	111,570
Transfers out	-	-	(16,000)	(16,000)	(20,296)
Total other financing sources (uses)	-	-	(16,000)	(16,000)	91,274
Net change in fund balance	-	-	8,761	8,761	(22,733)
Fund balance - beginning	354,733	354,733	354,733	-	377,466
Fund balance - end	$ 354,733	$ 354,733	$ 363,494	$ 8,761	$ 354,733

See Notes to the Financial Statements.

City of Wykoff, Minnesota

First Responders Fund
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended December 31, 2025
With Comparative Totals for December 31, 2024

Revenues	Budgeted Amounts Original	Budgeted Amounts Final	2025 Actual Amounts	Variance with Final Budget Positive (Negative)	2024 Actual Amounts
Property taxes	$ -	$ -	$ 37	$ 37	$ 148
Intergovernmental revenue					
First responders contracts	5,598	5,598	5,534	(64)	5,600
Miscellaneous revenues					
Contributions	-	-	1,075	1,075	125
Refunds and reimbursements	-	-	456	456	-
Total miscellaneous revenues	-	-	1,531	1,531	125
Total revenues	5,598	5,598	7,102	1,504	5,873
Expenditures					
Public safety					
Salaries and benefits	3,300	3,300	6,114	(2,814)	3,451
Insurance	350	350	329	21	328
General supplies	500	500	1,170	(670)	289
Repair and maintenance	1,700	1,700	674	1,026	1,124
Fuels and lubricants	-	-	223	(223)	76
Travel, schools, conferences	500	500	840	(340)	240
Communication	-	-	-	-	5,995
Professional services	2,120	2,120	8,318	(6,198)	8,746
Miscellaneous	-	-	79	(79)	39
Total expenditures	8,470	8,470	17,747	(9,277)	20,288
Net change in fund balance	(2,872)	(2,872)	(10,645)	(7,773)	(14,415)
Fund balance, beginning	1,441	1,441	1,441	-	15,856
Fund balance, ending	$ (1,431)	$ (1,431)	$ (9,204)	$ (7,773)	$ 1,441

See Notes to the Financial Statements.

City of Wykoff, Minnesota

Rural Fire Fund
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended December 31, 2025
With Comparative Totals for December 31, 2024

Revenues	Budgeted Amounts Original	Budgeted Amounts Final	2025 Actual Amounts	Variance with Final Budget Positive (Negative)	2024 Actual Amounts
Charges for services					
Fire calls	$ 1,000	$ 1,000	$ 3,150	$ 2,150	$ 2,000
Intergovernmental revenue					
Fire contracts	27,393	27,393	29,163	1,770	27,393
Other state aid			1,425	1,425	2,400
Total intergovernmental revenue	27,393	27,393	30,588	3,195	29,793
Interest income	-	-	251	251	7
Miscellaneous revenues	-	-	3,702	3,702	1,883
Total revenues	28,393	28,393	37,691	9,298	33,683
Expenditures					
Public safety					
Salaries and benefits	3,150	3,150	1,818	1,332	1,910
City fire relief aid	1,400	1,400	1,400	-	1,400
Insurance	2,700	2,700	3,140	(440)	3,750
Communication	500	500	-	500	2,703
Repair and maintenance	1,500	1,500	2,546	(1,046)	1,332
Utilities	2,600	2,600	2,008	592	1,433
Fuels and lubricants	750	750	361	389	529
Travel, schools, conferences	2,500	2,500	5,417	(2,917)	1,450
Professional services	990	990	3,699	(2,709)	2,404
Miscellaneous	650	650	261	389	190
Capital outlay	4,500	4,500	5,721	(1,221)	6,848
Total expenditures	21,240	21,240	26,371	(5,131)	23,949
Net change in fund balance	7,153	7,153	11,320	4,167	9,734
Fund balance, beginning	18,021	18,021	18,021	-	8,287
Fund balance, ending	$ 25,174	$ 25,174	$ 29,341	$ 4,167	$ 18,021

See Notes to the Financial Statements.

City of Wykoff, Minnesota

Proprietary Funds
Statement of Net Position
December 31, 2025
With Comparative Totals for December 31, 2024

	Enterprise Funds				
	Water Fund	Sewer Fund	Storm Sewer Fund	Totals 2025	Totals 2024
Assets and deferred outflows of resources					
Current assets					
Cash and cash equivalents	$ 174,537	$ 129,182	$ 20,562	$ 324,281	$ 295,051
Restricted cash and cash equivalents	-	26,928	-	26,928	11,928
Accounts receivable	7,166	18,160	468	25,794	27,495
Due from other governments	3,847	6,310	-	10,157	-
Total current assets	185,550	180,580	21,030	387,160	334,474
Capital assets					
Construction in progress	4,050	6,642	-	10,692	-
Building	16,426	2,876,387	-	2,892,813	2,894,263
Improvements	1,758,004	167,263	-	1,925,267	1,539,935
Machinery and equipment	68,588	103,667	-	172,255	155,255
Total	1,847,068	3,153,959	-	5,001,027	4,589,453
Less: accumulated depreciation	814,512	956,455	-	1,770,967	1,673,125
Capital assets, net	1,032,556	2,197,504	-	3,230,060	2,916,328
Deferred outflows of resources					
Deferred outflows from pension activity	1,483	406	-	1,889	530
Total assets and deferred outflows of resources	$ 1,219,589	$ 2,378,490	$ 21,030	$ 3,619,109	$ 3,251,332
Liabilities, deferred inflows of resources and net position					
Current liabilities					
Accounts payable	$ 2,517	$ 10,138	$ -	$ 12,655	$ 11,188
Accrued interest payable	12,539	-	-	12,539	283
Accrued compensated absences	297	297	-	594	326
Customer deposits	17,152	-	-	17,152	17,438
Bonds payable - current	28,000	24,000	-	52,000	51,000
Total current liabilities	60,505	34,435	-	94,940	80,235
Long-term liabilities					
Net pension liability	1,966	538	-	2,504	802
Bonds payable - noncurrent	409,000	1,002,000	-	1,411,000	1,054,000
Total noncurrent liabilities	410,966	1,002,538	-	1,413,504	1,054,802
Deferred inflows of resources					
Deferred inflows from pension activity	1,235	338	-	1,573	458
Net position					
Net investment in capital assets	595,556	1,171,504	-	1,767,060	1,811,328
Restricted - replacement reserves	-	26,928	-	26,928	11,928
Unrestricted	151,327	142,747	21,030	315,104	292,581
Total net position	746,883	1,341,179	21,030	2,109,092	2,115,837
Total liabilities, deferred inflows of resources, and net position	$ 1,219,589	$ 2,378,490	$ 21,030	$ 3,619,109	$ 3,251,332

See Notes to the Financial Statements.

City of Wykoff, Minnesota

Proprietary Funds
Statement of Revenues, Expenses and Changes in Net Position
Year Ended December 31, 2025
With Comparative Totals for December 31, 2024

	Enterprise Funds				
	Water Fund	Sewer Fund	Storm Sewer Fund	Totals 2025	Totals 2024
Operating revenues					
Charges for services	$ 108,972	$ 204,994	$ 5,602	$ 319,568	$ 310,205
Operating expenses					
Salaries and benefits	15,682	9,883	-	25,565	19,144
Contractual services	18,346	56,948	-	75,294	79,228
Chemicals	362	17,475	-	17,837	29,873
General supplies	1,373	1,527	-	2,900	3,512
Repairs and maintenance	13,147	2,038	251	15,436	12,115
Utilities	5,389	25,836	-	31,225	32,541
Insurance	1,532	4,905	-	6,437	8,013
Depreciation	27,733	84,033	-	111,766	108,638
Miscellaneous	925	610	-	1,535	1,170
Total operating expenses	84,489	203,255	251	287,995	294,234
Operating income	24,483	1,739	5,351	31,573	15,971
Nonoperating revenues (expenses)					
Interest income	1,869	1,251	-	3,120	856
Bond interest and charges	(22,718)	(27,536)	-	(50,254)	(29,175)
Loss on disposal of assets	(728)	(788)	-	(1,516)	(2,679)
Miscellaneous	175	-	-	175	13,202
Total nonoperating revenues (expenses)	(21,402)	(27,073)	-	(48,475)	(17,796)
Income (loss) before capital contributions and transfers	3,081	(25,334)	5,351	(16,902)	(1,825)
Capital contributions	3,847	6,310	-	10,157	-
Transfers out		(15,000)	-	(15,000)	(10,000)
Transfers in	15,000	-	-	15,000	16,000
Change in net position	21,928	(34,024)	5,351	(6,745)	4,175
Net position, beginning	724,955	1,375,203	15,679	2,115,837	2,111,662
Net position, ending	$ 746,883	$ 1,341,179	$ 21,030	$ 2,109,092	$ 2,115,837

See Notes to the Financial Statements.

City of Wykoff, Minnesota

Proprietary Funds
Statement of Cash Flows
Year Ended December 31, 2025
With Comparative Totals for December 31, 2024

	Enterprise Funds				
	Water Fund	Sewer Fund	Storm Sewer Fund	Totals 2025	Totals 2024
Cash flows from operating activities					
Cash received from customers	$ 110,553	$ 205,118	$ 5,598	$ 321,269	$ 310,143
Cash paid to suppliers	(42,418)	(109,051)	(251)	(151,720)	(162,108)
Cash paid to employees	(12,967)	(8,635)	-	(21,602)	(18,219)
Net cash provided by operating activities	55,168	87,432	5,347	147,947	129,816
Cash flows from noncapital and related financing activities					
Cash received from other sources	175	-	-	175	13,202
Transfers in (out) from other funds	15,000	(15,000)	-	-	6,000
Net cash provided by (used in) noncapital and related financing activities	15,175	(15,000)	-	175	19,202
Cash flows from capital and related financing activities					
Issuance of debt	409,000	-	-	409,000	
Principal paid on bonds	(28,000)	(23,000)	-	(51,000)	(51,000)
Interest paid on bonds	(10,462)	(27,536)	-	(37,998)	(29,316)
Additions to capital assets	(411,872)	(15,142)	-	(427,014)	(80,870)
Net cash used in capital and related financing activities	(41,334)	(65,678)	-	(107,012)	(161,186)
Cash flows from investing activities					
Interest earnings	1,869	1,251	-	3,120	856
Net increase (decrease) in cash and cash equivalents	30,878	8,005	5,347	44,230	(11,312)
Cash and cash equivalents, beginning of year	143,659	148,105	15,215	306,979	318,291
Cash and cash equivalents, end of year	$ 174,537	$ 156,110	$ 20,562	$ 351,209	$ 306,979
Classified as:					
Cash and cash equivalents	$ 174,537	$ 129,182	$ 20,562	$ 324,281	$ 295,051
Restricted cash and cash equivalents	-	26,928	-	26,928	11,928
Total cash and cash equivalents, end of year	$ 174,537	$ 156,110	$ 20,562	$ 351,209	$ 306,979

Reconciliation of Operating Income to Net Cash
Provided By Operating Activities

	Enterprise Funds				
	Water Fund	Sewer Fund	Storm Sewer Fund	Totals 2025	Totals 2024
Operating income	$ 24,483	$ 1,739	$ 5,351	$ 31,573	$ 15,971
Adjustments to reconcile operating income to net cash provided by operating activities					
Depreciation	27,733	84,033	-	111,766	108,638
Change in net pension liability	1,126	332	-	1,458	(218)
(Increase) decrease in:					
Accounts receivable	1,581	124	(4)	1,701	(62)
Increase (decrease) in:					
Accounts payable	397	1,070	-	1,467	6,147
Accrued compensated absences	134	134	-	268	(452)
Customer deposits	(286)	-	-	(286)	(208)
Net cash provided by operating activities	$ 55,168	$ 87,432	$ 5,347	$ 147,947	$ 129,816

See Notes to the Financial Statements.

City of Wykoff, Minnesota

Notes to the Financial Statements

December 31, 2025

Note 1 - Summary of significant accounting policies

The City of Wykoff, Minnesota's (City) financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the City are discussed below.

Reporting entity

In accordance with GASB Statement No. 14, the City's financial statements include the primary government and the component units of the City, defined as follows:

Primary Government - Includes all funds, account groups, organizations, institutions, agencies, departments, or offices which are not legally separate from the City.

Component Units - Component units are legally separate organizations for which the elected officials of the City are financially accountable or for which the nature or significance of their relationship with the City would cause the financial statements to be misleading or incomplete. Based on these criteria, there are no component units of the City.

Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the City. For the most part, the effect of interfund activity has been removed from these statements. *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 services.

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 segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

Measurement focus, basis of accounting, and financial statement presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

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

Unearned revenue is recorded when assets are recognized before revenue recognition criteria have been satisfied. Grants received before eligibility requirements other than time requirements are met are recorded as unearned revenue. Grants received before time requirements are met are recorded as a deferred inflow of resources.

The City reports the following major governmental funds:

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

The *First Responders fund* accounts for activities of the first responder service.

The *Rural Fire fund* accounts for the activities of the volunteer fire department.

The *Revolving Loan fund* accounts for the disbursement and collection of revolving loans.

The *Historical fund* accounts for the activities of the jailhouse and museum.

The *Capital Improvement fund* accounts for all major capital improvements of the City.

The *2025 Street Project fund* accounts for the construction related to the City's street project.

The *2018A Improvement Bond fund* accounts for the accumulation of resources for payment of the improvement bonds.

The *2020A Improvement Bond fund* accounts for the accumulation of resources for payment of the improvement bonds.

The *2025A Bond fund* accounts for the accumulation of resources for payment of the improvement bonds.

The City reports the following major proprietary funds:

The *Water fund* accounts for the operation of the City owned water utility system.

The *Sewer fund* accounts for the operation of the City owned sewer utility system.

The *Storm Sewer fund* accounts for the operation of the City owned storm sewer system.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's enterprise funds 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.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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 City's 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 of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

Budgets and budgetary accounting
Formal budgetary accounting is employed as a management control for the general fund and all special revenue funds with the exception of the Revolving Loan Fund and Historical fund, which adopt project length budgets. Annual operating budgets are adopted each fiscal year by council action and may be amended by formal council action. Budgets are adopted on a basis consistent with generally accepted accounting principles. All budget appropriations lapse at the end of the fiscal year.

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

- The City Administrator submits a proposed operating budget to the City Council prior to the end of each year for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and means of financing them.

- Public hearings are conducted to obtain taxpayer comments.

- The budget is legally enacted through the passage of a budget resolution.

- Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds.

- The City's management may make transfer of appropriation with approval of the City Council.

- Changes to the budget at the departmental level must be by formal action of the City Council. Generally, all budget amendments result in the utilization of contingency appropriations and do not alter the total expenditure budget of the City. Monitoring of budgets is maintained by the City Administrator. However, expenditures in excess of the departmental budget require council approval. All budgeted appropriations lapse at the end of the fiscal year. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is at the department level.

Assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position

Cash and cash equivalents
Except where otherwise required, the City maintains all deposits in accounts in the name of the City. The deposits are invested on a short-term basis with interest income allocated to each fund based upon their relative account balance. The balances shown in each fund represents an equity interest in the commingled pool of cash and cash equivalents which is under the management of the City.

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

Advances between funds, as reported in the fund financial statements, are offset by a fund balance restricted account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Property taxes

Property tax levies are set by the City Council in October of each year and are certified to the County for collection in the following year. In Minnesota, counties act as collection agents for all property taxes. The County spreads all levies over taxable property. Such taxes become a lien on January 1, following, and are recorded as receivables by the City at that date. Revenues for property taxes are accrued and recognized in the year collectible, net of delinquencies.

Real property taxes may be paid by taxpayers in two equal installments on May 15 and October 15. Personal property taxes may be paid on February 28 and June 30. The County provides tax settlements to cities and other taxing districts normally during the months of July and December.

Taxes which remain unpaid at December 31 are classified as delinquent taxes receivable. The amount of delinquent taxes receivable are fully offset by deferred inflow of resources in the governmental fund types because they are not known to be available to finance current expenditures.

Special assessments

Assessments are levied at various times upon City Council resolution for property owner improvements made by the City. Assessment collections are deferred over periods ranging from ten to fifteen years with interest charges ranging from 3.25% to 6.25%. Revenue from these assessments is recognized as the annual installments become collectible. Annual installments not collected as of each December 31 are classified as delinquent assessments receivable. The amount of delinquent assessments receivable are fully offset by deferred inflow of resources in the Governmental Fund Types because they are not known to be available to finance current expenditures.

Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than $5,000. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

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. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment are capitalized when acquired, and depreciation is provided using the straight-line method applied over the following estimated useful lives of the assets.

	Useful Life in Years
Buildings	10 - 40
Improvements	5 - 40
Machinery and Equipment	2 - 20

GASB Statement No. 34 requires the City to report and depreciate new infrastructure assets effective January 1, 2004. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), etc. These financial statements do not include the historical cost or related depreciation of infrastructure constructed prior to 2004.

Concentration of credit risk

Financial instruments which expose the City to a concentration of credit risk consist primarily of cash investments and accounts and loans receivable. The City's accounts and loans receivable are concentrated geographically, as for the most part, amounts are due from individuals residing in and businesses located in the City.

Net position / fund balance

In the government-wide and proprietary fund financial statements, net position is classified in the following categories:

Net investment in capital assets - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt attributed to the acquisition, construction, or improvement of the assets.

Restricted net position - This amount is restricted by external creditors, grantors, contributors, laws, or regulations of other governments.

Unrestricted net position - This amount includes all net position that does not meet the definition of “net investment in capital assets” or “restricted net position.”

In accordance with Governmental Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the City classifies governmental fund balances as follows:

Non-spendable - This includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual restraints.

Restricted - This amount is restricted by external creditors, grantors, contributors, laws, or regulations of other governments.

Committed - This includes fund balance amounts that are constrained for specific purposes that are internally imposed by the City Council through formal action and remain binding unless removed by the City Council by subsequent formal action.

Assigned - This includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. The City Council, by majority vote, may assign fund balances to be used for specific purposes when appropriate. The council also delegates the power to assign fund balances to the following: clerk-treasurer.

Unassigned - This includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

When expenditures are made, the City uses restricted/committed amounts first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring for dollar spending. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

Compensated absences
The City recognizes a liability for employee's compensated absences if the leave is attributable to services already rendered, if the leave accumulates, and if it is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Qualified employees accrue vacation at varying rates, which portions may be carried over to future years.

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 statements of net position.

Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the year of issuance.

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.

Pensions
For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred outflows of resources
In addition to assets, the financial statements 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 that time. The City has one type of deferred outflow which is pension related and reported on the statement of net position.

Deferred inflows of resources

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City recognized two types of deferred inflows. The first type occurs because governmental fund revenues are not recognized until available under the modified accrual basis of accounting. The second type is pension related and reported on the statement of net position.

Reclassifications

Certain amounts in the 2024 financial statements have been reclassified to conform to the 2025 presentation.

Note 2 - Cash and cash equivalents

Summary of cash and cash equivalents

As of December 31, 2025, the City's cash and cash equivalents consisted of the following items, all of which are held in an internal investment pool:

Cash on hand	$	100
Deposits		1,195,901
Total cash and cash equivalents	$	1,196,001

Cash and cash equivalents - statement of net position	$	1,169,073
Restricted cash and cash equivalents - statement of net position		26,928
Total cash and cash equivalents	$	1,196,001

Investments authorized by Minnesota statues

The City is authorized by Minnesota Statutes to invest idle funds as follows:

1. Direct obligations or obligations guaranteed by the United States or its agencies.
2. Shares of investment companies registered under the Federal Investment Company Act of 1940 and whose only investments are in securities described in (1.) above.
3. General obligations of the State of Minnesota or its municipalities.
4. Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.
5. Commercial paper issued by United States corporations or their Canadian subsidiaries, of the highest quality, and maturing in 270 days or less.
6. Repurchase agreements with banks that are members of the Federal Reserve System with capitalization exceeding $10,000,000, a reporting dealer to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.

7. Money market funds with institutions that have portfolios consisting exclusively of United States Treasury obligations and Federal Agency issues.

Custodial credit risk
Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's deposit policy for custodial credit risk follows Minnesota Statutes for deposits. The City's deposits are entirely covered by federal depository insurance or by collateral held by the City's custodial banks in the City's name.

Minnesota Statutes require that all City deposits be insured, secured by surety bonds, or collateralized. Except for notes secured by first mortgages of future maturity, the market value of collateral pledged by the custodial bank must equal 110% of the deposits not covered by insurance or surety bonds.

Authorized collateral includes certain state or local government obligations and legal investments. Minnesota Statutes also require that securities pledged as collateral be held in safekeeping by the Treasurer, or in a financial institution other than the institution furnishing the collateral. As of December 31, 2025, the City did not have deposits in excess of the FDIC insured amount of $250,000 at the City's banking institution.

Interest rate risk
Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk
The City has no investment policy that would further limit its investment choices.

Concentration of credit risk
The City places no limit on the amount the City may invest in any one issuer.

Fair value measurement
Fair value measurements are determined utilizing the framework established by the Governmental Accounting Standards Board. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the City has the ability to access.

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data. Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets

- Quoted prices for identical assets or liabilities in inactive markets

- Inputs other than quoted prices that are observable for the asset or liability

- Inputs that are derived principally from or corroborated by observable market data by correlation or other means

If the asset or liability has a specific (contractual) term, Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The City held no investments that were required to be recorded at fair value at December 31, 2025.

Note 3 - Due from other governmental units

Amounts due from other governmental units at December 31, 2025 are as follows:

Fund	Fillmore County	State of Minnesota	Total
General	$ 2,643	$ -	$ 2,643
First Responders	7	-	7
Debt Service	1,337	-	1,337
Water	-	3,847	3,847
Sewer	-	6,310	6,310
	$ 3,987	$ 10,157	$ 14,144

Note 4 - Capital assets

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets, not being depreciated:				
Land	$ 185,584	$ -	$ -	$ 185,584
Construction in progress	64,989	316,527	46,597	334,919
Total capital assets, not being depreciated	250,573	316,527	46,597	520,503
Capital assets, being depreciated:				
Buildings	469,859	-	10,384	459,475
Improvements	3,371,890	126,463	4,898	3,493,455
Machinery and equipment	1,223,721	19,029	98,185	1,144,565
Total capital assets, being depreciated	5,065,470	145,492	113,467	5,097,495
Less accumulated depreciation for:				
Buildings	357,896	12,553	7,827	362,622
Improvements	2,261,292	88,619	4,898	2,345,013
Machinery and equipment	783,491	67,886	98,186	753,191
Total accumulated depreciation	3,402,679	169,058	110,911	3,460,826
Total capital assets, being depreciated, net	1,662,791	(23,566)	2,556	1,636,669
Governmental activities capital assets, net	$ 1,913,364	$ 292,961	$ 49,153	$ 2,157,172

Governmental activities:	
General government	$ 18,674
Public safety	45,977
Public works	96,717
Parks, museum and recreation	7,690
Total depreciation expense - governmental activities	$ 169,058

	Beginning Balance	Increases	Decreases	Ending Balance
Business type activities				
Capital assets, not being depreciated:				
Construction in progress	$ -	$ 10,692	$ -	$ 10,692
Capital assets, being depreciated:				
Buildings	2,894,263	-	1,450	2,892,813
Improvements	1,539,935	399,322	13,990	1,925,267
Machinery and equipment	155,255	17,000	-	172,255
Total capital assets, being depreciated	4,589,453	416,322	15,440	4,990,335
Less accumulated depreciation for:				
Buildings	710,438	71,371	1,433	780,376
Improvements	934,834	24,658	10,364	949,128
Machinery and equipment	27,853	15,737	2,127	41,463
Total accumulated depreciation	1,673,125	111,766	13,924	1,770,967
Total capital assets, being depreciated, net	2,916,328	304,556	1,516	3,219,368
Business type activities capital assets, net	$ 2,916,328	$ 315,248	$ 1,516	$ 3,230,060

Business type activities:	
Water	$ 27,733
Sewer	84,033
Total depreciation expense - business type activities	$ 111,766

Note 5 - Long-term debt

The long-term debt obligations outstanding and related maturities and interest rates are summarized in the schedule of bonds payable.

General obligation improvement bonds:
The bonds are payable primarily from special assessments levied on the properties benefiting from the improvements and/or ad valorem tax levies. They are backed by the full faith and credit of the City.

General obligation revenue bonds:
The Drinking Water Revenue Bonds are payable primarily from the revenues generated through charges to customers for water service. They are recorded as liabilities in the Water Enterprise Fund and are backed by the full faith and credit of the City. The Sewer Revenue Bonds are payable primarily from the revenues generated through charges to customers for sewer service. They are recorded as liabilities in the Sewer Enterprise Fund and are backed by the full faith and credit of the City.

Contract for deed:
The contract for deed is related to purchase of land for $111,570 with 4.5% interest rate over four years.

A summary of interest rates, maturities and December 31, 2025 balances are as follows:

	Range of Interest Rates	Final Maturity	Balance December 31, 2025
Governmental Activities			
General Obligation Improvement Bond:			
2018A Improvement Note	3.90%	2/1/2029	$ 111,000
2020A Improvement Note	1.90%	2/1/2036	429,000
2025A Disposal System Bond	5.05%	2/1/2046	427,000
2024 Contract for Deed	4.50%	1/15/2028	65,466
Compensated Absences			3,572
Business-Type Activities			
General Obligation Revenue Bonds:			
2015A Sewer Revenue Bond	2.625%	1/1/2055	460,000
2015B Sewer Revenue Bond	2.625%	1/1/2055	566,000
2025A Water Revenue Bond	5.05%	2/1/2046	409,000
Notes Payable:			
2007 Drinking Water PFA Loan	1.40%	8/20/2026	28,000
Compensated Absences			594
Total Long Term Debt			$ 2,499,632

The following is a summary of the changes in long-term debt obligations for the year ended December 31, 2025.

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental activities					
General Obligation Improvement Bonds:					
2018A Improvement Note	$ 136,000	$ -	$ 25,000	$ 111,000	$ 27,000
2020A Improvement Note	462,000	-	33,000	429,000	34,000
2025A Disposal System Bond	-	427,000	-	427,000	-
Contract for Deed	86,570	-	21,104	65,466	22,054
Compensated Absences	4,843	-	1,271	3,572	3,572
Governmental Activities Long-term Liabilities	689,413	427,000	80,375	1,036,038	86,626
Business-type activities					
Bonds and Notes Payable:					
General Obligation Revenue Bonds:					
2015A Sewer Revenue Bond	470,000	-	10,000	460,000	11,000
2015B Sewer Revenue Bond	579,000	-	13,000	566,000	13,000
2025A Water Revenue Bond	-	409,000	-	409,000	-
Notes Payable:					
2007 Drinking Water PFA Loan	56,000	-	28,000	28,000	28,000
Compensated Absences	326	268	-	594	594
Business-type Activities Long-term Liabilities	1,105,326	409,268	51,000	1,463,594	52,594
Total	$ 1,794,739	$ 836,268	$ 131,375	$ 2,499,632	$ 139,220

Compensated absences are presented as the net change of increases and decreases to arrive at the presentation of the ending balance.

The annual requirements to amortize long-term debt obligations outstanding as of December 31, 2025, excluding accrued compensated absences over the life of the debt, are summarized below:

	General Obligation Improvement Bonds		General Obligation Utility Revenue Bonds		Contract for Deed		
Years	Principal	Interest	Principal	Interest	Principal	Interest	Total
Governmental Activities							
2026	$ 61,000	$ 37,024	$ -	$ -	$ 22,054	$ 2,946	$ 123,024
2027	75,000	31,155	-	-	23,046	1,954	131,155
2028	78,000	28,738	-	-	20,366	916	128,020
2029	80,000	26,224	-	-	-	-	106,224
2030	53,000	24,211	-	-	-	-	77,211
2031 - 2035	291,000	97,326	-	-	-	-	388,326
2036 - 2040	154,000	59,012	-	-	-	-	213,012
2041 - 2045	142,000	26,906	-	-	-	-	168,906
2046 - 2049	33,000	825	-	-	-	-	33,825
	$ 967,000	$ 331,421	$ -	$ -	$ 65,466	$ 5,816	$ 1,369,703
Business-Type Activities							
2026	$ -	$ -	$ 52,000	$ 51,655	$ -	$ -	$ 103,655
2027	-	-	37,000	46,655	-	-	83,655
2028	-	-	38,000	45,428	-	-	83,428
2029	-	-	40,000	44,021	-	-	84,021
2030	-	-	41,000	42,635	-	-	83,635
2031 - 2035	-	-	227,000	190,502	-	-	417,502
2036 - 2040	-	-	269,000	146,958	-	-	415,958
2041 - 2045	-	-	325,000	93,787	-	-	418,787
2046 - 2050	-	-	243,000	42,865	-	-	285,865
2051 - 2054	-	-	191,000	12,690	-	-	203,690
	$ -	$ -	$ 1,463,000	$ 717,196	$ -	$ -	$ 2,180,196

Note 6 - Individual fund disclosures

The amounts due to and due from other funds as of December 31, 2025 are as follows:

Funds	Due To Other Funds	Due From Other Funds
General	$ -	$ 9,141
First Responders	9,141	-
Total	$ 9,141	$ 9,141

Operating transfers, at the individual fund level, were as follows:

Funds	Transfers In	Transfers Out
General	$ -	$ 16,000
Revolving Loan	16,000	-
Water	15,000	-
Sewer	-	15,000
Total	$ 31,000	$ 31,000

The City generally utilizes interfund transfers and balances due to and due from balances to support EDA loan activities and to align operational resources between the Sewer and Water Funds.

Excess expenditures over budgeted appropriations at the individual fund level during 2025 are as follows:

General	$ 16,825
First Responders	9,277
Rural Fire	5,131

The following fund had a deficit fund balance at year-end:

First Responders	$ 9,204

Note 7 - Fund balance

The City uses restricted/committed amounts to be spent first when both restricted and unassigned fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring for dollar spending. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made. The following is a summary of committed fund balances as of December 31, 2025:

	Rural Fire	Revolving Loan	Capital Improvement
Equipment	$ 29,341	$ -	$ -
Economic development	-	9,202	-
Fire	-	-	243,499
Total	$ 29,341	$ 9,202	$ 243,499

The following is a summary of assigned fund balances as of December 31, 2025:

	Historical	Capital Improvement	2025 Street Project
Ed's museum and jail haus	$ 3,340	$ -	$ -
Street improvements	-	187	81,893
Total	$ 3,340	$ 187	$ 81,893

Note 8 - Commitments and contingencies

The City participates in various federal and state agency assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The City does not anticipate any audit adjustments or disallowed program expenditures that would be material in relation to the general-purpose financial statements taken as a whole.

Note 9 - Defined benefit pension plan - statewide

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). These plan provisions are established and administered according to Minnesota Statutes chapters 353, 353D, 353E, 353G, and 356. Minnesota Statutes chapter 356 defines each plan’s financial reporting requirements. PERA’s defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

General employees retirement plan (general plan)

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

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 requires three years of service to vest. Benefits are based on a member’s highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for General Plan members. Members hired prior to July 1, 1989, receive the higher of the Step or Level formulas. Only the Level formula is used for members hired after June 30, 1989. Under the Step formula, General Plan members receive 1.2% of the highest average salary for each of the first 10 years of service and 1.7% for each additional year. Under the Level formula, General Plan members receive 1.7% of highest average salary for all years of service.

For members hired prior to July 1, 1989 a full retirement benefit is available when age plus years of service equal 90 and normal retirement age is 65. Members can receive a reduced retirement benefit as early as age 55 if they have three or more years of service. Early retirement benefits are reduced by .25% for each month under age 65. Members with 30 or more years of service can retire at any age with a reduction of .25% for each month the member is younger than age 62. The Level formula allows General Plan members to receive a full retirement benefit at age 65 if they were first hired before July 1, 1989 or at age 66 if they were hired on or after July 1, 1989. Early retirement begins at age 55 with an actuarial reduction applied to the benefit.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. The 2025 annual increase was 1.25%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

Contributions

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

General Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2025 and the City was required to contribute 7.50% for General Plan members. The City’s contributions to the General Employees Fund for the year ended December 31, 2025, were $5,632. The City’s contributions were equal to the required contributions as set by state statute.

Pension costs

At December 31, 2025, the City reported a liability of $27,475 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 $663.

City's proportionate share of the net pension liability	$	27,475
State of Minnesota's proportionate share of the net pension liability associated with the City		663
Total	$	28,138

The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City’s proportion of the net pension liability was based on the City’s contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2024 through June 30, 2025, relative to the total employer contributions received from all of PERA’s participating employers. The City’s proportionate share was 0.0008% at the end of the measurement period and 0.0006% for the beginning of the period.

For the year ended December 31, 2025, the City recognized pension expense of $411 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized an additional $133 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.

At December 31, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 2,618	$ -
Changes in actuarial assumptions	661	6,321
Net difference between projected and actual earnings on pension plan investments	-	10,933
Changes in proportion	14,358	-
Employer contributions subsequent to the measurement date	3,088	-
Total	$ 20,725	$ 17,254

The $3,088 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2026. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending December 31:	Pension Expense Amount
2026	$ 3,064
2027	79
2028	(806)
2029	(1,954)

Aggregate pension expense

The total pension expense for all plans recognized by the City for the year ended December 31, 2025 is as follows:

General Employee Fund	$ 544
Fire Relief Pension	(26,688)
Total	$ (26,144)

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:

Cash on hand	$	100
Deposits		1,195,901
Total cash and cash equivalents	$	1,196,001

Actuarial methods and assumptions

The total pension liability for each cost-sharing defined benefit plans was determined by an actuarial valuation as of June 30, 2025, using the entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used to determine the total liability is 7.0%. The 7% assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates considered reasonable by the actuary. An investment return of 7.0% is within that range.

- Inflation is assumed to be 2.25% for the General Employees Plan.
- Benefit increases after retirement are assumed to be 1.5% for the General Employees Plan.

Salary growth assumptions in the General Employees Plan range in annual increments from 11.5% after one year of service to 3.0% after 27 years of service.

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

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

The following changes in actuarial assumptions and plan provisions occurred in 2025:

Changes in actuarial assumptions:

- The combined service annuity loading factors increased from 15% to 19% for vested terminated members and from 3% to 44% for non-vested, terminated members.
- The assumed post-retirement benefit increase changed from 1.25% to 1.5%.

Changes in plan provisions:

- The post-retirement benefit increase formula changed to 100% of the Social Security annual increase, between 1% and 1.75%, beginning January 1, 2026. If the funded ratio (on a market value of assets basis) is less than 85% for the last two consecutive annual valuations or is less than 80% in the most recent actuarial valuation, the maximum is reduced to 1.5%. Previously, the benefit increase was 50% of the Social Security annual increase, between 1% and 1.5%.
- The 1% additional employer contribution is eliminated when the plan reaches 98% funded status (on an actuarial value of assets basis); this contribution was previously scheduled to stop when the plan reached 100% funded status.

Discount rate
The discount rate used to measure the total pension liability in 2025 was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at the rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund was projected to be available to make all projected future benefit payments of current plan members. 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.

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

Sensitivity Analysis
Net Pension Liability at Different Discount Rates

	General Employees Fund	
1% Lower	6.00%	$ 66,733
Current Discount Rate	7.00%	27,475
1% Higher	8.00%	(4,372)

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

Note 10 - Defined benefit pension plan - volunteer fire relief association

The Wykoff Volunteer Fire Department Relief Association has not had an actuarial study performed. The Association believes the funding status determined using the calculation required by the Minnesota State Auditor is sufficient to determine the reportable amounts under GASB No. 68, *Accounting and Financial Reporting for Pensions.*

Plan description

The City contributes to the City of Wykoff Volunteer Fire Relief Association (Association), a single employer public employee retirement system that acts as a common investment and administrator for the City's firefighters.

Volunteer firefighters of the City are members of the Wykoff Volunteer Fire Department Relief Association. Association members are eligible to receive a lump sum pension benefit of $1,600 per person per year of service after reaching a minimum retirement age of 50 and at least 20 years of service with 20 years of membership in the association. Association members are eligible to receive partial pension benefits for service of 10 to 20 years with 10 years of membership in the association. Partial vesting begins at 60% in the tenth year and increases 4% per year of additional service until fully vested. These benefit provisions are consistent with enabling State statutes. Volunteers of the department are not required to contribute to the relief association. The City levies property taxes at the direction of and for the benefit of the fire relief association and passes through state aids allocated to the plan, all in accordance with enabling state statutes. During 2025, at the Association direction, the City did not levy any property taxes to be paid to the Association.

Related party investments

During 2025 and as of December 31, 2025, the Association held no securities issued by the City.

Funding status and progress

At December 31, 2025, the Association funding status is as follows:

Net position available for benefits	$	427,669
Total accrued pension liability		(253,433)
Net position in excess of accrued pension liability	$	174,236

Contributions required and contributions made

Financial requirements of the Association are determined on a computation based on member years of service. The City's minimum obligation is the financial requirement for the year less Association investment earnings and State aids. The funding strategy should provide sufficient resources to pay relief association benefits on a timely basis. The City was not obligated to make a contribution in 2025, but did make a voluntary contribution of $1,400.

The computation of the pension contribution requirements for 2025 was based on the same assumptions, benefit provision, lump sum funding method, and other significant factors used to determine pension contributions requirements in previous years.

Ten-year historical trend information

Ten-year historical trend information related to the pension plan is unavailable.

Note 11 - Risk management

The City is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries insurance for liability, property, employee health and automotive insurance through the League of Minnesota Cities Insurance Trust (LMCIT).

Settled claims resulting from these risks have not exceeded the insurance coverage in any of the past three years. There were no reductions in insurance coverage in 2025. Coverage amounts on these insurance policies are as follows:

Employee Theft:

All employees	$ 250,000

The City participates in a group workers' compensation plan of the LMCIT, which is a public entity risk pool currently operating as a common risk management and insurance program for member Minnesota Cities. All cities participating in the plan are jointly and severally liable for all claims and expenses of the plan. The LMCIT workers' compensation plan is self-sustaining based on the premiums charged, so that total contributions plus compounded earnings on those contributions will be sufficient to satisfy claims liabilities and other expenses of the plan. The LMCIT plan participates in the Workers' Compensation Reinsurance Association with coverage of $100,000 per claim for plan year 2025. The amount of any liability in excess of plan assets may be assessed to participating Cities in method and amount determined by the LMCIT.

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City of Wykoff, Minnesota

Required Supplementary Information

December 31, 2025

City of Wykoff, Minnesota

Schedule of City Pension Contributions
PERA General Employees Retirement Fund
Last 10 Years (Presented Prospectively)

Year Ended December 31	Statutorily Required Contribution (a)	Contributions in Relation to Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (d)	Contributions as a Percentage of Covered Payroll (b/d)
2016	$ 6,874	$ 6,874	$ -	$ 91,653	7.50%
2017	4,682	4,682	-	62,427	7.50%
2018	2,788	2,788	-	37,173	7.50%
2019	2,319	2,319	-	30,920	7.50%
2020	2,804	2,804	-	37,387	7.50%
2021	2,424	2,424	-	32,320	7.50%
2022	2,357	2,357	-	31,427	7.50%
2023	2,857	2,857	-	38,093	7.50%
2024	3,967	3,967	-	52,893	7.50%
2025	5,632	5,632	-	75,093	7.50%

Schedule of City and Non-Employer Proportionate Share of Net Pension Liability
PERA General Employees Retirement Fund
Last 10 Years (Presented Prospectively)

Fiscal Year Ended June 30	Employer's Proportionate Share (Percentage) of Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with the City (b)	Employer's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with the City (a+b)	Covered Payroll (c)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll a/c	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2016	0.0015%	$ 121,793	$ 1,570	$ 123,363	$ 90,453	134.6%	68.90%
2017	0.0010%	63,839	778	64,617	77,040	82.9%	75.90%
2018	0.0006%	33,286	1,057	34,343	49,800	66.8%	79.53%
2019	0.0004%	22,115	833	22,948	34,047	65.0%	80.23%
2020	0.0005%	29,977	897	30,874	34,153	87.8%	79.06%
2021	0.0004%	17,082	633	17,715	34,853	49.0%	87.00%
2022	0.0004%	31,680	902	32,582	31,873	99.4%	76.67%
2023	0.0005%	27,959	750	28,709	34,760	80.4%	83.10%
2024	0.0006%	23,106	597	23,703	45,493	50.8%	89.08%
2025	0.0008%	27,475	663	28,138	63,993	42.9%	90.78%

Note 1 - Notes to schedule of changes in net pension liabilities and related ratios

General employees fund

2025 changes

Changes in actuarial assumptions:

- The combined service annuity loading factors increased from 15% to 19% for vested terminated members and from 3% to 44% for non-vested, terminated members.

- The assumed post-retirement benefit increase changed from 1.25% to 1.5%.

Changes in plan provisions:

- The post-retirement benefit increase formula changed to 100% of the Social Security annual increase, between 1% and 1.75%, beginning January 1, 2026. If the funded ratio (on a market value of assets basis) is less than 85% for the last two consecutive annual valuations or is less than 80% in the most recent actuarial valuation, the maximum is reduced to 1.5%. Previously, the benefit increase was 50% of the Social Security annual increase, between 1% and 1.5%.

- The 1% additional employer contribution is eliminated when the plan reaches 98% funded status (on an actuarial value of assets basis); this contribution was previously scheduled to stop when the plan reached 100% funded status.

2024 changes

Changes in actuarial assumptions:

- Rates of merit and seniority were adjusted, resulting in slightly higher rates.

- Assumed rates of retirement were adjusted as follows: increase the rate of assumed unreduced retirements, slight adjustments to Rule of 90 retirement rates, and slight adjustments to early retirement rates for Tier 1 and Tier 2 members.

- Minor increase in assumed withdrawals for males and females. Lower rates of disability.

- Continued use of Pub-2010 general mortality table with slight rate adjustments as recommended in the most recent experience study.

- Minor changes to form of payment assumptions for male and female retirees. Minor changes to assumptions made with respect to missing participant data.

Changes in plan provisions:

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

2023 changes

Changes in actuarial assumptions:

- The investment return assumption and single discount rate were changed from 6.5% to 7.00%.

Changes in plan provisions:

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

2022 changes
Changes in actuarial assumptions:

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

Changes in plan provisions:

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

2021 changes
Changes in actuarial assumptions:

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

Changes in plan provisions:

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

2020 changes
Changes in actuarial assumptions:

- The price inflation assumption was decreased from 2.50% to 2.25%. The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.

- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.

- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.

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

- The assumed spouse age difference was changed from two years older for females to one year older.

- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in plan provisions:

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

2019 changes
Changes in actuarial assumptions:

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

Changs in plan provisions:

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

2018 changes
Changes in actuarial assumptions:

- The mortality projection scale was changed from MP-2015 to MP-2017.

- The assumed benefit increase was changed from 1.0% per year through 2044 and 2.5% per year thereafter to 1.25% per year.

Changs 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% to 3.0%, beginning July 1, 2018.

- Deferred augmentation was changed to 0.0%, 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% per year with a provision to increase to 2.5% upon attainment of 90% funding ratio to 50% of the Social Security Cost-of-Living Adjustment, not less than 1.0% and not more than 1.5%, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 changes
Changes in actuarial assumptions:

- The combined service annuity (CSA) loads were changed from 0.80% for active members and 60% for vested and non-vested deferred members. The revised CSA load are now 0% for active member liability, 15.0% for vested deferred member liability, and 3.0% for non-vested deferred member liability.
- The assumed annual increase rate was changed for 1.0% per year for all years to 1.0% per year through 2044 and 2.50% per year thereafter.

Changs 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 $21,000,000 to $31,000,000 in calendar years 2019 to 2031. The State's contribution changed from $16,000,000 to $6,000,000 in calendar years 2019 to 2031.

2016 changes
Changes in actuarial assumptions:

- The assumed annual increase rate was changed from 1% per year through 2035 and 2.50% per year thereafter to 1.0% per year for all years.
- The assumed investment return was changed from 7.90% to 7.50%. The single discount rate changed from 7.90% to 7.50%.
- Other assumptions were changed pursuant to the experience study June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

Changes in plan provisions:

- There have been no changes since the prior valuation.

City of Wykoff, Minnesota

Supplementary Information

December 31, 2025

City of Wykoff, Minnesota

Schedule of Bonded Indebtedness
As of December 31, 2025

2007 Drinking Water PFA Loan

Payment Year	Principal	Interest	Rate	Total
2026	$ 28,000	$ 392	1.400%	$ 28,392
	$ 28,000	$ 392		$ 28,392

General Obligation Sewer Revenue Bonds of 2015A

Payment Year	Principal	Interest	Rate	Total
2026	$ 11,000	$ 12,075	2.625%	$ 23,075
2027	11,000	11,786	2.625%	22,786
2028	11,000	11,529	2.625%	22,529
2029	12,000	11,209	2.625%	23,209
2030	12,000	10,894	2.625%	22,894
2031 - 2035	65,000	49,614	2.625%	114,614
2036 - 2040	73,000	40,653	2.625%	113,653
2041 - 2045	84,000	30,518	2.625%	114,518
2046 - 2050	95,000	18,883	2.625%	113,883
2051 - 2054	86,000	5,702	2.625%	91,702
	$ 460,000	$ 202,863		$ 662,863

City of Wykoff, Minnesota

Schedule of Bonded Indebtedness
As of December 31, 2025

General Obligation Sewer Revenue Bonds of 2015B

Payment Year	Principal	Interest	Rate	Total
2026	$ 13,000	$ 14,858	2.625%	$ 27,858
2027	14,000	14,516	2.625%	28,516
2028	14,000	14,188	2.625%	28,188
2029	14,000	13,781	2.625%	27,781
2030	15,000	13,414	2.625%	28,414
2031 - 2035	79,000	61,118	2.625%	140,118
2036 - 2040	91,000	50,139	2.625%	141,139
2041 - 2045	104,000	37,478	2.625%	141,478
2046 - 2050	117,000	23,191	2.625%	140,191
2051 - 2054	105,000	6,988	2.625%	111,988
	$ 566,000	$ 249,671		$ 815,671

General Obligation Improvement Note of 2018A

Payment Year	Principal	Interest	Rate	Total
2026	$ 27,000	$ 3,803	3.900%	$ 30,803
2027	27,000	2,749	3.900%	29,749
2028	28,000	1,677	3.900%	29,677
2029	29,000	566	3.900%	29,566
	$ 111,000	$ 8,795		$ 119,795

City of Wykoff, Minnesota

Schedule of Bonded Indebtedness
As of December 31, 2025

General Obligation Improvement Note of 2020A

Payment Year	Principal	Interest	Rate	Total
2026	$ 34,000	$ 7,828	1.900%	$ 41,828
2027	35,000	7,173	1.900%	42,173
2028	36,000	6,498	1.900%	42,498
2029	37,000	5,804	1.900%	42,804
2030	38,000	5,092	1.900%	43,092
2031 - 2035	205,000	14,108	1.900%	219,108
2036	44,000	418	1.900%	44,418
	$ 429,000	$ 46,921		$ 475,921

2024 Contract for Deed

Payment Year	Principal	Interest	Rate	Total
2026	$ 22,054	$ 2,946	4.500%	$ 25,000
2027	23,046	1,954	4.500%	25,000
2028	20,366	916	4.500%	21,282
	$ 65,466	$ 5,816		$ 71,282

City of Wykoff, Minnesota

Schedule of Bonded Indebtedness
As of December 31, 2025

General Obligation Water Revenue Bonds of 2025A

Payment Year	Principal	Interest	Rate	Total
2026	$ -	$ 24,330	5.050%	$ 24,330
2027	12,000	20,353	5.050%	32,353
2028	13,000	19,711	5.050%	32,711
2029	14,000	19,031	5.050%	33,031
2030	14,000	18,327	5.050%	32,327
2031 - 2035	83,000	79,770	5.050%	162,770
2036 - 2040	105,000	56,166	5.050%	161,166
2041 - 2045	137,000	25,791	5.050%	162,791
2046	31,000	791	5.050%	31,791
	$ 409,000	$ 264,270		$ 673,270

General Obligation Disposal System Bonds of 2025A

Payment Year	Principal	Interest	Rate	Total
2026	$ -	$ 25,393	5.050%	$ 25,393
2027	13,000	21,233	5.050%	34,233
2028	14,000	20,563	5.050%	34,563
2029	14,000	19,854	5.050%	33,854
2030	15,000	19,119	5.050%	34,119
2031 - 2035	86,000	83,218	5.050%	169,218
2036 - 2040	110,000	58,594	5.050%	168,594
2041 - 2045	142,000	26,906	5.050%	168,906
2046	33,000	825	5.050%	33,825
	$ 427,000	$ 275,705		$ 702,705

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City of Wykoff, Minnesota

Compliance and Internal Control Reports

December 31, 2025

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CohnReznick

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States *(Government Auditing Standards)*, the financial statements of the governmental activities, the business-type activities, and each major fund of the City of Wykoff, Minnesota, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the City of Wykoff, Minnesota's basic financial statements, and have issued our report thereon dated May 1, 2026.

Report on Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City of Wykoff, Minnesota's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as finding 2025-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

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

Minnesota Legal Compliance

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

City of Wykoff, Minnesota's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the City of Wykoff, Minnesota's response to the finding identified in our audit and described in the accompanying schedule of findings and responses. The City of Wykoff, Minnesota's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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

Rochester, Minnesota
May 1, 2026

City Of Wykoff, Minnesota

Schedule of Findings and Responses
Year Ended December 31, 2025

Finding - 2025-001

Annual Financial Reporting Under Generally Accepted Accounting Principles (GAAP) and Segregation Of Duties

Condition: A City of this size has an inherent limitation in its ability to effectively segregate its accounting duties and to prepare annual full disclosure financial statements in accordance with generally accepted accounting principles. It would not be practical for City to devote the resources required to overcome this limitation. The potential exists that a material disclosure could be omitted from the financial statements and not be prevented or detected by the City's internal controls.

Criteria: The City should have controls in place to prevent or detect the omission of a material disclosure in the annual financial statements. An important element of internal controls is an adequate segregation of duties that minimizes the opportunities for any one individual to be in a position to both perpetuate and conceal errors or irregularities in the normal course of business.

Context: Because of the limited size of the City's administrative staff, there is not an adequate segregation of duties. The City has informed us they will continue to rely upon the audit firm to prepare the financial statements and related footnote disclosures and will review and approve these prior to the issuance of the financial statements.

Effect or Potential Effect:

No effect on the financial statements.

Cause: There is a limited number of administrative staff. The City does not have the expertise to draft the notes to the financial statements; however, they have reviewed and approved the annual financial statements as prepared by the audit firm.

Recommendation: We recommend the City continue to segregate duties as best it can within the limits of what the City considers to be cost-beneficial and to evaluate their internal staff and expertise to determine if further controls over the annual financial reporting are beneficial.

Views of Responsible Officials and Planned Corrective Action: Management agrees with the recommendation. See corresponding Corrective Action Plan.

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CITY OF Wykoff

217 NORTH GOLD STREET ▪ P.O. BOX 218 ▪ WYKOFF, MN 55990-0218 ▪ 507-352-4011

CORRECTIVE ACTION PLAN (CAP):

The City respectfully submits the following corrective action plan for the year ended December 31, 2025.

The finding from the schedule of prior year findings and responses is discussed below. The finding is numbered consistently with the number assigned in the schedule.

RESPONSE: FINDING 2008-001

Explanation of Disagreement with Audit Finding:
There is no disagreement with the audit finding.

Actions Planned in Response to Finding:
The management and accounting personnel review the drafted financial statements and notes. The City does not have the expertise to ensure all disclosures required by GAAP are included in the financial statements. Accordingly, the City will rely upon the auditors for completeness of the disclosures. However, the management and accounting personnel will review the notes for accuracy prior to issuance of the statements. The City will continue to evaluate assignment of duties and implement segregation whenever it is practical.

Official Responsible for Ensuring CAP:
Rebecca Schmidt, City Administrator, is the official responsible for ensuring the planned responses.

Planned Completion Date for CAP:
Not applicable as the City is willing to accept this risk at this time and will continue to evaluate the recommendation.

Plan to Monitor Completion of CAP:
Ryan Breckenridge, Mayor, will ensure the review by the Clerk-Treasurer has been completed. He will do this through discussion with the Clerk-Treasurer and reviewing the draft of the financial statements.

CohnReznick