

# **ANNUAL FINANCIAL REPORT**

CITY OF HIBBING  
HIBBING, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2024

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City of Hibbing, Minnesota  
Annual Financial Report  
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For the Year Ended December 31, 2024

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INTRODUCTORY SECTION

CITY OF HIBBING  
HIBBING, MINNESOTA

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DECEMBER 31, 2024

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City of Hibbing, Minnesota  
Elected and Appointed Officials  
For the Year Ended December 31, 2024

**ELECTED**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Pete Hyduke	Mayor	12/31/26
James Bayliss	Council Member	12/31/26
Chris Whitney	Council Member	12/31/28
Jennifer Hoffman Saccoman	Council Member	12/31/28
Justin Fosso	Member-at-Large	12/31/26
John Schweiberger	Member-at-Large	12/31/28
Jay Hildenbrand	Council Member	12/31/26

**APPOINTED**

Greg Pruszinske	City Administrator
Sheena Mulner	Finance Director/Treasurer
Candie Seppala	City Clerk/Deputy Administrator
Andy Borland	City Attorney

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FINANCIAL SECTION

CITY OF HIBBING  
HIBBING, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2024

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## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council  
City of Hibbing, Minnesota

### Opinions

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

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

### Basis for Opinions

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

### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

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

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

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis starting on page 17 and the Schedules of Employer's Share of the Net Pension Liability, the Schedule of Changes in Net Pension Liability (Asset) and Related Ratios, the Schedule of Employer's Contributions, and the Schedule of Changes in the City's OPEB Liability and Related Ratios), and the Notes to the Required Supplementary Information, and the Notes to the Required Supplementary Information – Modified Approach for City Gravel Roads Infrastructure Capital Assets, as listed in the table of contents starting on page 98 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual fund financial statements and schedules and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects in relation to the basic financial statements as a whole.



### **Other Information**

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2025 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



**Abdo**  
Minneapolis, Minnesota  
June 26, 2025



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## **Management's Discussion and Analysis**

As management of the City of Hibbing, Minnesota, (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2024.

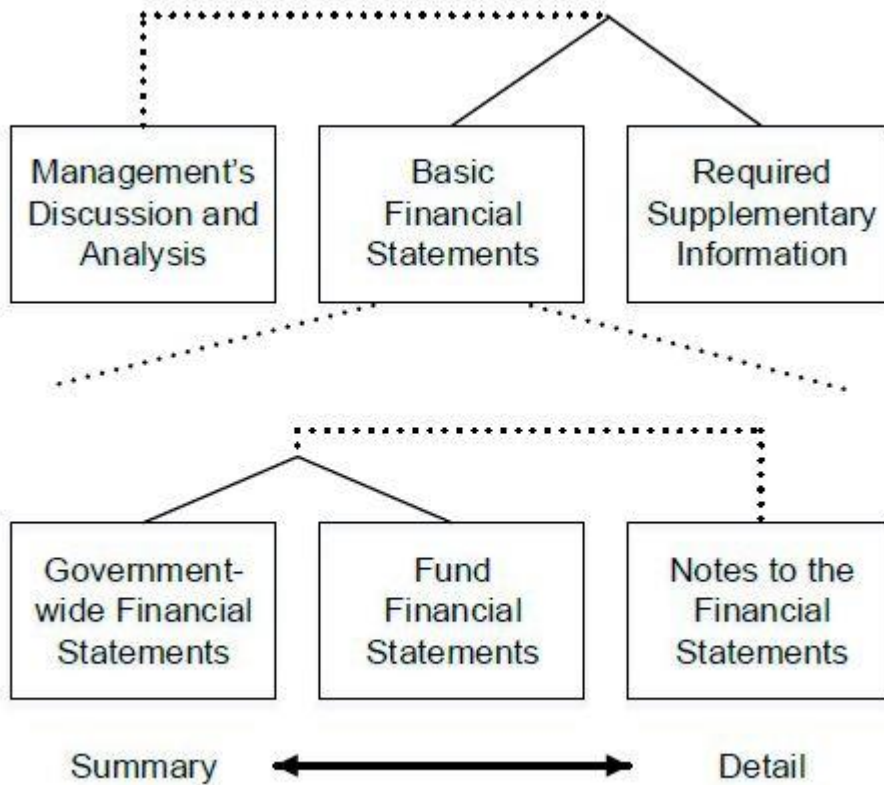
### **Financial Highlights**

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year (net position). Unrestricted net position may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased as shown in the summary of changes in net assets table on the following pages. The increase can be attributed primarily to the investment in capital assets and an increase in investment earnings.
- For the current fiscal year, the City's governmental funds fund balances are shown in the Financial Analysis of the City's Funds section of the MD&A. The total fund balance increased in comparison with prior year largely to intergovernmental revenues and investment earnings in excess of budgeted amounts.
- The City's total bonded debt increased during the fiscal year. The increase was a result of new debt issuance in the current fiscal year.

## Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves. The following chart shows how the required parts of this annual report are arranged and relate to one another. In addition to these required elements, we have included a section with combining and individual fund financial statements and schedules that provide details about nonmajor governmental funds, which are added together and presented in single columns in the basic financial statements.

### Organization of the City's Annual Financial Report



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

### Major Features of the Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire City government (except fiduciary funds) and the City's component units	The activities of the City that are not proprietary or fiduciary, such as police, fire and parks	Activities the City operates similar to private businesses, such as the garbage and refuse collection and sewer system	Instances in which the City administers resources on behalf of someone else, such as developers
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures and Changes in Fund Balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statements of Net Position</li> <li>• Statements of Revenues, Expenses and Changes in Fund Net Position</li> <li>• Statements of Cash Flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net position</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and no measurement focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; fund do not currently contain capital assets, although they can
Type of deferred outflows/inflows of resources information	All deferred outflows/inflows of resources, regardless of when cash is received or paid	Only deferred outflows of resources expected to be used up and deferred inflows of resources that come due during the year or soon thereafter; no capital assets included	All deferred outflows/inflows of resources, regardless of when cash is received or paid	None reported
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

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

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

The *statement of activities* presents information showing how the City's net position changed during the most recent

fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenue (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, culture and recreation, housing and economic development, miscellaneous, and interest on long-term debt. The business-type activities of the City include garbage and refuse collection, sewer operating and maintenance, and Memorial Building concessions.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also a legally separate Economic Development Authority (EDA) for which the City is financially accountable. Financial information for this *component unit* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements start on page 33 of this report.

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

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

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

The City maintains various individual governmental funds in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General fund, OPEB Debt Service fund, and Capital Equipment and Improvement fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* or *schedules* elsewhere in this report.

The City adopts an annual appropriations budget for its General fund and Library fund. A budgetary comparison statement and schedule has been provided to demonstrate compliance with this budget.

The basic governmental fund financial statements start on page 38 of this report.

**Proprietary Funds.** The City maintains one type of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its Garbage and Refuse fund, Sewer Operating fund and Memorial Building Concessions fund.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary funds financial statements provide separate information for each of the enterprise funds which are considered to be major funds of the City.

The basic proprietary funds financial statements start on page 43 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 47 of this report.

**Required Supplementary Information.** In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City's progress in funding its obligation to provide pension and other post-employment benefits to its employees. Required supplementary information can be found on page 98 of this report.

**Other Information.** The combining statements referred to earlier in connection with nonmajor governmental funds are presented following the notes to the financial statements. Combining and individual fund financial statements and schedules start on page 112 of this report.

### Government-wide Financial Analysis

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

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

### City of Hibbing's Summary of Net Position

	Governmental Activities			Business-type Activities		
	2024	2023	Increase (Decrease)	2024	2023	Increase (Decrease)
<b>Assets</b>						
Current and other assets	\$ 51,743,602	\$ 48,846,863	\$ 2,896,739	\$ 11,958,600	\$ 10,938,511	\$ 1,020,089
Capital assets, net of depreciation	52,195,999	45,325,512	6,870,487	34,968,652	35,191,382	(222,730)
Total Assets	<u>103,939,601</u>	<u>94,172,375</u>	<u>9,767,226</u>	<u>46,927,252</u>	<u>46,129,893</u>	<u>797,359</u>
Deferred Outflows of Resources	<u>14,770,447</u>	<u>18,101,363</u>	<u>(3,330,916)</u>	<u>1,562,198</u>	<u>2,058,997</u>	<u>(496,799)</u>
<b>Liabilities</b>						
Noncurrent liabilities outstanding	38,247,048	36,817,497	1,429,551	11,597,357	12,140,312	(542,955)
Other liabilities	2,493,957	2,474,368	19,589	541,935	363,643	178,292
Total Liabilities	<u>40,741,005</u>	<u>39,291,865</u>	<u>1,449,140</u>	<u>12,139,292</u>	<u>12,503,955</u>	<u>(364,663)</u>
Deferred Inflows of Resources	<u>13,331,271</u>	<u>14,759,585</u>	<u>(1,428,314)</u>	<u>1,147,739</u>	<u>1,386,787</u>	<u>(239,048)</u>
<b>Net Position</b>						
Net investment in capital assets	47,234,698	42,235,595	4,999,103	29,349,219	29,514,188	(164,969)
Restricted	5,173,183	4,296,994	876,189	-	-	-
Unrestricted	<u>12,229,891</u>	<u>11,689,699</u>	<u>540,192</u>	<u>5,853,200</u>	<u>4,783,960</u>	<u>1,069,240</u>
Total Net Position	<u>\$ 64,637,772</u>	<u>\$ 58,222,288</u>	<u>\$ 6,415,484</u>	<u>\$ 35,202,419</u>	<u>\$ 34,298,148</u>	<u>\$ 904,271</u>
<b>Net Position as a Percent of Total</b>						
Net investment in capital assets	73.1 %	72.5 %		83.4 %	86.1 %	
Restricted	8.0	7.4		-	-	
Unrestricted	<u>18.9</u>	<u>20.1</u>		<u>16.6</u>	<u>13.9</u>	
	<u>100.0 %</u>	<u>100.0 %</u>		<u>100.0 %</u>	<u>100.0 %</u>	

A portion of the City's net position represents resources that are subject to external restrictions on how they may be used.

The remaining balance of *unrestricted net position* may be used to meet the City's ongoing obligations to citizens and creditors.

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

**Governmental and Business-type Activities.** Governmental activities increased the City's net position as shown below. This increase was mainly due to an increase in grants and contributions. Key elements of this increase are as follows:

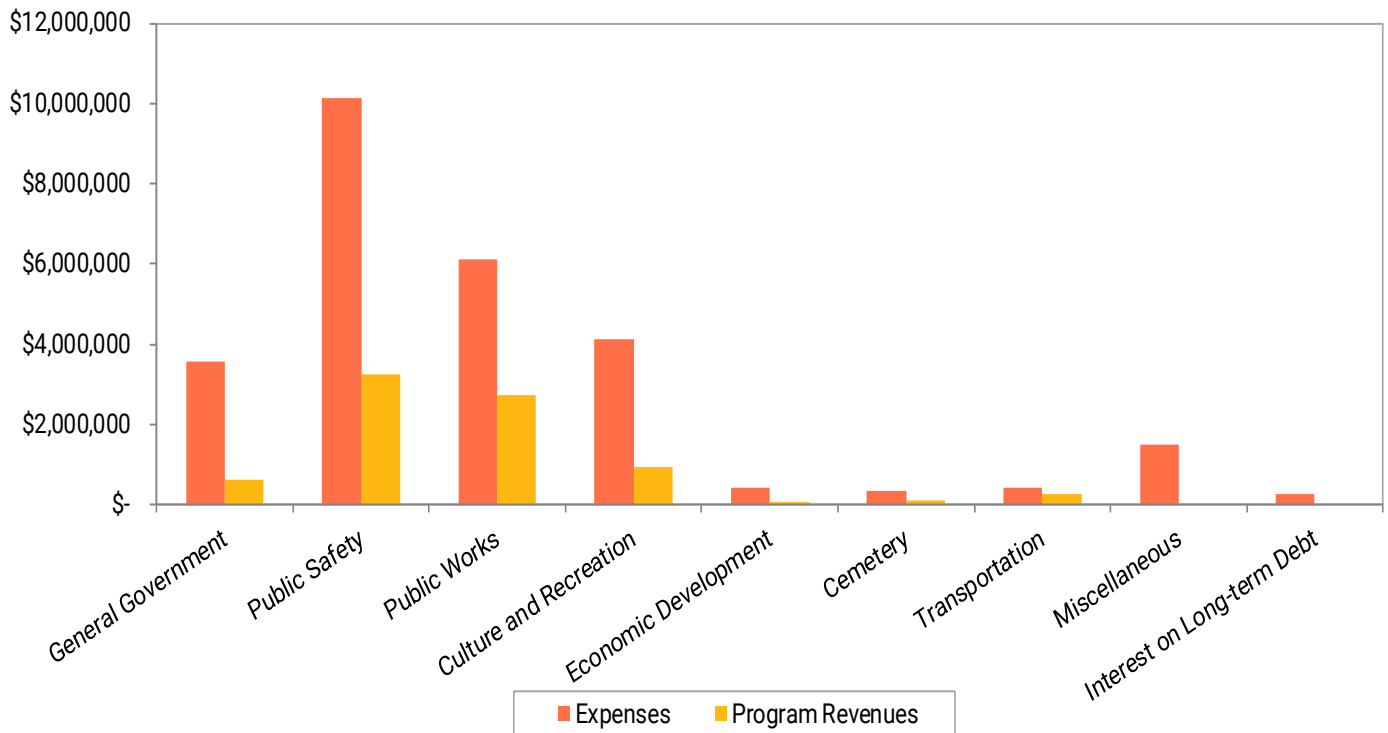
### City of Hibbing's Changes in Net Position

	Governmental Activities			Business-type Activities		
	2024	2023	Increase (Decrease)	2024	2023	Increase (Decrease)
Revenues						
Program Revenues						
Charges for services	\$ 3,143,626	\$ 2,919,827	\$ 223,799	\$ 7,350,934	\$ 7,218,086	\$ 132,848
Operating grants and contributions	4,416,346	4,447,083	(30,737)	45,473	70	45,403
Capital grants and contributions	496,407	838,011	(341,604)	-	176,301	(176,301)
General Revenues						
Taxes						
Property taxes	12,575,422	11,868,178	707,244	-	-	-
Other taxes	104,082	114,274	(10,192)	-	-	-
Grants and contributions not restricted to specific programs	10,162,014	8,925,713	1,236,301	-	-	-
Unrestricted Investment earnings	2,285,002	1,790,728	494,274	380,992	297,618	83,374
Gain on sale of capital assets	154,829	78,184	76,645	5,743	-	5,743
Total Revenues	<u>33,337,728</u>	<u>30,981,998</u>	<u>2,355,730</u>	<u>7,783,142</u>	<u>7,692,075</u>	<u>91,067</u>
Expenses						
General government	3,560,505	689,364	2,871,141	-	-	-
Public safety	10,145,302	8,608,285	1,537,017	-	-	-
Public works	6,125,159	8,080,121	(1,954,962)	-	-	-
Culture and recreation	4,128,668	2,390,388	1,738,280	-	-	-
Economic development	419,666	269,591	150,075	-	-	-
Cemetery	354,105	297	353,808	-	-	-
Transportation	419,625	451,700	(32,075)	-	-	-
Miscellaneous	1,497,899	2,859,213	(1,361,314)	-	-	-
Interest on long-term debt	275,142	247,876	27,266	-	-	-
Garbage and refuse collection	-	-	-	2,881,102	3,314,511	(433,409)
Sewer operating and maintenance	-	-	-	3,993,530	4,026,900	(33,370)
Memorial building concessions	-	-	-	412	3,531	(3,119)
Total Expenses	<u>26,926,071</u>	<u>23,596,835</u>	<u>3,329,236</u>	<u>6,875,044</u>	<u>7,344,942</u>	<u>(469,898)</u>
Change in Net Position						
Before Transfers	6,411,657	7,385,163	(973,506)	908,098	347,133	560,965
Transfers - capital assets	<u>3,827</u>	<u>-</u>	<u>3,827</u>	<u>(3,827)</u>	<u>-</u>	<u>(3,827)</u>
Change in Net Position	6,415,484	7,385,163	(969,679)	904,271	347,133	557,138
Net Position, January 1	<u>58,222,288</u>	<u>50,837,125</u>	<u>7,385,163</u>	<u>34,298,148</u>	<u>33,951,015</u>	<u>347,133</u>
Net Position, December 31	<u>\$ 64,637,772</u>	<u>\$ 58,222,288</u>	<u>\$ 6,415,484</u>	<u>\$ 35,202,419</u>	<u>\$ 34,298,148</u>	<u>\$ 904,271</u>

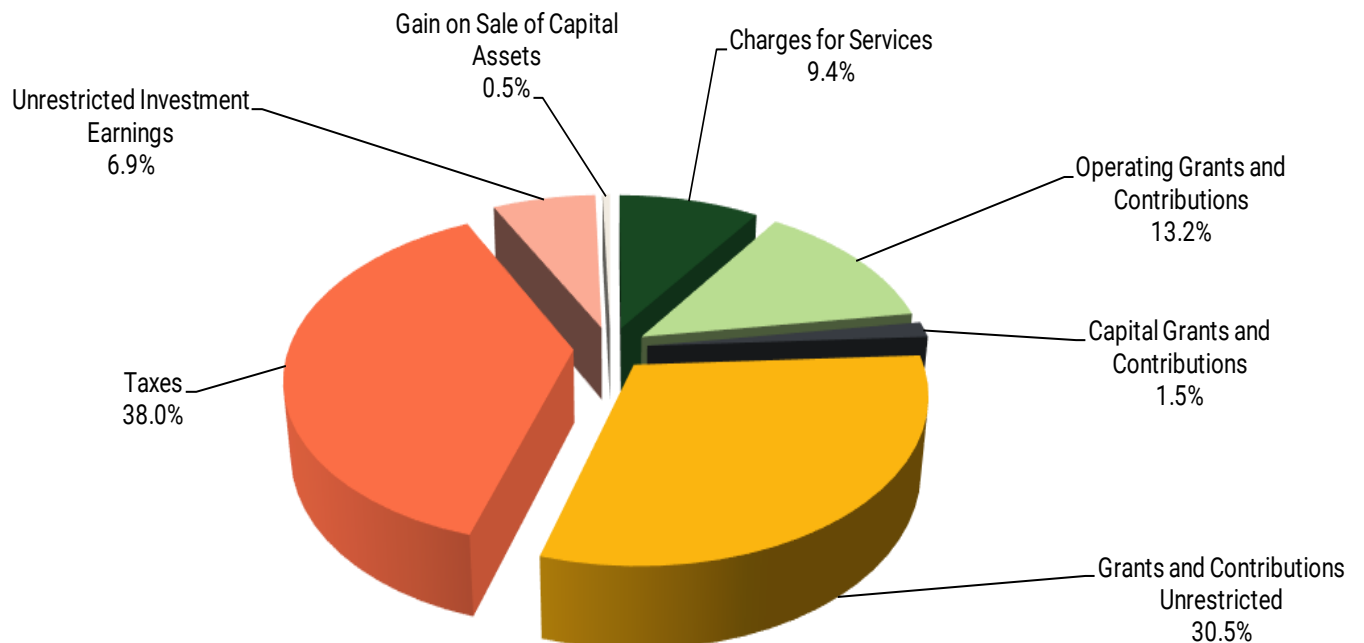
Public Safety expenses increased largely due to the increase in the public safety related pension liability. The operating grants and contributions increased primarily due to public safety aid received during the year.

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

### Expenses and Program Revenues - Governmental Activities



### Revenues by Source - Governmental Activities

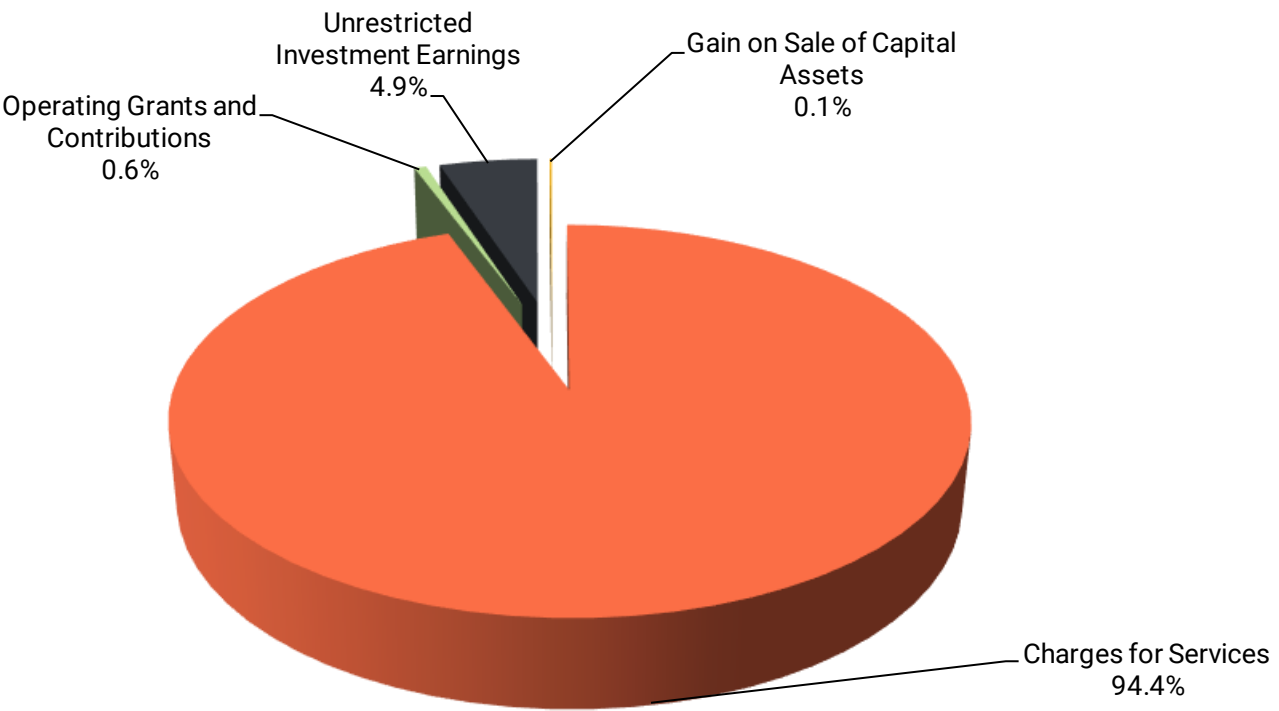


**Business-type Activities.** Business-type activities increased the City’s net position, as shown in the changes in net position table. The increase is attributed to a FEMA grant for operating costs at the wastewater treatment plant and interest income exceeding expectation.

**Expenses and Program Revenues - Business-type Activities**



**Revenues by Source - Business-type Activities**



## Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

**Governmental Funds.** The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The table below outlines the governmental fund balances for the year ending December 31, 2024.

	General	Other Post-Employment Benefits	Capital Equipment and Improvement	Other Governmental Funds	Total Governmental Funds	Prior Year Total	Increase/ (Decrease)
Fund Balances							
Nonspendable	\$ 83,869	\$ -	\$ -	\$ 465	\$ 84,334	\$ 56,085	\$ 28,249
Restricted	74,223	-	389,602	4,046,575	4,510,400	4,018,235	492,165
Committed	-	9,472,959	2,111,119	745,830	12,329,908	11,347,761	982,147
Assigned	11,126,110	-	1,154,297	313,988	12,594,395	13,625,591	(1,031,196)
Unassigned	18,446,864	-	-	(470,816)	17,976,048	16,250,622	1,725,426
Total	<u>\$ 29,731,066</u>	<u>\$ 9,472,959</u>	<u>\$ 3,655,018</u>	<u>\$ 4,636,042</u>	<u>\$ 47,495,085</u>	<u>\$ 45,298,294</u>	<u>\$ 2,196,791</u>

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances shown above. Additional information on the City's fund balances can be found in Note 1 starting on page 56 of this report.

The *General fund* is the chief operating fund of the City. At the end of the current year, the fund balance of the General fund is shown in the table below. As a measure of the General fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. The total unassigned fund balance as a percent of total fund expenditures is shown in the chart below along with total fund balance as a percent of total expenditures.

	Current Year Ending Balance	Prior Year Ending Balance
General Fund Fund Balance		
Nonspendable	\$ 83,869	\$ 51,162
Restricted	74,223	794,548
Assigned	11,126,110	12,917,646
Unassigned	<u>18,446,864</u>	<u>16,262,019</u>
Total	<u>\$ 29,731,066</u>	<u>\$ 30,025,375</u>
General Fund Expenditures	\$ 22,173,055	\$ 19,770,494
Unassigned as a percent of expenditures	83.2 %	82.3 %
Total Fund Balance as a percent of expenditures	134.1	151.9

The fund balance of the City's General fund decreased during the current fiscal year as shown in the table above. The decrease in fund balance is primarily due to transfers to other funds to fund capital projects and other reserves.

Other major governmental fund analysis is shown below:

Major Funds	Fund Balance December 31,		Increase (Decrease)
	2024	2023	
<b>Other Post-Employment Benefits</b>	\$ 9,472,959	\$ 8,784,191	\$ 688,768
Fund balance increased due to collection of tax revenues, interest income, and no retirement expenditures paid.			
<b>Capital Equipment and Improvement</b>	4,636,042	2,890,719	1,745,323
Fund balance increased from the prior year primarily due to increased intergovernmental and tax revenue, which will be used to fund future projects.			

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

Fund	December 31, 2024	December 31, 2023	Increase (Decrease)
Garbage and Refuse Collection	\$ 5,098,008	\$ 4,678,544	\$ 419,464
<i>The garbage and refuse collection fund increased during the current year primarily due to a decrease in operating expenses.</i>			
Sewer Operating and Maintenance	30,072,143	29,600,628	471,515
<i>The sewer operating and maintenance fund increased during the current year primarily due to a decrease in operating expenses and an increase in investment earnings.</i>			
Memorial Building Concessions	32,268	18,976	13,292
<i>The memorial building concessions fund increased during the current year primarily due to a comparable increase in both service revenue and operating expenses.</i>			

### General Fund Budgetary Highlights

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues	\$ 21,978,359	\$ 24,789,442	\$ 2,811,083
Expenditures	21,569,808	22,173,055	(603,247)
Excess of Revenues Over Expenditures	408,551	2,616,387	2,207,836
Other Financing Sources (Uses)			
Transfers in	-	-	-
Lease issued	-	1,368,875	1,368,875
Sale of capital assets	-	153,338	153,338
Transfers out	(408,551)	(4,432,909)	(4,024,358)
Total Other Financing Sources (Uses)	(408,551)	(2,910,696)	(2,502,145)
Net Change in Fund Balances	-	(294,309)	(294,309)
Fund Balances, January 1	30,025,375	30,025,375	-
Fund Balances, December 31	\$ 30,025,375	\$ 29,731,066	\$ (294,309)

Actual revenues and expenditures varied favorably from the final budget amounts as shown above. The largest revenue variance was due to charges for services and investment earnings. Expenditures varied from budget primarily due to the recognition of lease capital outlay for the issuance of a grader lease.

## Capital Asset and Debt Administration

**Capital Assets.** The City's investment in capital assets for its governmental and business-type activities as of December 31, 2024, is shown below in capital asset table (net of accumulated depreciation). This investment in capital assets includes land, structures, improvements, machinery and equipment, vehicles, roads, highways and bridges. The total increase in the City's investment in capital assets for the current fiscal year for governmental and business-type activities is due to the following major capital asset events during the fiscal year:

### Road Improvements:

- Rainey Road Bridge
- West 42nd Street
- Hematite Street
- Highland Park

### Equipment Purchase

- Two Utility Tractors
- Peterbilt Truck
- Nine Public Safety Vehicles

### Property Improvements in Process

- Mineview Project
- NorTech Building
- City Hall
- Zim Road Bridge Project

## City of Hibbing's Capital Assets (Net of Accumulated Depreciation)

	Governmental Activities			Business-type Activities		
	2024	2023	Increase (Decrease)	2024	2023	Increase (Decrease)
Land, Improvements, Intangibles,						
Artwork, Gravel Roads	\$ 8,833,300	\$ 8,382,153	\$ 451,147	\$ 423,719	\$ 423,719	\$ -
Construction in Progress	7,144,824	4,090,324	3,054,500	-	841,276	(841,276)
Infrastructure	18,652,413	17,269,808	1,382,605	16,189,002	16,488,240	(299,238)
Buildings and improvements	10,366,313	10,833,623	(467,310)	15,726,012	15,796,678	(70,666)
Equipment, Machinery and Furniture	5,860,291	4,640,789	1,219,502	2,629,919	1,641,469	988,450
Leased Equipment (Intangible Right to Use Assets)	1,338,858	108,815	1,230,043	-	-	-
Total	<u>\$ 52,195,999</u>	<u>\$ 45,325,512</u>	<u>\$ 6,870,487</u>	<u>\$ 34,968,652</u>	<u>\$ 35,191,382</u>	<u>\$ (222,730)</u>

Additional information on the City's capital assets can be found in Note 3C starting on page 62 of this report.

**Long-term Debt.** At the end of the current fiscal year, the City had total bonded debt outstanding consisting of general obligation debt and revenue related debt as noted in the table below. While all of the City's bonds have revenue streams, they are all backed by the full faith and credit of the City.

## City of Hibbing's Outstanding Debt

	Governmental Activities			Business-type Activities		
	2024	2023	Increase (Decrease)	2024	2023	Increase (Decrease)
Bonds Payable	\$ 3,681,000	\$ 2,775,000	\$ 906,000	\$ 5,486,954	\$ 5,567,954	\$ (81,000)
Unamortized Premium on Bonds	234,055	158,089	75,966	155,056	112,076	42,980
Unamortized Discount on Bonds	-	-	-	(2,484)	(2,836)	352
Lease Purchase Obligation	32,354	46,972	(14,618)	-	-	-
Lease Liability	1,339,069	109,856	1,229,213	-	-	-
<b>Total</b>	<b>\$ 5,286,478</b>	<b>\$ 3,089,917</b>	<b>\$ 2,196,561</b>	<b>\$ 5,639,526</b>	<b>\$ 5,677,194</b>	<b>\$ (37,668)</b>

The City's total debt increased by \$2,158,893 during the current fiscal year. The key factor in this increase was the issuance of the 2024A Bond.

Minnesota statutes limit the amount of net general obligation debt a City may issue to three percent of the market value of taxable property within the City. Net debt is debt payable solely from ad valorem taxes. The City is under the statutory debt limit as of December 31, 2024.

Additional information on the City's long-term debt can be found in Note 3F starting on page 75 of the audit report.

### Economic Factors and Next Year's Budgets and Rates

The City's elected and appointed officials considered many factors when setting the 2025 budget, tax rates, and fees that will be charged for the business-type activities.

- The General Fund expenditures and transfers for 2025 are budgeted to be \$22,445,986, which is a \$129,006 increase from the 2024 final budget of \$22,316,980.
- Property tax levies increased 3.87 percent for the 2024 levy (pay 2025).
- Consistent with the national and global economy, rising health care significantly impacts the City's budgets.
- Consistent with our Sewer Rate Study, the city implemented a 1% rate increase for sewer and stormwater fees February 1, 2025. The City hired Baker Tilly advisors to review and revise the sewer rate study for budgets beginning in 2026.

The City relies heavily on State LGA and taconite production tax to fund its budget. LGA payments are anticipated to supply 42% of General Fund Revenues, with taconite aids expected to furnish 10% of General Fund Revenues. The city is subject to cuts from the State government at times when the State budget is not balanced; however, while the 2024 forecast is showing the next biennium may see this develop, during the 2024 legislative session it wasn't a factor. The topic of LGA has seen continued discussion during the 2025 legislative session, however reductions in this funding isn't coming to the forefront.

The price of steel in the global market affects the City due to taconite aid, also known as production tax, received in lieu of property taxes from these facilities within the city's footprint. This production tax is based on tonnage produced by local taconite facilities and is averaged out in a three-year rolling amount to smooth out the effects of the steel industry's cyclical nature of boom and bust. While one of the major taconite plants within the Hibbing city limits was successful negotiating new leases for extraction to ensure the facility has material to extract and process for the next few decades, we are in close contact with our local mining representatives as there are other factors contributing to the longevity of this facility and the situation continues to develop. Further, the capital investment by US Steel into the KeeTac plant, located within the Hibbing City limits, has the potential to improve the City's financial inputs; however, more will be known in the coming years as this new production comes online and finds a customer base. The 2024 taxable tonnage reported by the state is down 3.8% from 2023 which translates to a reduction in the disbursement to the city of Hibbing in 2025. Current estimates for total taconite aid to the City of Hibbing payable in 2025 is estimated at \$2.3 MM.

**Economic Factors and Next Year’s Budgets and Rates (Continued)**

Additionally, the City’s ability to levy for certain revenue funds is determined by our estimated market value. While our residential values increased significantly over the prior year, the commercial values have largely been stagnant or decreased slightly in spite of significant investments by local companies. Thus, revenue from property taxes is due to increase, again, in 2024, payable in 2025. However, this property tax burden is borne, largely, by our residential property owners who have seen record increases over the past three years due to the lack of supply in the housing market, driving home values up. Thus, our elected and appointed officials are mindful of that fact and realize that any additional levy increase might be difficult for our residents to absorb. Thus, we are working diligently to drive new investments into housing stock through the creation of a local housing trust fund and other project-based work around site development and zoning. Finally, we are working diligently to add new businesses to our community to increase the share of property valuation in our commercial tax base.

In 2023, the city undertook a facility assessment for City Hall, the Library, and the Memorial building in order to plan the capital expenditures to repair and maintain these buildings into the future. Staff has since bought forward renovation projects for city hall and the library and have sought outside funding to assist with these projects. Additionally, a Local Sales Tax referendum was approved by our voters in 2024 to contribute funds to the Regional Public Safety Building to add to the \$10MM in state bond funding secured during the 2023 legislative session. Further, the city hired a consultant in 2023 to assist with determining the capital improvement needs in infrastructure and is working to put together a long-term capital improvement plan. Finally, city staff are studying the feasibility of various redevelopment projects on underutilized sites in the community to broaden the tax base through the judicious deployment of tax increment financing or other tools to encourage additional private development on priority sites.

The City’s 2025 capital budget includes expenditures in the amount of \$1,035,236 for capital projects, principally the following:

General Government	\$75,000
Parks and Recreation/Golf	\$66,600
Cemetery	\$18,576
Public Safety	\$115,000
Public Works	\$660,000
Library	\$100,000
 Total	 <u>\$1,035,236</u>

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF HIBBING  
HIBBING, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2024

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City of Hibbing, Minnesota  
Statement of Net Position  
December 31, 2024

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Economic Development Authority	Public Utilities Commission
<b>Assets</b>					
Cash and temporary investments	\$ 38,698,386	\$ 8,669,928	\$ 47,368,314	\$ 2,557,512	\$ 4,279,203
Designated cash - other postemployment benefits	6,014,583	1,800,000	7,814,583	-	250,000
Investments	-	-	-	-	26,119,909
Designated investments - other postemployment benefits	3,349,149	120,000	3,469,149	-	-
Restricted cash and temporary investments					
Cash held for fuel assistance recipients	-	-	-	-	70,788
Cash held for customer deposits	-	-	-	-	461,999
Bond reserve account	-	-	-	-	783,347
Receivables					
Taxes	504,839	-	504,839	2,480	-
Accounts, net	153,884	19,998	173,882	38,271	2,470,771
Leases	146,224	-	146,224	34,328	521,688
Accrued interest	448,355	-	448,355	-	-
Unbilled revenues	-	-	-	-	2,387,564
Other receivables	-	-	-	-	771,830
Loans, net of allowance	-	-	-	2,719,105	-
Special assessments	314,341	142,386	456,727	-	-
Note receivable - Steam conversion program - current maturities	-	-	-	-	214,059
Due from other governments	1,740,905	30,080	1,770,985	-	-
Due from component units	2,120	1,160,783	1,162,903	-	-
Inventories	-	15,425	15,425	-	1,326,496
Prepaid items	72,262	-	72,262	-	747,445
Net pension asset	298,554	-	298,554	-	-
Regulatory assets	-	-	-	-	4,035,931
Capital assets					
Land and construction in progress	15,978,124	423,719	16,401,843	3,657,887	9,062,637
Depreciable assets (net of accumulated depreciation/amortization)	36,217,875	34,544,933	70,762,808	546,427	78,804,060
<b>Total Assets</b>	<b>103,939,601</b>	<b>46,927,252</b>	<b>150,866,853</b>	<b>9,556,010</b>	<b>132,307,727</b>
<b>Deferred Outflows of Resources</b>					
Deferred pension resources	7,657,831	121,238	7,779,069	17,929	861,143
Deferred LEA resources	-	-	-	-	170,246
Deferred other postemployment benefit resources	7,112,616	1,440,960	8,553,576	-	674,169
<b>Total Deferred Outflows of Resources</b>	<b>14,770,447</b>	<b>1,562,198</b>	<b>16,332,645</b>	<b>17,929</b>	<b>1,705,558</b>
<b>Liabilities</b>					
Accounts and other payables	676,135	133,602	809,737	4,422	5,254,643
Due to other governments	333,823	17,345	351,168	6,568	-
Accrued salaries payable	495,040	84,875	579,915	300	266,265
Accrued interest payable	75,334	62,632	137,966	4,442	98,583
Customer deposits payable	-	-	-	-	461,999
Contracts payable	477,050	243,481	720,531	655,774	-
Other accrued liabilities	65,113	-	65,113	-	-
Due to primary government	-	-	-	-	1,162,903
Unearned revenue	371,462	-	371,462	-	70,788
Noncurrent liabilities					
Due within one year					
Long-term liabilities	1,109,930	820,847	1,930,777	50,000	1,198,265
Other postemployment benefits payable	1,076,353	218,061	1,294,414	-	-
Due in more than one year					
Long-term liabilities	6,044,781	5,111,972	11,156,753	3,319,989	7,298,452
Net pension liability	6,094,798	600,233	6,695,031	60,750	2,508,776
Other postemployment benefits payable	23,921,186	4,846,244	28,767,430	-	14,541,066
<b>Total Liabilities</b>	<b>40,741,005</b>	<b>12,139,292</b>	<b>52,880,297</b>	<b>4,102,245</b>	<b>32,861,740</b>
<b>Deferred Inflows of Resources</b>					
Deferred lease resources	134,152	-	134,152	24,510	521,688
Deferred pension resources	9,590,770	417,121	10,007,891	123	1,672,882
Deferred other postemployment benefit resources	3,606,349	730,618	4,336,967	-	3,580,052
<b>Total Deferred Inflows of Resources</b>	<b>13,331,271</b>	<b>1,147,739</b>	<b>14,479,010</b>	<b>24,633</b>	<b>5,774,622</b>
<b>Net Position</b>					
Net investment in capital assets	47,234,698	29,349,219	76,583,917	1,464,325	81,015,417
Restricted for					
Capital projects	2,916,407	-	2,916,407	-	-
Development projects	762,678	-	762,678	-	-
Debt service	1,121,321	-	1,121,321	81,845	615,127
Net pension asset	298,554	-	298,554	-	-
Police forfeiture	74,223	-	74,223	-	-
Unrestricted	12,229,891	5,853,200	18,083,091	3,900,891	13,746,379
<b>Total Net Position</b>	<b>\$ 64,637,772</b>	<b>\$ 35,202,419</b>	<b>\$ 99,840,191</b>	<b>\$ 5,447,061</b>	<b>\$ 95,376,923</b>

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

City of Hibbing, Minnesota  
Statement of Activities  
For the Year Ended December 31, 2024

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities				
General government	\$ 3,560,505	\$ 323,169	\$ 298,682	\$ -
Public safety	10,145,302	2,292,342	974,575	-
Public works	6,125,159	9,335	2,737,298	-
Culture and recreation	4,128,668	372,506	90,633	496,407
Economic development	419,666	-	66,896	-
Cemetery	354,105	112,500	-	-
Transportation	419,625	30,456	248,262	-
Miscellaneous	1,497,899	3,318	-	-
Interest on long-term debt	275,142	-	-	-
Total Governmental Activities	<u>26,926,071</u>	<u>3,143,626</u>	<u>4,416,346</u>	<u>496,407</u>
Business-type Activities				
Garbage and refuse collection	2,881,102	3,063,280	-	-
Sewer operating and maintenance	3,993,530	4,274,917	45,473	-
Memorial building concessions	412	12,737	-	-
Total Business-type Activities	<u>6,875,044</u>	<u>7,350,934</u>	<u>45,473</u>	<u>-</u>
Total Primary Government	<u>\$ 33,801,115</u>	<u>\$ 10,494,560</u>	<u>\$ 4,461,819</u>	<u>\$ 496,407</u>
Component Units				
EDA	\$ 595,854	\$ 138,100	\$ 250,000	\$ -
PUC	30,138,913	30,855,832	-	1,350,272
Total Component Units	<u>\$ 30,734,767</u>	<u>\$ 30,993,932</u>	<u>\$ 250,000</u>	<u>\$ 1,350,272</u>

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

City of Hibbing, Minnesota  
Statement of Activities (Continued)  
For the Year Ended December 31, 2024

Functions/Programs	Net (Expenses) Revenues and Changes in Net Position				
	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Economic Development Authority	Public Utilities Commission
Primary Government					
Governmental activities					
General government	\$ (2,938,654)	\$ -	\$ (2,938,654)	\$ -	\$ -
Public safety	(6,878,385)	-	(6,878,385)	-	-
Public works	(3,378,526)	-	(3,378,526)	-	-
Culture and recreation	(3,169,122)	-	(3,169,122)	-	-
Economic development	(352,770)	-	(352,770)	-	-
Cemetery	(241,605)	-	(241,605)	-	-
Transportation	(140,907)	-	(140,907)	-	-
Miscellaneous	(1,494,581)	-	(1,494,581)	-	-
Interest on long-term debt	(275,142)	-	(275,142)	-	-
Total Governmental Activities	<u>(18,869,692)</u>	<u>-</u>	<u>(18,869,692)</u>	<u>-</u>	<u>-</u>
Business-type Activities					
Garbage and refuse collection	-	182,178	182,178	-	-
Sewer operating and maintenance	-	326,860	326,860	-	-
Memorial building concessions	-	12,325	12,325	-	-
Total Business-type Activities	<u>-</u>	<u>521,363</u>	<u>521,363</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>(18,869,692)</u>	<u>521,363</u>	<u>(18,348,329)</u>	<u>-</u>	<u>-</u>
Component Units					
EDA	-	-	-	(207,754)	-
PUC	-	-	-	-	2,067,191
Total Component Units	<u>-</u>	<u>-</u>	<u>-</u>	<u>(207,754)</u>	<u>2,067,191</u>
General Revenues					
Taxes					
Property taxes, levied for general purposes	9,179,385	-	9,179,385	-	-
Property taxes, levied for specific purpose	3,396,037	-	3,396,037	192,920	-
Tax increments	-	-	-	78,187	-
Franchise taxes	104,082	-	104,082	-	-
Grants and contributions not restricted to specific program	10,162,014	-	10,162,014	600,105	-
Unrestricted Investment earnings	2,285,002	380,992	2,665,994	118,789	1,352,466
Gain on sale of capital assets	154,829	5,743	160,572	-	-
Transfers - capital assets	3,827	(3,827)	-	-	-
Total General Revenues	<u>25,285,176</u>	<u>382,908</u>	<u>25,668,084</u>	<u>990,001</u>	<u>1,352,466</u>
Change in Net Position	6,415,484	904,271	7,319,755	782,247	3,419,657
Net Position, January 1	<u>58,222,288</u>	<u>34,298,148</u>	<u>92,520,436</u>	<u>4,664,814</u>	<u>91,957,266</u>
Net Position, December 31	<u>\$ 64,637,772</u>	<u>\$ 35,202,419</u>	<u>\$ 99,840,191</u>	<u>\$ 5,447,061</u>	<u>\$ 95,376,923</u>

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

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FUND FINANCIAL STATEMENTS

CITY OF HIBBING  
HIBBING, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2024

**City of Hibbing, Minnesota**

Balance Sheet  
Governmental Funds  
December 31, 2024

	<b>101</b>	<b>345</b>	<b>400</b>	<b>401, 402</b>		
	<b>General</b>	<b>Other Post- Employment Benefits</b>	<b>Capital Equipment and Improvement</b>	<b>Permanent Improvement</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets</b>						
Cash and temporary investments	\$ 29,864,610	\$ -	\$ 4,437,533	\$ -	\$ 4,475,727	\$ 38,777,870
Designated cash - other postemployment benefits	-	6,014,583	-	-	-	6,014,583
Designated investments - other postemployment benefits	-	3,349,149	-	-	-	3,349,149
Receivables						
Taxes	458,320	3,992	10,948	-	31,579	504,839
Accounts	59,908	-	159	-	14,333	74,400
Leases	146,224	-	-	-	-	146,224
Accrued interest	343,120	105,235	-	-	-	448,355
Special assessments	-	-	-	-	314,341	314,341
Due from other governments	293,984	-	181,007	-	1,265,914	1,740,905
Due from component units	2,120	-	-	-	-	2,120
Due from other funds	403,544	-	-	-	411,549	815,093
Prepaid items	71,797	-	-	-	465	72,262
<b>Total Assets</b>	<b>\$ 31,643,627</b>	<b>\$ 9,472,959</b>	<b>\$ 4,629,647</b>	<b>\$ -</b>	<b>\$ 6,513,908</b>	<b>\$ 52,260,141</b>
<b>Liabilities</b>						
Accounts payable	\$ 437,119	\$ -	\$ 222,882	\$ -	\$ 16,134	\$ 676,135
Due to other governments	264,932	-	-	-	68,891	333,823
Accrued salaries payable	493,470	-	-	-	1,570	495,040
Due to other funds	-	-	344,277	-	470,816	815,093
Contracts payable	32,884	-	407,470	-	36,696	477,050
Unearned revenue	57,447	-	-	-	314,015	371,462
Other accrued liabilities	65,113	-	-	-	-	65,113
<b>Total Liabilities</b>	<b>1,350,965</b>	<b>-</b>	<b>974,629</b>	<b>-</b>	<b>908,122</b>	<b>3,233,716</b>
<b>Deferred Inflows of Resources</b>						
Unavailable revenue - delinquent taxes	427,444	-	-	-	-	427,444
Deferred lease resources	134,152	-	-	-	-	134,152
Unavailable revenue - special assessments	-	-	-	-	205,004	205,004
Unavailable revenue - intergovernmental	-	-	-	-	764,740	764,740
<b>Total Deferred Inflows of Resources</b>	<b>561,596</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>969,744</b>	<b>1,531,340</b>
<b>Fund Balances</b>						
Nonspendable	83,869	-	-	-	465	84,334
Restricted	74,223	-	389,602	-	4,046,575	4,510,400
Committed	-	9,472,959	2,111,119	-	745,830	12,329,908
Assigned	11,126,110	-	1,154,297	-	313,988	12,594,395
Unassigned	18,446,864	-	-	-	(470,816)	17,976,048
<b>Total Fund Balances</b>	<b>29,731,066</b>	<b>9,472,959</b>	<b>3,655,018</b>	<b>-</b>	<b>4,636,042</b>	<b>47,495,085</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 31,643,627</b>	<b>\$ 9,472,959</b>	<b>\$ 4,629,647</b>	<b>\$ -</b>	<b>\$ 6,513,908</b>	<b>\$ 52,260,141</b>

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

City of Hibbing, Minnesota  
Reconciliation of the Balance Sheet  
to the Statement of Net Position  
Governmental Funds  
December 31, 2024

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

Total Fund Balances - Governmental Funds	\$ 47,495,085
Capital assets used in governmental activities are not financial resources, and therefore are not reported as assets in governmental funds.	
Cost of capital assets	114,057,833
Less accumulated depreciation	(61,861,834)
Long-term assets from pensions reported in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.	298,554
Noncurrent liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	
Noncurrent liabilities at year-end consist of	
Bonds payable	(3,681,000)
Plus unamortized bond premium	(234,055)
Lease purchase obligation	(32,354)
Leases payable	(1,339,069)
Compensated absences payable	(1,868,233)
Net pension liability	(6,094,798)
Other postemployment benefits payable	(24,997,539)
Some receivables are not available soon enough to pay for the current period's expenditures, and therefore are reported as unavailable revenue in the funds.	
Delinquent taxes receivable	427,444
Special assessments receivable	205,004
Intergovernmental receivable	764,740
Governmental funds do not report a liability for accrued interest until due and payable.	(75,334)
Governmental funds do not report long-term amounts related to pensions and other postemployment benefits.	
Deferred outflows of pension resources	7,657,831
Deferred inflows of pension resources	(9,590,770)
Deferred outflows of other postemployment benefits resources	7,112,616
Deferred inflows of other postemployment benefits resources	(3,606,349)
Total Net Position - Governmental Activities	<u>\$ 64,637,772</u>

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

City of Hibbing, Minnesota  
Statement of Revenues, Expenditures and  
Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2024

	101	345	400	Formally Major 401, 402		
	General	Other Post- Employment Benefits	Capital Equipment and Improvement	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes	\$ 9,034,428	\$ 289,851	\$ 794,990		\$ 2,489,072	\$ 12,608,341
Licenses and permits	279,017	-	-		-	279,017
Intergovernmental	10,955,165	149	1,286,848		1,582,630	13,824,792
Charges for services	2,678,033	-	-		41,999	2,720,032
Fines and forfeitures	100,745	-	-		-	100,745
Special assessments	-	-	-		52,243	52,243
Investment earnings	1,679,964	398,768	82,679		126,909	2,288,320
Contributions and donations	7,015	-	245,400		89,503	341,918
Miscellaneous	55,075	-	-		-	55,075
Total Revenues	<u>24,789,442</u>	<u>688,768</u>	<u>2,409,917</u>	<u>-</u>	<u>4,382,356</u>	<u>32,270,483</u>
Expenditures						
Current						
General government	2,762,019	-	-		-	2,762,019
Public safety	9,182,460	-	-		-	9,182,460
Public works	3,849,967	-	-		-	3,849,967
Culture and recreation	2,324,113	-	-		843,245	3,167,358
Economic development	321,035	-	-		-	321,035
Transportation	405,405	-	-		-	405,405
Miscellaneous	1,801,415	-	-		-	1,801,415
Capital outlay						
General government	-	-	976,508		-	976,508
Public safety	-	-	1,705,242		-	1,705,242
Public works	1,368,875	-	740,686		2,397,105	4,506,666
Culture and recreation	-	-	2,487,692		82,989	2,570,681
Economic development	-	-	-		1,004,259	1,004,259
Transportation	6,407	-	71,975		-	78,382
Debt service						
Principal	141,518	-	-		466,762	608,280
Interest and other	9,841	-	-		73,915	83,756
Bond issuance costs	-	-	45,816		-	45,816
Total Expenditures	<u>22,173,055</u>	<u>-</u>	<u>6,027,919</u>	<u>-</u>	<u>4,868,275</u>	<u>33,069,249</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,616,387</u>	<u>688,768</u>	<u>(3,618,002)</u>	<u>-</u>	<u>(485,919)</u>	<u>(798,766)</u>
Other Financing Sources (Uses)						
Transfers in	-	-	3,234,166		1,664,045	4,898,211
Transfers out	(4,432,909)	-	-		(465,302)	(4,898,211)
Bonds issued	-	-	1,360,000		-	1,360,000
Premium on bonds issued	-	-	111,853		-	111,853
Lease issued	1,368,875	-	-		-	1,368,875
Sale of capital assets	153,338	-	1,491		-	154,829
Total Other Financing Sources (Uses)	<u>(2,910,696)</u>	<u>-</u>	<u>4,707,510</u>	<u>-</u>	<u>1,198,743</u>	<u>2,995,557</u>
Net Change in Fund Balances	<u>(294,309)</u>	<u>688,768</u>	<u>1,089,508</u>	<u>-</u>	<u>712,824</u>	<u>2,196,791</u>
Fund Balances, January 1, as previously reported	30,025,375	8,784,191	2,565,510	1,032,499	2,890,719	45,298,294
Change within the financial reporting entity (Major to Nonmajor Fund)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,032,499)</u>	<u>1,032,499</u>	<u>-</u>
Fund Balances, January 1, as adjusted	<u>30,025,375</u>	<u>8,784,191</u>	<u>2,565,510</u>	<u>-</u>	<u>3,923,218</u>	<u>45,298,294</u>
Fund Balances, December 31	<u>\$ 29,731,066</u>	<u>\$ 9,472,959</u>	<u>\$ 3,655,018</u>	<u>\$ -</u>	<u>\$ 4,636,042</u>	<u>\$ 47,495,085</u>

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

City of Hibbing, Minnesota  
Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances to the Statement of Activities  
Governmental Funds  
For the Year Ended December 31, 2024

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

Total Net Change in Fund Balances - Governmental Funds	\$ 2,196,791
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation/amortization expense.	
Capital outlay	10,285,995
Depreciation / Amortization expense	(3,381,414)
Governmental funds report a gain (loss) on sale of capital assets to the extent of cash exchanged, whereas the disposition of the assets book value is included in the total gain (loss) in the statement of activities.	
Disposals	(37,921)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Contributed capital assets	3,827
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The amounts below are the effects of these differences in the treatment of long-term debt and related items.	
Bonds issued	(1,360,000)
Premium received on debt issued	(111,853)
Lease issued	(1,368,875)
Principal repayments	608,280
Amortization of bond premium	35,887
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	(42,625)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
Compensated absences	(463,170)
Other postemployment benefits	(1,031,579)
Certain revenues are recognized as soon as they are earned. Under the modified accrual basis of accounting, certain revenues cannot be recognized until they are available to liquidate liabilities of the current period.	
Property taxes	71,163
Special assessments	(63,632)
Intergovernmental	707,744
Long-term pension activity is not reported in governmental funds.	
Pension expense	169,725
Pension revenue from State contributions	197,141
Change in Net Position - Governmental Activities	<u>\$ 6,415,484</u>

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

City of Hibbing, Minnesota  
Statement of Revenues, Expenditures and Changes in Fund Balances -  
Budget and Actual  
General Fund  
For the Year Ended December 31, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	\$ 8,874,021	\$ 8,870,621	\$ 9,034,428	\$ 163,807
Licenses and permits	289,356	140,631	279,017	138,386
Intergovernmental	10,443,109	10,256,613	10,955,165	698,552
Charges for services	2,344,394	2,344,394	2,678,033	333,639
Fines and forfeitures	87,000	87,000	100,745	13,745
Investment earnings	250,000	250,000	1,679,964	1,429,964
Contributions and donations	-	-	7,015	7,015
Miscellaneous	29,100	29,100	55,075	25,975
Total Revenues	<u>22,316,980</u>	<u>21,978,359</u>	<u>24,789,442</u>	<u>2,811,083</u>
Expenditures				
Current				
General government	2,782,930	2,782,930	2,762,019	20,911
Public safety	9,838,056	9,669,706	9,182,460	487,246
Public works	4,227,208	4,088,282	3,849,967	238,315
Culture and recreation	2,538,216	2,538,216	2,324,113	214,103
Economic development	205,119	300,802	321,035	(20,233)
Transportation	569,582	284,003	405,405	(121,402)
Miscellaneous	1,905,869	1,905,869	1,801,415	104,454
Capital outlay				
Public works	-	-	1,368,875	(1,368,875)
Transportation	-	-	6,407	(6,407)
Debt service				
Principal	-	-	141,518	(141,518)
Interest and other	-	-	9,841	(9,841)
Total Expenditures	<u>22,066,980</u>	<u>21,569,808</u>	<u>22,173,055</u>	<u>(603,247)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>250,000</u>	<u>408,551</u>	<u>2,616,387</u>	<u>2,207,836</u>
Other Financing Sources (Uses)				
Transfers out	(250,000)	(408,551)	(4,432,909)	(4,024,358)
Lease issued	-	-	1,368,875	1,368,875
Sale of capital assets	-	-	153,338	153,338
Total Other Financing Sources (Uses)	<u>(250,000)</u>	<u>(408,551)</u>	<u>(2,910,696)</u>	<u>(2,502,145)</u>
Net Change in Fund Balances	-	-	(294,309)	(294,309)
Fund Balances, January 1	<u>30,025,375</u>	<u>30,025,375</u>	<u>30,025,375</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 30,025,375</u>	<u>\$ 30,025,375</u>	<u>\$ 29,731,066</u>	<u>\$ (294,309)</u>

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

City of Hibbing, Minnesota  
Statement of Net Position  
Proprietary Funds  
December 31, 2024

	Business-type Activities - Enterprise Funds				Governmental Activities Internal Service Fund
	603	602	605		805
	Garbage and Refuse Collection	Sewer Operating and Maintenance	Non-major Memorial Building Concessions	Total	Insurance
Assets					
Current Assets					
Cash and temporary investments	\$ 5,220,824	\$ 3,418,232	\$ 30,872	\$ 8,669,928	\$ (79,484)
Designated cash - other postemployment benefits	900,000	900,000	-	1,800,000	-
Designated investments - other postemployment benefits	60,000	60,000	-	120,000	-
Receivables					
Accounts	3,391	14,799	1,808	19,998	79,484
Special assessments	95,573	46,813	-	142,386	-
Due from other governments	139	29,941	-	30,080	-
Due from component units	482,398	678,385	-	1,160,783	-
Inventories	15,425	-	-	15,425	-
Total Current Assets	<u>6,777,750</u>	<u>5,148,170</u>	<u>32,680</u>	<u>11,958,600</u>	<u>-</u>
Noncurrent Assets					
Capital assets					
Land	297,689	126,030	-	423,719	-
Buildings and improvements	173,602	33,605,833	-	33,779,435	-
Infrastructure	-	21,996,707	-	21,996,707	-
Machinery and equipment	3,786,811	3,670,100	29,597	7,486,508	-
Less accumulated depreciation	(2,706,050)	(25,982,070)	(29,597)	(28,717,717)	-
Total Capital Assets (Net of Accumulated Depreciation)	<u>1,552,052</u>	<u>33,416,600</u>	<u>-</u>	<u>34,968,652</u>	<u>-</u>
Total Assets	<u>8,329,802</u>	<u>38,564,770</u>	<u>32,680</u>	<u>46,927,252</u>	<u>-</u>
Deferred Outflows of Resources					
Deferred pension resources	53,834	67,404	-	121,238	-
Deferred other postemployment benefits	856,212	584,748	-	1,440,960	-
Total Deferred Outflows of Resources	<u>910,046</u>	<u>652,152</u>	<u>-</u>	<u>1,562,198</u>	<u>-</u>
Liabilities					
Current Liabilities					
Accounts payable	47,403	85,787	412	133,602	-
Due to other governments	9,807	7,538	-	17,345	-
Accrued salaries payable	42,618	42,257	-	84,875	-
Accrued interest payable	-	62,632	-	62,632	-
Contracts payable	-	243,481	-	243,481	-
Compensated absences payable - current	59,902	40,945	-	100,847	-
Bonds payable - current	-	720,000	-	720,000	-
Other postemployment benefits payable	129,571	88,490	-	218,061	-
Total Current Liabilities	<u>289,301</u>	<u>1,291,130</u>	<u>412</u>	<u>1,580,843</u>	<u>-</u>
Noncurrent Liabilities					
Compensated absences payable	87,145	105,301	-	192,446	-
Net pension liability	266,467	333,766	-	600,233	-
Bonds payable	-	4,919,526	-	4,919,526	-
Other postemployment benefits payable	2,879,615	1,966,629	-	4,846,244	-
Total Noncurrent Liabilities	<u>3,233,227</u>	<u>7,325,222</u>	<u>-</u>	<u>10,558,449</u>	<u>-</u>
Total Liabilities	<u>3,522,528</u>	<u>8,616,352</u>	<u>412</u>	<u>12,139,292</u>	<u>-</u>
Deferred Inflows of Resources					
Deferred pension resources	185,182	231,939	-	417,121	-
Deferred other postemployment benefits	434,130	296,488	-	730,618	-
Total Deferred Inflows of Resources	<u>619,312</u>	<u>528,427</u>	<u>-</u>	<u>1,147,739</u>	<u>-</u>
Net Position					
Net investment in capital assets	1,572,145	27,777,074	-	29,349,219	-
Unrestricted	<u>3,525,863</u>	<u>2,295,069</u>	<u>32,268</u>	<u>5,853,200</u>	<u>-</u>
Total Net Position	<u>\$ 5,098,008</u>	<u>\$ 30,072,143</u>	<u>\$ 32,268</u>	<u>\$ 35,202,419</u>	<u>\$ -</u>

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

City of Hibbing, Minnesota  
Statement of Revenues, Expenses and  
Changes in Net Position  
Proprietary Funds  
For the Year Ended December 31, 2024

	Business-type Activities - Enterprise Funds				Governmental Activities Internal Service Fund
	603	602	605		805
	Garbage and Refuse Collection	Sewer Operating and Maintenance	Non-major Memorial Building Concessions	Total	Insurance
Operating Revenues					
Charges for services	\$ 3,046,947	\$ 4,238,386	\$ 12,737	\$ 7,298,070	\$ -
Sewer connection fees	-	855	-	855	-
Miscellaneous	16,333	51,208	-	67,541	-
Total Operating Revenues	<u>3,063,280</u>	<u>4,290,449</u>	<u>12,737</u>	<u>7,366,466</u>	<u>-</u>
Operating Expenses					
Personnel services	1,001,459	934,869	-	1,936,328	-
OPEB expense	50,399	51,722	-	102,121	-
Pension expense	(47,683)	(81,640)	-	(129,323)	-
Contractual services	1,214,717	345,713	-	1,560,430	-
Administration	9	-	-	9	-
Utilities	103,385	274,069	-	377,454	-
Repairs and maintenance	16,191	284,436	-	300,627	-
Other supplies and expense	146,451	313,383	412	460,246	-
Insurance claims and expense	58,502	70,143	-	128,645	-
Depreciation	326,582	1,572,960	-	1,899,542	-
Miscellaneous	11,090	88,172	-	99,262	-
Total Operating Expenses	<u>2,881,102</u>	<u>3,853,827</u>	<u>412</u>	<u>6,735,341</u>	<u>-</u>
Operating Income (Loss)	<u>182,178</u>	<u>436,622</u>	<u>12,325</u>	<u>631,125</u>	<u>-</u>
Nonoperating Revenues (Expenses)					
Investment earnings	231,543	148,482	967	380,992	-
Miscellaneous	-	(550)	-	(550)	-
Intergovernmental	-	29,941	-	29,941	-
Gain on sale of capital assets	5,743	-	-	5,743	-
Bond issuance costs	-	(15,815)	-	(15,815)	-
Interest expense and other	-	(123,338)	-	(123,338)	-
Total Nonoperating Revenues (Expenses)	<u>237,286</u>	<u>38,720</u>	<u>967</u>	<u>276,973</u>	<u>-</u>
Income (Loss) Before Contributions	419,464	475,342	13,292	908,098	-
Capital contribution to other funds	-	(3,827)	-	(3,827)	-
Change in Net Position	419,464	471,515	13,292	904,271	-
Net Position - January 1	<u>4,678,544</u>	<u>29,600,628</u>	<u>18,976</u>	<u>34,298,148</u>	<u>-</u>
Net Position, December 31	<u>\$ 5,098,008</u>	<u>\$ 30,072,143</u>	<u>\$ 32,268</u>	<u>\$ 35,202,419</u>	<u>\$ -</u>

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

City of Hibbing, Minnesota  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2024

	Business-type Activities - Enterprise Funds				Governmental Activities Internal Service Fund
	603	602	605		805
	Garbage and Refuse Collection	Sewer Operating and Maintenance	Non-major Memorial Building Concessions	Total	Insurance
Cash Flows from Operating Activities					
Receipts from customers and users	\$ 2,757,921	\$ 4,303,652	\$ 10,929	\$ 7,072,502	\$ -
Payments to suppliers	(1,575,457)	(1,369,480)	(2,268)	(2,947,205)	(79,484)
Payments to employees	(1,017,393)	(1,130,210)	-	(2,147,603)	-
Net Cash Provided by Operating Activities	165,071	1,803,962	8,661	1,977,694	(79,484)
Cash Flows from Noncapital Financing Activities					
Intergovernmental receipts	-	29,391	-	29,391	-
Cash Flows from Capital and Related Financing Activities					
Acquisition of capital assets	(535,716)	(980,771)	-	(1,516,487)	-
Proceeds from sales of capital assets	5,743	-	-	5,743	-
Proceeds of bonds issued, net of issuance costs	-	616,095	-	616,095	-
Principal paid on long-term debt	-	(656,000)	-	(656,000)	-
Interest paid on long-term debt	-	(126,867)	-	(126,867)	-
Net Cash Used by Capital and Related Financing Activities	(529,973)	(1,147,543)	-	(1,677,516)	-
Cash Flows from Investing Activities					
Investment income received	231,543	148,482	967	380,992	-
Net Increase (Decrease) in Cash and Cash Equivalents	(133,359)	834,292	9,628	710,561	(79,484)
Cash and Cash Equivalents, January 1	6,314,183	3,543,940	21,244	9,879,367	-
Cash and Cash Equivalents, December 31	<u>\$ 6,180,824</u>	<u>\$ 4,378,232</u>	<u>\$ 30,872</u>	<u>\$ 10,589,928</u>	<u>\$ (79,484)</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position					
Cash and temporary investments	\$ 5,220,824	\$ 3,418,232	\$ 30,872	8,669,928	\$ (79,484)
Designated cash - other post employment benefits	900,000	900,000	-	1,800,000	-
Designated investments - other post employment benefits	60,000	60,000	-	120,000	-
Statement of Net Position Cash and Cash Equivalents	<u>\$ 6,180,824</u>	<u>\$ 4,378,232</u>	<u>\$ 30,872</u>	<u>\$ 10,589,928</u>	<u>\$ (79,484)</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities					
Operating income	\$ 182,178	\$ 436,622	\$ 12,325	\$ 631,125	\$ -
Adjustments to reconcile operating income to net cash provided by operating activities					
Depreciation	326,582	1,572,960	-	1,899,542	-
(Increase) decrease in assets					
Accounts receivable	(767)	(8,559)	(1,808)	(11,134)	(79,484)
Special assessments receivable	(51,851)	55,131	-	3,280	-
Inventories	(15,425)	-	-	(15,425)	-
Due from other governments	(139)	316,966	-	316,827	-
Due from component units	(252,741)	(350,335)	-	(603,076)	-
Increase (Decrease) in deferred outflows					
Deferred pension resources	57,217	76,974	-	134,191	-
Deferred other postemployment benefits resources	183,854	178,754	-	362,608	-
Increase (decrease) in liabilities					
Accounts and other payables	(8,824)	10,529	(1,856)	(151)	-
Due to other governments	(724)	(4,093)	-	(4,817)	-
Accrued salaries payable	9,902	(843)	-	9,059	-
Compensated absences payable	39,781	7,136	-	46,917	-
Net pension liability	(164,364)	(226,531)	-	(390,895)	-
Other postemployment benefits payable	(4,275)	(157,034)	-	(161,309)	-
Increase in deferred inflows					
Deferred pension resources	47,066	52,385	-	99,451	-
Deferred other postemployment benefit resources	(182,399)	(156,100)	-	(338,499)	-
Net Cash Provided by Operating Activities	<u>\$ 165,071</u>	<u>\$ 1,803,962</u>	<u>\$ 8,661</u>	<u>\$ 1,977,694</u>	<u>\$ (79,484)</u>

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

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City of Hibbing, Minnesota  
Notes to the Financial Statements  
December 31, 2024

## Note 1: Summary of Significant Accounting Policies

### A. Reporting Entity

The City of Hibbing (the City) was incorporated on August 15, 1893. The City has operated as a statutory city under the standard plan. Under the standard plan, voters elect a mayor, clerk-treasurer, and five councilors. Pursuant to statutory authorization, the City has combined the duties of treasurer and clerk into one position.

In December 2016, the City council adopted a resolution approving special legislation that allowed for moving from a Standard Plan of government to an Optional Plan A form of government and modification of the ward system from five wards to four. This change was effective January 1, 2019. At that time, the City had an Appointed City Clerk/Treasurer, an Elected Mayor, Elected Council for each of the four Wards, and two Elected At-Large Councilors.

In December 2022, the city council approved revising the Clerk/Treasurer and Senior Executive Assistant job descriptions which split the appointed Clerk/Treasurer position into two separate positions, City Clerk/Deputy Administrator and Finance Director/Treasurer.

The City has considered all potential units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the primary government to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the primary government. Included in the City's reporting entity, based upon the application of these criteria, are the following discretely presented component units. The discretely presented component units are reported in separate columns in the government-wide financial statements.

**Discretely Presented Component Units.** The Economic Development Authority (EDA) of the City was created pursuant to Minnesota statutes 469.090 through 469.108. The EDA is a legally separate entity whose sole purpose is to assume primary responsibility for development activities with the city. The EDA does not prepare separate financial statements. The Public Utilities Commission (PUC) was created to provide water, electric power, natural gas and steam services to the City. The PUC issues complete financial statements and may be obtained from Hibbing Public Utilities Commission, 19<sup>th</sup> Street and East 6<sup>th</sup> Avenue, Hibbing, Minnesota 55746.

### B. Government-wide and Fund Financial Statements

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

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.

City of Hibbing, Minnesota  
Notes to the Financial Statements  
December 31, 2024

**Note 1: Summary of Significant Accounting Policies (Continued)**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

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

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

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

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

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

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are also recorded as unearned revenue.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

The City reports the following major governmental funds:

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

The *Other Post-Employment Benefits Debt Service fund* is used to account for all financial resources relating to the other post-employment benefits for retired employees.

The *Capital Equipment and Improvement fund* accounts for costs associated with the City's capital equipment and improvement projects.

City of Hibbing, Minnesota  
Notes to the Financial Statements  
December 31, 2024

**Note 1: Summary of Significant Accounting Policies (Continued)**

The City reports the following major proprietary funds:

The *Garbage and Refuse Collection fund* accounts for costs associated with the City's solid waste system and ensure that user charges are sufficient to pay for those costs.

The *Sewer Operating and Maintenance fund* accounts for costs associated with the City's wastewater system and ensure that user charges are sufficient to pay for those costs.

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

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

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

***Deposits and Investments***

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. The proprietary funds' portion in the government-wide cash and temporary investments pool is considered to be cash and cash equivalents for purposes of the Statements of Cash Flows.

The PUC's cash includes amounts on hand as well as in demand deposit and savings accounts.

The City's funds are combined (pooled) and invested to the extent available in various investments authorized by Minnesota statutes. This pool of the City functions essentially as a demand account for all participating funds. Each fund's portion of this pool is displayed on the financial statements as "cash and cash equivalents". Several funds and the component unit hold cash and investments separate from the cash and investment pool.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City's recurring fair value measurements are listed in detail on page 49 and are valued using quoted market prices (Level 1 inputs) and matrix pricing models (Level 2 inputs).

The City may invest idle funds as authorized by Minnesota statutes, as follows:

1. Direct obligations or obligations guaranteed by the United States or its agencies.
2. Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, rated in one of the two highest rating categories by a statistical rating agency, and have a final maturity of thirteen months or less.
3. General obligations of a state or local government with taxing powers rated "A" or better; revenue obligations rated "AA" or better.

City of Hibbing, Minnesota  
Notes to the Financial Statements  
December 31, 2024

**Note 1: Summary of Significant Accounting Policies (Continued)**

4. General obligations of the Minnesota Housing Finance Agency rated "A" or better.
5. Obligation of a school district with an original maturity not exceeding 13 months and (i) rated in the highest category by a national bond rating service or (ii) enrolled in the credit enhancement program pursuant to statute section 126C.55.
6. Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.
7. Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less.
8. Repurchase or reverse repurchase agreements and securities lending agreements with financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.
9. Guaranteed Investment Contracts (GIC's) issued or guaranteed by a United States commercial bank, a domestic branch of a foreign bank, a United States insurance company, or its Canadian subsidiary, whose similar debt obligations were rated in one of the top two rating categories by a nationally recognized rating agency.

***Investment Policy***

The City's investment policy incorporates Minnesota statutes as described above which reduces the City's exposure to credit, custodial credit and interest rate risks. Specific risk information for the City is as follows:

- *Credit Risk.* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Ratings are provided by various credit rating agencies and where applicable, indicate associated credit risk. Minnesota statutes and the City's investment policy limit the City's investments to the list on page 50 of the notes. The PUC does not have a policy that specifically addresses credit risk.
- *Custodial Credit Risk.* The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City's formal deposit policy for custodial credit risk requires deposits to be insured by FDIC insurance or collateralized. The City's formal investment policy requires brokers to have Securities Investor Protector Insurance (SIPC) and excess SIPC coverage. As of December 31, 2024, the PUC did not have any investments exposed to custodial risk. The PUC's investment policy requires that an investment must be held by the PUC or its agent in the PUC's name and comply with Minnesota Statutes.
- *Concentration of Credit Risk.* Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City has a formal investment policy for credit risk or concentration of credit risk. State statutes authorize the City to invest in qualified repurchase agreements, obligations of the U.S. government, obligations of the State of Minnesota or its municipalities, shares of certain investment companies, banker's acceptance notes, commercial paper and guaranteed investment contracts. The City places no limit on the amount the City may invest in any one issuer. The PUC did not hold any investments subject to credit risk as of December 31, 2024.
- *Interest Rate Risk.* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City's formal investment policy structures the investment portfolio so that maturing investments meet the City's cash requirements for ongoing operations. The PUC follows State Statutes for its policy.

City of Hibbing, Minnesota  
Notes to the Financial Statements  
December 31, 2024

**Note 1: Summary of Significant Accounting Policies (Continued)**

The Minnesota Municipal Money Market (4M) Fund is regulated by Minnesota statutes and the Board of Directors of the League of Minnesota Cities and broker money market accounts operate in accordance with appropriate State laws and regulations. The 4M Fund is an external investment pool not registered with the Securities and Exchange Commission (SEC); however, it follows the same regulatory rules of the SEC under rule 2a7. The reported value of the pool is the same as the fair value of the pool shares. Financial statements of the 4M Fund can be obtained by contacting RBC Global Asset Management at 100 South Fifth Street Suite 2300, Minneapolis, MN 55402-1240.

***Designated Cash and Cash Equivalents and Designated Investments***

The City's business type activities have designated totaling \$1,800,000 at December 31, 2024 (\$900,000 in the garbage and refuse collection fund and sewer operating and maintenance fund, respectively) to cover future OPEB liability costs. The \$1,800,000 in assets are to remain designated except in years when the business type funds have insufficient undesignated cash resources. Only with negative undesignated cash at year end may monies be transferred from the OPEB Designated Assets accounts. In a year where a transfer of monies is required, that transfer may not exceed that same calendar year's total net cash payments on the business type fund retiree health insurance premiums paid by the City. In subsequent years should the business type funds have any surplus of undesignated cash, the surplus will be transferred back into the OPEB Designated Assets to replenish the account back to the initial amount (\$900,000 respectively) or additional amounts if desired by the Council. Such transfer of excess funds in subsequent years will be mandatory for up to four consecutive years as needed to meet the \$900,000 level, and then be discontinued until such time as there again is a deficit in the undesignated cash at year end.

The OPEB Debt Service fund has designated cash and investments totaling \$9,363,732.

***Restricted Assets***

Certain proceeds of the PUC general obligation revenue bonds, as well as certain resources set aside for their repayment are classified as restricted assets on the statement of net position because their use is limited by statute and applicable bond covenants. The bond reserve account is used to segregate resources accumulated for future debt service payments.

The PUC also holds cash that is restricted for the following specific uses:

- Customer deposits - Refundable deposits paid by customers at inception of service.
- Fuel assistance recipients - Amounts received from a third party that are to be applied against utility bills for qualifying low income utility users.

Third parties also hold assets in escrow accounts on the PUC's behalf in conjunction with debt issues, as discussed in Note 3F.

***Property Taxes***

The property tax calendar in Minnesota follows the calendar year. Property tax levies are certified to the county auditor in December of each year for collection from taxpayers in May and October of the following calendar year. In Minnesota, counties act as collection agents for all property taxes. The county spreads all levies over taxable property. Property taxes become a lien on the property the following January 1. The county generally remits taxes to the City at periodic intervals as they are collected. A portion of property taxes levied is paid by the State of Minnesota through various tax credits, which are included in revenue from state sources (intergovernmental) in the financial statements.

Revenues are accrued and recognized in the government-wide financial statements in the current period. In the fund financial statements, taxes that remain unpaid at December 31 are classified as delinquent taxes and offset by a deferred inflow of resources in the governmental fund financial statements.

City of Hibbing, Minnesota  
Notes to the Financial Statements  
December 31, 2024

**Note 1: Summary of Significant Accounting Policies (Continued)**

***Accounts Receivable***

Accounts receivable include amounts billed for services provided before year end and are reported net of allowance for uncollectible, which are established based on current collection experience.

The PUC's receivables are comprised of amounts due from customers, and other receivables which represent amounts due from transactions incurred in the normal course of operations. Unbilled utility enterprise fund receivables are also included for services provided in 2024. The PUC has an allowance for doubtful accounts of \$58,000 at December 31, 2024.

***Special Assessments***

Special assessments are levied against the benefited properties for the assessable costs of special assessment improvement projects in accordance with state statutes. The City usually adopts the assessment rolls when the individual projects are complete or substantially complete. The assessments are collectible over a period of one to twenty years, depending on the type of assessment. Annual installments (including interest) for special assessments are collected by the County in the same manner as property taxes. Property owners are allowed to prepay total future installments without interest or prepayment penalties to the City.

The City recognized special assessment revenue in the government-wide financial statements when the assessment rolls are levied. In the fund financial statements, the City recognizes special assessment revenue when it becomes both measurable and available. Current assessments, which remain unpaid at December 31, are classified as delinquent receivables and, together with deferred assessments, are offset by a deferred inflow of resources in the fund financial statements.

***Interfund Receivables and Payables***

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

***Lease Receivable***

The City's lease receivable is measured at the present value of lease payments expected to be received during the lease term.

A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

***Inventories***

All inventories are stated at the lower of cost or market on the first-in, first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. The PUC Component Unit's inventories consist of parts, which are valued at weighted average cost and fuel and bulk supplies, which are valued at cost, on a first-in, first-out (FIFO) basis.

***Prepaid Items***

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

City of Hibbing, Minnesota  
Notes to the Financial Statements  
December 31, 2024

**Note 1: Summary of Significant Accounting Policies (Continued)**

***Capital Assets***

Capital assets, which include land, artwork, intangible-easements, buildings, improvements, equipment, machinery, furniture, construction in progress, 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 and in the proprietary fund financial statements.

Capital assets are capitalized at historical cost, or estimated historical cost, for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their acquisition value at the date of donation. The City maintains a threshold level of \$5,000 or more for capitalizing all capital assets. The City uses the modified approach for reporting gravel road capital assets. The cost of normal maintenance and repairs, such as annual City paving costs from state aid maintenance projects, that do not add to the value of the asset or materially extend asset lives, are not capitalized.

Capital assets are depreciated using the straight-line method over their estimated useful lives. When assets are no longer needed by the City, such assets are either disposed of, if it is determined there is no value, or sold for an immaterial amount. Useful lives vary from 20 to 40 years for improvements and buildings, 20 to 40 years for infrastructure, and 5 to 10 years for machinery, equipment and vehicles. Capital assets not being depreciated include land, artwork, intangible-easements, construction in progress, and gravel roads.

The City elects to use the modified approach as defined by GASB Statement No. 34 for infrastructure reporting of its gravel roads. The City commissioned a physical condition assessment of its gravel roads in 2023. This condition assessment will be performed at least every three years. The study assists the City by providing current inspection data used to evaluate current road conditions. This helps to maintain a City-defined desirable level of road performance while optimizing the expenditure of limited fiscal resources. The entire gravel road network within the City is composed of approximately 65 miles of gravel road.

A visual inspection of all gravel roads was conducted to assess the existing condition of each of the individual gravel roads. Upon completion of the inspection, a level based on the condition is assessed to each gravel road based on the following criteria:

<u>Condition</u>	<u>Criteria</u>	<u>Level</u>
Poor	Road may have extreme potholes, standing or running water, soft spots, travel speeds below 5 mph or the road may be impassible.	1
Fair	Roads may have some potholes or puddles, minor soft spots, travel speeds up to 30 mph.	2
Good	Roads are in generally good condition, graded, travel speeds up to 45 mph.	3
Excellent	Roads are graded, dust control applied, travel speeds up to legal speed limit.	4

City of Hibbing, Minnesota  
Notes to the Financial Statements  
December 31, 2024

**Note 1: Summary of Significant Accounting Policies (Continued)**

Except in the condition of an extreme weather condition, rain storm, or flooded condition, the City of Hibbing will maintain gravel roads at a condition of Level 3. As of December 31, 2024, the City's gravel roads all rated at a Level 3.

The PUC adopted a formal capitalization policy effective for 2010, which was revised in 2018 to increase the capitalization threshold to \$10,000.

***Deferred Outflows of Resources***

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items which qualify for reporting in this category. Accordingly, the items, deferred pension resources and deferred other postemployment benefit resources, are reported only in the statement of net position. These items result from actuarial calculations and current year pension contributions and OPEB contributions made subsequent to the measurement dates. The PUC has one additional item which qualifies for reporting in this category, the deferred LEA resources.

***Compensated Absences***

City employees earn vacation and sick leave based on years of service and union and employment contracts. Limited vacation time may be carried over annually. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. Sick pay is accrued when expected to be used during the employees service life or paid upon termination. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The General fund is typically used to liquidate governmental compensated absences.

Employees of the PUC may accumulate up to 180 days of sick leave. After ten years of service and upon termination of employment, employees are paid one-half of their unused accumulated sick leave. The remaining sick leave is available to employees only in the event of illness related absences.

Employees of the PUC may also accrue vacation pay up to a maximum of 31 working days per year based on length of employment. A maximum of ten unused vacation days may be carried past the employee's anniversary date. No payments are given in lieu of vacation time.

***Long-term Obligations***

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. The recognition of bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as an expense in the period incurred.

In the fund financial statements, governmental fund types recognized bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Bond issuance costs are reported as an expense in the period incurred.

City of Hibbing, Minnesota  
Notes to the Financial Statements  
December 31, 2024

**Note 1: Summary of Significant Accounting Policies (Continued)**

**Postemployment Benefits Other Than Pensions**

Under Minnesota statute 471.61, subdivision 2b., public employers must allow retirees and their dependents to continue coverage indefinitely in an employer-sponsored health care plan, under the following conditions: 1) Retirees must be receiving (or eligible to receive) an annuity from a Minnesota public pension plan, 2) Coverage must continue in a group plan until age 65, and retirees must pay no more than the group premium, and 3) Retirees may obtain dependent coverage immediately before retirement. The liability was actuarially determined, in accordance with GASB 75, at January 1, 2023. The General fund and the OPEB debt service fund as needed are typically used to liquidate governmental other postemployment benefits payable.

**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 except that PERA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The General fund is typically used to liquidate the governmental net pension liability.

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit plan administered by the Hibbing Fire Department Relief Association and additions to and deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. Investments are reported at fair value. The General fund is typically used to liquidate the governmental net pension asset.

The total pension expense for the General Employee Plan (GERP), Police and Fire Plan (PEFPF), DCP and the Hibbing Fire Relief Association (FRA) is as follows:

	GERP	PEFPF	PEDCP	FRA	Total
City's proportionate share	\$ 170,825	\$ 772,103	\$ 1,137	\$ (6,366)	\$ 937,699
Proportionate share of State's contribution	1,677	18,488	-	-	20,165
	<u>\$ 172,502</u>	<u>\$ 790,591</u>	<u>\$ 1,137</u>	<u>\$ (6,366)</u>	<u>\$ 957,864</u>

**Deferred Inflows of Resources**

In addition to liabilities, the statement of net position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The City has one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from three sources: delinquent taxes, special assessments and intergovernmental receivables. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

City of Hibbing, Minnesota  
Notes to the Financial Statements  
December 31, 2024

**Note 1: Summary of Significant Accounting Policies (Continued)**

Furthermore, the City and PUC have additional items which qualify for reporting in this category on the statement of net position. The items, deferred pension resources and deferred other postemployment benefit resources, are reported only in the statement of net position and results from actuarial calculations involving net differences between projected and actual earnings on plan investments and changes in proportions.

The City and the EDA have one type of item, which arises under a modified accrual and full accrual basis of accounting and is reported on the statement of net position and government funds balance sheet. The item, *deferred lease resources*, arise from the present value of the related lease receivables.

**Fund Balance**

In the fund financial statements, fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of resources reported in the governmental funds. These classifications are defined as follows:

*Nonspendable* - Amounts that cannot be spent because they are not in spendable form, such as prepaid items.

*Restricted* - Amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions.

*Committed* - Amounts constrained for specific purposes that are internally imposed by formal action (resolution) of the City Council, which is the City's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the City Council modifies or rescinds the commitment by resolution.

*Assigned* - Amounts constrained for specific purposes that are internally imposed. In governmental funds other than the General fund, assigned fund balance represents all remaining amounts that are not classified as nonspendable and are neither restricted nor committed. In the General fund, assigned amounts represent intended uses established by the City Council itself or by an official to which the governing body delegates the authority. The City Council has adopted a fund balance policy which delegates the authority to assign amounts for specific purposes to the City Administrator and Finance Director.

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

The City considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The City has formally adopted a fund balance policy for the General fund. The City's policy is to maintain a minimum unrestricted fund balance of 50 to 65 percent of the following year's budgeted expenditures and transfers out.

**Net Position**

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position is displayed in three components:

- a. Net investment in capital assets - Consists of capital assets, net of accumulated depreciation reduced by any outstanding debt attributable to acquire capital assets.
- b. Restricted net position - Consists of net position balances restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws or regulations of other governments.
- c. Unrestricted net position - All other net position balances that do not meet the definition of "restricted" or "net investment in capital assets".

City of Hibbing, Minnesota  
Notes to the Financial Statements  
December 31, 2024

**Note 1: Summary of Significant Accounting Policies (Continued)**

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.

**Note 2: Stewardship, Compliance and Accountability**

**A. Budgetary Information**

The City Administrator prepares a proposed budget for the City's funds on the same basis as the fund financial statements. The City Council adopts an annual budget for the fiscal year for the General Fund and Library Special Revenue Fund.

Legal budgetary control is at the fund account level; management control is exercised at line-item levels. Budget appropriations lapse at year end, if unexpended.

Budgeted amounts are as originally adopted or as amended by the City Council. Budget amendments decreased General fund expected revenues and expenditures.

**B. Deficit Fund Equity**

As of December 31, 2024, the following funds reported deficit fund equity:

Fund	Amount
Nonmajor capital project	
Downtown Capital Project	\$ 470,816

The deficit is expected to be eliminated with future revenues related to transfers from other funds.

**C. Excess of expenditures over appropriations**

For the year ended December 31, 2024 expenditures exceeded appropriations in the following fund.

Fund	Budget	Actual	Excess of Expenditures Over Appropriations
Major			
General	\$ 21,569,808	\$ 22,173,055	\$ 603,247

The excess was funded by lease proceeds.

City of Hibbing, Minnesota  
Notes to the Financial Statements  
December 31, 2024

### **Note 3: Detailed Notes on All Funds**

#### **A. Deposits and Investments**

##### ***Deposits***

Custodial credit risk for deposits and investments is the risk that in the event of a bank failure, the City's deposits and investments may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. In accordance with Minnesota statutes and as authorized by the City Council, the City maintains deposits at those depository banks, all of which are members of the Federal Reserve System. The PUC's deposit policy for custodial credit risk requires compliance with provisions of state law.

Minnesota statutes require that all City and PUC deposits be protected by insurance, surety bond or collateral. The market value of collateral pledged must equal 110 percent of the deposits not covered by insurance or bonds, which the exception of irrevocable standby letters of credit issued by Federal Home Loan Banks as this type of collateral only requires collateral pledged equal to 100 percent of the deposits not covered by insurance or bonds.

Minnesota statutes require that all City and PUC deposits be protected by insurance, surety bond or collateral. The market value of collateral pledged must equal 110 percent of the deposits not covered by insurance or bonds, which the exception of irrevocable standby letters of credit issued by Federal Home Loan Banks as this type of collateral only requires collateral pledged equal to 100 percent of the deposits not covered by insurance or bonds.

Authorized collateral in lieu of a corporate surety bond includes:

- United States government Treasury bills, Treasury notes, Treasury bonds;
- Issues of United States government agencies and instrumentalities as quoted by a recognized industry quotation service available to the government entity;
- General obligation securities of any state or local government with taxing powers which is rated "A" or better by a national bond rating service, or revenue obligation securities of any state or local government with taxing powers which is rated "AA" or better by a national bond rating service;
- General obligation securities of a local government with taxing powers may be pledged as collateral against funds deposited by that same local government entity;
- Irrevocable standby letters of credit issued by Federal Home Loan Banks to a municipality accompanied by written evidence that the bank's public debt is rated "AA" or better by Moody's Investors Service, Inc., or Standard & Poor's Corporation; and
- Time deposits that are fully insured by any federal agency.

Minnesota statutes require that all collateral shall be placed in safekeeping in a restricted account at a Federal Reserve Bank, or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral. The selection should be approved by the City.

At year end, the City's carrying amount of deposits was \$8,446,866 and the bank balance was \$782,813. The entire bank balance was covered by federal depository insurance.

At year end, the EDA's carrying amount of deposits was \$149,356 and the bank balance was \$149,356. The entire bank balance was covered by federal depository insurance.

City of Hibbing, Minnesota  
Notes to the Financial Statements  
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**Note 3: Detailed Notes on All Funds (Continued)**

At December 31, 2024, the carrying amount of the PUC's deposits was \$5,061,170 and the bank balance was \$6,177,857. At year end, the PUC's bank balances were fully covered by depository insurance or by collateral held in the PUC 's name by the pledging financial institutions' correspondent banks.

**Investments**

At year end, the City's investment balances were as follows:

Types of Investments	Credit Quality/ Ratings (1)	Segmented Time Distribution (2)	Amount	Fair Value Measurement Using		
				Level 1	Level 2	Level 3
Pooled Investments at Amortized Costs						
4M Money Market Mutual Fund	N/A	less than 1 year	\$ 17,055,066			
Broker Money Market	N/A	less than 1 year	648			
LTD - OPEB	N/A	less than 1 year	273,757			
Non-pooled Investments						
Commercial Paper	AAA	less than 1 year	18,876,189	\$ -	\$ 18,876,189	\$ -
Brokered Certificates of Deposit	N/A	less than 1 year	4,252,343	-	4,252,343	-
Brokered Certificates of Deposit	N/A	1 to 5 years	6,699,699	-	6,699,699	-
U.S. Government Bonds FNMA/FHLMC	AAA	less than 1 year	2,477,963	2,477,963	-	-
U.S. Government Bonds FNMA/FHLMC	AAA	1 to 5 years	2,977,670	2,977,670	-	-
Total Investments			\$ 52,613,336	\$ 5,455,633	\$ 29,828,232	\$ -

The EDA investments are pooled with the primary government.

At year end, the PUC's investment balances were as follows:

	Credit Quality/ Ratings (1)	Segmented Time Distribution (2)	Fair Value Measurement Using			
Investments			Amount	Level 1	Level 2	Level 3
Pooled Investments at Amortized Costs						
4M Money Market Mutual Fund	N/A	less than 6 months	\$ 16,903,256			
Non-pooled Investments at Amortized Costs						
Bank Certificates of Deposit	N/A	less than 1 year	10,000,000	\$ -	\$ 10,000,000	\$ -
Total Investments			\$ 26,903,256	\$ -	\$ 10,000,000	\$ -

(1) Ratings are provided by Moody's and Standard & Poors where applicable to indicate associated credit risk.

(2) Interest rate risk is disclosed using the segmented time distribution method.

N/A Indicates not applicable or available.

City of Hibbing, Minnesota  
Notes to the Financial Statements  
December 31, 2024

**Note 3: Detailed Notes on All Funds (Continued)**

A reconciliation of cash and temporary investments as shown on the Statement of Net Position for the City follows:

	Primary Government	Component Units		Total
		EDA	PUC	
Carrying amount of deposits	\$ 8,446,866	\$ 149,356	\$ 5,061,170	\$ 13,657,392
Investments	50,205,180	2,408,156	26,903,256	79,516,592
Petty Cash	-	-	820	820
<b>Total</b>	<b>\$ 58,652,046</b>	<b>\$ 2,557,512</b>	<b>\$ 31,965,246</b>	<b>\$ 93,174,804</b>
Statement of Net Position				
Cash and temporary investments	\$ 47,368,314	\$ 2,557,512	\$ 4,279,203	\$ 54,205,029
Designated cash				
- other postemployment benefits	7,814,583	-	250,000	8,064,583
Investments	-	-	26,119,909	26,119,909
Designated investments				
- other postemployment benefits	3,469,149	-	-	3,469,149
Restricted cash and temporary investments				
Cash held for fuel assistance recipients	-	-	70,788	70,788
Cash held for customer deposits	-	-	461,999	461,999
Bond reserve account	-	-	783,347	783,347
<b>Total</b>	<b>\$ 58,652,046</b>	<b>\$ 2,557,512</b>	<b>\$ 31,965,246</b>	<b>\$ 93,174,804</b>

**B. Lease Receivable**

**Primary Government**

As of December 31, 2024, the City had the following lease receivables:

Description	Issue Date	Maturity Date	Discount Rate	Current Year Inflow of Resources	Balance at Year End
MN Towers	01/01/22	12/31/33	2.18%	\$ 2,336	\$ 21,148
Memorial Curling Club	08/01/22	07/31/25	1.25%	22,255	13,887
St. Louis County	07/01/23	06/30/28	4.22%	5,891	111,189
<b>Total leases receivable</b>					<b>\$ 146,224</b>

The City leases tower space to communication companies for the operation and maintenance of communication antennas.

The City leases space within the Memorial Building to the Hibbing Curling Club for recreation activities.

The City leases office space to St. Louis County for assessor services.

City of Hibbing, Minnesota  
Notes to the Financial Statements  
December 31, 2024

**Note 3: Detailed Notes on All Funds (Continued)**

***Discretely Presented Component Unit – EDA***

As of December 31, 2024, the EDA had the following lease receivables:

Description	Issue Date	Maturity Date	Discount Rate	Current Year Inflow of Resources	Balance at Year End
Advanced Machine Guarding Solutions	03/01/22	02/28/26	0.55%	\$ 21,008	<u>\$ 34,328</u>

The EDA leases space within the 1111 7<sup>th</sup> Ave East Building to various companies for use as office/manufacturing space.

***Discretely Presented Component Unit – PUC***

As of December 31, 2024, the PUC had the following lease receivables:

Description	Issue Date	Maturity Date	Discount Rate	Balance at Year End
Pole attachments	01/01/23	12/31/25	2.00%	\$ 72,431
Water tower space	10/24/23	02/14/28	2.00%	<u>449,257</u>
Total leases receivable				<u>\$ 521,688</u>

The PUC recognized \$72,636 of lease revenue and \$11,884 of interest income during 2024 related to its lessor contracts.

City of Hibbing, Minnesota  
Notes to the Financial Statements  
December 31, 2024

**Note 3: Detailed Notes on All Funds (Continued)**

**C. Capital Assets**

**Primary Government**

The City has elected to use the modified approach as defined by GASB Statement No. 34 for reporting of gravel roads. As a result, no accumulated depreciation or depreciation expense has been recorded for street infrastructure. Additional information of the modified approach is presented in the Notes to Required Supplementary Information section of this report. All other capital assets including other infrastructure systems were reported using the basic approach whereby accumulated depreciation and depreciation expense have been recorded. Capital asset activity for the year ended December 31, 2024 was as follows:

	Restated Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities</b>				
Capital Assets not Being Depreciated/Amortized				
Land	\$ 2,029,132	\$ 451,147	\$ -	\$ 2,480,279
Intangible - easements	36,400	-	-	36,400
Artwork	2,119,350	-	-	2,119,350
Gravel roads	4,197,271	-	-	4,197,271
Construction in progress	4,090,324	4,347,152	(1,292,652)	7,144,824
Total Capital Assets not Being Depreciated/Amortized	<u>12,472,477</u>	<u>4,798,299</u>	<u>(1,292,652)</u>	<u>15,978,124</u>
Capital Assets Being Depreciated/Amortized				
Infrastructure	43,867,015	2,704,262	-	46,571,277
Building and improvements	31,047,830	133,817	(74,463)	31,107,184
Equipment, machinery and furniture	18,036,271	2,577,221	(1,692,279)	18,921,213
Leased Equipment (Intangible Right to Use Asset)	504,205	1,368,875	(393,045)	1,480,035
Total Capital Assets Being Depreciated/Amortized	<u>93,455,321</u>	<u>6,784,175</u>	<u>(2,159,787)</u>	<u>98,079,709</u>
Less Accumulated Depreciation/Amortization				
Infrastructure	(26,597,207)	(1,321,657)	-	(27,918,864)
Building and improvements	(20,214,207)	(598,878)	72,214	(20,740,871)
Equipment, machinery and furniture	(13,395,482)	(1,322,047)	1,656,607	(13,060,922)
Leased Equipment (Intangible Right to Use Asset)	(395,390)	(138,832)	393,045	(141,177)
Total Accumulated Depreciation/Amortization	<u>(60,602,286)</u>	<u>(3,381,414)</u>	<u>2,121,866</u>	<u>(61,861,834)</u>
Total Capital Assets Being Depreciated/Amortized, Net	<u>32,853,035</u>	<u>3,402,761</u>	<u>(37,921)</u>	<u>36,217,875</u>
Governmental Activities Capital Assets, Net	<u>\$ 45,325,512</u>	<u>\$ 8,201,060</u>	<u>\$ (1,330,573)</u>	<u>\$ 52,195,999</u>

City of Hibbing, Minnesota  
Notes to the Financial Statements  
December 31, 2024

**Note 3: Detailed Notes on All Funds (Continued)**

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

**Governmental Activities**

General Government	\$ 112,518
Public Safety	610,904
Public Works, including depreciation of general infrastructure assets	2,015,053
Culture and Recreation	573,707
Transportation	14,634
Miscellaneous	<u>54,598</u>
Total Depreciation/Amortization Expense - Governmental Activities	<u><u>\$ 3,381,414</u></u>

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type Activities</b>				
Capital Assets not Being Depreciated				
Land	\$ 423,719	\$ -	\$ -	\$ 423,719
Construction in progress	<u>841,276</u>	<u>-</u>	<u>(841,276)</u>	<u>-</u>
Total Capital Assets not Being Depreciated	<u>1,264,995</u>	<u>-</u>	<u>(841,276)</u>	<u>423,719</u>
Capital Assets Being Depreciated				
Infrastructure	21,758,157	238,550		21,996,707
Buildings and improvements	33,046,602	732,832		33,779,434
Equipment, machinery and furniture	<u>6,864,769</u>	<u>1,550,533</u>	<u>(928,793)</u>	<u>7,486,509</u>
Total Capital Assets Being Depreciated	<u>61,669,528</u>	<u>2,521,915</u>	<u>(928,793)</u>	<u>63,262,650</u>
Less Accumulated Depreciation for				
Infrastructure	(5,269,917)	(537,788)	-	(5,807,705)
Buildings and improvements	(17,249,924)	(803,498)	-	(18,053,422)
Equipment, machinery and furniture	<u>(5,223,300)</u>	<u>(558,256)</u>	<u>924,966</u>	<u>(4,856,590)</u>
Total Accumulated Depreciation	<u>(27,743,141)</u>	<u>(1,899,542)</u>	<u>924,966</u>	<u>(28,717,717)</u>
Total Capital Assets Being Depreciated, Net	<u>33,926,387</u>	<u>622,373</u>	<u>(3,827)</u>	<u>34,544,933</u>
Business-type Activities Capital Assets, Net	<u><u>\$ 35,191,382</u></u>	<u><u>\$ 622,373</u></u>	<u><u>\$ (845,103)</u></u>	<u><u>\$ 34,968,652</u></u>

Depreciation expense was charged to functions/programs of the business-type activities as follows:

**Business-type Activities**

Garbage and Refuse Collection	\$ 326,582
Sewer Operating and Maintenance	<u>1,572,960</u>
Total Depreciation Expense - Business-type Activities	<u><u>\$ 1,899,542</u></u>

City of Hibbing, Minnesota  
Notes to the Financial Statements  
December 31, 2024

**Note 3: Detailed Notes on All Funds (Continued)**

***Discretely Presented Component Unit - EDA***

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

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets not Being Depreciated				
Land	\$ 130,865	\$ 26,727	\$ -	\$ 157,592
Construction in progress	6,880	3,493,415	-	3,500,295
Total Capital Assets not Being Depreciated	<u>137,745</u>	<u>3,520,142</u>	<u>-</u>	<u>3,657,887</u>
Capital Assets Being Depreciated				
Infrastructure	19,699	-	-	19,699
Buildings and improvements	626,319	-	-	626,319
Total Capital Assets Being Depreciated	<u>646,018</u>	<u>-</u>	<u>-</u>	<u>646,018</u>
Less Accumulated Depreciation for				
Infrastructure	(8,640)	(691)	-	(9,331)
Buildings and improvements	(72,860)	(17,400)	-	(90,260)
Total Accumulated Depreciation	<u>(81,500)</u>	<u>(18,091)</u>	<u>-</u>	<u>(99,591)</u>
Total Capital Assets Being Depreciated, Net	<u>564,518</u>	<u>(18,091)</u>	<u>-</u>	<u>546,427</u>
Component Unit Activities				
Capital Assets, Net	<u>\$ 702,263</u>	<u>\$ 8,636</u>	<u>\$ -</u>	<u>\$ 4,204,314</u>

City of Hibbing, Minnesota  
Notes to the Financial Statements  
December 31, 2024

**Note 3: Detailed Notes on All Funds (Continued)**

***Discretely Presented Component Unit - PUC***

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

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets not Being Depreciated				
Land and land rights	\$ 562,428	\$ -	\$ -	\$ 562,428
Construction in progress	1,380,975	19,800,364	(12,681,130)	8,500,209
Total Capital Assets not Being Depreciated	1,943,403	19,800,364	(12,681,130)	9,062,637
Capital Assets Being Depreciated				
Intangible Asset	2,764,688	-	-	2,764,688
Land improvements	2,272,059	-	-	2,272,059
Building and grounds	11,374,537	147,556	(14,172)	11,507,921
Production equipment	81,339,008	6,070,721	(553,658)	86,856,071
Transmission and distribution system	60,201,847	9,057,238	(1,101,454)	68,157,631
Equipment, machinery and furniture	4,836,593	433,230	(470,175)	4,799,648
Leased assets:				
Vehicles	68,911	80,636	(68,911)	80,636
Substation equipment	892,644	-	-	892,644
Total Capital Assets Being Depreciated	163,750,287	15,789,381	(2,208,370)	177,331,298
Less accumulated depreciation	(95,836,312)	(4,473,489)	2,220,473	(98,089,328)
Less accumulated amortization on leased assets	(291,131)	(215,690)	68,911	(437,910)
Total Capital Assets Being Depreciated, Net	67,622,844	11,100,202	81,014	78,804,060
Component Unit Activities				
Capital Assets, Net	<u>\$ 69,566,247</u>	<u>\$ 30,900,566</u>	<u>\$ (12,600,116)</u>	<u>\$ 87,866,697</u>

**D. Intangible Asset - Service Concession Arrangement**

The PUC entered into a facility reimbursement agreement with Northern Natural Gas Company that required the PUC to provide funding for the upgrade to natural gas facilities providing services to the PUC. The construction costs for the upgrades were paid for by the PUC but ownership and operation of the facilities will remain with Northern. The project was completed in 2021 for a total cost of \$2,764,688. The costs are being amortized over a period of 33 years. As of December 31, 2024 total costs, net of amortization were \$2,429,575.

City of Hibbing, Minnesota  
Notes to the Financial Statements  
December 31, 2024

**Note 3: Detailed Notes on All Funds (Continued)**

**D. Interfund Receivables, Payables and Transfers**

***Interfund Receivables and Payables***

Receivable Fund	Payable Fund	Amount
Primary Government	Primary Government	
General	Nonmajor governmental	\$ 59,267
General	Capital Equipment and Improvement	344,277
Nonmajor governmental	Nonmajor governmental	411,549
		<u>815,093</u>
Total		<u>\$ 815,093</u>
Primary Government	Discretely presented component unit	
General	Public Utilities Commission	\$ 2,120
Garbage and Refuse	Public Utilities Commission	482,398
Sewer Operating	Public Utilities Commission	678,385
		<u>1,162,903</u>

The amounts due from the Hibbing Public Utilities Commission relates to garbage and sewer charges collected for the primary government. Loans issued from the General fund and the Nonmajor Governmental funds from the Nonmajor Governmental funds were issued to fund capital projects and purchases and will be repaid with future grant funds.

***Interfund Transfers***

The composition of primary government interfund transfers for the year ended December 31, 2024 is as follows:

Fund	Transfers in		
	Capital Equipment and Improvement	Nonmajor Governmental	Total
Transfers Out			
General	\$ 2,843,864	\$ 1,589,045	\$ 4,432,909
Nonmajor governmental	390,302	75,000	465,302
	<u>3,234,166</u>	<u>1,664,045</u>	<u>4,898,211</u>
Total Transfers Out	<u>\$ 3,234,166</u>	<u>\$ 1,664,045</u>	<u>\$ 4,898,211</u>

The City annually budgets transfers for specific purposes. Annual transfers include (1) eliminate deficit fund balances and help fund operating losses or deficits and (2) allocate general fund balance to separate funds from the Nonmajor Capital fund.

City of Hibbing, Minnesota  
Notes to the Financial Statements  
December 31, 2024

**Note 3: Detailed Notes on All Funds (Continued)**

**E. Long-term Debt**

**Primary Government**

General Obligation (G.O.) Bonds

The City issues G.O. bonds to provide funds for the acquisition and construction of major capital facilities. G.O. bonds have been issued for governmental activities. G.O. bonds are direct obligations and pledge the full faith and credit of the City. G.O. bonds currently outstanding are as follows:

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Governmental Activities					
2018A G.O. Certificates	\$ 1,150,000	3.00 - 4.00 %	12/20/18	02/01/29	\$ 505,000
2020A G.O. Certificates	1,615,000	1.24	11/24/20	02/01/29	1,040,000
2020A G.O. Certificates	670,000	1.35	11/24/20	02/01/30	460,000
2022A G.O. Certificates	295,000	3.125	03/28/22	02/01/32	242,000
2022A G.O. Certificates	120,000	3.125	03/28/22	02/01/27	74,000
2024A G.O. Certificates	1,360,000	4.00 - 5.00	03/14/24	02/01/34	1,360,000
Total General Obligation Bonds					<u>\$ 3,681,000</u>

Annual debt service requirements to maturity for G.O. revenue bonds are as follows:

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2025	\$ 646,000	\$ 144,280	\$ 790,280
2026	648,000	111,258	759,258
2027	669,000	86,561	755,561
2028	660,000	59,849	719,849
2029	561,000	32,721	593,721
2030 - 2034	497,000	36,181	533,181
Total	<u>\$ 3,681,000</u>	<u>\$ 470,850</u>	<u>\$ 4,151,850</u>

Financed Purchase Agreement

The City also issues purchase agreements for the purchase of major equipment and other items. These agreements are considered obligations of the primary government and are being repaid as part of each year's budgeted expenditures. Included in the lease purchase obligation is an agreement for the purchase of a TORO mower.

Description	and Issued	Rate	Date	Date	Year End
Lease Purchase Obligation					
TORO Mower	78,075	6.74 %	01/10/22	06/01/26	<u>\$ 32,354</u>
Total Lease Purchase Obligation					<u>\$ 32,354</u>

City of Hibbing, Minnesota  
Notes to the Financial Statements  
December 31, 2024

**Note 3: Detailed Notes on All Funds (Continued)**

Annual debt service requirements to maturity for financed purchase agreements are as follows:

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2025	\$ 15,634	\$ 3,264	\$ 18,898
2026	16,720	2,249	18,969
Total	<u>\$ 32,354</u>	<u>\$ 5,513</u>	<u>\$ 37,867</u>

Lease Payable

Lease agreements are summarized as follows:

Description	Amount Issued	Interest Rate	Issue Date	Payment Terms	Payment Amount	Balance at Year End
Compudyne Equipment - Library	\$ 39,917	3.24 %	10/01/22	3 Years	\$ 1,109 Monthly	\$ 9,846
Compudyne Equipment - City Hall	75,228	2.01	04/01/22	3 Years	2,090 Monthly	6,248
Catapiller Graders	1,368,875	5.49	11/01/24	5 Years	26,022 Monthly	1,322,975
Total Lease Payable						<u>\$ 1,339,069</u>

The City has leased equipment through Compudyne at a fixed monthly rate of \$1,109 per month and interest rate of 3.24% that began in October of 2022. The City does not anticipate renewal of the lease after the original 36-month term.

The City has leased equipment through Compudyne at a fixed monthly rate of \$2,090 per month and interest rate of 2.01% that began in April of 2022. The City does not anticipate renewal of the lease after the original 36-month term.

The City has leased graders through Catapiller at a fixed monthly rate of \$26,022 per month and interest rate of 5.49% that began in November of 2024.

Annual debt service requirements to maturity for City lease agreements are as follows:

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2025	\$ 261,846	\$ 66,663	\$ 328,509
2026	259,589	52,672	312,261
2027	274,204	38,057	312,261
2028	289,643	22,618	312,261
2029	253,787	6,430	260,217
Total	<u>\$ 1,339,069</u>	<u>\$ 186,440</u>	<u>\$ 1,525,509</u>

City of Hibbing, Minnesota  
Notes to the Financial Statements  
December 31, 2024

**Note 3: Detailed Notes on All Funds (Continued)**

G.O. Revenue Bonds and Notes

The following bonds and notes were issued to finance capital improvements in the enterprise funds. They will be repaid from future revenues pledged from enterprise funds and are backed by the taxing power of the City. Annual revenues from charges for services, principal and interest payments, and percentage of revenue required to cover principal and interest payments are as follows:

					Sewer
					\$ 4,290,449
Operating Revenues					782,867
Principal and Interest					548 %
Percentage of Revenues					

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
2018A General Obligation Bonds	\$ 3,460,000	3.00 - 4.00 %	12/20/18	02/01/39	\$ 2,410,000
2020A General Obligation Bonds	610,000	1.91	11/24/20	02/01/32	460,000
2024A General Obligation Bonds	575,000	4.00 - 5.00	03/14/24	02/01/34	575,000
Total G.O. Revenue Bonds					<u>\$ 3,445,000</u>

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
2010 Sewer Revenue Notes	\$ 1,726,575	1.34 %	11/30/10	08/20/25	\$ 112,000
2012 Sewer Revenue Notes	4,912,830	1.00	10/23/12	08/20/31	1,929,954
Total G.O. Revenue Notes					<u>\$ 2,041,954</u>

Annual debt service requirements to maturity for G.O. revenue bonds are as follows:

Year Ending December 31,	Business-type Activities		
	Principal	Interest	Total
2025	\$ 340,000	\$ 127,300	\$ 467,300
2026	350,000	104,848	454,848
2027	360,000	92,473	452,473
2028	380,000	79,373	459,373
2029	220,000	69,323	289,323
2030 - 2034	1,090,000	234,519	1,324,519
2035 - 2039	705,000	72,900	777,900
Total	<u>\$ 3,445,000</u>	<u>\$ 780,736</u>	<u>\$ 4,225,736</u>

City of Hibbing, Minnesota  
Notes to the Financial Statements  
December 31, 2024

**Note 3: Detailed Notes on All Funds (Continued)**

Annual debt service requirements to maturity for G.O. revenue notes are as follows:

Year Ending December 31,	Business-type Activities		
	Principal	Interest	Total
2025	\$ 380,000	\$ 20,800	\$ 400,800
2026	271,000	16,620	287,620
2027	273,000	13,910	286,910
2028	276,000	11,180	287,180
2029	279,000	8,420	287,420
2030 - 2031	562,954	8,440	571,394
Total	<u>\$ 2,041,954</u>	<u>\$ 79,370</u>	<u>\$ 2,121,324</u>

Changes in Long-term Liabilities

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

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
Bonds Payable					
G.O. bonds	\$ 2,775,000	\$ 1,360,000	\$ (454,000)	\$ 3,681,000	\$ 646,000
Unamortized premium on bonds	158,089	111,853	(35,887)	234,055	-
Total Bonds Payable	<u>2,933,089</u>	<u>1,471,853</u>	<u>(489,887)</u>	<u>3,915,055</u>	<u>646,000</u>
Lease Purchase Obligations	46,972	-	(14,618)	32,354	15,634
Leases Payable	109,856	1,368,875	(139,662)	1,339,069	261,846
Compensated Absences Payable	<u>1,405,063</u>	<u>463,170</u>	<u>-</u>	<u>1,868,233</u>	<u>186,450</u>
Governmental Activity Long-term Liabilities	<u>\$ 4,494,980</u>	<u>\$ 3,303,898</u>	<u>\$ (644,167)</u>	<u>\$ 7,154,711</u>	<u>\$ 1,109,930</u>
<b>Business-type Activities</b>					
Bonds Payable					
G.O. revenue notes	\$ 2,417,954	\$ -	\$ (376,000)	\$ 2,041,954	\$ 380,000
G.O. revenue bonds	3,150,000	575,000	(280,000)	3,445,000	340,000
Unamortized discount on bonds	(2,836)	-	352	(2,484)	-
Unamortized premium on bonds	112,076	56,910	(13,930)	155,056	-
Total Bonds Payable	<u>5,677,194</u>	<u>631,910</u>	<u>(669,578)</u>	<u>5,639,526</u>	<u>720,000</u>
Compensated Absences Payable	<u>246,376</u>	<u>46,917</u>	<u>-</u>	<u>293,293</u>	<u>100,847</u>
Business-type Activity Long-term Liabilities	<u>\$ 5,923,570</u>	<u>\$ 678,827</u>	<u>\$ (669,578)</u>	<u>\$ 5,932,819</u>	<u>\$ 820,847</u>

\*The change in the compensated absences liability is presented as a net change.

City of Hibbing, Minnesota  
Notes to the Financial Statements  
December 31, 2024

**Note 3: Detailed Notes on All Funds (Continued)**

***Discretely Presented Component Unit - EDA***

G.O. Tax Increment Bonds

The following bond was issued for a redevelopment project for the EDA. The additional tax increments resulting from increased tax capacity of the redeveloped properties will be used to retire the related debt:

	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
2020B G.O. Tax Increment Refunding Bonds	\$ 765,000	4.00 - 5.25 %	11/01/20	11/01/36	<u>\$ 630,000</u>

Annual debt service requirements to maturity for G.O. tax increment bonds are as follows:

Year Ending December 31,	Economic Development Authority		
	Principal	Interest	Total
2025	\$ 50,000	\$ 10,473	\$ 60,473
2026	50,000	10,010	60,010
2027	50,000	9,460	59,460
2028	50,000	8,823	58,823
2029	55,000	8,061	63,061
2030 - 2034	265,000	26,295	291,295
2035 - 2036	110,000	2,475	112,475
Total	<u>\$ 630,000</u>	<u>\$ 75,597</u>	<u>\$ 705,597</u>

Loans Payable

The EDA entered into a loan agreement with the State of Minnesota Department of Iron Range Resources and Rehabilitation on 2/22/2019 in an amount of \$600,000 to purchase land and a commercial building in the City of Hibbing that is intended to be leased to a tenant. The loan matures on 2/22/2039, at which the full \$600,000 is due. The annual interest rate for this loan is 0% up to the due date and 8% thereafter for any amount not paid. Annual payments are based on collected net operating revenues and vary annually depending on the net operating revenues collected.

The EDA entered into a loan agreement with the State of Minnesota Department of Iron Range Resources and Rehabilitation on 12/22/2024 in an amount of \$9,000,000 to purchase land and construct an industrial building in the City of Hibbing that is intended to be leased to a tenant. The loan matures on 12/31/2044, at which the full \$9,000,000 is due. The annual interest rate for this loan is 0% up to the due date and 8% thereafter for any amount not paid. Annual payments are based on collected net operating revenues and vary annually depending on the net operating revenues collected.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
IRRRB 2019 Loan	\$ 600,000	- %	02/22/19	02/22/39	\$ 547,133
IRRRB 2024 Loan	9,000,000	-	12/22/24	12/31/44	<u>2,192,856</u>
					<u>\$ 2,739,989</u>

City of Hibbing, Minnesota  
Notes to the Financial Statements  
December 31, 2024

**Note 3: Detailed Notes on All Funds (Continued)**

Changes in Long-term Liabilities

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

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<b>Discretely Presented Component Unit - EDA</b>					
Bonds Payable					
G.O. tax increment bonds	\$ 680,000	\$ -	\$ (50,000)	\$ 630,000	\$ 50,000
Loan Payable	547,133	2,192,856	-	2,739,989	-
Discretely Presented Component Unit Long-term Liabilities	<u>\$ 1,227,133</u>	<u>\$ 2,192,856</u>	<u>\$ (50,000)</u>	<u>\$ 3,369,989</u>	<u>\$ 50,000</u>

**Discretely Presented Component Unit – PUC**

G.O. Revenue Bonds and Notes

The following bonds and notes were issued to finance capital improvements in the PUC. They will be repaid from future revenues pledged from the PUC.

Description	Authorized and Issued	Interest Rate	Issue Year	Maturity Date	Balance at Year End
2005A Public Utilities Revenue Note	\$ 2,030,000	4.14 %	2005	12/31/25	\$ 155,000
2023A Public Utilities Revenue Note	\$ 9,336,684	2.01	2023	08/20/43	1,472,437
PFA Loan 2 Watermain Improvement	\$ 4,880,939	1.91	2024	08/20/44	4,880,939
					<u>\$ 6,508,376</u>

Annual debt service requirements to maturity for G.O. revenue bonds and notes are as follows:

Year Ending December 31,	PUC		
	Principal	Interest	Total
2025	\$ 596,939	\$ 228,696	\$ 825,635
2026	622,000	268,336	890,336
2027	634,000	256,040	890,040
2028	646,000	243,506	889,506
2029	659,000	230,736	889,736
2030 - 2034	3,498,000	952,895	4,450,895
2035 - 2039	3,856,000	593,285	4,449,285
2040 - 2044	3,668,000	196,716	3,864,716
Total	<u>\$ 14,179,939</u>	<u>\$ 2,970,210</u>	<u>\$ 17,150,149</u>

City of Hibbing, Minnesota  
Notes to the Financial Statements  
December 31, 2024

**Note 3: Detailed Notes on All Funds (Continued)**

The maturity schedule on the previous page includes payments of the authorized loan, of which a portion has not yet been issued. The remaining authorized balance will be issued in the subsequent years.

Lease Payable

The Commission entered into two leasing transactions in 2022. The lease related to vehicles has a three year term. The lease related to substation equipment has a six year term. The Commission used a discount rate of 2.9% to value contracts.

Annual debt service requirements to maturity for PUC lease agreements are as follows:

Year Ending December 31,	PUC		
	Principal	Interest	Total
2025	\$ 201,246	\$ 12,201	\$ 213,447
2026	207,161	6,286	213,447
2027	100,437	1,011	101,448
2028	3,562	10	3,572
Total	<u>\$ 512,406</u>	<u>\$ 19,508</u>	<u>\$ 531,914</u>

Changes in Long-term Liabilities

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

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<b>Discretely Presented Component Unit - PUC</b>					
Bonds Payable					
G.O. revenue notes	\$ 300,000	\$ 6,546,060	\$ (337,684)	\$ 6,508,376	\$ 596,939
Unamortized discount on notes	(2,674)	-	1,392	(1,282)	-
Total Bonds Payable	<u>297,326</u>	<u>6,546,060</u>	<u>(336,292)</u>	<u>6,507,094</u>	<u>596,939</u>
Lease Payable	647,460	80,636	(215,690)	512,406	201,246
Compensated Absences Payable	<u>880,521</u>	<u>596,696</u>	<u>-</u>	<u>1,477,217</u>	<u>400,080</u>
Discretely Presented Component Unit Long-term Liabilities	<u>\$ 1,825,307</u>	<u>\$ 7,223,392</u>	<u>\$ (551,982)</u>	<u>\$ 8,496,717</u>	<u>\$ 1,198,265</u>

The terms of Revenue Note 2005A called for the proceeds of the note to be placed in an escrow account. As funds were expected, the PUC submitted requests to the escrow agent to draw down on the account. The remaining funds are to be held in an escrow account until the maturity date of the bond. As of December 31, 2024, the account had a balance of \$168,220.

City of Hibbing, Minnesota  
Notes to the Financial Statements  
December 31, 2024

**Note 3: Detailed Notes on All Funds (Continued)**

Conduit Debt

The City entered into a joint powers agreement pursuant to Minnesota Statute §471.59 with the City of Buhl. The purpose of the agreement was to help a Minnesota non-profit corporation refinance projects for three facilities used to provide residential services to adults with developmental disabilities in both cities by issuing revenue obligations pursuant to Minnesota Statute §469.152-.165. The City of Buhl is the "issuer", and the City of Hibbing gave "host consent". This agreement shall terminate upon the earlier of: defeasance of the obligations; final maturity and payment of the obligations; or payment in full of the obligations prior to their final maturity.

The City issued a hospital equipment revenue note pursuant to Minnesota Statute Sections §469.152 through §469.1655. The purpose of the note is to help a Minnesota nonprofit corporation obtain equipment to install at Fairview Range Medical Center in Hibbing. The non-profit corporation is obligated to repay the note directly to the lender of the note as stated in the loan agreement between the City of Hibbing and the lender. The note does not constitute a charge, lien, or encumbrance upon any property of the City. This agreement shall terminate upon the earlier of: defeasance of the obligations; final maturity and payment of the obligations; or payment in full of the obligations prior to their final maturity.

The City has issued the financial arrangements and instruments noted above to facilitate private sector entities in their refinancing projects as they were deemed to be in the public interest. These bonds and notes are secured by the property financed and are payable solely from revenues derived from the loan agreements. The City is not obligated in any manner for repayment of the bonds or notes, accordingly, they are not reported as a liability in the accompanying financial statements.

The amount payable at December 31, 2024:

Issuer	Amount
City of Buhl (St Francis Health Services)	\$ 4,718,998
Minnesota Diversified Industries Project	946,655

City of Hibbing, Minnesota  
Notes to the Financial Statements  
December 31, 2024

**Note 3: Detailed Notes on All Funds (Continued)**

**F. Components of Fund Balance**

At December 31, 2024, portions of the City's fund balance are not available for appropriation due to not being in spendable form (Nonspendable), legal restrictions (Restricted), City Council action (Committed), policy and/or intent (Assigned). The following is a summary of the components of fund balance:

	General	Other Post- Employment Benefits	Capital Equipment and Improvement	Non-Major Governmental Funds	Total Governmental Funds
Nonspendable for					
Prepays	\$ 71,797	\$ -	\$ -	\$ 465	\$ 72,262
Lease receivable	12,072	-	-	-	12,072
Total Nonspendable	<u>\$ 83,869</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 465</u>	<u>\$ 84,334</u>
Restricted for					
Debt service	\$ -	\$ -	\$ -	\$ 1,196,655	\$ 1,196,655
Capital equipment and improvements	-	-	389,602	2,849,920	3,239,522
Police forfeiture fund	74,223	-	-	-	74,223
Total Restricted	<u>\$ 74,223</u>	<u>\$ -</u>	<u>\$ 389,602</u>	<u>\$ 4,046,575</u>	<u>\$ 4,510,400</u>
Committed to					
Housing incentive	\$ -	\$ -	\$ -	\$ 55,909	\$ 55,909
Housing trust	-	-	-	178,672	178,672
Small cities development	-	-	-	28,692	28,692
Economic development	-	-	-	85,053	85,053
Library	-	-	-	302,928	302,928
OPEB obligation	-	9,472,959	-	-	9,472,959
Memorial building	-	-	-	94,576	94,576
Capital equipment and improvements	-	-	2,111,119	-	2,111,119
Total Committed	<u>\$ -</u>	<u>\$ 9,472,959</u>	<u>\$ 2,111,119</u>	<u>\$ 745,830</u>	<u>\$ 12,329,908</u>
Assigned to					
2025 budget	\$ 10,524,176	\$ -	\$ -	\$ -	\$ 10,524,176
Workers' compensation premium adjustments	601,934	-	-	-	601,934
Capital equipment and improvements	-	-	1,154,297	-	1,154,297
Other improvement projects	-	-	-	313,988	313,988
Total Assigned	<u>\$ 11,126,110</u>	<u>\$ -</u>	<u>\$ 1,154,297</u>	<u>\$ 313,988</u>	<u>\$ 12,594,395</u>

#### **Note 4: Defined Benefit Pension Plans - Statewide**

##### **A. Plan Description**

The City participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). 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

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.

##### Public Employees Police and Fire Plan

Membership in the Police and Fire Plan includes full-time, licensed police officers and firefighters who meet the membership criteria defined in Minnesota Statutes section 353.64 and who are not earning service credit in any other PERA retirement plan or a local relief association for the same service. Employers can provide Police and Fire Plan coverage for part-time positions and certain other public safety positions by submitting a resolution adopted by the entity's governing body. The resolution must state that the position meets plan requirements.

##### **B. Benefits Provided**

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

##### General Employee Plan Benefits

General Employees Plan requires three years of service to vest. Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for General Plan members. Members hired prior to July 1, 1989, receive the higher of the Step or Level formulas. Only the Level formula is used for members hired after June 30, 1989. Under the Step formula, General Plan members receive 1.2 percent of the highest average salary for each of the first 10 years of service and 1.7 percent for each additional year. Under the Level formula, General Plan members receive 1.7 percent 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 percent for each month under age 65. Members with 30 or more years of service can retire at any age with a reduction of .25 percent for each month the member is younger than age 62. The Level formula allows General Plan members to receive a full retirement benefit at age 65 if they were 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.

City of Hibbing, Minnesota  
Notes to the Financial Statements  
December 31, 2024

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

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

Police and Fire Plan Benefits

Benefits for Police and Fire Plan members first hired before July 1, 2010, are vested after three years of service. Members hired on or after July 1, 2010 are 50 percent vested after five years of service and 100 percent after ten years. After five years, vesting increases by 10 percent each full year of service until members are 100 percent vested after then years. Police and Fire Plan members receive 3 percent of highest average salary for all years of service. Police and Fire Plan members receive a full retirement benefit when they are age 55 and vested, or when their age plus their years of service equals 90 or greater if they were first hired before July 1, 1989. Early retirement starts at age 50, and early retirement benefits are reduced by .417 percent each month members are younger than age 55.

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

**C. Contributions**

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

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2024 and the City was required to contribute 7.50 percent for Coordinated Plan members. The City's contributions to the General Employees Fund for the year ending December 31, 2024, 2023 and 2022 were \$431,370, \$403,071 and \$387,291, respectively. The City's contributions were equal to the required contributions for each year as set by state statute. The PUC's contributions to the General Employees Fund for the year ending December 31, 2024 were \$427,487. The PUC's contributions were equal to the required contributions for each year as set by state statute.

Police and Fire Fund Contributions

Police and Fire Plan members were required to contribute 11.80 percent of their annual covered salary in fiscal year 2024 and the City was required to contribute 17.70 percent for Police and Fire Plan members. The City's contributions to the Police and Fire Fund for the years ending December 31, 2024, 2023 and 2022 were \$865,999, \$785,093, and \$765,127, respectively. The City's contributions were equal to the contractually required contributions for each year as set by state statute.

City of Hibbing, Minnesota  
Notes to the Financial Statements  
December 31, 2024

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

**D. Pension Costs**

General Employees Fund Pension Costs

At December 31, 2024, the City reported a liability of \$2,419,507 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 \$62,564. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2023 through June 30, 2024 relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0654 at the end of the measurement period and 0.0671 percent for the beginning of the period.

City's Proportionate Share of the Net Pension Liability	\$ 2,419,507
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the City	<u>62,564</u>
Total	<u><u>\$ 2,482,071</u></u>

For the year ended December 31, 2024, the City recognized pension expense of \$170,825 for its proportionate share of General Employees Plan's pension expense. In addition, the City recognized \$1,677 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

During the plan year ended June 30, 2024, the State of Minnesota contributed \$170.1 million to the General Employees Fund. The State of Minnesota is not included as a non-employer contributing entity in the General Employees Plan pension allocation schedules for the \$170.1 million in direct state aid because this contribution was not considered to meet the definition of a special funding situation. The City recognized \$111,320 for the year ended December 31, 2024 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the General Employees Fund.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Economic Experience	\$ 229,113	\$ -
Changes in Actuarial Assumptions	11,877	932,640
Net Difference Between Projected and Actual Earnings on Plan Investments	-	700,063
Changes in Proportion	25,740	46,233
Contributions Paid to PERA Subsequent to the Measurement Date	<u>217,686</u>	<u>-</u>
Total	<u><u>\$ 484,416</u></u>	<u><u>\$ 1,678,936</u></u>

City of Hibbing, Minnesota  
Notes to the Financial Statements  
December 31, 2024

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

The \$217,686 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2025	\$ (766,441)
2026	(161,875)
2027	(298,449)
2028	(185,441)

Police and Fire Fund Pension Costs

At December 31, 2024, the City reported a liability of \$4,336,274 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2023 through June 30, 2024 relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.3296 at the end of the measurement period and 0.3372 percent for the beginning of the period.

The State of Minnesota contributed \$37.4 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2024. The contribution consisted of \$9 million in direct state aid that does meet the definition of a special funding situation, additional one-time direct state aid contribution of \$19.4 million, and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. The \$9 million direct state was paid on October 1, 2024. Thereafter, by October 1 of each year, the state will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90 percent funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later.

The State of Minnesota is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$9 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the State of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended December 31, 2024, the City recognized pension expense of \$772,103 for its proportionate share of Police and Fire Plan's pension expense. In addition, the City recognized an additional \$18,488 as pension expense (grant revenue) for its proportionate share of the State of Minnesota's contribution of \$9 million to the Police and Fire Fund.

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$28.4 million in supplemental state aid because this contribution was not considered to meet the definition of a special funding situation. The City recognized \$93,597 for the year ended December 31, 2024 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund.

City of Hibbing, Minnesota  
Notes to the Financial Statements  
December 31, 2024

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 1,734,410	\$ -
Changes in Actuarial Assumptions	5,044,579	6,533,456
Net Difference Between Projected and Actual Earnings on Plan Investments	-	1,360,870
Changes in Proportion	72,538	417,233
Contributions Paid to PERA Subsequent to the Measurement Date	456,117	-
Total	<u>\$ 7,307,644</u>	<u>\$ 8,311,559</u>

The \$456,117 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2025	\$ (224,479)
2026	1,136,190
2027	(732,496)
2028	(1,739,173)
2029	99,926

Employees Fund Pension Costs - Discretely Presented Component Unit - PUC

At December 31, 2024, the PUC reported a liability of \$2,508,776 for its proportionate share of the General Employees Fund's net pension liability. The PUC'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's proportionate share of the net pension liability associated with the PUC totaled \$64,872. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The PUC's proportion of the net pension liability was based on the PUC's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2023 through June 30, 2024 relative to the total employer contributions received from all of PERA's participating employers. The Commission's proportionate share was 0.0679 at the end of the measurement period and 0.0622 percent for the beginning of the period.

City's Proportionate Share of the Net Pension Liability	\$ 2,508,776
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the City	<u>64,872</u>
Total	<u>\$ 2,573,648</u>

For the year ended December 31, 2024, the PUC recognized pension expense (revenue) of \$(79,901) for its proportionate share of General Employees Plan's pension expense.

City of Hibbing, Minnesota  
Notes to the Financial Statements  
December 31, 2024

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

At December 31, 2024, the PUC reported its proportionate share of General Employees Plan's deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 235,010	\$ -
Changes in Actuarial Assumptions	15,839	891,686
Net Difference Between Projected and Actual Earnings on Plan Investments	-	749,167
Changes in Proportion	383,942	32,029
Contributions Paid to PERA Subsequent to the Measurement Date	226,352	-
Total	<u>\$ 861,143</u>	<u>\$ 1,672,882</u>

The \$226,352 reported as deferred outflows of resources related to pensions resulting from the PUC's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2025	\$ (626,664)
2026	(16,375)
2027	(221,373)
2028	(192,282)
2029	18,603

**E. Long-Term Expected Return on Investment**

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	33.50 %	5.10 %
International Equity	16.50	5.30
Fixed Income	25.00	0.75
Private Markets	25.00	5.90
Total	<u>100.00 %</u>	

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

##### **F. Actuarial Assumptions**

The total pension liability in the June 30, 2024 actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 7.0 percent. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 7.0 percent was deemed to be within that range of reasonableness for financial reporting purposes.

Inflation is assumed to be 2.25 percent for the General Employees Plan and 2.25 percent for the Police and Fire Plan. Benefit increases after retirement are assumed to be 1.25 percent for the General Employees Plan. The Police and Fire Plan benefit increase is fixed at 1.00 percent per year and that increase was used in the valuation.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25 percent after one year of service to 3.0 percent after 27 years of service. In the Police and Fire Plan, salary growth assumptions range from 11.75 percent after one year of service to 3.0 percent after 24 years of service.

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

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

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

##### General Employees Fund

###### Changes in Actuarial Assumptions:

- Rates and 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 tables 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.

City of Hibbing, Minnesota  
Notes to the Financial Statements  
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**Note 4: Defined Benefit Pension Plans - Statewide (Continued)**

Changes in Plan Provisions:

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

Police and Fire Fund

Changes in Actuarial Assumptions:

- There were no changes in actuarial assumptions since the previous valuation.

Changes in Plan Provisions:

- The State contribution of \$9 million per year will continue until the earlier of 1) both the Police and Fire Plan and the State Patrol Retirement Fund attain 90.0 percent funded status for three consecutive years (on an actuarial value of asset basis) or 2) July 1, 2048.
- The additional \$9 million contribution will continue until the Police and Fire Plan is fully funded for a minimum of three consecutive years on an actuarial value of assets basis, or July 1, 2048, whichever is earlier. The contribution was previously due to expire upon attainment of fully funded status on an actuarial value of assets basis for one year (or July 1, 2048 if earlier).

**F. Discount Rate**

The discount rate used to measure the total pension liability in 2024 was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**G. Pension Liability Sensitivity**

The following presents the City's and PUC'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 and PUC'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:

	City Proportionate Share of NPL		
	1 Percent Decrease (6.00%)	Current (7.00%)	1 Percent Increase (8.00%)
General Employees Fund	\$ 5,284,593	\$ 2,419,507	\$ 62,713
	1 Percent Decrease (6.00%)	Current (7.00%)	1 Percent Increase (8.00%)
Police and Fire Fund	\$ 10,247,463	\$ 4,336,274	\$ (518,049)
	PUC Proportionate Share of NPL		
	1 Percent Decrease (6.00%)	Current (7.00%)	1 Percent Increase (8.00%)
General Employees Fund	\$ 5,479,571	\$ 2,508,776	\$ 65,027

City of Hibbing, Minnesota  
Notes to the Financial Statements  
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**Note 4: Defined Benefit Pension Plans - Statewide (Continued)**

**H. Pension Plan Fiduciary Net Position**

Detailed information about each pension plan's fiduciary net position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at [www.mnpera.org](http://www.mnpera.org).

Five City Council members of the City and also the PUC Commission board members are covered by the Defined Contribution Plan (DCP), a multiple-employer deferred compensation plan administered by PERA. The PEDCP is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses, therefore, there is no future liability to the employer. *Minnesota statutes*, chapter 353d.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5 percent of salary which is matched by the elected official's employer. For ambulance service personnel, employer contributions are determined by the employer, and for salaried employees contributions must be a fixed percentage of salary. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2.0 percent of employer contributions and twenty-five hundredths of 1.0 percent (0.25 percent) of the assets in each member's account annually.

**Note 5: Public Employees Defined Contribution Plan (Defined Contribution Plan)**

Total contributions made by the City and the PUC during the fiscal year 2024 were:

City Defined Contribution Plan Contributions				
Contribution Amount		Percentage of Covered Payroll		Required Rate
Employee	Employer	Employee	Employer	
\$ 1,137	\$ 1,137	5.00%	5.00%	5.00%
PUC Defined Contribution Plan Contributions				
Contribution Amount		Percentage of Covered Payroll		Required Rate
Employee	Employer	Employee	Employer	
\$ 210	\$ 210	5.00%	5.00%	5.00%

The City's contributions to the DCP for the years ended December 31, 2024, 2023 and 2022 were \$1,137, \$778, and \$1,127, respectively.

City of Hibbing, Minnesota  
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**Note 6: Defined Benefit Pension Plans - Fire Relief Association**

**A. Plan Description**

All members of the Hibbing Fire Department (the Department) are covered by a defined benefit plan administered by the Hibbing Volunteer Fire Department Relief Association (the Association). As of December 31, 2023, the plan covered 14 active firefighters and 4 vested terminated fire fighters whose pension benefits are deferred. The plan is a single employer retirement plan and is established and administered in accordance with Minnesota statute, chapter 69.

The Association maintains a separate Special fund to accumulate assets to fund the retirement benefits earned by the Department's membership. Funding for the Association is derived from an insurance premium tax in accordance with the Volunteer Firefighter's Relief Association Financing Guidelines Act of 1971 (chapter 261 as amended by chapter 509 of Minnesota statutes 1980). Funds are also derived from investment income.

**B. Benefits Provided**

A fire fighter is entitled to a full-service pension upon retirement at the later of age 50 or after completion of 20 years of service.

The bylaws of the Association also provide for an early vested service pension for a retiring member who has completed fewer than 20 years of service. The reduced pension, available to members with 10 years of service, shall be equal to 60 percent of the pension as prescribed by the bylaws. This percentage increases 4 percent per year so that at 20 years of service, the full amount prescribed is paid. Members who retire with less than 20 years of service and have reached the age of 50 years and have completed at least 10 years of active membership are entitled to a reduced service pension not to exceed the amount calculated by multiplying the member's service pension for the completed years of service times the applicable non-forfeitable percentage of pension.

**C. Contributions**

Minnesota statutes, chapters 424 and 424A authorize pension benefits for volunteer fire relief associations. The plan is funded by fire state aid, investment earnings and, if necessary, employer contributions as specified in Minnesota statutes and voluntary City contributions (if applicable). The State of Minnesota contributed \$29,104 and \$27,040 in 2024 and 2023, respectively, in fire state aid to the plan on behalf of the City Fire Department, which was recorded as a revenue within the City's financial statements. Required employer contributions are calculated annually based on statutory provisions. The City's had no statutorily-required contributions to the plan for the year ended December 31, 2024.

**D. Pension Costs**

At December 31, 2024, the City reported a net pension liability (asset) of (\$298,554) for the plan. The net pension asset was measured as of December 31, 2024. The total pension liability used to calculate the net pension asset in accordance with GASB 68 was determined by Milliman applying an actuarial formula to specific census data certified by the Department as of December 31, 2024.

For the year ended December 31, 2024, the City recognized a negative pension expense of \$6,366.

City of Hibbing, Minnesota  
Notes to the Financial Statements  
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**Note 6: Defined Benefit Pension Plans - Fire Relief Association (Continued)**

At December 31, 2024, the City reported deferred outflows and inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 17,519
Changes in Actuarial Assumptions	2,542	-
Net Difference Between Projected and Actual Earnings on Plan Investments	2,396	-
Total	<u>\$ 4,938</u>	<u>\$ 17,519</u>

Amounts reported as deferred outflows of resources related to the plan will be recognized in pension expense as follows:

2025	\$ 1,829
2026	4,150
2027	(11,223)
2028	(4,623)
2029	(1,466)
Thereafter	(1,248)

**E. Actuarial Assumptions**

The total pension liability at December 31, 2024 was determined using the entry age normal actuarial cost method and the following actuarial assumptions:

Salary Increases	2.50% per year
Cost of Living Increases	2.50% per year
Investment Rate of Return	5.00%
20-Year Municipal Bond Yield	4.08%

There were no changes in actuarial assumptions in 2024.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimates for expected future real rates of return (expected returns, net of inflation) were developed for each asset class using the plan's target investment allocation along with long-term return expectations by asset class. Inflation expectations were applied to derive the nominal rate of return for the portfolio.

City of Hibbing, Minnesota  
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**Note 6: Defined Benefit Pension Plans - Fire Relief Association (Continued)**

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
US Broad Equity Market	61.00 %	3.70 %
US REITs	7.00	4.61
US Core Fixed Income	30.00	2.21
US Cash	2.00	0.92
Total	<u>100.00 %</u>	

**F. Discount Rate**

The discount rate used to measure the total pension liability was 5.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions to the plan will be made as specified in statute. Based on that assumption and considering the funding ratio of the plan, the fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**G. Pension Asset Sensitivity**

The following presents the City's net pension asset for the plan, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City's net pension asset would be if it were calculated using a discount rate 1 percent lower or 1 percent higher than the current discount rate:

	1 Percent Decrease (4.0%)	Current (5.0%)	1 Percent Increase (6.0%)
Defined Benefit Plan	\$ (288,983)	\$ (298,554)	\$ (307,372)

**H. Pension Plan Fiduciary Net Position**

The Association issues a publicly available financial report. The report may be obtained by writing to the Hibbing Fire Department Relief Association, 1009 W Lincoln Ave, Hibbing, MN 56277.

**I. Investment Policy**

The Minnesota State Board of Investment (SBI) is established by Article XI of the Minnesota Constitution to invest all state funds. Its membership as specified in the Constitution is comprised of the governor (who is designated as chair of the board), state auditor, secretary of state and state attorney general.

All investments undertaken by the SBI are governed by the prudent person rule and other standards codified in Minnesota statutes, chapter 11a and chapter 353g.

City of Hibbing, Minnesota  
Notes to the Financial Statements  
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**Note 6: Defined Benefit Pension Plans - Fire Relief Association (Continued)**

Within the requirements defined by state law, the SBI, with assistance of the SBI staff and the Investment Advisory Council, establishes investment policy for all funds under its control. These investments policies are tailored to the particular needs of each fund and specify investment objectives, risk tolerance, asset allocation, investment management structure and specific performance standards. Studies guide the on-going management of the funds and are updated periodically.

**Note 7: Joint Ventures**

**Chisholm - Hibbing Airport Authority**

The Chisholm-Hibbing Airport Authority was created by Minnesota Laws of 1994, Chapter 587, Article 11. The Hibbing City Council approved this law as required on September 6, 1994.

The Chisholm-Hibbing Airport Authority is governed by a six-member board appointed equally by each city. If the Authority is dissolved, the fair market value of all real estate owned by the City of Hibbing prior to the formation of the Chisholm-Hibbing Joint Airport Commission in 1957, including improvements on that real estate prior to that time, must be credited to the City of Hibbing.

During 2024, there were no related party transactions between the City and the Chisholm-Hibbing Airport Authority. Complete financial information can be obtained from the Chisholm-Hibbing Airport Authority, 11038 Highway 37, Hibbing, Minnesota 55746.

**Note 8: Postemployment Benefits Other Than Pensions**

***Primary Government***

**A. Plan Description**

The City operates a single-employer retiree benefit plan ("the Plan") that provides health, life and dental insurance to eligible employees and their families through the City's health insurance plan. The City provides postretirement health and life insurance benefits to some retired employees as established by contracts with bargaining units or other employment contracts. These contracts state the years of service and age needed to qualify for these postretirement benefits. The contracts also establish the amount the City will contribute towards the purchase of health insurance. Employer contributions are financed on a pay-as-you-go basis. The Plan does not issue a publicly available report.

Pursuant to the provisions of contracts with bargaining units or other employment contracts, former employees who retire from the City and/or eligible dependents, may continue to participate in the City's plan for medical and life insurance coverage. The bargaining unit contract provisions were modified to exclude any employees hired after January 1, 2007 to participate in the City's medical plan upon retirement, but continue to allow for the life insurance coverage. For those eligible employees and/or eligible dependents, the City subsidizes the premium rates paid by the retirees by allowing them to participate in the plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees. Additionally, certain retirees receive insurance coverage at a lower (explicitly subsidized) premium rate than active employees. The benefits provided under this defined benefit plan are provided for life. Retirees are required to enroll in the Federal Medicare program for their primary coverage as soon as they are eligible. For the year 2024, the City indirectly contributed \$1,294,413 to the plan.

City of Hibbing, Minnesota  
Notes to the Financial Statements  
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**Note 8: Postemployment Benefits Other Than Pensions (Continued)**

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

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	192
Active Plan Members	<u>113</u>
Total Plan Members	<u><u>305</u></u>

**B. Actuarial Methods and Assumptions**

The City's total OPEB liability of the City of Hibbing was measured as of December 31, 2023, and was determined by an actuarial valuation as of January 1, 2023.

The total OPEB liability in the January 1, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	3.26%
Expected Long-Term Investment Return	N/A
20-Year Municipal Bond Yield	3.26%
Inflation Rate	3.26%
Medical Trend Rate	(6.4%) for FY2024, gradually declining to 3.70% in FY2073

The discount rate used to measure the total OPEB liability was 3.72 percent.

The assumptions relating to mortality, withdrawal, disability, retirement and spouse age difference have been updated per the PERA 2024 actuarial valuations.

The actuarial assumptions used in the January 1, 2023 valuation were based on input from a variety of published sources of historical and projected future financial data. Each assumption was reviewed for reasonableness with the source information as well as for consistency with the other economic assumptions.

**C. Changes in the Total OPEB Liability**

	Total OPEB Liability (a)
Balances at December 31, 2023	<u>\$ 29,031,133</u>
Changes for the Year:	
Service cost	206,420
Interest	1,055,794
Changes in assumptions or other inputs	1,496,263
Benefit payments	<u>(1,727,766)</u>
Net Changes	<u>1,030,711</u>
Balances at December 31, 2024	<u><u>\$ 30,061,844</u></u>

City of Hibbing, Minnesota  
Notes to the Financial Statements  
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**Note 8: Postemployment Benefits Other Than Pensions (Continued)**

Since the prior measurement date, the following assumptions changed:

- The discount rate was updated as of December 31, 2023 to 3.72%.
- The health assumptions have been updated based on recent experience and future expectations.

**D. Sensitivity of the Total OPEB Liability**

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.72 percent) or 1-percentage-point higher (4.72 percent) than the current discount rate:

1 Percent Decrease (2.72%)	Current (3.72%)	1 Percent Increase (4.72%)
\$ 32,588,309	\$ 30,061,844	\$ 26,085,004

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a Healthcare Cost Trend Rates that is 1-percentage point lower (3.72 percent decreasing to 2.72 percent) or 1-percentage-point higher (3.72 percent increasing to 4.72 percent) than the current discount rate:

1 Percent Decrease (11.1% Decreasing to 2.72%)	Healthcare Cost Trend Rates (12.1% Decreasing to 3.72%)	1 Percent Increase (13.1% Decreasing to 4.72%)
\$ 26,717,474	\$ 30,061,844	\$ 34,099,392

**E. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended December 31, 2024, the City recognized OPEB expense of \$1,030,709. At December 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 4,751,504	\$ -
Changes in Actuarial Assumptions	2,507,659	4,336,967
Contributions to OPEB Subsequent to the Measurement Date	1,294,413	-
Total	<u>\$ 8,553,576</u>	<u>\$ 4,336,967</u>

City of Hibbing, Minnesota  
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**Note 8: Postemployment Benefits Other Than Pensions (Continued)**

Deferred outflows of resources totaling \$1,294,413 related to OPEB resulting from the City's contributions to the plan subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended December 31, 2025. Other amounts reported as deferred outflows and inflows of resources related to the plan will be recognized in OPEB expense as follows:

Year Ended December 31:	
2025	\$ 846,722
2026	1,045,347
2027	446,460
2028	357,577
2029	226,090
Thereafter	-

**Discretely Presented Component Unit - PUC**

**F. Plan Description**

The PUC provides health care and dental insurance benefits for retired PUC employees. PUC employees become eligible for such benefits upon retirement. During the year ended December 31, 2024, the PUC expended approximately \$903,770 on benefits for approximately 98 retirees.

**G. Actuarial Assumptions**

The total OPEB liability was determined using an actuarial valuation date of January 1, 2023 and a measurement date of December 31, 2024. The following assumptions were used in the valuation:

Discount Rate	4.08%
Index Rate	4.08% using 20 year tax exempt municipal bond rate
Inflation Rate	2.50%
Mortality	Mortality rates were based on Pub-2010 Mortality table The mortality improvement scale is Scale MP-2021
Health Care Cost Trend Rate	4.08% - 3.08% over 54 years

**H. Changes in the Total OPEB Liability**

The PUC's total OPEB liability of \$14,541,066 was measured as of December 31, 2024. Changes in the total OPEB liability is as follows:

	Total OPEB Liability
Balances at December 31, 2023	<u>\$ 16,128,037</u>
Changes for the Year:	
Service cost	296,223
Interest cost	520,818
Effect of assumptions changes or inputs	(1,500,242)
Benefit payments	(903,770)
Net Changes	<u>(1,586,971)</u>
Balances at December 31, 2024	<u><u>\$ 14,541,066</u></u>

City of Hibbing, Minnesota  
Notes to the Financial Statements  
December 31, 2024

**Note 8: Postemployment Benefits Other Than Pensions (Continued)**

**I. Sensitivity of the Total OPEB Liability**

The following presents the total OPEB liability of the PUC, as well as what the PUC's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.08 percent) or 1-percentage-point higher (5.08 percent) than the current discount rate:

1% Decrease 3.08%	Current 4.08%	1% Increase 5.08%
\$ 16,403,252	\$ 14,541,066	\$ 12,994,705

The following presents the total OPEB liability of the PUC, as well as what the PUC's total OPEB liability would be if it were calculated using a Healthcare Cost Trend Rates that is 1-percentage point lower (3.08 percent decreasing to 2.08 percent) or 1-percentage-point higher (5.08 percent increasing to 4.08 percent) than the current discount rate:

1% Decrease (3.08% Decreasing to 2.08%)	Healthcare Cost Trend Rates (4.08% Decreasing to 3.08%)	1% Increase (5.08% Decreasing to 4.08%)
\$ 12,833,644	\$ 14,541,066	\$ 16,646,506

**J. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended December 31, 2024, the PUC recognized OPEB expense (revenue) of \$(456,696). At December 31, 2024, the PUC reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 846,365
Changes in Actuarial Assumptions	674,169	2,733,687
Total	<u>\$ 674,169</u>	<u>\$ 3,580,052</u>

Amounts reported as deferred outflows and inflows of resources related to the plan will be recognized in OPEB expense as follows:

Year Ended December 31:	
2025	\$ (1,254,063)
2026	(1,238,255)
2027	(413,565)

City of Hibbing, Minnesota  
Notes to the Financial Statements  
December 31, 2024

## **Note 9: Equity in Joint Venture**

### **Component Unit - Hibbing Public Utilities Commission**

The Commission entered into a joint venture with the Virginia Public Utilities Commission to form the Laurentian Energy Authority, LLC (Authority). The Authority is a limited liability company created under Minnesota Statutes, Sections 452.25 and 471.59 and was organized on January 31, 2005, under Minnesota Statutes Chapter 322B. The Authority was created to supply 35 MW of new biomass fueled electricity to Northern States Power Company, an operating subsidiary of Xcel Energy, as well as to supply steam to existing customers of the Hibbing and Virginia Public Utilities Commissions.

Prior to the transaction in August 2023 described below, the management of the business and affairs of the Authority were governed by a Board of Directors. The Board consisted of seven directors. The General Manager, Chairman and Vice Chairman of the Hibbing Public Utilities as well as the General Manager, President and Vice President of the Virginia Public Utilities comprised six seats on the Board. The remaining Board position was elected by a majority of the other directors.

In 2018 the Authority entered into a termination agreement with Northern States Power to cease providing bio massed produced power to Northern States Power. In conjunction with the termination agreement Northern States Power agreed to pay the Authority \$108,500,000 divided into six annual payments.

In 2019 the Authority agreed to transfer ownership of its power production assets to each of its two members. The Commission's share of those assets totaled \$21,110,979 which represented the Authority's remaining book value of those assets. Also, during the year, the Authority distributed equity payments to its two members. The Commission received \$9,041,666 in cash payments from the Authority in 2023 and 2022, representing purchasing power termination payments the Authority received in those years.

The Commission had a 50% ownership interest in the Authority. In August 2023, the Commission purchased the remaining 50% ownership interest from the Virginia Public Utilities Commission for \$759,860 due to the operational benefit the remaining partnership assets had for the Commission's biomass operations. The acquisition date of the transaction was July 1, 2023. At the time of the transaction, the Authority's total net position was \$1,049,195 and the portion purchased was \$524,598. At December 31, 2024, the balances of the Authority are blended into the financial statements of the Commission.

## **Note 10: Other Information**

### **A. Legal Debt Margin**

In accordance with Minnesota statutes, the City may not incur or be subject to net debt in excess of three percent of the market value of taxable property within the City. Net debt is payable solely from ad valorem taxes and, therefore, excludes debt financed partially or entirely by special assessments, enterprise fund revenues or tax increments. As of December 31, 2024, the City is under the legal debt margin.

### **B. Risk Management**

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

Workers compensation coverage is provided through a pooled self-insurance program through the League of Minnesota Cities Insurance Trust (LMCIT). The City pays an annual premium to LMCIT. The City is subject to supplemental assessments if deemed necessary by the LMCIT. The LMCIT reinsures through Workers Compensation Reinsurance Association (WCRA) as required by law. The City has a \$1,000 deductible for its workers compensation insurance. The City's workers compensation coverage is retrospectively rated. With this type of coverage, final premiums are determined after loss experience is known. The amount of premium adjustment, if any, is considered immaterial and not recorded until received or paid.

City of Hibbing, Minnesota  
Notes to the Financial Statements  
December 31, 2024

**Note 10: Other Information (Continued)**

Property and casualty insurance coverage is provided through a pooled self-insurance program through LMCIT. The City pays an annual premium to the LMCIT. The City is subject to supplemental assessments if deemed necessary by the LMCIT. The LMCIT reinsures through commercial companies for claims in excess of various amounts. For property and casualty coverage, the City has a \$5000 deductible per occurrence with no annual maximum.

The City carries commercial insurance for all other risks of loss, including life, employee health and accident insurance.

There were no settlements in excess of insurance coverage in 2024 and 2023.

The Commission is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the Commission carries commercial insurance. There have been no significant reductions in coverage from prior years and settlements have not exceeded coverage in the past three years.

**C. Contingencies, Concentrations and Commitments**

The Commission has entered into contracts for the purchase of fuel, including biomass and natural gas, for the purposes of meeting its obligations as a Midcontinent Independent System Operator (MISO) Market Participant, electrical generation owner and public gas system operator.

The agreed upon quantities are based upon current and forecasted needs versus current held supply and MISO capacity accreditation requirement.

Effective June 1, 2022, the Commission began a five year agreement with Minnesota Power to utilize Minnesota Power's 115 KV substation to access the MISO energy and capacity markets. Under the Agreement, the Commission annually accredits the Hibbing Renewable Energy Center through MISO and purchases an additional 6MW of capacity and associated energy from Minnesota Power's Boswell 4 Station.

As of the 2024-2025 MISO Planning Year, MISO implemented a seasonal capacity accreditation construct to determine market participants' capacity shortage and/or excess. For the 2024-2025 Planning Year, the Commission had an average accreditation requirement of 21.1 MW and an average of 32.3 MW capacity available. It is expected that the Commission would maintain its surplus capacity position for the remainder of the term.

The Commission purchases gas and pays for the transportation of the actual gas purchased under a transportation tariff approved by the Federal Energy and Regulatory Commission on Northern Natural Gas' pipeline system. Future gas commitments for the Commission from 2024 to 2028 total \$13.4 million at fixed prices. With current market prices at February 8, 2024, this represents a savings to rate payers of \$1.3 million. The major vendors for the Commission for purchased gas are World Fuel Services Inc, the parent company of its gas broker, WFS Kinnect.

The Commission was involved in legal proceedings as of December 31, 2023. The Commission's insurance carrier is defending the Commission in those proceedings. Although the final outcome is not known at this time, it is believed that any potential negative outcome would not have a material effect to the Commission.

The Commission has incurred expenses in the past related to the cleanup of its former gas plant site. Costs related to complete the cleanup at this time are not known but management does not believe that the Commission will have any significant additional costs based on municipal liability limits of \$400,000.

The Minnesota Pollution Control Agency has indicated it is in agreement with the Commission assessment of the maximum limit.

City of Hibbing, Minnesota  
Notes to the Financial Statements  
December 31, 2024

**Note 10: Other Information (Continued)**

**D. Tax Increment Districts**

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

**E. Tax Abatements**

The City may enter into tax abatement agreements as authorized by Minnesota Abatement Laws under State Statutes Sections 469.1812, 469.1813 and 469.1815. Any parcel of property in the City qualifies for tax abatement. The City negotiates tax abatement agreements on an individual basis generally with the purpose of adding or retaining employment and, or increasing the tax capacity of the parcel.

The City has tax abatement agreements with three entities as of December 31, 2024:

Purpose	Percentage of City Taxes Abated during 2024	Amount of Taxes Abated during 2024
Provide incentive for real estate development company to complete residential and commercial development project	50 %	\$ 37,743
Provide incentive for real estate development company to complete residential development project	50 %	\$ 13,994

**F. Steam Conversion Loan Program**

In 2020, the Commission established a loan program for those residential customers wishing to convert their heating systems from steam to gas. The customers were required to go through a loan approval process in order to be eligible for the program. The loans are interest free and the loan repayment terms were open as to customer preferences but were not to exceed a ten year period. The Commission contracted with a local bank to handle the repayment process of the program. As of December 31, 2024, the Commission had outstanding loans of \$225,238 through the program. Subsequent to December 31, 2020 the program was suspended and no new loans are currently being issued.

**G. Related Organization**

Housing and Redevelopment Authority of Hibbing

The five-member governing body of the Housing and Redevelopment Authority of Hibbing is appointed by the Mayor, with approval of the Council. The City is not financially responsible for the Authority.

During 2024, there were no related party transactions between the City and the Housing and Redevelopment Authority of Hibbing.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF HIBBING  
HIBBING, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2024

City of Hibbing, Minnesota  
Required Supplementary Information  
For the Year Ended December 31, 2024

**Schedule of Employer's Share of PERA Net Pension Liability - General Employees Fund**

**Primary Government**

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Net Pension Liability
06/30/24	0.0654 %	\$ 2,419,507	\$ 62,564	\$ 2,482,071	\$ 5,512,307	43.9 %	86.7 %
06/30/23	0.0671	3,752,157	103,509	3,855,666	5,339,143	70.3	83.1
06/30/22	0.0658	5,211,382	152,717	5,364,099	4,926,255	105.8	76.7
06/30/21	0.0651	2,780,062	84,912	2,864,974	4,687,743	59.3	87.0
06/30/20	0.0658	3,945,011	121,598	4,066,609	4,692,600	84.1	79.0
06/30/19	0.0685	3,787,212	117,662	3,904,874	4,845,124	78.2	80.2
06/30/18	0.0704	3,905,503	128,091	4,033,594	2,383,400	163.9	79.5
06/30/17	0.0744	4,749,647	59,683	4,809,330	4,627,480	102.6	75.9
06/30/16	0.0709	5,756,728	75,263	5,831,991	4,495,747	128.0	68.9
06/30/15	0.0732	3,793,604	-	3,793,604	5,271,144	72.0	78.2

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

**Component Unit - Hibbing Public Utilities Commission**

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Net Pension Liability
06/30/24	0.0679 %	\$ 2,508,776	\$ 64,872	\$ 2,573,648	\$ 5,549,307	45.2 %	89.1 %
06/30/23	0.0622	3,478,154	95,859	3,574,013	4,756,870	73.1	83.1
06/30/22	0.0585	4,633,219	135,798	4,769,017	4,449,229	104.0	76.7
06/30/21	0.0605	2,538,621	78,965	2,617,586	4,574,751	87.0	63.2
06/30/20	0.0650	3,897,047	120,163	4,017,210	4,636,325	84.0	79.1
06/30/19	0.0696	3,848,028	119,661	3,967,689	4,925,725	78.0	80.2
06/30/18	0.0780	4,327,120	141,834	4,468,954	5,242,301	83.0	79.5
06/30/17	0.0855	5,458,264	68,646	5,526,910	5,515,110	99.0	75.9
06/30/16	0.0907	7,364,392	96,093	7,460,485	5,425,759	136.0	68.9
06/30/15	0.0939	4,866,386	-	4,866,386	5,519,343	88.0	78.2

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

City of Hibbing, Minnesota  
Required Supplementary Information (Continued)  
For the Year Ended December 31, 2024

**Schedule of Employer's PERA Contributions - General Employees Fund**

**Primary Government**

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/24	\$ 431,370	\$ 431,370	\$ -	\$ 5,751,599	7.50 %
12/31/23	403,071	403,071	-	5,374,279	7.50
12/31/22	387,291	387,291	-	5,163,879	7.50
12/31/21	353,958	353,958	-	4,719,442	7.50
12/31/20	351,886	351,886	-	4,691,813	7.50
12/31/19	359,605	359,605	-	4,794,733	7.50
12/31/18	359,498	359,498	-	4,793,307	7.50
12/31/17	347,061	347,061	-	4,627,480	7.50
12/31/16	337,181	337,181	-	4,495,747	7.50
12/31/15	341,433	341,433	-	4,552,440	7.50

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

**Component Unit - Hibbing Public Utilities Commission**

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/24	\$ 427,487	\$ 427,487	\$ -	\$ 5,707,086	7.50 %
12/31/23	389,966	389,966	-	5,410,488	7.50
12/31/22	343,997	343,997	-	4,576,939	7.50
12/31/21	322,630	322,630	-	4,452,624	7.50
12/31/20	345,036	345,036	-	4,601,631	7.50
12/31/19	361,207	361,207	-	4,816,386	7.50
12/31/18	377,111	377,111	-	5,028,369	7.50
12/31/17	410,463	410,463	-	5,457,721	7.50
12/31/16	415,642	415,642	-	5,541,887	7.50
12/31/15	420,637	420,637	-	5,608,485	7.50

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

City of Hibbing, Minnesota  
Required Supplementary Information (Continued)  
For the Year Ended December 31, 2024

**Notes to the Required Supplementary Information - General Employees Fund**

Changes in Actuarial Assumptions

2024- Rates and 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 tables 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.

2023 - The investment return assumption and single discount rate were changed from 6.5 percent to 7.00 percent.

2022 - The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021

2021 - The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes. The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

2020 - The price inflation assumption was decreased from 2.50% to 2.25%. The payroll growth assumption was decreased from 3.25% to 3.00%. Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates. Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements. Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter. Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females. The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments. The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019. The assumed spouse age difference was changed from two years older for females to one year older. The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

2019 - The mortality projection scale was changed from MP-2017 to MP-2018.

2018 - The mortality projection scale was changed from MP-2015 to MP-2017. The assumed benefit increase was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

2017 - The Combined Service Annuity (CSA) loads were changed from 0.8 percent for active members and 60 percent for vested and non-vested deferred members. The revised CSA loads are now 0.0 percent for active member liability, 15.0 percent for vested deferred member liability and 3.0 percent for non-vested deferred member liability. The assumed post-retirement benefit increase rate was changed from 1.0 percent per year for all years to 1.0 percent per year through 2044 and 2.5 percent per year thereafter.

2016 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2035 and 2.5 percent per year thereafter to 1.0 percent per year for all future years. The assumed investment return was changed from 7.9 percent to 7.5 percent. The single discount rate was changed from 7.9 percent to 7.5 percent. Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

2015 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2030 and 2.5 percent per year thereafter to 1.0 percent per year through 2035 and 2.5 percent per year thereafter.

City of Hibbing, Minnesota  
Required Supplementary Information (Continued)  
For the Year Ended December 31, 2024

**Notes to the Required Supplementary Information - General Employees Fund (Continued)**

Changes in Plan Provisions

2024 - The worker's compensation offset for disability benefits was eliminated. The actuarial equivalent factors updated to reflect the changes in assumptions.

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

2022 - There were no changes in plan provisions since the previous valuation.

2021 - There were no changes in plan provisions since the previous valuation.

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

2019 - The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The state's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

2018 - The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024. Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018. Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply. Contribution stabilizer provisions were repealed. Postretirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90.00 percent funding ratio to 50.00 percent of the Social Security Cost of Living Adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019. For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors. Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2016 - There were no changes in plan provisions since the previous valuation.

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

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

City of Hibbing, Minnesota  
Required Supplementary Information (Continued)  
For the Year Ended December 31, 2024

**Schedule of Employer's Share of PERA Net Pension Liability - Police and Fire Fund**

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Net Pension Liability
06/30/24	0.3296 %	\$ 4,336,274	\$ 165,297	\$ 4,501,571	\$ 4,564,131	95.0 %	87.0 %
06/30/23	0.3372	5,823,006	234,566	6,057,572	4,427,809	131.5	86.5
06/30/22	0.3507	15,261,079	666,651	15,927,730	4,254,707	358.7	70.5
06/30/21	0.3447	2,660,719	119,620	2,780,339	4,079,518	65.2	93.7
06/30/20	0.3611	4,759,684	112,128	4,871,812	4,078,664	116.7	87.2
06/30/19	0.3409	3,629,225	-	3,629,225	3,597,920	100.9	89.3
06/30/18	0.3386	3,609,127	-	3,609,127	1,774,469	203.4	88.8
06/30/17	0.3540	4,779,421	-	4,779,421	3,540,481	135.0	85.4
06/30/16	0.3430	13,765,187	-	13,765,187	3,409,037	403.8	63.9
06/30/15	0.3600	4,090,442	-	4,090,442	3,556,411	115.0	86.6

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

**Schedule of Employer's PERA Contributions - Police and Fire Fund**

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/24	\$ 865,999	\$ 865,999	\$ -	\$ 4,892,652	17.70 %
12/31/23	785,093	785,093	-	4,435,555	17.70
12/31/22	765,127	765,127	-	4,322,753	17.70
12/31/21	741,673	741,673	-	4,190,245	17.70
12/31/20	709,410	709,410	-	4,007,964	17.70
12/31/19	659,645	659,645	-	3,891,713	16.95
12/31/18	585,350	585,350	-	3,613,272	16.20
12/31/17	573,558	573,558	-	3,540,481	16.20
12/31/16	552,264	552,264	-	3,409,037	16.20
12/31/15	558,305	558,305	-	3,446,327	16.20

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

City of Hibbing, Minnesota  
Required Supplementary Information (Continued)  
For the Year Ended December 31, 2024

**Notes to the Required Supplementary Information - Police and Fire Fund**

Changes in Actuarial Assumptions

2024 - There were no changes in actuarial assumptions since the previous valuation.

2023 - The investment return assumption was changed from 6.5 percent to 7.00 percent. The single discount rate changed from 5.4 percent to 7.0 percent.

2022 - The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021. The single discount rate changed from 6.50 percent to 5.40 percent.

2021 - The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes. The inflation assumption was changed from 2.50 percent to 2.25 percent. The payroll growth assumption was changed from 3.25 percent to 3.00 percent. The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MN-2020. The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020). Assumed rates of salary increase were modified as recommended in the July 14, 2020 experience study. The overall impact is a decrease in gross salary increase rates. Assumed rates of retirement were changed as recommended in the July 14, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements. Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations. Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities. Assumed percent married for active female members was changed from 60 percent to 70 percent. Minor changes to form of payment assumptions were applied.

2020 - The mortality projection scale was changed from MP-2018 to MP-2019.

2019 - The mortality projection scale was changed from MP-2017 to MP-2018.

2018 - The mortality projection scale was changed from MP-2016 to MP-2017. As set by statute, the assumed post-retirement benefit increase was changed from 1.0 percent per year through 2064 and 2.5 percent per year, thereafter, to 1.0 percent for all years, with no trigger.

2017 - Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates. Assumed rates of retirement were changed, resulting in fewer retirements. The Combined Service Annuity (CSA) load was 30 percent for vested and non-vested deferred members. The CSA has been changed to 33 percent for vested members and 2 percent for non-vested members. The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees. Assumed termination rates were decreased to 3.0 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall. Assumed percentage of married female members was decreased from 65 percent to 60 percent. Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females. The assumed percentage of female members electing joint and survivor annuities was increased. The assumed post-retirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter. The single discount rate was changed from 5.6 percent to 7.5 percent.

City of Hibbing, Minnesota  
Required Supplementary Information (Continued)  
For the Year Ended December 31, 2024

**Notes to the Required Supplementary Information - Police and Fire Fund (Continued)**

2016 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2037 and 2.5 percent per year thereafter to 1.0 percent per year for all future years. The assumed investment return was changed from 7.9 percent to 7.5 percent. The single discount rate was changed from 7.9 percent to 5.6 percent. The assumed future salary increases, payroll growth and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

2015 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2030 and 2.5 percent per year thereafter to 1.0 percent per year through 2037 and 2.5 percent per year thereafter.

Changes in Plan Provisions

2024 - The State contribution of \$9 million per year will continue until the earlier of 1) both the Police and Fire Plan and the State Patrol Retirement Fund attain 90.0 percent funded status for three consecutive years (on an actuarial value of asset basis) or 2) July 1, 2048. The additional \$9 million contribution will continue until the Police and Fire Plan is fully funded for a minimum of three consecutive years on an actuarial value of assets basis, or July 1, 2048, whichever is earlier. The contribution was previously due to expire upon attainment of fully funded status on an actuarial value of assets basis for one year (or July 1, 2048 if earlier).

2023 - Additional one-time direct state aid contribution of 19.4 million will be contributed to the Plan on October 1, 2023. Vesting requirement for new hires after June 30, 2014, was changed from a graded 20-year vesting schedule to a graded 10-year vesting schedule, with 50 percent vesting after five years, increasing incrementally to 100% after 10 years. A one-time, non-compounding benefit increase of 3.0 percent will be payable in a lump sum for calendar year 2024 by March 31, 2024. Psychological treatment is required effective July 1, 2023, prior to approval for a duty disability benefit for a psychological condition relating to the member's occupation. The total and permanent duty disability benefit was increased, effective July 1, 2023.

2022 - There were no changes in plan provisions since the previous valuation.

2021 - There were no changes in plan provisions since the previous valuation.

2020 - There were no changes in plan provisions since the previous valuation.

2019 - There were no changes in plan provisions since the previous valuation.

2018 - As set by statute, the assumed post-retirement benefit increase was changed from 1.0 percent per year through 2064 and 2.5 percent per year, thereafter, to 1.0 percent for all years, with no trigger. An end date of July 1, 2048 was added to the existing \$9.0 million state contribution. New annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9.0 million thereafter until the plan reaches 100 percent funding, or July 1, 2048, if earlier. Member contributions were changed from 10.80 percent to 11.30 percent of pay, effective January 1, 2019 and 11.80 percent of pay, effective January 1, 2020. Employer contributions were changed from 16.20 percent to 16.95 percent of pay, effective January 1, 2019 and 17.70 percent of pay, effective January 1, 2020. Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018. Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply. Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

City of Hibbing, Minnesota  
Required Supplementary Information (Continued)  
For the Year Ended December 31, 2024

**Notes to the Required Supplementary Information - Police and Fire Fund (Continued)**

2017 - Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates. Assumed rates of retirement were changed, resulting in fewer retirements. The combined service annuity (CSA) load was 30.00 percent for vested and non-vested, deferred members. The CSA has been changed to 33.00 percent for vested members and 2.00 percent for non-vested members. The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees. Assumed termination rates were decreased to 3.00 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall. Assumed percentage of married female members was decreased from 65.00 percent to 60.00 percent. Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females. The assumed percentage of female members electing joint and survivor annuities was increased. The assumed postretirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter. The single discount rate was changed from 5.60 percent per annum to 7.50 percent per annum.

2016 - There were no changes in plan provisions since the previous valuation.

2015 - The post-retirement benefit increase to be paid after attainment of the 90 percent funding threshold was changed, from inflation up to 2.5 percent, to a fixed rate of 2.5 percent.

**City of Hibbing, Minnesota**  
**Required Supplementary Information (Continued)**

**Schedule of Changes in the Fire Relief Association's Net Pension Liability (Asset) and Related Ratios**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Total Pension Liability</b>										
Service cost	\$ 8,001	\$ 7,652	\$ 7,288	\$ 8,999	\$ 8,737	\$ 11,290	\$ 10,961	\$ 11,412	\$ 11,079	\$ 10,552
Interest	6,586	6,618	6,548	6,411	6,144	6,820	6,601	6,699	6,418	6,433
Differences between expected and actual experience	-	(15,012)	-	(11)	-	(17,841)	-	(4,341)	116,400	-
Changes of assumptions	-	1	1,518	2,835	-	39	-	12	-	-
Benefit payments, including refunds of employee contributions	-	(448)	(27,900)	-	(19,593)	(2,948)	(24,086)	(6,490)	(135,968)	(15,729)
<b>Net Change in Total Pension Liability</b>	<b>14,587</b>	<b>(1,189)</b>	<b>(12,546)</b>	<b>18,234</b>	<b>(4,712)</b>	<b>(2,640)</b>	<b>(6,524)</b>	<b>7,292</b>	<b>(2,071)</b>	<b>1,256</b>
<b>Total Pension Liability - January 1</b>	<b>123,726</b>	<b>124,915</b>	<b>137,461</b>	<b>119,227</b>	<b>123,939</b>	<b>126,579</b>	<b>133,103</b>	<b>125,811</b>	<b>127,882</b>	<b>126,626</b>
<b>Total Pension Liability - December 31 (a)</b>	<b>\$ 138,313</b>	<b>\$ 123,726</b>	<b>\$ 124,915</b>	<b>\$ 137,461</b>	<b>\$ 119,227</b>	<b>\$ 123,939</b>	<b>\$ 126,579</b>	<b>\$ 133,103</b>	<b>\$ 125,811</b>	<b>\$ 127,882</b>
<b>Plan Fiduciary Net Position</b>										
Contributions - state	29,104	27,040	25,691	25,864	26,382	24,973	25,566	24,280	28,587	12,484
Net investment income	35,300	39,434	(58,132)	26,336	24,004	38,997	(16,336)	14,938	5,008	(10,853)
Benefit payments, including refunds of employee contributions	-	(448)	(27,900)	-	(19,593)	(2,948)	(24,086)	(6,490)	(135,968)	(15,729)
Administrative expense	(5,735)	(1,886)	(3,590)	(6,526)	(4,724)	(3,412)	(7,203)	(6,141)	(4,015)	(2,946)
Other	-	1,000	-	(2,894)	-	-	79	-	38,769	0
<b>Net Change in Plan Fiduciary Net Position</b>	<b>58,669</b>	<b>65,140</b>	<b>(63,931)</b>	<b>42,780</b>	<b>26,069</b>	<b>57,610</b>	<b>(21,980)</b>	<b>26,587</b>	<b>(67,619)</b>	<b>(17,044)</b>
<b>Plan Fiduciary Net Position - January 1</b>	<b>378,198</b>	<b>313,058</b>	<b>376,989</b>	<b>334,209</b>	<b>308,140</b>	<b>250,530</b>	<b>272,510</b>	<b>245,923</b>	<b>313,542</b>	<b>330,586</b>
<b>Plan Fiduciary Net Position - December 31 (b)</b>	<b>\$ 436,867</b>	<b>\$ 378,198</b>	<b>\$ 313,058</b>	<b>\$ 376,989</b>	<b>\$ 334,209</b>	<b>\$ 308,140</b>	<b>\$ 250,530</b>	<b>\$ 272,510</b>	<b>\$ 245,923</b>	<b>\$ 313,542</b>
<b>Fire Relief's Net Pension Liability (Asset) - December 31 (a-b)</b>	<b>\$ (298,554)</b>	<b>\$ (254,472)</b>	<b>\$ (188,143)</b>	<b>\$ (239,528)</b>	<b>\$ (214,982)</b>	<b>\$ (184,201)</b>	<b>\$ (123,951)</b>	<b>\$ (139,407)</b>	<b>\$ (120,112)</b>	<b>\$ (185,660)</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (b/a)</b>	<b>315.85%</b>	<b>305.67%</b>	<b>250.62%</b>	<b>274.25%</b>	<b>280.31%</b>	<b>248.62%</b>	<b>197.92%</b>	<b>204.74%</b>	<b>195.47%</b>	<b>245.18%</b>
<b>Covered-employee Payroll</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>Fire Relief's Net Pension Liability (Asset) as a Percentage of Covered-employee Payroll</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

City of Hibbing, Minnesota  
Required Supplementary Information (Continued)  
For the Year Ended December 31, 2024

**Schedule of Employer's Fire Relief Association Contributions**

Year Ending	Actuarial Determined Contribution (a)	Actual Contributions Paid (b)	Contribution Deficiency (Excess) (a-b)
12/31/24	\$ 29,104	\$ 29,104	\$ -
12/31/23	27,040	27,040	-
12/31/22	25,691	25,691	-
12/31/21	25,864	25,864	-
12/31/20	26,382	26,382	-
12/31/19	24,973	24,973	-
12/31/18	25,566	25,566	-
12/31/17	24,280	24,280	-
12/31/16	28,587	28,587	-
12/31/15	12,484	12,484	-

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

**Schedule of Changes in the City's Total OPEB Liability and Related Ratios**

**Primary Government**

	2024	2023	2022	2021	2020	2019
Total OPEB Liability						
Service cost	\$ 206,420	\$ 281,812	\$ 271,691	\$ 371,686	\$ 258,942	\$ 441,305
Interest	1,055,794	589,736	617,904	793,399	1,026,040	952,784
Effect of economic/demographic gains or losses	-	5,764,030	-	2,057,367	-	-
Changes in assumptions	1,496,263	(5,181,511)	222,485	(1,211,246)	4,244,880	(2,349,774)
Benefit payments	(1,727,766)	(1,530,373)	(1,749,571)	(1,690,100)	(1,727,593)	(1,345,948)
Net Change in Total OPEB Liability	1,030,711	(76,306)	(637,491)	321,106	3,802,269	(2,301,633)
Total OPEB Liability - Beginning	29,031,133	29,107,439	29,744,930	29,423,824	25,621,555	27,923,188
Total OPEB Liability - Ending	<u>\$ 30,061,844</u>	<u>\$ 29,031,133</u>	<u>\$ 29,107,439</u>	<u>\$ 29,744,930</u>	<u>\$ 29,423,824</u>	<u>\$ 25,621,555</u>
Covered - Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A
City's Total OPEB Liability as a Percentage of Covered Employee Payroll	N/A %	N/A %	N/A %	N/A %	N/A %	N/A %

**Changes in Assumptions:**

2023

The discount rate was updated as of December 31, 2023 to 3.26%

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

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

City of Hibbing, Minnesota  
Required Supplementary Information (Continued)  
For the Year Ended December 31, 2024

**Schedule of Changes in the City's Total OPEB Liability and Related Ratios (Continued)**

**Component Unit - Hibbing Public Utilities Commission**

	2024	2023	2022	2021	2020	2019
Total OPEB Liability						
Service cost	\$ 296,223	\$ 276,170	\$ 623,529	\$ 597,214	\$ 561,246	\$ 383,407
Interest	520,818	610,696	429,946	456,552	531,232	787,841
Changes in benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	-	(453,865)	-	(1,100,781)	-	(3,616,791)
Changes in assumptions	(1,500,242)	30,279	(4,289,364)	181,569	1,882,985	3,292,183
Benefit payments	(903,770)	(942,596)	(804,734)	(845,235)	(881,213)	(820,675)
Net Change in Total OPEB Liability	(1,586,971)	(479,316)	(4,040,623)	(710,681)	2,094,250	25,965
Total OPEB Liability - Beginning	16,128,037	16,607,353	20,647,976	21,358,657	19,264,407	19,238,442
Total OPEB Liability - Ending	<u>\$ 14,541,066</u>	<u>\$ 16,128,037</u>	<u>\$ 16,607,353</u>	<u>\$ 20,647,976</u>	<u>\$ 21,358,657</u>	<u>\$ 19,264,407</u>
Covered - Employee Payroll	\$ 3,153,000	\$ 4,449,229	\$ 4,576,939	\$ 4,576,939	\$ 4,592,402	\$ 4,967,680
City/ Total OPEB Liability as a Percentage of Covered Employee Payroll	461.18 %	362.49 %	362.85 %	451.13 %	465.09 %	387.79 %

The PUC does not have a formal funding policy and does not calculate an Actuarially Determined Contribution (ADC).  
As such the disclosure of a Schedule of Contributions is not required.

The Commission does not have funds placed in a trust to offset the total OPEB liability. As such a schedule of investment returns is not required.

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

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

City of Hibbing, Minnesota  
Required Supplementary Information (Continued)  
For the Year Ended December 31, 2024

**Notes to the Required Supplementary Information - Modified Approach for City Streets and Trails Infrastructure Capital Assets**

In accordance with GASB Statement No. 34, the City is required to account for and report infrastructure capital assets. The City defines infrastructure as the basic physical assets that allow the City to function and are utilized primarily by the public. They provide future economic benefit for a minimum of two years. Infrastructure assets are capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than other capital assets. The City's major infrastructure systems include streets, gravel roads, sidewalks, and bridges.

The City has elected to use a "Modified Approach" as defined by GASB Statement No. 34 for infrastructure reporting for its gravel roads. Under GASB Statement No. 34, eligible infrastructure capital assets are not required to be depreciated under the following requirements: Roads are graded, dust control applied, travel speeds up to legal speed limit.

The City manages the eligible infrastructure capital assets using an asset management system with characteristics of (1) an up-to-date inventory; (2) performed condition assessments and summarized the results using a measurement scale; and (3) estimated annual amount to maintain and preserve at the established condition assessment level.

The City documents that the eligible infrastructure capital assets are being preserved approximately at or above the established and disclosed condition assessment level.

The City commissioned a physical condition assessment of its gravel roads as of summer 2023. This condition assessment will be performed at least every three years. The study assists the City by providing current inspection data used to evaluate current road conditions. This helps to maintain a City-defined desirable level of road performance while optimizing the expenditure of limited fiscal resources. The entire gravel road network within the City is composed of approximately 65 miles of gravel road.

A visual inspection of all gravel roads was conducted to assess the existing condition of each of the individual gravel roads. Upon completion of the inspection, a level based on the condition is assessed to each gravel road based on the following criteria:

<u>Condition</u>	<u>Criteria</u>	<u>Level</u>
Poor	Road may have extreme potholes, standing or running water, soft spots, travel speeds below 5 mph or the road may be impassible.	1
Fair	Roads may have some potholes or puddles, minor soft spots, travel speeds up to 30 mph.	2
Good	Roads are in generally good condition, graded, travel speeds up to 45 mph.	3
Excellent	Roads are graded, dust control applied, travel speeds up to legal speed limit.	4

City of Hibbing, Minnesota  
Required Supplementary Information (Continued)  
For the Year Ended December 31, 2024

**Notes to the Required Supplementary Information - Modified Approach for City Streets and Trails Infrastructure Capital Assets (Continued)**

Except in the condition of an extreme weather condition, rain storm, or flooded condition, the City of Hibbing will maintain gravel roads at a condition of Level 3. As of December 31, 2024, the City's gravel roads all rated at a Level 3.

The estimated budget required to preserve gravel roads to this condition for the years 2024 and 2025 are \$377,500 and \$382,500, respectively.

A schedule of the estimated annual amount calculated to maintain and preserve its gravel roads at the current level compared to actual expenditures for gravel road maintenance for the years ended December 31, 2006 through December 31, 2024 is presented below:

<u>Year</u>	<u>Estimated Annual Expenditures</u>	<u>Actual Expenditures</u>	<u>Funded by General Fund</u>
2006	\$ 125,000	\$ 141,244	\$ 141,244
2007	132,832	146,959	146,959
2008	139,680	150,345	150,345
2009	175,311	192,151	192,151
2010	175,311	183,088	183,088
2011	180,000	331,896	331,896
2012	200,000	362,118	362,118
2013	200,000	379,983	379,983
2014	306,000	324,888	324,888
2015	317,445	305,000	305,000
2016	356,000	328,000	328,000
2017	341,000	332,000	332,000
2018	356,000	365,000	365,000
2019	386,500	386,500	386,500
2020	386,500	386,500	386,500
2021	386,500	386,500	386,500
2022	386,500	386,500	386,500
2023	330,000	180,000	180,000
2024	139,356	125,696	125,696

COMBINING AND INDIVIDUAL FUND  
FINANCIAL STATEMENTS AND SCHEDULES

CITY OF HIBBING  
HIBBING, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2024

City of Hibbing, Minnesota  
Nonmajor Governmental Funds  
Combining Balance Sheet  
December 31, 2024

	Special Revenue	Capital Projects	Debt Service	Total Nonmajor Governmental Funds
<b>Assets</b>				
Cash and temporary investments	\$ 685,196	\$ 2,391,780	\$ 1,398,751	\$ 4,475,727
Receivables				
Taxes	8,066	15,309	8,204	31,579
Accounts	-	14,333	-	14,333
Special assessments	-	314,341	-	314,341
Due from other governments	80	1,265,834	-	1,265,914
Due from other funds	-	411,549	-	411,549
Prepaid items	465	-	-	465
	<u>693,807</u>	<u>4,413,146</u>	<u>1,406,955</u>	<u>6,513,908</u>
<b>Total Assets</b>	<b>\$ 693,807</b>	<b>\$ 4,413,146</b>	<b>\$ 1,406,955</b>	<b>\$ 6,513,908</b>
<b>Liabilities</b>				
Accounts payable	\$ 10,082	\$ 3,302	\$ 2,750	\$ 16,134
Due to other funds	-	470,816	-	470,816
Due to other governments	6,476	62,415	-	68,891
Accrued salaries payable	1,570	-	-	1,570
Contracts payable	-	36,696	-	36,696
Unearned revenue	23,960	82,505	207,550	314,015
<b>Total Liabilities</b>	<b>42,088</b>	<b>655,734</b>	<b>210,300</b>	<b>908,122</b>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue - special assessments	-	205,004	-	205,004
<b>Fund Balances</b>				
Nonspendable	465	-	-	465
Restricted	-	2,849,920	1,196,655	4,046,575
Committed	651,254	94,576	-	745,830
Assigned	-	313,988	-	313,988
Unassigned	-	(470,816)	-	(470,816)
<b>Total Fund Balances</b>	<b>651,719</b>	<b>2,787,668</b>	<b>1,196,655</b>	<b>4,636,042</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 693,807</b>	<b>\$ 4,413,146</b>	<b>\$ 1,406,955</b>	<b>\$ 6,513,908</b>

City of Hibbing, Minnesota  
Nonmajor Governmental Funds  
Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances  
For the Year Ended December 31, 2024

	Special Revenue	Capital Projects	Debt Service	Total Nonmajor Governmental Funds
Revenues				
Taxes	\$ 585,741	\$ 1,307,637	\$ 595,694	\$ 2,489,072
Intergovernmental	67,197	1,293,076	222,357	1,582,630
Charges for services	5,799	36,200	-	41,999
Special assessments	-	52,243	-	52,243
Contributions and donations	20,834	68,669	-	89,503
Investment earnings	6,364	86,371	34,174	126,909
Total Revenues	<u>685,935</u>	<u>2,844,196</u>	<u>852,225</u>	<u>4,382,356</u>
Expenditures				
Current				
Culture and recreation	807,595	35,650	-	843,245
Capital outlay				
Public works	-	2,397,105	-	2,397,105
Culture and recreation	-	82,989	-	82,989
Housing and economic development	-	1,004,259	-	1,004,259
Debt service				
Principal	12,762	-	454,000	466,762
Interest and other	544	-	73,371	73,915
Total Expenditures	<u>820,901</u>	<u>3,520,003</u>	<u>527,371</u>	<u>4,868,275</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(134,966)</u>	<u>(675,807)</u>	<u>324,854</u>	<u>(485,919)</u>
Other Financing Sources (Uses)				
Transfers in	358,896	1,305,149	-	1,664,045
Transfers out	-	(427,964)	(37,338)	(465,302)
Total Other Financing Sources (Uses)	<u>358,896</u>	<u>877,185</u>	<u>(37,338)</u>	<u>1,198,743</u>
Net Change in Fund Balances	<u>223,930</u>	<u>201,378</u>	<u>287,516</u>	<u>712,824</u>
Fund Balances, January 1, as previously reported	427,789	1,553,791	909,139	2,890,719
Change within the financial reporting entity (Major to Nonmajor Fund)	<u>-</u>	<u>1,032,499</u>	<u>-</u>	<u>1,032,499</u>
Fund Balances, January 1, as adjusted	<u>427,789</u>	<u>2,586,290</u>	<u>909,139</u>	<u>3,923,218</u>
Fund Balances, December 31	<u>\$ 651,719</u>	<u>\$ 2,787,668</u>	<u>\$ 1,196,655</u>	<u>\$ 4,636,042</u>

City of Hibbing, Minnesota  
Nonmajor Special Revenue Funds  
Combining Balance Sheet  
December 31, 2024

	<b>211</b>	<b>220</b>	<b>221</b>	<b>225</b>	<b>421</b>	
	Library	Housing Incentive	Housing Trust	Small Cities Development	Minnesota Investment Revolving Loans	Total
<b>Assets</b>						
Cash and temporary investments	\$ 336,870	\$ 55,909	\$ 178,672	\$ 28,692	\$ 85,053	\$ 685,196
Receivables						
Taxes	8,066	-	-	-	-	8,066
Due from other governments	80	-	-	-	-	80
Prepaid items	465	-	-	-	-	465
<b>Total Assets</b>	<u>\$ 345,481</u>	<u>\$ 55,909</u>	<u>\$ 178,672</u>	<u>\$ 28,692</u>	<u>\$ 85,053</u>	<u>\$ 693,807</u>
<b>Liabilities</b>						
Accounts and other payables	\$ 10,082	\$ -	\$ -	\$ -	\$ -	\$ 10,082
Due to other governments	6,476	-	-	-	-	6,476
Accrued salaries payable	1,570	-	-	-	-	1,570
Unearned revenue	23,960	-	-	-	-	23,960
<b>Total Liabilities</b>	<u>42,088</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,088</u>
<b>Fund Balances</b>						
Nonspendable	465	-	-	-	-	465
Committed	302,928	55,909	178,672	28,692	85,053	651,254
<b>Total Fund Balances</b>	<u>303,393</u>	<u>55,909</u>	<u>178,672</u>	<u>28,692</u>	<u>85,053</u>	<u>651,719</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 345,481</u>	<u>\$ 55,909</u>	<u>\$ 178,672</u>	<u>\$ 28,692</u>	<u>\$ 85,053</u>	<u>\$ 693,807</u>

City of Hibbing, Minnesota  
Nonmajor Special Revenue Funds  
Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances  
For the Year Ended December 31, 2024

	211	220	221	225	421	
	Library	Housing Incentive	Housing Trust	Small Cities Development	Minnesota Investment Revolving Loans	Total
Revenues						
Taxes	\$ 585,741	\$ -	\$ -	\$ -	\$ -	\$ 585,741
Property taxes						
Intergovernmental	301	-	66,896	-	-	67,197
Charges for services	5,799	-	-	-	-	5,799
Contributions and donations	20,834	-	-	-	-	20,834
Investment earnings	350	2,020	2,880	1,037	77	6,364
Total Revenues	613,025	2,020	69,776	1,037	77	685,935
Expenditures						
Current						
Culture and recreation	807,595	-	-	-	-	807,595
Debt service						
Principal	12,762	-	-	-	-	12,762
Interest and other	544	-	-	-	-	544
Total Expenditures	820,901	-	-	-	-	820,901
Excess (Deficiency) of Revenues Over (Under) Expenditures	(207,876)	2,020	69,776	1,037	77	(134,966)
Other Financing Sources (Uses)						
Transfers in	250,000	-	108,896	-	-	358,896
Net Change in Fund Balances	42,124	2,020	178,672	1,037	77	223,930
Fund Balances, January 1	261,269	53,889	-	27,655	84,976	427,789
Fund Balances, December 31	<u>\$ 303,393</u>	<u>\$ 55,909</u>	<u>\$ 178,672</u>	<u>\$ 28,692</u>	<u>\$ 85,053</u>	<u>\$ 651,719</u>

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City of Hibbing, Minnesota  
Library Special Revenue Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual  
For the Year Ended December 31, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	\$ 586,043	\$ 586,043	\$ 585,741	\$ (302)
Intergovernmental	-	-	301	301
Charges for services	4,650	4,650	5,799	1,149
Contributions and donations	13,123	13,123	20,834	7,711
Investment earnings	-	-	350	350
Total Revenues	<u>603,816</u>	<u>603,816</u>	<u>613,025</u>	<u>9,209</u>
Expenditures				
Current				
Culture and recreation				
Personnel services	671,429	671,429	575,807	95,622
Supplies	102,201	102,201	108,145	(5,944)
Other	149,885	149,885	123,643	26,242
Debt service				
Principal	-	-	12,762	(12,762)
Interest and other	-	-	544	(544)
Total Expenditures	<u>923,515</u>	<u>923,515</u>	<u>820,901</u>	<u>102,614</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(319,699)	(319,699)	(207,876)	111,823
Other Financing Sources (Uses)				
Transfer in	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>-</u>
Net Change in Fund Balances	(69,699)	(69,699)	42,124	111,823
Fund Balances, January 1	<u>261,269</u>	<u>261,269</u>	<u>261,269</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 191,570</u>	<u>\$ 191,570</u>	<u>\$ 303,393</u>	<u>\$ 111,823</u>

City of Hibbing, Minnesota  
Nonmajor Capital Projects Funds  
Combining Balance Sheet  
December 31, 2024

	<b>405</b>	<b>415</b>	<b>418</b>	<b>430</b>	<b>403</b>
	Urban Redevelopment	Privately- Financed	Downtown Capital Project	Memorial Building	Mining Effects
<b>Assets</b>					
Cash and temporary investments	\$ 151,670	\$ 69,921	\$ 3,489	\$ 97,618	\$ 1,017,014
Receivables					
Taxes	-	-	-	-	-
Accounts	-	250	-	2,083	-
Special assessments	-	314,341	-	-	-
Due from other governments	-	-	-	-	-
Due from other funds	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 151,670</b>	<b>\$ 384,512</b>	<b>\$ 3,489</b>	<b>\$ 99,701</b>	<b>\$ 1,017,014</b>
<b>Liabilities</b>					
Accounts payable	\$ -	\$ -	\$ 2,500	\$ -	\$ -
Due to other governments	-	62,412	-	-	-
Contracts payable	7,543	-	989	-	-
Due to other funds	-	-	470,816	-	-
Unearned revenue	-	-	-	5,125	-
<b>Total Liabilities</b>	<b>7,543</b>	<b>62,412</b>	<b>474,305</b>	<b>5,125</b>	<b>-</b>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue - special assessments	-	205,004	-	-	-
<b>Fund Balances</b>					
Restricted	-	-	-	-	1,017,014
Committed	-	-	-	94,576	-
Assigned	144,127	117,096	-	-	-
Unassigned	-	-	(470,816)	-	-
<b>Total Fund Balances</b>	<b>144,127</b>	<b>117,096</b>	<b>(470,816)</b>	<b>94,576</b>	<b>1,017,014</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 151,670</b>	<b>\$ 384,512</b>	<b>\$ 3,489</b>	<b>\$ 99,701</b>	<b>\$ 1,017,014</b>

City of Hibbing, Minnesota  
Nonmajor Capital Projects Funds  
Combining Balance Sheet (Continued)  
December 31, 2024

	<b>406</b>	<b>431</b>	<b>450</b>	<b>401, 402</b>	
	Land Acquisition	Raceway	MDI Maintenance	Permanent Improvement	Total
<b>Assets</b>					
Cash and temporary investments	\$ 351,129	\$ 94,621	\$ 24,329	\$ 581,989	\$ 2,391,780
Receivables					
Taxes	-	-	-	15,309	15,309
Accounts	-	12,000	-	-	14,333
Special assessments	-	-	-	-	314,341
Due from other governments	-	-	-	1,265,834	1,265,834
Due from other funds	411,549	-	-	-	411,549
	<u>411,549</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>411,549</u>
<b>Total Assets</b>	<u><u>\$ 762,678</u></u>	<u><u>\$ 106,621</u></u>	<u><u>\$ 24,329</u></u>	<u><u>\$ 1,863,132</u></u>	<u><u>\$ 4,413,146</u></u>
<b>Liabilities</b>					
Accounts payable	\$ -	\$ 802	\$ -	\$ -	\$ 3,302
Due to other governments	-	3	-	-	62,415
Contracts payable	-	-	-	28,164	36,696
Due to other funds	-	-	-	-	470,816
Unearned revenue	-	77,380	-	-	82,505
<b>Total Liabilities</b>	<u>-</u>	<u>78,185</u>	<u>-</u>	<u>28,164</u>	<u>655,734</u>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue - special assessments	-	-	-	-	205,004
<b>Fund Balances</b>					
Restricted	762,678	-	-	1,070,228	2,849,920
Committed	-	-	-	-	94,576
Assigned	-	28,436	24,329	-	313,988
Unassigned	-	-	-	-	(470,816)
<b>Total Fund Balances</b>	<u>762,678</u>	<u>28,436</u>	<u>24,329</u>	<u>1,070,228</u>	<u>2,787,668</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u><u>\$ 762,678</u></u>	<u><u>\$ 106,621</u></u>	<u><u>\$ 24,329</u></u>	<u><u>\$ 1,863,132</u></u>	<u><u>\$ 4,413,146</u></u>

City of Hibbing, Minnesota  
Nonmajor Capital Projects Funds  
Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances  
For the Year Ended December 31, 2024

	<b>405</b>	<b>415</b>	<b>418</b>	<b>430</b>	<b>403</b>
	Urban Revelopment	Privately- Financed	Downtown Capital Project	Memorial Building	Mining Effects
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 195,973
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	24,200	-
Special assessments	-	52,243	-	-	-
Contributions and donations	-	-	-	-	-
Investment earnings	6,559	3,049	-	3,629	-
Total Revenues	<u>6,559</u>	<u>55,292</u>	<u>-</u>	<u>27,829</u>	<u>195,973</u>
Expenditures					
Current					
Culture and recreation	-	-	-	-	-
Capital outlay					
Public works	-	84,796	-	-	-
Culture and recreation	-	-	-	12,622	-
Housing and economic development	50,761	-	459,419	-	-
Total Expenditures	<u>50,761</u>	<u>84,796</u>	<u>459,419</u>	<u>12,622</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(44,202)</u>	<u>(29,504)</u>	<u>(459,419)</u>	<u>15,207</u>	<u>195,973</u>
Other Financing Sources (Uses)					
Transfers in	-	75,000	-	-	-
Transfers out	-	-	-	-	(352,964)
Total Other					
Financing Sources (Uses)	<u>-</u>	<u>75,000</u>	<u>-</u>	<u>-</u>	<u>(352,964)</u>
Net Change in Fund Balances	<u>(44,202)</u>	<u>45,496</u>	<u>(459,419)</u>	<u>15,207</u>	<u>(156,991)</u>
Fund Balances, January 1, as previously reported	188,329	71,600	(11,397)	79,369	1,174,005
Change within the financial reporting entity (Major to Nonmajor Fund)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, January 1, as adjusted	<u>188,329</u>	<u>71,600</u>	<u>(11,397)</u>	<u>79,369</u>	<u>1,174,005</u>
Fund Balances, December 31	<u>\$ 144,127</u>	<u>\$ 117,096</u>	<u>\$ (470,816)</u>	<u>\$ 94,576</u>	<u>\$ 1,017,014</u>

City of Hibbing, Minnesota  
Nonmajor Capital Projects Funds  
Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances (Continued)  
For the Year Ended December 31, 2024

	406	431	450	Formally Major 401, 402	
	Land Acquisition	Raceway	MDI Maintenance	Permanent Improvement	Total
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ 1,111,664	\$ 1,307,637
Intergovernmental	-	20,000	-	1,273,076	1,293,076
Charges for services	-	12,000	-	-	36,200
Special assessments	-	-	-	-	52,243
Contributions and donations	-	68,669	-	-	68,669
Investment earnings	26,608	5,349	879	40,298	86,371
Total Revenues	26,608	106,018	879	2,425,038	2,844,196
Expenditures					
Current					
Culture and recreation	-	35,650	-	-	35,650
Capital outlay					
Public works	-	-	-	2,312,309	2,397,105
Culture and recreation	-	70,367	-	-	82,989
Housing and economic development	494,079	-	-	-	1,004,259
Total Expenditures	494,079	106,017	-	2,312,309	3,520,003
Excess (Deficiency) of Revenues Over (Under) Expenditures	(467,471)	1	879	112,729	(675,807)
Other Financing Sources (Uses)					
Transfers in	1,230,149	-	-	-	1,305,149
Transfers out	-	-	-	(75,000)	(427,964)
Total Other Financing Sources (Uses)	1,230,149	-	-	(75,000)	877,185
Net Change in Fund Balances	762,678	1	879	37,729	201,378
Fund Balances, January 1, as previously reported	-	28,435	23,450	-	1,553,791
Change within the financial reporting entity (Major to Nonmajor Fund)	-	-	-	1,032,499	1,032,499
Fund Balances, January 1, as adjusted	-	28,435	23,450	1,032,499	2,586,290
Fund Balances, December 31	\$ 762,678	\$ 28,436	\$ 24,329	\$ 1,070,228	\$ 2,787,668

City of Hibbing, Minnesota  
Nonmajor Debt Service Funds  
Combining Balance Sheet  
December 31, 2024

	<b>395</b> 2002 G.O. Refunding Bonds	<b>396</b> 2013A G.O. 2020A Refunding MSA Bonds	<b>308</b> 2018A G.O. Bonds	<b>309</b> 2012A G.O. Bonds	<b>310</b> 2020A Refunding Bonds (2013A Equipment Certificates)
<b>Assets</b>					
Cash and temporary investments	\$ 345,960	\$ 280,932	\$ 213,167	\$ 91,843	\$ 182,227
Receivables					
Taxes	-	-	2,318	-	1,170
<b>Total Assets</b>	<u><u>\$ 345,960</u></u>	<u><u>\$ 280,932</u></u>	<u><u>\$ 215,485</u></u>	<u><u>\$ 91,843</u></u>	<u><u>\$ 183,397</u></u>
<b>Liabilities</b>					
Accounts payable	\$ -	\$ 550	\$ 550	\$ -	\$ 550
Unearned revenue	-	207,550	-	-	-
<b>Total Liabilities</b>	<u><u>-</u></u>	<u><u>208,100</u></u>	<u><u>550</u></u>	<u><u>-</u></u>	<u><u>550</u></u>
<b>Fund Balances</b>					
Restricted for debt service	<u>345,960</u>	<u>72,832</u>	<u>214,935</u>	<u>91,843</u>	<u>182,847</u>
<b>Total Liabilities and Fund Balances</b>	<u><u>\$ 345,960</u></u>	<u><u>\$ 280,932</u></u>	<u><u>\$ 215,485</u></u>	<u><u>\$ 91,843</u></u>	<u><u>\$ 183,397</u></u>

312	313	
2022A Equipment Certificates	2024A G.O. Bonds	Total
\$ 5,398	\$ 279,224	\$ 1,398,751
862	3,854	8,204
<u>\$ 6,260</u>	<u>\$ 283,078</u>	<u>\$ 1,406,955</u>
\$ 550	\$ 550	\$ 2,750
-	-	207,550
<u>550</u>	<u>550</u>	<u>210,300</u>
5,710	282,528	1,196,655
<u>\$ 6,260</u>	<u>\$ 283,078</u>	<u>\$ 1,406,955</u>

City of Hibbing, Minnesota  
Nonmajor Debt Service Funds  
Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances  
For the Year Ended December 31, 2024

	<b>395</b>	<b>396</b>	<b>308</b>	<b>309</b>	<b>310</b>
	2002 G.O. Refunding Bonds	2013A G.O. 2020A Refunding MSA Bonds	2018A G.O. Bonds	2012A G.O. Bonds	2020A Refunding Bonds (2013A Equipment Certificates)
Revenues					
Taxes	\$ -	\$ -	\$ 168,333	\$ -	\$ 84,931
Intergovernmental	-	222,050	87	-	44
Investment earnings	13,742	3,741	4,060	3,318	6,220
Total Revenues	<u>13,742</u>	<u>225,791</u>	<u>172,480</u>	<u>3,318</u>	<u>91,195</u>
Expenditures					
Debt service					
Principal	-	195,000	140,000	-	70,000
Interest and other	-	27,906	21,692	-	12,088
Total Expenditures	<u>-</u>	<u>222,906</u>	<u>161,692</u>	<u>-</u>	<u>82,088</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>13,742</u>	<u>2,885</u>	<u>10,788</u>	<u>3,318</u>	<u>9,107</u>
Other Financing Sources (Uses)					
Transfers out	(37,338)	-	-	-	-
Net Change in Fund Balances	(23,596)	2,885	10,788	3,318	9,107
Fund Balances, January 1	<u>369,556</u>	<u>69,947</u>	<u>204,147</u>	<u>88,525</u>	<u>173,740</u>
Fund Balances, December 31	<u>\$ 345,960</u>	<u>\$ 72,832</u>	<u>\$ 214,935</u>	<u>\$ 91,843</u>	<u>\$ 182,847</u>

312	313	
2022A Equipment Certificates	2024A G.O. Bonds	Total
\$ 62,589	\$ 279,841	\$ 595,694
32	144	222,357
-	3,093	34,174
<u>62,621</u>	<u>283,078</u>	<u>852,225</u>
49,000	-	454,000
<u>11,135</u>	<u>550</u>	<u>73,371</u>
<u>60,135</u>	<u>550</u>	<u>527,371</u>
2,486	282,528	324,854
-	-	(37,338)
2,486	282,528	287,516
<u>3,224</u>	<u>-</u>	<u>909,139</u>
<u>\$ 5,710</u>	<u>\$ 282,528</u>	<u>\$ 1,196,655</u>

City of Hibbing, Minnesota  
General Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual (Continued on the Following Pages)  
For the Year Ended December 31, 2024  
(With Comparative Actual Amounts for the Year Ended December 31, 2023)

	2024				2023
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Taxes					
Property taxes	\$ 6,552,322	\$ 6,032,922	\$ 6,120,050	\$ 87,128	\$ 6,164,557
Taconite	2,206,699	2,722,699	2,810,296	87,597	2,639,563
Franchise	115,000	115,000	104,082	(10,918)	114,274
Total taxes	<u>8,874,021</u>	<u>8,870,621</u>	<u>9,034,428</u>	<u>163,807</u>	<u>8,918,394</u>
Licenses and permits					
Business	<u>289,356</u>	<u>140,631</u>	<u>279,017</u>	<u>138,386</u>	<u>317,987</u>
Intergovernmental					
Federal					
Transportation	198,393	90,000	90,040	40	189,158
Other	5,000	5,000	76,044	71,044	20,629
State					
Local government aid	9,315,106	9,315,106	9,315,106	-	8,360,051
Market value credit	-	3,400	3,614	214	2,898
Transportation	337,186	160,000	158,222	(1,778)	226,756
Police and fire aid	315,000	315,000	421,808	106,808	397,764
Other	175,424	271,107	712,686	441,579	1,182,209
Local					
Other	<u>97,000</u>	<u>97,000</u>	<u>177,645</u>	<u>80,645</u>	<u>63,818</u>
Total intergovernmental	<u>10,443,109</u>	<u>10,256,613</u>	<u>10,955,165</u>	<u>698,552</u>	<u>10,443,283</u>
Charges for services					
General government	41,895	41,895	45,406	3,511	81,182
Public safety	1,901,000	1,901,000	2,151,497	250,497	1,810,192
Highways and streets	8,500	8,500	8,720	220	6,364
Culture and recreation	315,910	315,910	359,910	44,000	306,669
Cemetery	<u>77,089</u>	<u>77,089</u>	<u>112,500</u>	<u>35,411</u>	<u>113,065</u>
Total charges for services	<u>2,344,394</u>	<u>2,344,394</u>	<u>2,678,033</u>	<u>333,639</u>	<u>2,317,472</u>
Fines and forfeitures	<u>87,000</u>	<u>87,000</u>	<u>100,745</u>	<u>13,745</u>	<u>150,816</u>
Investment earnings	<u>250,000</u>	<u>250,000</u>	<u>1,679,964</u>	<u>1,429,964</u>	<u>1,250,319</u>
Contributions and donations	<u>-</u>	<u>-</u>	<u>7,015</u>	<u>7,015</u>	<u>13,520</u>
Miscellaneous					
Other	<u>29,100</u>	<u>29,100</u>	<u>55,075</u>	<u>25,975</u>	<u>46,145</u>
Total Revenues	<u>22,316,980</u>	<u>21,978,359</u>	<u>24,789,442</u>	<u>2,811,083</u>	<u>23,457,936</u>
Expenditures					
Current					
General government					
Mayor and council					
Personnel services	120,672	120,672	112,130	8,542	115,044
Supplies	3,600	3,600	2,887	713	6,870
Other services and charges	<u>61,646</u>	<u>61,646</u>	<u>52,328</u>	<u>9,318</u>	<u>51,693</u>
Total mayor and council	<u>185,918</u>	<u>185,918</u>	<u>167,345</u>	<u>18,573</u>	<u>173,607</u>

City of Hibbing, Minnesota  
General Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual (Continued on the Following Pages)  
For the Year Ended December 31, 2024  
(With Comparative Actual Amounts for the Year Ended December 31, 2023)

	2024				2023
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (continued)					
General government (continued)					
Administration					
Personnel services	\$ 202,814	\$ 202,814	\$ 205,407	\$ (2,593)	\$ 190,401
Supplies	8,250	8,250	6,529	1,721	2,174
Other services and charges	12,662	12,662	7,713	4,949	6,151
Total administration	223,726	223,726	219,649	4,077	198,726
Elections					
Personnel services	320,796	320,796	300,222	20,574	160,718
Supplies	11,800	11,800	33,319	(21,519)	5,456
Other services and charges	76,250	76,250	82,575	(6,325)	8,831
Total elections	408,846	408,846	416,116	(7,270)	175,005
City clerk					
Personnel services	668,954	668,954	642,394	26,560	576,135
Supplies	13,500	13,500	3,114	10,386	2,866
Other services and charges	76,130	76,130	65,110	11,020	28,511
Total city clerk	758,584	758,584	710,618	47,966	607,512
City hall					
Supplies	21,500	21,500	32,497	(10,997)	15,831
Other services and charges	91,925	91,925	88,148	3,777	67,519
Total city hall	113,425	113,425	120,645	(7,220)	83,350
Accounting					
Other services and charges	56,900	56,900	41,538	15,362	54,746
Data processing					
Supplies	2,100	2,100	14,047	(11,947)	469
Other services and charges	230,974	230,974	272,500	(41,526)	175,936
Total data processing	233,074	233,074	286,547	(53,473)	176,405
Legal					
Other services and charges	165,000	165,000	185,679	(20,679)	170,674
Personnel administration					
Personnel services	168,352	168,352	168,553	(201)	157,490
Supplies	1,000	1,000	938	62	886
Other services and charges	84,040	84,040	72,352	11,688	72,652
Total personnel administration	253,392	253,392	241,843	11,549	231,028
Zoning and housing					
Personnel services	224,553	224,553	229,703	(5,150)	204,913
Supplies	2,950	2,950	1,939	1,011	1,673
Other services and charges	70,950	70,950	58,760	12,190	173,293
Total zoning and housing	298,453	298,453	290,402	8,051	379,879

City of Hibbing, Minnesota  
General Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual (Continued on the Following Pages)  
For the Year Ended December 31, 2024  
(With Comparative Actual Amounts for the Year Ended December 31, 2023)

	2024				2023
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (continued)					
General government (continued)					
Assessor					
Personnel services	\$ 85,112	\$ 85,112	\$ 81,120	\$ 3,992	\$ 77,745
Supplies	-	-	161	(161)	-
Other services and charges	500	500	356	144	79
Total assessor	85,612	85,612	81,637	3,975	77,824
Total general government	2,782,930	2,782,930	2,762,019	20,911	2,328,756
Public safety					
Police					
Personnel services	4,291,102	4,160,217	3,824,482	335,735	3,627,157
Supplies	185,615	167,775	260,475	(92,700)	150,509
Other services and charges	612,500	612,500	545,416	67,084	255,221
Total police	5,089,217	4,940,492	4,630,373	310,119	4,032,887
Animal shelter					
Supplies	4,000	4,000	10,581	(6,581)	1,880
Other services and charges	109,300	109,300	111,179	(1,879)	73,757
Total animal shelter	113,300	113,300	121,760	(8,460)	75,637
Fire					
Personnel services	616,591	616,591	661,458	(44,867)	555,948
Supplies	155,300	155,300	138,742	16,558	136,487
Other services and charges	211,700	211,700	174,643	37,057	126,706
Total fire	983,591	983,591	974,843	8,748	819,141
Paid on-call					
Personnel services	52,000	52,000	32,766	19,234	33,026
Supplies	64,800	45,175	34,180	10,995	56,024
Other services and charges	67,100	67,100	72,818	(5,718)	57,098
Total paid on-call	183,900	164,275	139,764	24,511	146,148
Civil defense					
Other services and charges	7,000	7,000	6,114	886	5,833
Ambulance					
Personnel services	2,997,548	2,997,548	2,906,781	90,767	2,706,832
Supplies	158,000	158,000	158,696	(696)	155,171
Other services and charges	305,500	305,500	244,129	61,371	139,949
Total ambulance	3,461,048	3,461,048	3,309,606	151,442	3,001,952
Total public safety	9,838,056	9,669,706	9,182,460	487,246	8,081,598

City of Hibbing, Minnesota  
General Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual (Continued on the Following Pages)  
For the Year Ended December 31, 2024  
(With Comparative Actual Amounts for the Year Ended December 31, 2023)

	2024				2023
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (continued)					
Public works					
Engineering					
Personnel services	\$ 431,406	\$ 431,406	\$ 430,624	\$ 782	\$ 361,026
Supplies	9,820	9,820	6,068	3,752	7,276
Other services and charges	46,056	46,056	134,143	(88,087)	62,760
Total engineering	487,282	487,282	570,835	(83,553)	431,062
Streets and alleys					
Personnel services	1,779,127	1,779,127	1,708,005	71,122	1,628,381
Supplies	870,740	731,814	675,742	56,072	855,386
Other services and charges	374,391	374,391	168,305	206,086	103,245
Total streets and alleys	3,024,258	2,885,332	2,552,052	333,280	2,587,012
Street lighting					
Other services and charges	61,500	61,500	63,460	(1,960)	59,532
Garage					
Personnel services	419,268	419,268	410,009	9,259	286,190
Supplies	50,500	50,500	65,269	(14,769)	53,504
Other services and charges	184,400	184,400	188,342	(3,942)	171,420
Total garage	654,168	654,168	663,620	(9,452)	511,114
Total public works	4,227,208	4,088,282	3,849,967	238,315	3,588,720
Culture and recreation					
Recreation					
Supplies	29,300	29,300	34,903	(5,603)	25,156
Other services and charges	23,100	23,100	20,911	2,189	23,347
Total recreation	52,400	52,400	55,814	(3,414)	48,503
Memorial building					
Supplies	59,000	59,000	52,763	6,237	62,199
Other services and charges	494,586	494,586	458,754	35,832	321,153
Total memorial building	553,586	553,586	511,517	42,069	383,352
Municipal golf course					
Supplies	24,260	24,260	28,505	(4,245)	23,817
Other services and charges	53,150	53,150	64,597	(11,447)	65,388
Total municipal golf course	77,410	77,410	93,102	(15,692)	89,205
Parks					
Supplies	83,200	83,200	87,807	(4,607)	84,732
Other services and charges	118,484	118,484	125,782	(7,298)	76,022
Total parks	201,684	201,684	213,589	(11,905)	160,754
City services					
Personnel services	1,653,136	1,653,136	1,450,091	203,045	1,403,269
Total culture and recreation	2,538,216	2,538,216	2,324,113	214,103	2,085,083

City of Hibbing, Minnesota  
General Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual (Continued on the Following Pages)  
For the Year Ended December 31, 2024  
(With Comparative Actual Amounts for the Year Ended December 31, 2023)

	2024				2023
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (continued)					
Economic development					
Administration					
Personnel services	\$ 142,494	\$ 142,494	\$ 138,464	\$ 4,030	\$ 129,678
Supplies	700	700	341	359	202
Other services and charges	61,925	157,608	182,230	(24,622)	34,637
Total administration	205,119	300,802	321,035	(20,233)	164,517
Total economic development	205,119	300,802	321,035	(20,233)	164,517
Transportation					
Bus					
Personnel services	23,588	15,275	13,109	2,166	19,689
Supplies	103,200	36,500	27,120	9,380	77,127
Other services and charges	442,794	232,228	365,176	(132,948)	345,748
Total transportation	569,582	284,003	405,405	(121,402)	442,564
Miscellaneous					
Cemetery					
Personnel services	227,047	227,047	221,750	5,297	203,855
Supplies	35,500	35,500	28,622	6,878	37,207
Other services and charges	40,000	40,000	31,758	8,242	13,626
Total cemetery	302,547	302,547	282,130	20,417	254,688
Public access					
Other services and charges	110,000	110,000	91,395	18,605	96,276
Insurance					
Other services and charges	1,389,322	1,389,322	1,311,246	78,076	2,093,063
Donations and contributions					
Other services and charges	25,000	25,000	30,912	(5,912)	36,173
Other					
Other services and charges	79,000	79,000	85,732	(6,732)	318,083
Total miscellaneous	1,905,869	1,905,869	1,801,415	104,454	2,798,283
Total current	22,066,980	21,569,808	20,646,414	923,394	19,489,521

City of Hibbing, Minnesota  
General Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual (Continued on the Following Pages)  
For the Year Ended December 31, 2024  
(With Comparative Actual Amounts for the Year Ended December 31, 2023)

	2024				2023
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Expenditures (Continued)					
Capital outlay					
Public works	\$ -	\$ -	\$ 1,368,875	\$ (1,368,875)	\$ -
Transportation	-	-	6,407	(6,407)	52,681
Total capital outlay	-	-	1,375,282	(1,375,282)	52,681
Debt service					
Principal	-	-	141,518	(141,518)	221,875
Interest and other	-	-	9,841	(9,841)	6,417
Total debt service	-	-	151,359	(151,359)	228,292
Total Expenditures	22,066,980	21,569,808	22,173,055	(603,247)	19,770,494
Excess (Deficiency) of Revenues Over (Under) Expenditures	250,000	408,551	2,616,387	2,207,836	3,687,442
Other Financing Sources (Uses)					
Transfers out	(250,000)	(408,551)	(4,432,909)	(4,024,358)	(915,958)
Lease issued	-	-	1,368,875	1,368,875	-
Sale of capital assets	-	-	153,338	153,338	73,032
Total Other Financing Sources (Uses)	(250,000)	(408,551)	(2,910,696)	(2,502,145)	(842,926)
Net Change in Fund Balances	-	-	(294,309)	(294,309)	2,844,516
Fund Balances, January 1	30,025,375	30,025,375	30,025,375	-	27,180,859
Fund Balances, December 31	\$ 30,025,375	\$ 30,025,375	\$ 29,731,066	\$ (294,309)	\$ 30,025,375

City of Hibbing, Minnesota  
Economic Development Authority  
(Discretely Presented Component Unit)  
Combining Balance Sheet and Statement of Net Position (Continued on the Following Page)  
December 31, 2024

	Governmental Activities			
	Special Revenue Funds			Debt Service Fund
	255	250	422	392, 417
	General Fund	Economic Development	Deferred Loan Program	Tax Increment XII
Assets				
Cash and temporary investments	\$ 518,548	\$ 852,420	\$ 224,061	\$ 87,347
Receivables				
Taxes	1,448	-	-	-
Accounts	6,594	-	-	-
Leases	-	-	-	-
Loans, net of allowance	-	2,691,089	-	-
Due from other funds	-	500,000	-	-
Capital assets				
Buildings	-	-	-	-
Construction in progress	-	-	-	-
Less accumulated depreciation	-	-	-	-
Total Assets	<u>\$ 526,590</u>	<u>\$ 4,043,509</u>	<u>\$ 224,061</u>	<u>\$ 87,347</u>
Liabilities				
Accounts payable	\$ 2,120	\$ -	\$ -	\$ 550
Accrued salaries payable	300	-	-	-
Due to other funds	-	-	-	-
Loans payable	-	-	-	-
Due to other governments	-	-	-	510
Contracts payable	-	-	-	-
Total Liabilities	<u>2,420</u>	<u>-</u>	<u>-</u>	<u>1,060</u>
Deferred Inflows of Resources				
Deferred lease resources	-	-	-	-
Fund Balances/Net Position				
Fund balances				
Restricted for debt service	-	-	-	86,287
Committed	524,170	4,043,509	224,061	-
Assigned	-	-	-	-
Net position				
Net investment in capital assets	-	-	-	-
Unrestricted	-	-	-	-
Total Fund Balances/Net Position	<u>524,170</u>	<u>4,043,509</u>	<u>224,061</u>	<u>86,287</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances/Net Position	<u>\$ 526,590</u>	<u>\$ 4,043,509</u>	<u>\$ 224,061</u>	<u>\$ 87,347</u>

City of Hibbing, Minnesota  
Economic Development Authority  
(Discretely Presented Component Unit)  
Combining Balance Sheet and Statement of Net Position (Continued)  
December 31, 2024

	Governmental Activities			Business-Type Activities - Enterprise Funds		
	Capital Project Funds					
	420	412	440	610	612	Total
	Storefront Renovation Project	District VIII Tax Increment	Tax Abatement	1111 7th Ave East	Nor-Tech Building	
<b>Assets</b>						
Cash and temporary investments	\$ 207,702	\$ -	\$ 165,086	\$ 486,453	\$ 15,895	\$ 2,557,512
Receivables						
Taxes	-	-	1,032	-	-	2,480
Accounts	-	-	-	31,677	-	38,271
Leases	-	-	-	34,328	-	34,328
Loans, net of allowance	28,016	-	-	-	-	2,719,105
Due from other funds	-	-	-	-	-	500,000
Capital assets						
Buildings	-	-	-	626,319	-	626,319
Construction in progress	-	-	-	3,493,415	-	3,493,415
Less accumulated depreciation	-	-	-	(90,260)	-	(90,260)
<b>Total Assets</b>	<b>\$ 235,718</b>	<b>\$ -</b>	<b>\$ 166,118</b>	<b>\$ 4,581,932</b>	<b>\$ 15,895</b>	<b>\$ 9,881,170</b>
<b>Liabilities</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ 300	\$ 1,452	\$ 4,422
Accrued salaries payable	-	-	-	-	-	300
Due to other funds	-	-	-	500,000	-	500,000
Loans payable	-	-	-	2,739,989	-	2,739,989
Due to other governments	-	-	-	4,990	1,068	6,568
Contracts payable	-	-	-	655,774	-	655,774
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,901,053</b>	<b>2,520</b>	<b>3,907,053</b>
<b>Deferred Inflows of Resources</b>						
Deferred lease resources	-	-	-	24,510	-	24,510
<b>Fund Balances/Net Position</b>						
Fund balances						
Restricted for debt service	-	-	-	-	-	86,287
Committed	-	-	-	-	-	4,791,740
Assigned	235,718	-	166,118	-	-	401,836
Net position						
Net investment in capital assets	-	-	-	633,711	-	633,711
Unrestricted	-	-	-	22,658	13,375	36,033
<b>Total Fund Balances/Net Position</b>	<b>235,718</b>	<b>-</b>	<b>166,118</b>	<b>656,369</b>	<b>13,375</b>	<b>5,949,607</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances/Net Position</b>	<b>\$ 235,718</b>	<b>\$ -</b>	<b>\$ 166,118</b>	<b>\$ 4,581,932</b>	<b>\$ 15,895</b>	<b>\$ 9,881,170</b>

Amounts reported for the Economic Development Authority in the statement of net position are different because

Total Fund Balances/Net Position Reported above	\$ 5,949,607
Capital assets used in the Economic Development Authority are not financial resources and therefore are not reported as assets in the funds.	
Cost of capital assets	184,171
Less accumulated depreciation	(9,331)
Noncurrent liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.	
Bonds payable	(630,000)
Net pension liability	(60,750)
Governmental funds do not report a liability for accrued interest until due and payable.	(4,442)
Governmental funds of the Economic Development Authority do not report long-term amounts related to pensions.	
Deferred outflows of resources	17,929
Deferred inflows of resources	(123)
<b>Total Net Position - Economic Development Authority</b>	<b>\$ 5,447,061</b>

City of Hibbing, Minnesota  
Economic Development Authority  
(Discretely Presented Component Unit)  
Combining Statement of Revenues, Expenditures/Expenses and  
Changes in Fund Balances/Net Position (Continued on the Following Pages)  
For the Year Ended December 31, 2024

	Governmental Activities			Debt
	Special Revenue Funds			Service Fund
	255	250	422	392, 417
	General Fund	Economic Development	Deferred Loan Program	Tax Increment XII
Revenues				
Taxes				
General property taxes	\$ 105,123	\$ -	\$ -	\$ -
Tax increments	-	-	-	78,187
Intergovernmental	54	250,000	-	-
Charges for services	-	-	-	-
Interest earnings	18,055	120,968	12,658	1,400
Miscellaneous	-	-	-	-
Total Revenues	<u>123,232</u>	<u>370,968</u>	<u>12,658</u>	<u>79,587</u>
Expenditures/Expenses				
Current				
Housing and economic development				
Administration	33,063	65,589	259,427	1,913
Professional services	57,985	-	-	-
Depreciation	-	-	-	-
Debt service/nonoperating expense				
Principal	-	-	-	50,000
Interest and other	-	-	-	12,868
Total Expenditures/Expenses	<u>91,048</u>	<u>65,589</u>	<u>259,427</u>	<u>64,781</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures/Expenses	<u>32,184</u>	<u>305,379</u>	<u>(246,769)</u>	<u>14,806</u>
Other Financing Sources (Uses)				
Transfers in	-	-	-	1,250
Transfers out	-	-	-	(1,250)
Net Change in				
Fund Balances/Net Position	<u>32,184</u>	<u>305,379</u>	<u>(246,769)</u>	<u>14,806</u>
Fund Balances/				
Net Position, January 1	<u>491,986</u>	<u>3,738,130</u>	<u>470,830</u>	<u>71,481</u>
Fund Balances/Net Position,				
December 31	<u>\$ 524,170</u>	<u>\$ 4,043,509</u>	<u>\$ 224,061</u>	<u>\$ 86,287</u>

City of Hibbing, Minnesota  
Economic Development Authority  
(Discretely Presented Component Unit)  
Combining Statement of Revenues, Expenditures/Expenses and  
Changes in Fund Balances/Net Position (Continued)  
For the Year Ended December 31, 2024

	Governmental Activities			Business-Type Activities - Enterprise Funds		
	Capital Project Funds					
	420	412	440	610	612	
	Storefront Renovation Project	District VIII Tax Increment	Tax Abatement	1111 7th Ave East	Nor-Tech Building	Total
Revenues						
Taxes						
General property taxes	\$ -	\$ -	\$ 87,797	\$ -	\$ -	\$ 192,920
Tax increments	-	-	-	-	-	78,187
Intergovernmental	-	-	39	600,000	-	850,093
Charges for services	-	-	-	33,339	40,081	73,420
Interest earnings	7,167	-	5,937	15,022	251	181,458
Miscellaneous	2,011	-	-	-	-	2,011
Total Revenues	9,178	-	93,773	648,361	40,332	1,378,089
Expenditures/Expenses						
Current						
Housing and economic development						
Administration	-	-	78,634	74,770	26,957	540,353
Professional services	-	-	-	-	-	57,985
Depreciation	-	-	-	17,400	-	17,400
Debt service/nonoperating expense						
Principal	-	-	-	-	-	50,000
Interest and other	-	-	-	-	-	12,868
Total Expenditures/Expenses	-	-	78,634	92,170	26,957	678,606
Excess (Deficiency) of Revenues Over (Under) Expenditures/Expenses	9,178	-	15,139	556,191	13,375	699,483
Other Financing Sources (Uses)						
Transfers in	-	-	-	-	-	1,250
Transfers out	-	-	-	-	-	(1,250)
Net Change in Fund Balances/Net Position	9,178	-	15,139	556,191	13,375	699,483
Fund Balances/ Net Position, January 1	226,540	-	150,979	100,178	-	5,250,124
Fund Balances/Net Position, December 31	<u>\$ 235,718</u>	<u>\$ -</u>	<u>\$ 166,118</u>	<u>\$ 656,369</u>	<u>\$ 13,375</u>	<u>\$ 5,949,607</u>

Amounts reported for the Economic Development Authority in the statement of activities are different because

Net Change in Fund Balances/Net Position Reported above \$ 699,483

Capital outlays are reported in the fund financial statements as expenditures for governmental activities. However, in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.

Capital outlay 26,727  
Depreciation expense (691)

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

Principal repayments 50,000

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

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Long-term pension activity is not reported in governmental funds of the Economic Development Authority.

Pension expense 6,560  
Pension revenue from state contributions 12

Change in Net Position - Economic Development Authority \$ 782,247

City of Hibbing, Minnesota  
Economic Development Authority  
(Discretely Presented Component Unit)  
Statement of Cash Flows  
For the Year Ended December 31, 2024

	Business-type Activities - Enterprise Funds		Total
	610	612	
	1111 7th Ave East	Nor-Tech Building	
Cash Flows from Operating Activities			
Receipts from customers and users	\$ 608,664	\$ 40,081	\$ 648,745
Payments to suppliers	(73,682)	(24,437)	(98,119)
Net Cash Provided (Used) by Operating Activities	534,982	15,644	550,626
Cash Flows from Capital and Related Financing Activities			
Acquisition of capital assets	(2,837,641)	-	(2,837,641)
Loan proceeds received	2,192,856	-	2,192,856
Net Cash Used by Capital and Related Financing Activities	(644,785)	-	(644,785)
Cash Flows from Investing Activities			
Investment income received	15,022	251	15,273
Net Increase (Decrease) in Cash and Cash Equivalents	(94,781)	15,895	(78,886)
Cash and Cash Equivalents, January 1	581,234	-	581,234
Cash and Cash Equivalents, December 31	\$ 486,453	\$ 15,895	\$ 502,348
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities			
Operating income	\$ 541,169	\$ 13,124	\$ 554,293
Adjustments to reconcile operating income to net cash provided (used) by operating activities			
Depreciation	17,400	-	17,400
(Increase) in assets			
Accounts receivable	(28,136)	-	(28,136)
Lease receivable	33,534	-	33,534
Increase (Decrease) in liabilities and deferred inflow of resources			
Accounts and other payables	(543)	1,452	909
Due to other governments	1,631	1,068	2,699
Deferred lease resources	(30,073)	-	(30,073)
Net Cash Provided (Used) by Operating Activities	\$ 534,982	\$ 15,644	\$ 550,626

City of Hibbing, Minnesota  
Summary Financial Report  
Revenues and Expenditures For General Operations  
Governmental Funds  
For the Year Ended December 31, 2024

	Total		Percent Increase (Decrease)
	2024	2023	
Revenues			
Taxes	\$ 12,608,341	\$ 11,920,159	5.77 %
Special assessments	52,243	28,581	82.79
Licenses and permits	279,017	317,987	(12.26)
Intergovernmental	13,824,792	14,851,845	(6.92)
Charges for services	2,720,032	2,356,594	15.42
Fines and forfeitures	100,745	150,816	(33.20)
Contributions and donations	341,918	384,655	(11.11)
Investment earnings (loss)	2,288,320	1,790,728	27.79
Miscellaneous	55,075	48,978	12.45
Total Revenues	<u>\$ 32,270,483</u>	<u>\$ 31,850,343</u>	1.32 %
Per Capita	<u>\$ 2,013</u>	<u>\$ 1,974</u>	1.98 %
Expenditures			
Current			
General government	\$ 2,762,019	\$ 2,328,756	18.60 %
Public safety	9,182,460	8,081,598	13.62
Public works	3,849,967	3,588,720	7.28
Culture and recreation	3,167,358	2,865,533	10.53
Economic development	321,035	240,983	33.22
Transportation	405,405	442,564	(8.40)
Miscellaneous	1,801,415	2,798,283	(35.62)
Capital outlay			
General government	976,508	140,922	592.94
Public safety	1,705,242	641,505	165.82
Public works	4,506,666	4,136,410	8.95
Culture and recreation	2,570,681	2,341,210	9.80
Economic development	1,004,259	-	N/A
Transportation	78,382	52,681	48.79
Miscellaneous	-	67,431	(100.00)
Debt service			
Principal	608,280	701,997	(13.35)
Interest and other	83,756	93,534	(10.45)
Bond issuance costs	45,816	-	N/A
Total Expenditures	<u>\$ 33,069,249</u>	<u>\$ 28,522,127</u>	15.94 %
Per Capita	<u>\$ 2,063</u>	<u>\$ 1,768</u>	16.70 %
Total Long-term Indebtedness	\$ 3,681,000	\$ 2,775,000	32.65 %
Per Capita	230	172	33.52
General Fund Balance - December 31	\$ 29,731,066	\$ 30,025,375	(0.98) %
Per Capita	1,855	1,861	(0.33)

The purpose of this report is to provide a summary of financial information concerning the City of Hibbing to interested citizens. The complete financial statements may be examined at City Hall, 401 East 21st Street, Hibbing, Minnesota 55746. Questions about this report should be directed to Sheena Mulner, Finance Director/Treasurer.

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OTHER REQUIRED REPORTS

CITY OF HIBBING  
HIBBING, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2024

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## INDEPENDENT AUDITOR'S REPORT ON MINNESOTA LEGAL COMPLIANCE

Honorable Mayor and City Council  
City of Hibbing, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the City of Hibbing, Minnesota (the City) as of and for the year ended December 31, 2024, and the related notes to the financial statements, and have issued our report thereon dated June 26, 2025.

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

This report is intended solely for the information and use of those charged with governance and management of the City and the State Auditor and is not intended to be, and should not be, used by anyone other than these specified parties.



**Abdo**  
Minneapolis, Minnesota  
June 26, 2025

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

Honorable Mayor and City Council  
City of Hibbing, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the City of Hibbing, Minnesota (the City), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 26, 2025.

**Report on Internal Control Over Financial Reporting**

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

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

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. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described as item 2024-001 to be a significant deficiency.

**Report on Compliance and Other Matters**

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

## The City's Response to the Finding

The City's response to the finding identified in our audit are described in the accompanying Schedule of Finding and Response. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## Purpose of this Report

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



**Abdo**  
Minneapolis, Minnesota  
June 26, 2025



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FEDERAL FINANCIAL AWARD PROGRAMS

CITY OF HIBBING  
HIBBING, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2024

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Honorable Mayor and City Council  
City of Hibbing, Minnesota

***Opinion on Each Major Federal Program***

We have audited the City of Hibbing, Minnesota (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2024. The City's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Finding, Response and Questioned Costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City's federal programs.

***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control Over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



**Abdo**  
Minneapolis, Minnesota  
June 26, 2025



City of Hibbing, Minnesota  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2024

Federal Funding Source	Administering Department	Assistance Listing Number	Program Name	Total Federal Expenditures
U.S. Department of U.S. Department of Transportation	Minnesota Commissioner of Transportation	20.509	Formula Grants for Rural Areas and Tribal Transit Program	\$ 90,040
U.S. Department of Homeland Security	Minnesota Department of Homeland Security	97.036	Disaster Grants-Public Assistance	83,315
Environmental Protection Agency	Minnesota Public Facilities Authority	66.468	Drinking Water State Revolving Fund	6,546,060
U.S. Department of Justice	Direct	16.607	Bulletproof Vest Partnership Program	7,126
U.S. Department of Treasury	Direct	21.027C	Coronavirus State and Local Fiscal Recovery Funds - COVID 19	577,715
	Total			<u>\$ 7,304,256</u>

City of Hibbing, Minnesota  
Notes to the Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2024

**Note 1: Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Hibbing, Minnesota (the City) for the year ended December 31, 2024. The City's reporting entity is defined in Note 1A to the City's financial statements. The information in this schedule is presented in accordance with the requirement of the Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations. All Federal awards received directly from Federal agencies as well as Federal awards passed through other government agencies are included on the schedule.

**Note 2: Summary of Significant Accounting Policies for Expenditures**

Expenditures reported on this schedule are reported on the modified accrual basis of accounting.

**Note 3: Pass-through Entity Identifying Numbers**

Pass-through entity identifying numbers, if any, are presented where available.

**Note 4: Subrecipients**

Of the federal expenditures presented in this schedule, the City provided federal awards to subrecipients as follows:

- Hibbing Public Utilities, Drinking Water State Revolving Fund 66.468, \$6,546,060

**Note 5: Indirect Cost Rate**

During the year ended December 31, 2024, the City did not elect to use the 10% de minimis indirect cost rate.

**Note 6: Reporting Entity**

The Schedule of Expenditures of Federal Awards presents the activities of federal award programs expended by the City. The City's financial statements include operations of the Hibbing Public Utilities Commission (PUC) component unit, which expended \$ 3,035,675 in federal awards during the year ended December 31, 2024, which are not included in the Schedule of Expenditures of Federal Awards. The PUC had a separate single audit.

The City's reporting entity is defined in Note 1 to the financial statements.

City of Hibbing, Minnesota  
Schedule of Findings, Responses and Questioned Costs  
For the Year Ended December 31, 2024

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	No

**Federal Awards**

Internal control over major programs	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2CFR section 200.516(a).	No

**Identification of Major Programs/Projects**

	<u>CFDA No.</u>
Drinking Water State Revolving Fund	66.468
Dollar threshold used to distinguish between Type A and Type B Programs	\$ 750,000
Auditee qualified as low-risk auditee?	No

**Section II - Financial Statement Findings**

None.

**Section III - Major Federal Award Findings and Questioned Costs**

There are no significant deficiencies, material weaknesses, or instances of noncompliance including questioned costs that are required to be reported in accordance with the Uniform Guidance.

**Section IV - Schedule of Prior Year Audit Findings**

There were no prior year audit findings required to be reported under 2CFR section 200.516(a).

**Other Issues**

A Corrective Action Plan is not required because there were no findings required to be reported under 2CFR section 200.516(a).

City of Hibbing, Minnesota  
Schedule of Findings, Responses and Questioned Costs (Continued)  
For the Year Ended December 31, 2024

<u>Finding</u>	<u>Description</u>
2024-001	<b>Preparation of Financial Statements</b>
<i>Condition:</i>	We were requested to draft the audited financial statements and related footnote disclosures as part of our regular audit services. Auditing standards require auditors to communicate this situation to the City Council as an internal control deficiency. Ultimately, it is management's responsibility to provide for the preparation of your statements and footnotes, and the responsibility of the auditor to determine the fairness of presentation of those statements. It is our responsibility to inform you that this deficiency could result in a material misstatement to the financial statements that could have been prevented or detected by your management. Essentially, the auditors cannot be part of your internal control process.
<i>Criteria:</i>	Internal controls should be in place to provide reasonable assurance over financial reporting.
<i>Cause:</i>	From a practical standpoint we do both for you at the same time in connection with our audit. This is not unusual for us to do with an organization of your size.
<i>Effect:</i>	The effectiveness of the internal control system relies on enforcement by management. The effect of deficiencies in internal controls can result in undetected errors in financial reporting.
<i>Recommendation:</i>	It is your responsibility to make the ultimate decision to accept this degree of risk associated with this condition because of cost or other considerations. As in prior years, we have instructed management to review a draft of the auditor prepared financials in detail for their accuracy; we have answered any questions they might have, and have encouraged research of any accounting guidance in connection with the adequacy and appropriateness of classification of disclosure in your statements. We are satisfied that the appropriate steps have been taken to provide you with the completed financial statements. While the City is reviewing the financial statements, we recommend that the City agree its financial software to the numbers reported in the financial statements.
<i>Management Response:</i>	
	For now, the City's management accepts the degree of risk associated with this condition and thoroughly reviews a draft of the financial statements.