City of Spring Lake Park, Minnesota

Financial Statements
(With Supplementary Information)
and Independent Auditor's Report

December 31, 2025

CohnReznick

City of Spring Lake Park, Minnesota

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Introductory Section

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City of Spring Lake Park, Minnesota
Elected and Appointed Officials
December 31, 2025

Position	Name	Term Expires
	Elected Officials	
City Council:		
Mayor	Robert Nelson	December 31, 2026
Council Member	April Moran	December 31, 2026
Council Member	Lisa Dircks	December 31, 2028
Council Member	Barbara Goodboe-Bisschoff	December 31, 2028
Council Member	Ken Wendling	December 31, 2026
	Appointed Officials	
City Administrator, Clerk-Treasurer	Daniel R. Buchholtz	Continuous
Accountant	Melissa Barker	Continuous

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City of Spring Lake Park

Financial Section

December 31, 2025

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Independent Auditor's Report

To the Honorable Mayor and Members
of the City Council
City of Spring Lake Park, Minnesota

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Spring Lake Park, Minnesota as of December 31, 2025, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

2024 Financial Statements Restated

The financial statements of the City of Spring Lake Park, Minnesota for the year ended December 31, 2024, before the restatement described in Note 17, were audited by another auditor who expressed unmodified opinions on those statements on June 30, 2025. As part of our audit of the December 31, 2025 financial statements, we also audited the adjustments described in Note 17 that were applied to restate the 2024 government-wide financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review or apply any procedures to the 2024 financial statements of the City of Spring Lake Park, Minnesota other than with respect to the adjustment and, accordingly, we do not express an opinion or any form of assurance on the 2024 financial statements as a whole.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedules of City Contributions, and Schedules of City and Non-Employer Proportionate Share of Net Pension Liability as listed in the index be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the 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 City of Spring Lake Park, Minnesota's basic financial statements. The combining and individual nonmajor fund financial statements listed in the index are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare basic the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the 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 September 8, 2026 on our consideration of City of Spring Lake Park, Minnesota's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Spring Lake Park, Minnesota's internal control over financial reporting and compliance.

CohnReznick LLP

Minneapolis, Minnesota
September 8, 2026

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City of Spring Lake Park, Minnesota
Management's Discussion and Analysis
December 31, 2025

As management of the City of Spring Lake Park, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Spring Lake Park for the fiscal year ended December 31, 2025, with comparative data for the fiscal year ended December 31, 2024.

Financial highlights

- The assets and deferred outflows of resources of the City of Spring Lake Park exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $28,192,371 (*net position)*. Of this amount, $11,048,870 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors in accordance with the City's fund designations and fiscal policies.
- The City's total net position increased by $2,122,768. The increase is mainly attributed to higher than anticipated investment earnings, grants and contributions not restricted to specific programs and miscellaneous revenues.
- As of the close of the current fiscal year, the City of Spring Lake Park's governmental funds reported combined ending fund balances of $10,937,866, a decrease of $1,070,372 from the prior year.
- At the end of the current fiscal year, fund balance for the general fund was $3,383,658, or 61.9% of total general fund expenditures.
- The City's total noncurrent liabilities decreased by $808,448 due to debt service expenditures.

Overview of the financial statements

This discussion and analysis are intended to serve as an introduction to the City of Spring Lake Park's basic financial statements. The City's basic financial statements are comprised of the following three components: 1) government-wide financial statements, providing information for the City as a whole, 2) fund financial statements, providing detailed information for the City's significant funds, and 3) notes to the financial statements, providing additional information that is essential to understanding the government-wide and fund financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

The *statement of net position* presents information on all of the City of Spring Lake Park's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two 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 of Spring Lake Park 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 the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Spring Lake Park that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Spring Lake Park include general government, public safety, public works, recreation and parks and development. The business-type activities of the City of Spring Lake Park include the utility fund.

The government-wide financial statements can be found on pages 27-29 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Spring Lake Park, 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 of Spring Lake Park can be divided into two categories: governmental funds and proprietary funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government'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 of Spring Lake Park maintains thirty-eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, HRA reserve fund, the revolving fund, and the renewal and replacement fund, all of 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 of Spring Lake Park adopts an annual budget for its general fund. Budgetary comparison statements have been provided for this fund (pages 40-43) to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 32-39 of this report.

***Proprietary funds*.** The City of Spring Lake Park maintains one type of proprietary fund - enterprise funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Spring Lake Park uses enterprise funds to account for its utility operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the utility fund, which is considered to be a major fund of the City of Spring Lake Park.

The proprietary fund financial statements can be found on pages 44-49 of this report.

***Notes to the financial statements*.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 53-90 of this report.

Other Information. The combining statements referred to earlier in connection with nonmajor governmental funds can be found on pages 108-130 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 of Spring Lake Park, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $28,192,371 at the close of the most recent fiscal year.

The largest portion of the City of Spring Lake Park's net position, $16,398,178 (58%) reflects its investment in capital assets (e.g. land, buildings and improvements, and machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Spring Lake Park uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Spring Lake Park's investment in 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 Spring Lake Park's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current and other assets	$ 12,183,275	$ 13,215,644	$ 5,234,405	$ 4,735,344	$ 17,417,680	$ 17,950,988
Capital assets, as restated	19,029,396	16,757,375	5,256,424	5,668,154	24,285,820	22,425,529
Total assets	31,212,671	29,973,019	10,490,829	10,403,498	41,703,500	40,376,517
Deferred outflows of resources	1,464,200	2,028,196	33,035	29,229	1,497,235	2,057,425
Long-term liabilities outstanding	9,592,869	10,404,218	144,400	141,499	9,737,269	10,545,717
Other liabilities	660,860	573,436	131,716	45,338	792,576	618,774
Total liabilities	10,253,729	10,977,654	276,116	186,837	10,529,845	11,164,491
Deferred inflows of resources	2,288,232	2,857,810	2,190,287	2,342,038	4,478,519	5,199,848
Net position						
Net investment in capital assets, as restated	11,141,754	8,276,566	5,256,424	5,668,154	16,398,178	13,944,720
Restricted	745,323	972,306	-	-	745,323	972,306
Unrestricted	8,247,833	8,916,879	2,801,037	2,235,698	11,048,870	11,152,577
Total net position	$ 20,134,910	$ 18,165,751	$ 8,057,461	$ 7,903,852	$ 28,192,371	$ 26,069,603

An additional portion of the City of Spring Lake Park's net position at December 31, 2025 (3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* ($11,048,870) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Spring Lake Park is able to report positive balances in all categories of net position for the City as a whole.

Net position and capital assets were restated by $1,299,019 for construction in progress related to the City Hall renovations that was inadvertently omitted from the City's capital asset schedule in 2024. As a result, general government expenses decreased by $1,299,019, capital assets increased by $1,299,019 and net position increased by $1,299,019.

Governmental activities. Governmental activities account for 71% of the City of Spring Lake Park's net position as of December 31, 2025. The total increase in net position for governmental activities was $1,969,159. The key element for this increase was significant investment earnings, grants and contributions, and miscellaneous revenues during the year.

Business-type activities. Business-type activities increased the City of Spring Lake Park's net position by $153,609 due primarily to an increase in charges to the City's citizens for utility services provided in the current year.

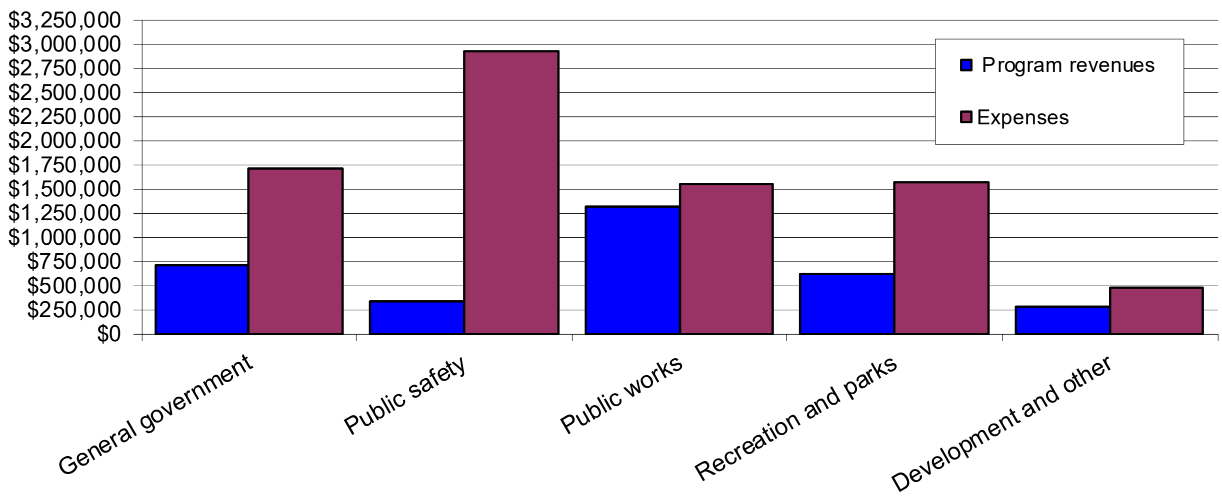
City of Spring Lake Park's Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues						
Program revenues						
Charges for services	$ 1,248,223	$ 1,281,297	$ 2,212,182	$ 1,905,449	$ 3,460,405	$ 3,186,746
Operating grants and contributions	870,023	1,325,618	-	-	870,023	1,325,618
Capital grants and contributions	1,139,463	557,856	-	-	1,139,463	557,856
General revenues						
Property taxes	4,694,911	4,322,044	-	-	4,694,911	4,322,044
Other	2,265,755	1,754,722	403,161	302,917	2,668,916	2,057,639
Total revenues	10,218,375	9,241,537	2,615,343	2,208,366	12,833,718	11,449,903
Expenses						
General government, as restated	1,702,508	1,344,511	-	-	1,702,508	1,344,511
Public safety	2,917,521	2,777,645	-	-	2,917,521	2,777,645
Public works	1,545,212	1,442,695	-	-	1,545,212	1,442,695
Recreation and parks	1,557,663	1,358,176	-	-	1,557,663	1,358,176
Development and other	474,399	607,729	-	-	474,399	607,729
Interest on long-term debt	317,410	343,514	-	-	317,410	343,514
Utility	-	-	2,196,237	2,617,447	2,196,237	2,617,447
Total expenses	8,514,713	7,874,270	2,196,237	2,617,447	10,710,950	10,491,717
Change in net position before transfers	1,703,662	1,367,267	419,106	(409,081)	2,122,768	958,186
Transfers	265,497	288,502	(265,497)	(288,502)	-	-
Change in net position after transfers	1,969,159	1,655,769	153,609	(697,583)	2,122,768	958,186
Net position - beginning of year, as restated	18,165,751	16,509,982	7,903,852	8,601,435	26,069,603	25,111,417
Net position - end of year	$ 20,134,910	$ 18,165,751	$ 8,057,461	$ 7,903,852	$ 28,192,371	$ 26,069,603

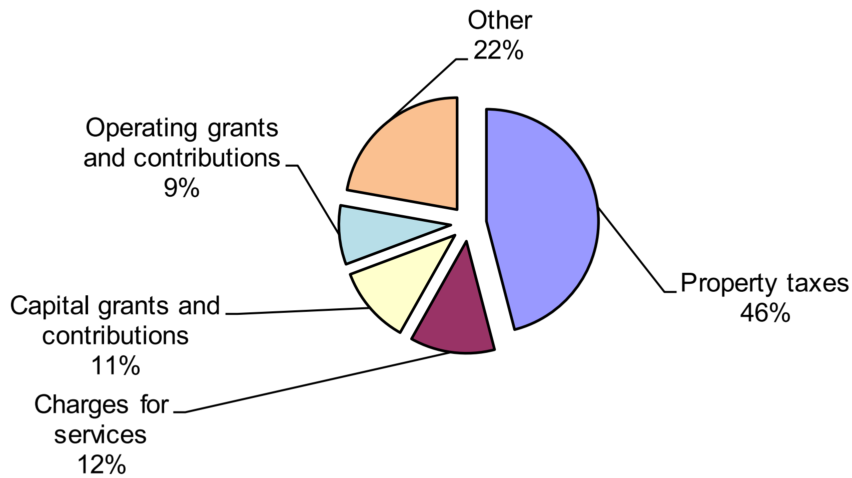
City of Spring Lake Park, Minnesota
Management's Discussion and Analysis
December 31, 2025

Below are specific graphs that provide comparisons of the governmental activities direct program revenues with their expenses for the year ended December 31, 2025. Any shortfalls in direct revenues are primarily supported by property tax levy or general state aid.

Expenses and Program Revenues - Governmental Activities

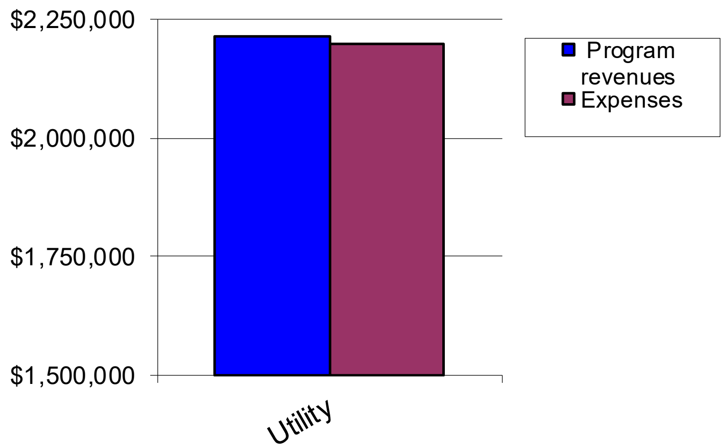


Revenues by Source - Governmental Activities

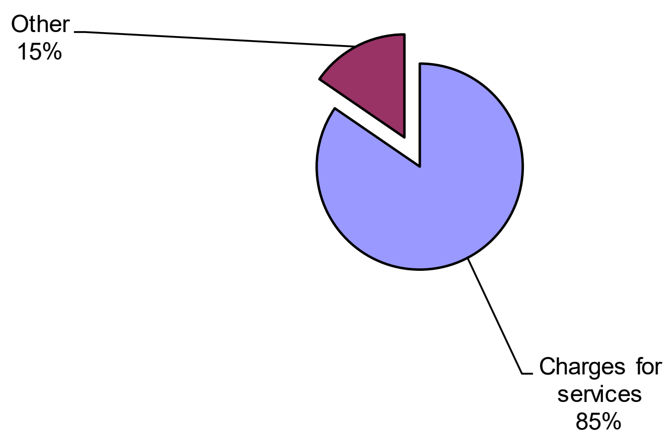


The following graphs relate the business-type activity's program revenues with its expenses for the year ended December 31, 2025. Since this activity requires significant physical assets to operate, any excess revenues are held for planned capital expenditures to keep pace with growing demand for services.

Expenses and Program Revenues - Business-Type Activities



Revenues by Source - Business-Type Activities



Financial analysis of the government's funds

As noted earlier, the City of Spring Lake Park uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City of Spring Lake Park'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 of Spring Lake Park'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.

As of the end of the current fiscal year, the City of Spring Lake Park's governmental funds reported combined ending fund balances of $10,937,866, a decrease of $1,070,372 in comparison with the prior year. Approximately 93% of this total fund balance, or $10,185,175, constitutes *assigned and unassigned fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance, $752,691, is *restricted and nonspendable* to indicate that it is not available for new spending because it has already been restricted by creditors, grantors or regulations of other governments or has been expensed for prepaid items.

The general fund is the chief operating fund of City of Spring Lake Park. At the end of the current year, fund balance of the general fund was $3,383,658. As a measure of liquidity, it may be useful to compare the fund balance to total fund expenditures. Fund balance represents 62% of total current year general fund expenditures. The general fund's total fund balance increased by $99,766 during the current year due primarily to lower-than-budgeted expenditures, particularly personnel expenditures within the Police and Code Enforcement functions.

The HRA reserve fund decreased its fund balance by $1,068,989 due to capital outlay in excess of other revenues and investment earnings allocated to this fund for HRA activities.

The revolving fund increased its fund balance by $785,167 due primarily to special assessments and intergovernmental revenues allocated to the fund in excess of current year capital outlay.

The renewal and replacement fund increased its fund balance by $64,484 due to investment income allocated to this fund while the fund incurred no expenditures during the current year.

The special revenue funds (other than the HRA reserve fund described as a major fund previously) increased their overall fund balances by $101,115 during the year.

The debt service funds increased their collective fund balance by $28,472 due primarily to transfers from other funds to cover debt service and development expenditures in excess of property tax and other revenues allocated to the fund.

The capital projects funds (other than the revolving and renewal and replacement funds described as major funds previously) decreased their collective fund balance by $1,080,387 due primarily to capital outlay expenditures in excess of various revenues allocated to the fund.

Proprietary funds. The City of Spring Lake Park's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position for utility operations at the end of the year amounted to $2,801,037. The utility fund increased its net position by $153,609, for the year ended December 31, 2025. Other factors concerning the finances of this fund have already been addressed in the discussion of the City of Spring Lake Park's business-type activities.

General fund budgetary highlights

The City's General Fund budget was not amended during the year. The budget called for a balanced budget. The actual net change to the General Fund balance was an increase of $99,766. Revenues were below budget by $12,230 for the year ended December 31, 2025 due primarily to lower than anticipated property tax revenues. Total expenditures were below budget by $547,263 for the year. One department had expenditures in excess of budget: general government exceeded budget by $17,865. These over expenditures were primarily related to higher than anticipated information technology and government buildings contracted services.

Capital asset and debt administration

Capital assets. The City of Spring Lake Park's investment in capital assets for its governmental and business-type activities as of December 31, 2025, amounted to $24,285,820 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings and improvements, machinery and equipment and infrastructure. Total capital assets increased by $1,860,291, or approximately 8%, for the year ended December 31, 2025, due to city hall renovations and other asset additions in excess of current year depreciation expense.

City of Spring Lake Park's Capital Assets
(net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2025	2024, as restated	2025	2024	2025	2024
Land	$ 2,085,300	$ 305,000	$ -	$ -	$ 2,085,300	$ 305,000
Construction in progress	-	7,614,721	-	-	-	7,614,721
Buildings and improvements	7,613,680	800,315	1,108,440	1,208,934	8,722,120	2,009,249
Machinery and equipment	1,612,789	1,154,010	187,331	206,302	1,800,120	1,360,312
Infrastructure	7,717,627	6,883,329	3,960,653	4,252,918	11,678,280	11,136,247
Total	$ 19,029,396	$ 16,757,375	$ 5,256,424	$ 5,668,154	$ 24,285,820	$ 22,425,529

Additional information on the City of Spring Lake Park's capital assets can be found in Note 5 on pages 69 and 70 of this report.

Long-term debt. At the end of the current fiscal year, the City of Spring Lake Park had $7,410,000 in bonds, certificates, and notes payable outstanding. The entire amount outstanding comprises debt backed by the full faith and credit of the government.

City of Spring Lake Park's Outstanding Debt

General Obligation Bonds, Certificates and Notes Payable

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
General obligation bonds						
and notes payable	$ 7,410,000	$ 7,979,051	$ -	$ -	$ 7,410,000	$ 7,979,051
Total	$ 7,410,000	$ 7,979,051	$ -	$ -	$ 7,410,000	$ 7,979,051

The City of Spring Lake Park's total bonds, certificates and notes payable decreased by $569,051 during the current fiscal year. The decrease was due to scheduled debt service expenditures.

The City of Spring Lake Park maintains an AA bond rating from S&P for general obligation debt.

State statutes limit the amount of general obligation debt a Minnesota City may issue up to 3% of its market value of taxable property. Net debt is payable solely from ad valorem taxes. The City is currently well within this limit.

Economic factors and next year's budgets and rates

The City's financial planning for 2026 reflects a generally stable but increasingly constrained economic environment, shaped by continued inflationary pressures, workforce costs, infrastructure needs, and uncertainty regarding future state and federal funding. Like many Minnesota municipalities, the City continues to experience increased costs for public safety, employee compensation and benefits, contractual services, construction, utilities, insurance, and capital equipment.

At the state level, Local Government Aid and other intergovernmental revenues continue to provide an important source of support for municipal services. Given projected pressures on future state budgets and the temporary nature of certain state and federal funding programs, the City continues to take a conservative approach when incorporating these revenues into its long-range forecasts.

Locally, Spring Lake Park is a mature, largely built-out community with limited opportunities for substantial tax-base growth through new development. Property values have generally remained stable, and redevelopment represents the primary opportunity for future growth in tax capacity. As a result, the City must continue to balance increasing operating and capital costs against a relatively stable tax base and the financial impact of property tax and utility rate adjustments on residents and businesses.

In response to these conditions, the City adopted a conservative 2026 budget that maintains existing service levels while continuing to invest in infrastructure, facilities, public safety, and equipment. The City continues to use annual budgeting, capital improvement planning, review of future financial obligations, and maintenance of appropriate fund balances to address future expenditure pressures and preserve long-term financial stability.

Major activities contemplated in 2026 and future years include:

- Completion of the 2026 Street Improvement Project, including mill and overlay improvements to Plaza Boulevard, Center Drive, Sunset Road, portions of the County State Aid Highway 10 Service Drive, and other associated street improvements.
- Replacement of the Terrace Park building, utilizing Community Development Block Grant funding and City park improvement resources, subject to final project costs and available funding.
- Rehabilitation of the City's Arthur Street and Able Street water towers to address identified maintenance and corrosion issues.
- Continued removal and replacement of ash trees affected by Emerald Ash Borer and implementation of ongoing community reforestation efforts.
- Continued investment in the City's street, water, sanitary sewer, stormwater, park, technology, and other public infrastructure through the City's capital improvement planning process.
- Planning for the City's share of future regional fire service capital needs, including the proposed SBM Fire Department northeast fire station.

The City will continue to monitor economic conditions, property values, state and federal funding, employee compensation and benefit costs, construction pricing, and other factors affecting future budgets and utility rates. Management anticipates that continued incremental adjustments to property taxes and user rates will be necessary to maintain current service levels and fund the City's long-term infrastructure and capital needs.

Requests for information

This financial report is designed to provide a general overview of the City of Spring Lake Park's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to City of Spring Lake Park, 1301 - 81st Avenue NE, Spring Lake Park, Minnesota 55432.

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City of Spring Lake Park, Minnesota

Government-Wide Financial Statements

December 31, 2025

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City of Spring Lake Park, Minnesota
Statement of Net Position
December 31, 2025

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and investments	$ 11,095,959	$ 2,234,121	$ 13,330,080
Receivables	803,732	815,918	1,619,650
Lease receivables	181,800	2,201,953	2,383,753
Intergovernmental receivables	75,718	792	76,510
Internal balances	18,379	(18,379)	-
Prepaid items and other	7,687	-	7,687
Capital assets			
Nondepreciable	2,085,300	-	2,085,300
Depreciable, net	16,944,096	5,256,424	22,200,520
Total assets	31,212,671	10,490,829	41,703,500
Deferred outflows of resources			
Deferred outflows from pension activity	1,464,200	33,035	1,497,235
Total assets and deferred outflows of resources	$ 32,676,871	$ 10,523,864	$ 43,200,735
Liabilities			
Accounts payable	$ 218,043	$ 114,865	$ 332,908
Accrued payroll and related taxes	212,305	10,772	223,077
Unearned revenue	7,250	3,000	10,250
Deposits and other liabilities	223,262	3,079	226,341
Noncurrent liabilities			
Due within one year	39,441	12,381	51,822
Due in more than one year	8,146,220	15,143	8,161,363
Net pension liability	1,407,208	116,876	1,524,084
Total liabilities	10,253,729	276,116	10,529,845
Deferred inflows of resources			
Deferred inflows from leasing activity	168,600	2,099,370	2,267,970
Deferred inflows from pension activity	2,119,632	90,917	2,210,549
Total deferred inflows of resources	2,288,232	2,190,287	4,478,519
Net position			
Net investment in capital assets	11,141,754	5,256,424	16,398,178
Restricted for:			
Debt service requirements	251,577	-	251,577
Police activities	25,241	-	25,241
Community development	65,072	-	65,072
Street improvements	279,266	-	279,266
Park acquisition	124,167	-	124,167
Unrestricted	8,247,833	2,801,037	11,048,870
Total net position	20,134,910	8,057,461	28,192,371
Total liabilities, deferred inflows of resources, and net position	$ 32,676,871	$ 10,523,864	$ 43,200,735

See Notes to Financial Statements

City of Spring Lake Park, Minnesota
Statement of Activities
For the Year Ended December 31, 2025

		Program Revenues		
Functions/programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government	$ 1,702,508	$ 368,011	$ 290,000	$ 54,406
Public safety	2,917,521	182,850	153,244	-
Public works	1,545,212	127,659	107,190	1,085,057
Recreation and parks	1,557,663	383,483	231,178	-
Development and other	474,399	186,220	88,411	-
Interest on long-term debt	317,410	-	-	-
Total governmental activities	8,514,713	1,248,223	870,023	1,139,463
Business-Type activities				
Utility	2,196,237	2,212,182	-	-
Total business-type activities	2,196,237	2,212,182	-	-
Total	$ 10,710,950	$ 3,460,405	$ 870,023	$ 1,139,463

General revenues
General property taxes
Grants and contributions not restricted to specific programs
Lease revenue
Investment earnings
Miscellaneous
Transfers
Total general revenues and transfers
Change in net position
Net position - beginning, as restated
Net position - ending

See Notes to Financial Statements

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
	$ (990,091)	$ -	$ (990,091)
	(2,581,427)	-	(2,581,427)
	(225,306)	-	(225,306)
	(943,002)	-	(943,002)
	(199,768)	-	(199,768)
	(317,410)	-	(317,410)
	(5,257,004)	-	(5,257,004)
	-	15,945	15,945
	-	15,945	15,945
	(5,257,004)	15,945	(5,241,059)
	4,694,911	-	4,694,911
	798,326	-	798,326
	239,134	218,601	457,735
	496,831	68,193	565,024
	731,464	116,367	847,831
	265,497	(265,497)	-
	7,226,163	137,664	7,363,827
	1,969,159	153,609	2,122,768
	18,165,751	7,903,852	26,069,603
	$ 20,134,910	$ 8,057,461	$ 28,192,371

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City of Spring Lake Park, Minnesota

Fund Financial Statements

December 31, 2025

City of Spring Lake Park, Minnesota
Balance Sheet
Governmental Funds
December 31, 2025

		Special Revenue Fund	Capital Project Funds		
	General Fund	HRA Reserve	Revolving Fund	Renewal and Replacement	City Hall Renovation Fund
Assets					
Cash and investments	$ 3,328,364	$ 147,467	$ 1,112,388	$ 1,890,912	$ -
Accounts receivable	40,437	-	-	-	-
Taxes receivable	92,437	-	-	-	-
Special assessments receivable	1,557	-	321,636	-	-
Lease receivable	-	181,800	-	-	-
Due from other funds	452,967	-	13,613	-	-
Due from other governmental units	66,114	-	607	-	-
Accrued interest receivable	41,820	-	-	-	-
Prepaid expenditures	7,687	-	-	-	-
Total assets	$ 4,031,383	$ 329,267	$ 1,448,244	$ 1,890,912	$ -
Liabilities, deferred inflows of resources and fund balances					
Liabilities					
Accounts payable	$ 96,214	$ 380	$ 3,130	$ -	$ -
Accrued payroll and taxes	211,069	-	-	-	-
Deposits and other liabilities	78,944	5,697	-	-	-
Due to other funds	167,504	-	251,015	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	553,731	6,077	254,145	-	-
Deferred inflows of resources					
Unavailable revenue					
Property taxes	92,437	-	-	-	-
Special assessments	1,557	-	321,636	-	-
Leasing activity	-	168,600	-	-	-
Total deferred inflows of resources	93,994	168,600	321,636	-	-
Fund balances					
Nonspendable	7,687	-	-	-	-
Restricted	-	-	-	-	-
Assigned	3,375,971	154,590	872,463	1,890,912	-
Unassigned	-	-	-	-	-
Total fund balances	3,383,658	154,590	872,463	1,890,912	-
Total liabilities, deferred inflows of resources, and fund balances	$ 4,031,383	$ 329,267	$ 1,448,244	$ 1,890,912	$ -

See Notes to Financial Statements

Other Governmental Funds	Total
$ 4,616,828	$ 11,095,959
305,673	346,110
-	92,437
319	323,512
-	181,800
683	467,263
8,997	75,718
-	41,820
-	7,687
$ 4,932,500	$ 12,632,306
$ 118,369	$ 218,093
1,236	212,305
138,718	223,359
30,365	448,884
7,250	7,250
295,938	1,109,891
-	92,437
319	323,512
-	168,600
319	584,549
-	7,687
745,004	745,004
3,914,648	10,208,584
(23,409)	(23,409)
4,636,243	10,937,866
$ 4,932,500	$ 12,632,306

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City of Spring Lake Park, Minnesota
Reconciliation of Net Position in the
Government-Wide Financial Statements and Fund Balances
in the Fund Basis Financial Statements
December 31, 2025

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

Total governmental fund balances (pages 32-33)		$ 10,937,866
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Governmental funds - capital assets	$ 40,359,217	
Accumulated depreciation	(21,329,821)	
		19,029,396
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds:		
Delinquent property taxes	$ 92,437	
Special assessments	323,512	
		415,949
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Bonds payable (net of receivable for amounts to be paid by other governmental entities)	$ (7,410,000)	
Net pension liability, deferred outflows and inflows from pension activity	(2,062,640)	
Compensated absences	(298,019)	
Net unamortized bond premiums	(477,642)	
		(10,248,301)
Net position of governmental activities (page 27)		$ 20,134,910

See Notes to Financial Statements

City of Spring Lake Park, Minnesota
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2025

		Special Revenue Fund	Capital Project Funds		
	General Fund	HRA Reserve	Revolving Fund	Renewal and Replacement	City Hall Renovation Fund
Revenues					
Property and franchise taxes	$ 4,162,156	$ -	$ 32,795	$ -	$ -
Special assessments	-	-	472,262	-	-
Licenses and permits	193,419	-	-	-	-
Intergovernmental revenues	951,729	-	549,655	-	-
Charges for services	178,476	-	-	-	-
Fines and forfeitures	70,434	-	-	-	-
Investment earnings	217,612	31,221	-	64,484	-
Other revenues	125,270	239,134	-	-	-
Total revenues	5,899,096	270,355	1,054,712	64,484	-
Expenditures					
Current					
General government	1,129,708	235,428	-	-	-
Public safety	2,873,729	-	-	-	-
Public works	327,640	-	60,542	-	-
Recreation and parks	897,709	-	-	-	-
Development and other	111,485	-	-	-	-
Capital outlay					
General government	-	1,780,300	-	-	-
Public safety	126,838	-	-	-	-
Public works	-	-	284,003	-	-
Recreation and parks	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest and other	-	-	-	-	-
Total expenditures	5,467,109	2,015,728	344,545	-	-
Excess (deficiency) of revenues over (under) expenditures	431,987	(1,745,373)	710,167	64,484	-
Other financing sources (uses)					
Transfers from other funds	213,199	-	75,000	-	-
Transfers to other funds	(545,420)	-	-	-	-
Sale of capital assets	-	676,384	-	-	-
Total other financing sources (uses)	(332,221)	676,384	75,000	-	-
Net change in fund balances	99,766	(1,068,989)	785,167	64,484	-
Fund balances, beginning, as previously reported	3,283,892	1,223,579	87,296	1,826,428	2,403,867
Change within financial reporting entity - major to nonmajor fund (Note 17)	-	-	-	-	(2,403,867)
Fund balances, beginning, as restated	3,283,892	1,223,579	87,296	1,826,428	-
Fund balances, ending	$ 3,383,658	$ 154,590	$ 872,463	$ 1,890,912	$ -

See Notes to Financial Statements

Other Governmental Funds	Total
$ 510,746	$ 4,705,697
26,089	498,351
-	193,419
458,260	1,959,644
692,253	870,729
667	71,101
183,514	496,831
350,441	714,845
2,221,970	9,510,617
49,581	1,414,717
9,095	2,882,824
267,814	655,996
414,827	1,312,536
401,854	513,339
926,422	2,706,722
-	126,838
442,495	726,498
280,134	280,134
560,900	560,900
342,366	342,366
3,695,488	11,522,870
(1,473,518)	(2,012,253)
1,015,407	1,303,606
(492,689)	(1,038,109)
-	676,384
522,718	941,881
(950,800)	(1,070,372)
3,183,176	12,008,238
2,403,867	-
5,587,043	12,008,238
$ 4,636,243	$ 10,937,866

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City of Spring Lake Park, Minnesota
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2025

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

Net change in fund balances - total governmental funds (pages 36-37)		$ (1,070,372)
Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:		
Capital outlay	$ 3,520,507	
Depreciation expense	(1,213,408)	
		2,307,099
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations) is to decrease net position		(35,078)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
Unavailable revenue, end of year	$ 415,949	
Unavailable revenue, beginning of year	(384,575)	
		31,374
In the statement of activities, certain operating expenses - net pension liability and compensated absences - are measured by the amounts earned during the year. In the government funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid)		
Net pension liability	$ 219,238	
Compensated absences	(77,109)	
		142,129
Bond, contract and loan proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position:		
Principal retirement on long-term debt	$ 569,051	
Change in accrued interest, bond premiums, bond discounts and deferred charges	24,956	
		594,007
Change in net position of governmental activities (pages 28-29)		$ 1,969,159

See Notes to Financial Statements

City of Spring Lake Park, Minnesota
General Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2025

	Budgeted Amounts		2025	Variance with
			Actual	Final Budget- Positive
	Original	Final	Amounts	(Negative)
Revenues				
General property taxes	$ 4,310,534	$ 4,310,534	$ 4,162,156	$ (148,378)
Licenses and permits				
Licenses	38,000	38,000	55,305	17,305
Permits	130,450	130,450	138,114	7,664
Total licenses and permits	168,450	168,450	193,419	24,969
Intergovernmental				
Police aids	145,000	145,000	153,403	8,403
Other aids	789,077	789,077	798,326	9,249
Total intergovernmental	934,077	934,077	951,729	17,652
Charges for services				
General government	78,275	78,275	60,071	(18,204)
Public safety	3,000	3,000	3,880	880
Housing registration	105,500	105,500	114,525	9,025
Total charges for services	186,775	186,775	178,476	(8,299)
Fines and forfeits	83,000	83,000	70,434	(12,566)
Investment earnings	90,000	90,000	217,612	127,612
Miscellaneous revenue				
Liaison officer	108,490	108,490	101,018	(7,472)
Insurance dividends	10,000	10,000	-	(10,000)
Reimbursements and other	20,000	20,000	24,252	4,252
Total miscellaneous revenue	138,490	138,490	125,270	(13,220)
Total revenues	5,911,326	5,911,326	5,899,096	(12,230)
Expenditures				
General government				
Mayor and council				
Personnel services	35,662	35,662	35,454	208
Supplies and services	3,400	3,400	2,777	623
Other charges	39,202	39,202	26,358	12,844
Total mayor and council	$ 78,264	$ 78,264	$ 64,589	$ 13,675

See Notes to Financial Statements

City of Spring Lake Park, Minnesota
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Continued)
For the Year Ended December 31, 2025

	Budgeted Amounts		2025	Variance with Final Budget-
	Original	Final	Actual Amounts	Positive (Negative)
Administration				
Personnel services	$ 553,460	$ 553,460	$ 542,423	$ 11,037
Supplies	8,626	8,626	9,383	(757)
Contracted services	6,825	6,825	7,071	(246)
Other services and charges	33,540	33,540	27,840	5,700
Total administration	602,451	602,451	586,717	15,734
Election				
Other services and charges	-	-	26	(26)
Assessing				
Contracted services	40,610	40,610	38,223	2,387
Accounting and auditing				
Contracted services	16,400	16,400	21,650	(5,250)
Information technology				
Contracted services	89,035	89,035	111,534	(22,499)
Legal				
Contracted services	130,000	130,000	139,697	(9,697)
Engineering				
Contracted services	5,000	5,000	2,920	2,080
Planning and zoning				
Supplies and other charges	2,150	2,150	1,065	1,085
Government buildings				
Personnel services	-	-	1,779	(1,779)
Supplies	28,000	28,000	26,433	1,567
Contracted services	66,850	66,850	84,279	(17,429)
Other charges	53,083	53,083	50,796	2,287
Total government buildings	147,933	147,933	163,287	(15,354)
Total general government	$ 1,111,843	$ 1,111,843	$ 1,129,708	$ (17,865)

See Notes to Financial Statements

City of Spring Lake Park, Minnesota
General Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual (Continued)
For the Year Ended December 31, 2025

	Budgeted Amounts		2025	Variance with Final Budget-
	Original	Final	Actual Amounts	Positive (Negative)
Expenditures				
Public safety				
Police protection				
Personnel services	$ 2,288,355	$ 2,288,355	$ 2,079,904	$ 208,451
Supplies	48,210	48,210	41,495	6,715
Contracted services	91,246	91,246	59,116	32,130
Other charges	135,615	135,615	128,668	6,947
Capital outlay	57,700	57,700	60,096	(2,396)
Total police protection	2,621,126	2,621,126	2,369,279	251,847
Fire protection				
Contracted services	329,270	329,270	304,740	24,530
Capital outlay	116,742	116,742	66,742	50,000
Total fire protection	446,012	446,012	371,482	74,530
Code enforcement				
Personnel services	327,435	327,435	229,721	97,714
Supplies	8,200	8,200	2,601	5,599
Contracted services	19,100	19,100	21,317	(2,217)
Other charges	8,350	8,350	6,167	2,183
Total code enforcement	363,085	363,085	259,806	103,279
Total public safety	3,430,223	3,430,223	3,000,567	429,656
Public works				
Street maintenance				
Personnel services	290,792	290,792	252,959	37,833
Supplies	77,000	77,000	69,353	7,647
Contracted services	4,370	4,370	3,312	1,058
Other charges	4,215	4,215	2,016	2,199
Total street maintenance	376,377	376,377	327,640	48,737
Total public works	$ 376,377	$ 376,377	$ 327,640	$ 48,737

See Notes to Financial Statements

City of Spring Lake Park, Minnesota
General Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual (Continued)
For the Year Ended December 31, 2025

	Budgeted Amounts Original	Budgeted Amounts Final	2025 Actual Amounts	Variance with Final Budget- Positive (Negative)
Expenditures				
Recreation and parks				
Recreation				
Personnel services	$ 457,776	$ 457,776	$ 418,806	$ 38,970
Supplies	38,435	38,435	17,573	20,862
Contracted services	26,000	26,000	22,104	3,896
Other charges	5,950	5,950	1,757	4,193
Total recreation	528,161	528,161	460,240	67,921
Parks and forestry				
Personnel services	323,619	323,619	353,606	(29,987)
Supplies	74,100	74,100	50,252	23,848
Contracted services	10,800	10,800	9,758	1,042
Other charges	22,070	22,070	23,853	(1,783)
Total parks and forestry	430,589	430,589	437,469	(6,880)
Total recreation and parks	958,750	958,750	897,709	61,041
Other				
Personnel services	525	525	536	(11)
Other charges	130,954	130,954	64,282	66,672
Permit surcharges	5,700	5,700	4,326	1,374
Severance payments	-	-	42,341	(42,341)
Total other	137,179	137,179	111,485	25,694
Total expenditures	6,014,372	6,014,372	5,467,109	547,263
Excess (deficiency) of revenues over (under) expenditures	(103,046)	(103,046)	431,987	535,033
Other financing sources (uses)				
Transfers from other funds	207,446	207,446	213,199	5,753
Transfers to other funds	(104,400)	(104,400)	(545,420)	(441,020)
Total other financing sources (uses)	103,046	103,046	(332,221)	(435,267)
Net change in fund balance	-	-	99,766	99,766
Fund balance, January 1	3,283,892	3,283,892	3,283,892	-
Fund balance, December 31	$ 3,283,892	$ 3,283,892	$ 3,383,658	$ 99,766

See Notes to Financial Statements

City of Spring Lake Park, Minnesota
Proprietary Fund
Statement of Net Position
December 31, 2025

	Utility Fund
Assets	
Current assets	
Cash and investments	$ 466,499
Accounts receivable	816,710
Lease receivable	133,367
Due from other funds	4,902
Total current assets	1,421,478
Noncurrent assets	
Lease receivable, noncurrent	2,068,586
Property and equipment	
Buildings and improvements	6,452,464
Infrastructure	7,581,601
Machinery and equipment	845,078
Less accumulated depreciation	9,622,719
Total noncurrent assets	7,325,010
Reserved assets	
Cash and investments	1,767,622
Total assets	10,514,110
Deferred outflows of resources	
Deferred outflows from pension activity	33,035
Total assets and deferred outflows of resources	$ 10,547,145

See Notes to Financial Statements

City of Spring Lake Park, Minnesota
Proprietary Fund
Statement of Net Position (Continued)
December 31, 2025

	Utility Fund
Liabilities	
Current liabilities	
Accounts payable	$ 114,865
Accrued payroll and taxes	10,772
Unearned revenue	3,000
Other accrued liabilities	3,079
Due to other funds	23,281
Current portion of compensated absences	12,381
Total current liabilities	167,378
Long-term liabilities	
Compensated absences, net of current portion	15,143
Net pension liability	116,876
Total long-term liabilities	132,019
Total liabilities	299,397
Deferred inflows of resources	
Deferred inflows from leasing activity	2,099,370
Deferred inflows from pension activity	90,917
Total deferred inflows of resources	2,190,287
Net position	
Net investment in capital assets	5,256,424
Unrestricted	2,801,037
Total net position	8,057,461
Total liabilities, deferred inflows of resources, and net position	$ 10,547,145

See Notes to Financial Statements

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City of Spring Lake Park, Minnesota
Proprietary Fund
Statement of Revenues, Expenses
and Changes in Net Position
For the Year Ended December 31, 2025

	Utility Fund
Operating revenue	
Charges for services	$ 2,205,742
Operating expenses	
Personnel services	430,508
Supplies	288,168
Contracted services and other	256,283
Treatment charges	723,883
Depreciation	411,730
Other charges	79,225
Total operating expenses	2,189,797
Operating income	15,945
Other revenue (expense)	
Lease revenue	218,601
Commissions and other revenue	116,367
Investment earnings	68,193
Total other revenue (expense)	403,161
Income before transfers	419,106
Net transfers (to) other funds	(265,497)
Change in net position	153,609
Net position, beginning of year	7,903,852
Net position, end of year	$ 8,057,461

See Notes to Financial Statements

City of Spring Lake Park, Minnesota
Proprietary Fund
Statement of Cash Flows
For the Year Ended December 31, 2025

	Utility Fund
Cash flows from operating activities	
Cash received from customers	$ 2,486,711
Cash paid to suppliers	(1,264,276)
Cash paid to employees	(426,130)
Net cash provided by operating activities	796,305
Cash flows from investing activities	
Investment earnings	68,193
Cash flows from noncapital financing activities	
Net transfers to other funds	(265,497)
Net increase in cash and cash equivalents	599,001
Cash and cash equivalents, January 1	1,635,120
Cash and cash equivalents, December 31	$ 2,234,121
Classified as:	
Cash and investments - current assets	$ 466,499
Cash and investments - reserved assets	1,767,622
Total cash and cash equivalents, December 31	$ 2,234,121

See Notes to Financial Statements

City of Spring Lake Park, Minnesota
Proprietary Fund
Statement of Cash Flows (Continued)
For the Year Ended December 31, 2025

Reconciliation of operating income (loss) to net cash provided by operating activities		
Operating income	$	15,945
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation		411,730
Change in net pension liability		(350)
Change in lease receivable and deferred inflows		(24,199)
Lease and other revenues		334,968
(Increase) decrease in:		
Accounts receivable		(39,323)
Due from other funds		(1)
Increase (decrease) in:		
Accounts payable		83,283
Accrued payroll and taxes		3,095
Due to other funds		9,524
Estimated liability for compensated absences		1,633
Net cash provided by operating activities	$	796,305

See Notes to Financial Statements

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City of Spring Lake Park, Minnesota

Notes to Financial Statements

December 31, 2025

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Note 1 – Summary of significant accounting policies

The financial statements of the City of Spring Lake Park, Minnesota (the City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting principles are described below.

Reporting entity

The City operates according to applicable laws and statutes under the council-administrator plan (Statutory Plan A) as defined by Minnesota statutes. A Council composed of an elected mayor and four other elected members directs the government of the City. The Council exercises legislative authority and determines all matters of policy and is responsible for directing the activities of the City. The Council appoints the City Administrator and other personnel who are responsible for the proper administration of all affairs relating to the City.

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the City of Spring Lake Park (the primary government) and its component unit. A component unit is a legally separate entity for which the primary government is financially accountable, or for which the exclusion of the component unit would render the financial statements of the primary government misleading. The criteria used to determine if the primary government is financially accountable for a component unit include whether or not the primary government appoints the potential component unit's board, is able to impose its will on the potential unit, is in a relationship of financial benefit or burden with the potential component unit, or is fiscally depended upon by the potential component unit. The component unit described below is included in the City's reporting entity because of the significance of its operational or financial relationship with the City.

Related organizations

Spring Lake Park - Blaine - Mounds View Fire Department

The City has joined with the cities of Blaine and Mounds View to cooperatively provide fire protection services to their residents. This is provided by the Spring Lake Park - Blaine - Mounds View Fire Department (the Fire Department), a private nonprofit Internal Revenue Code Section 501(c)(3) organization. The service territory is generally comprised of the cities of Spring Lake Park, Blaine and Mounds View.

The three cities agreed upon several significant provisions in their agreement dated December 11, 1990:

1. The Fire Department is governed by its own Board of Directors. Directors are appointed by each city and from the Fire Department.
2. Operation, maintenance and debt service costs are shared based upon a formula. One half of the formula is the relative assessed value of each city. The other half is the three-year average of fire calls within each city. The City's share of the formula was 8.50% in 2025.
3. The city of Blaine issued $8,050,000 G.O. Capital Improvement Bonds, Series 2005A, on December 1, 2005 to construct a new fire station and training facility and acquire two additional fire trucks. The City of Spring Lake Park has recorded its share of the debt related to this bond issuance. These bonds were refunded in 2016 (see 4. below).
4. In 2013, the city of Blaine issued crossover refunding bonds to refund (in 2016) the 2005A G.O. Capital Improvement Bonds. The City of Spring Lake Park has recorded its share of the debt related to this bond issuance.
5. Each city has a non-measurable equity interest in the property that is held by the fire department.

The City's share of operating costs were $304,740 and capital costs were $66,742 during 2025. The operating and capital costs were recorded as expenditures in the General Fund. The debt service costs were recorded as expenditures in the 2013A G.O. Capital Improvement Fire Bond, 2017A G.O. Equipment Certificates and 2018A Blaine Fire debt service funds.

Because the City is not financially accountable for the Fire Department (the Fire Department is able to fund itself independently of the City) it is excluded from the reporting entity of the City.

A related entity, the Spring Lake Park Firemen's Relief Association (the Association), is a nonprofit organization organized to provide pension and other benefits to its members in accordance with Minnesota statutes. Because the City is not financially accountable for the Association (the Association is able to fund itself independently of the City) it is also excluded from the reporting entity of the City. The Fire Department and the Association issue financial reports which are available at City offices or at the Fire Department, 1710 Highway 10, Spring Lake Park, Minnesota, 55432.

North Metro Telecommunications Commission

In 2016, the City joined with the cities of Blaine, Centerville, Circle Pines, Ham Lake, Lexington and Lino Lakes to cooperatively purchase telecommunications equipment to provide cable communication services to their residents.

Government-wide and fund financial statements
The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the City. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

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

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

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

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

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

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

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

The City reports the following major governmental funds:

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

The *HRA reserve fund* is an accumulation of resources and costs associated with housing and redevelopment throughout the City.

The *revolving fund* was created to finance improvement projects. The fund is financed with the remaining funds left in capital project funds once the project is considered completed and special assessments.

The *renewal and replacement fund* was created to finance capital improvement projects in the City. The fund was initially financed with the remaining funds left in the liquor fund upon closing of the fund.

The City reports the following major proprietary fund:

The *utility fund* accounts for the operation of the City owned utility (water and sewer) system.

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

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

Proprietary funds distinguish *operating* revenues and expenses from *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. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Cash and investments
Cash balances from all City funds, except certain designated funds, are pooled and invested to the extent available in various securities as authorized by Minnesota statutes. Earnings from the pooled investments are allocated to the respective funds on the basis of the average cash balance participation of each fund throughout the year.

Investments are stated at fair value, based upon quoted market prices at the reporting date. Cash and cash equivalents for purposes of the basic financial statements includes amounts in demand deposits as well as all investments held by the City.

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."

Advances between funds, if any, are offset by a nonspendable fund balance account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

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

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

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

Assessments are levied at various times upon City Council resolution for property owner improvements made by the City. Assessment collections are typically deferred over ten-year periods, with interest rates ranging between 1.5% to 2.0% above the prevailing 10-year municipal bond yield at the time of assessment. Revenue from these assessments is recognized when assessed in the government-wide financial statements and as the annual installments become collectible in the governmental funds of the fund financial statements. Annual installments not collected as of each December 31 are classified as delinquent assessments receivable. The net amount of delinquent assessments receivable are fully offset by deferred inflow of resources in the governmental funds of the fund financial statements because they are not known to be available to finance current expenditures.

Tax increment district
Tax increment revenues received are recorded in the Debt Service Fund to service note principal and interest payments.

Capital assets
Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $3,000 and an estimated useful life greater than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is expensed as incurred.

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

	Useful Life in Years
Land Improvements	10 - 20
Buildings and Improvements	15 - 40
Infrastructure	25 - 35
Distribution and Collection System	15 - 80
Furniture, Fixtures and Equipment	3 - 10

The City reviews its property, plant and equipment for impairment whenever events indicate the decline in service utility of the capital asset is significant in magnitude and the event of change in circumstances is outside the normal cycle of the capital assets.

Compensated absences benefits
The City's policy is to permit employees to accumulate unused vacation and compensatory time benefits. City employees are entitled to vacation pay based upon length of employment. In addition, the City has established a severance pay policy for nonunion employees. This policy provides for severance payments upon termination of employment based on accumulated personal leave accrued, subject to certain conditions and specified maximums. Severance pay policy for union employees is governed by individual union contracts.

Vested benefits for City employees attributable to governmental funds are recorded as expenditures in these funds as benefits are paid to employees. The City recognizes a liability for employee's compensated absences if the leave is attributable to services already rendered, if the leave accumulates, and if it is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability and corresponding expense is recorded in the government-wide financials statements as these benefits accrue. The liability and corresponding expense associated with proprietary funds is recorded in the applicable proprietary fund as benefits accrue.

Long-term obligations
In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statements of net position.

Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bond issuance costs are expensed as incurred. Bonds payable are reported net of the applicable bond premium or discount.

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

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

Deferred outflows of resources
In addition to assets, the financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflow of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until that time. The City has one type of deferred outflow which is pension related and reported on the statement of net position.

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

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

<u>Net Investment in Capital Assets</u> – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt attributed to the acquisition, construction, or improvement of the assets.

<u>Restricted Net Position</u> – This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments.

<u>Unrestricted Net Position</u> – This amount is all net position that does not meet the definition of “net investment in capital assets” or “restricted net position.”

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the City classifies governmental fund balances as follows:

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

<u>Restricted</u> – amounts are restricted by external creditors, grantors, contributors, laws or regulations of other governments.

Committed – includes fund balance amounts that are committed by resolution, which is the City's highest level of decision-making authority, for specific purposes that are internally imposed by the City Council through formal action and remain binding unless removed by the City Council by subsequent formal action (resolution).

Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. The City Council, by majority vote, may assign fund balances to be used for specific purposes when appropriate. The Council has the power to assign fund balances or to designate an official who may assign fund balances. The City Administrator has been designated by the Council to assign fund balances.

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

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

Leases

For leases with term exceeding 12 months, the City recognizes a lease liability and a right to use lease asset in the government-wide financial statements.

The right to use lease asset is calculated at the initial amount of the lease liability, plus any lease payments made to the lessor before the lease commencement date, plus certain initial direct costs incurred, minus any lease incentives received. Subsequently, the right to use lease asset is amortized on a straight-line basis over its useful life. The City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of the lease payments made. Remeasurement of the right to use lease asset and lease liability occurs when certain changes occur that are likely to have a significant impact on the lease liability.

Right to use lease assets are reported with capital assets and lease liabilities are reported with long-term debt on the statement of net position.

The City leases cell tower space, a building and parking lot to external parties. Lease receivables and deferred inflows of resources are recorded based on the present value of expected receipts over the term of the respective leases. The expected payments and receipts are discounted using the interest rate charged on the lease, if available, and are otherwise discounted using the risk-free rate. Variable payments are excluded from the valuations unless they are fixed in substance. For leases featuring payments tied to an index or market rate, the valuation is based on the initial index or market rate. The City does not have any leases subject to a residual value guarantee.

Concentrations of credit risk
Financial instruments which expose the City to a concentration of credit risk consist primarily of cash, investments and accounts and loans receivable. Credit risk associated with cash and investments is discussed in Note 3. The City's accounts and loans receivable are concentrated geographically, and for the most part, amounts are due from individuals residing in and businesses located in the City of Spring Lake Park.

Use of estimates
The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates that affect amounts reported in the financial statements during the reporting period. Actual results could differ from such estimates.

Conduit debt obligations
The City issued lease revenue bonds during 2017 to provide funding to a private sector entity for a project deemed to be in the public interest. The City issued bonds during 2019 to provide funding to another private sector entity for a project deemed to be in public interest. Although these bonds bear the name of the City, the City has no obligation for such debt. Accordingly, the bonds are not reported as liabilities in the financial statements of the City. As of December 31, 2025, the outstanding principal amount of these bonds was $40,531,996.

Subsequent events
In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through September 8, 2026, the date the financial statements were available to be issued.

Note 2 – Stewardship, compliance and accountability

Budgetary information
Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are legally adopted by Council resolution for the General Fund. An annual budget is not adopted for the HRA Reserve special revenue fund, which adopts a project length budget. Formal budgetary integration is employed as a management control device during the year for the General Fund.

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

1. Budget requests are submitted by all department heads to the City Administrator. The Administrator's office compiles the budget requests into an overall preliminary City budget, balancing budget requests with available revenue.

2. The preliminary budget is submitted to the City Council in August for its review and/or modification.

3. City administration presents the proposed budget to the City Council which in turn holds a truth-in-taxation public hearing on the proposed budget. The budget resolution adopted by the City Council sets forth the budget at the department level for the General Fund.

4. All budgeted appropriations lapse at the end of the fiscal year. The legal level of control (the level on which expenditures may not legally exceed appropriations) for each budget is at the department level. Administration cannot legally amend or transfer appropriations between departments without the approval of the City Council once the budget has been approved. Any over expenditures of appropriations or transfers of appropriated amounts must be approved by the City Council.

5. Budgeted amounts are as originally adopted, or as amended by the City Council. The budget cannot be amended without approval by the City Council.

All budget amounts presented in the accompanying financial statements reflect the original budget and the final budget (which were the same for the year ended December 31, 2025).

The City does not use encumbrance accounting.

Expenditures exceeding appropriations
For the year ended December 31, 2025, the following General Fund departments had expenditures exceeding the latest amended budget:

	2025 Budgeted Expenditures	2025 Actual Expenditures	Amount Exceeding Budgeted Amount
General Government	$ 1,111,843	$ 1,129,708	$ 17,865

The above listed over expenditures were approved by the City Council.

Note 3 – Deposits and investments

In accordance with applicable Minnesota statutes, the City maintains deposits at depository banks authorized by the City Council. All such depositories are members of the Federal Reserve System.

Minnesota Statutes require that all deposits be protected by insurance, surety bond or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or surety bonds. Authorized collateral includes certain state or local government obligations and legal investments described in the investment policy section. Minnesota Statutes require that securities pledged as collateral be held in safekeeping by the City Treasurer or in a financial institution other than the institution furnishing the collateral.

The City's deposits were entirely covered by federal depository insurance at December 31, 2025.

Investment policy

The City maintains a formal investment policy that limits its investment choices as a means of managing its exposure to credit risk. The City's investment policy does not address, however, limits on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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

- (a) Direct obligations or obligations guaranteed by the United States or its agencies.
- (b) Shares of investment companies registered under the Federal Investment Company Act of 1940 and whose only investments are in securities described in (a) above.
- (c) General obligations of the State of Minnesota or its municipalities.
- (d) Bankers acceptances of United States banks eligible for purchase by the Federal Reserve System.
- (e) Commercial paper issued by United States corporations or their Canadian subsidiaries, of the highest quality, and maturing in 270 days or less.
- (f) Repurchase agreements with banks that are members of the Federal Reserve System with capitalization exceeding $10,000,000, a reporting dealer to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.
- (g) Money market funds with institutions that have portfolios consisting exclusively of United States Treasury obligations and Federal Agency issues.
- (h) Guaranteed investment contracts (gic's) issued or guaranteed by United States commercial banks or domestic branches of foreign banks or United States insurance companies and with a credit quality in one of the top two highest categories.

Fair value measurements

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

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

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

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical assets or liabilities in inactive markets
- Inputs other than quoted prices that are observable for the asset or liability
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means

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

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

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

The City's investments within the fair value hierarchy at December 31, 2025 were as follows:

	Assets Measured at Fair Value	Fair Value Hierarchy Level		
		Level 1	Level 2	Level 3
Certificates of Deposit	$ 7,166,012	$ 7,166,012	$ -	$ -
U.S. Government Securities	1,742,980	-	1,742,980	-
Total	$ 8,908,992	$ 7,166,012	$ 1,742,980	$ -

Interest rate risk
Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needs for operation.

The following is a summary of the City of Spring Lake Park's cash and investment portfolio including the range of maturities and investment ratings by type of investment:

Investment	Range of Maturities	Rating	Value
Cash	N/A	N/A	$ 4,421,088
Certificates of Deposit	3/26 - 9/32	N/A	7,166,012
U.S. Government Securities	8/26 - 5/30	AA1	1,742,980
Total cash and investments			$13,330,080

N/A Not applicable or not available

The City maintains cash in the 4M Fund which is regulated by Minnesota Statutes and the Board of Directors of the League of Minnesota Cities and is an external investment pool not registered with the Securities and Exchange Commission (SEC) that follows guidance under GASB Statement No. 79. The City's investment in the 4M Fund is measured at an amortized cost method that approximates fair value. Investments in the 4M Fund must be deposited for a minimum of 14 calendar days. Withdrawals prior to the 14-day restriction period will be subject to penalty equal to seven days interest on the amount withdrawn.

Credit risk
Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The City's investments are rated by various credit rating agencies, where applicable, to indicate the associated credit risk. Investment ratings by investment type (as applicable) are included in the preceding summary of investments.

The City does not have a formal policy related to the credit risk of its investments, but continues to buy safe and liquid assets that are allowable under Minnesota Statutes.

Concentration of credit risk

The City diversifies its investment portfolio to eliminate the risk of loss resulting from over-concentration of assets in a specific maturity, a specific issuer or a specific class of securities. The City's investment policies do not limit the concentration of investments. Investments in any one issuer that represented 5% or more of total investments as of December 31, 2025 were as follows:

Issuer	Investment Type	Value
4M Fund	Money Market Accounts	$4,257,389

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counter party, the City will not be able to recover the value of its investment securities that are in the possession of an outside party. At December 31, 2025, all investments were insured or registered or the securities were held by the City or its agent in the City's name.

Note 4 – Due from other governmental units

Amounts due from other governmental units as of December 31, 2025 were as follows:

Fund Type	Anoka County
General Fund	$ 66,114
Capital Projects	2,786
Debt Service	6,818
Utility Fund	792
	$ 76,510

Note 5 – Capital assets

Capital asset activity for the City for the year ended December 31, 2025 was as follows:

Governmental Activities	Beginning Balance, as restated	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 305,000	$ 1,780,300	$ -	$ 2,085,300
Construction in progress	7,614,721	-	7,614,721	-
Total capital assets, not being depreciated	7,919,721	1,780,300	7,614,721	2,085,300
Capital assets, being depreciated:				
Buildings and improvements	3,398,436	7,015,294	-	10,413,730
Machinery and equipment	4,464,366	894,078	167,598	5,190,846
Infrastructure	21,223,785	1,445,556	-	22,669,341
Total capital assets, being depreciated	29,086,587	9,354,928	167,598	38,273,917
Less accumulated depreciation for:				
Buildings and improvements	2,598,121	201,929	-	2,800,050
Machinery and equipment	3,310,356	400,221	132,520	3,578,057
Infrastructure	14,340,456	611,258	-	14,951,714
Total accumulated depreciation	20,248,933	1,213,408	132,520	21,329,821
Total capital assets, being depreciated, net	8,837,654	8,141,520	35,078	16,944,096
Governmental activities capital assets, net	$ 16,757,375	$ 9,921,820	$ 7,649,799	$ 19,029,396

Business-Type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Construction in progress	$ -	$ -	$ -	$ -
Total capital assets, not being depreciated	-	-	-	-
Capital assets, being depreciated:				
Buildings and improvements	6,452,464	-	-	6,452,464
Machinery and equipment	845,078	-	-	845,078
Infrastructure	7,581,601	-	-	7,581,601
Total capital assets, being depreciated	14,879,143	-	-	14,879,143
Less accumulated depreciation for:				
Buildings and improvements	5,243,530	100,494	-	5,344,024
Machinery and equipment	638,776	18,971	-	657,747
Infrastructure	3,328,683	292,265	-	3,620,948
Total accumulated depreciation	9,210,989	411,730	-	9,622,719
Total capital assets, being depreciated, net	5,668,154	(411,730)	-	5,256,424
Business-type activities capital assets, net	$ 5,668,154	$ (411,730)	$ -	$ 5,256,424

Depreciation expense for the year ended December 31, 2025 was charged to functions/programs as follows:

Governmental activities	
General government	$ 263,311
Public safety	62,949
Public works	742,978
Recreation and parks	144,170
Total	$ 1,213,408
Business-type activities	
Utility	$ 411,730

Note 6 – Long-term debt

The City issues general obligation bonds and equipment certificates to provide funds for economic development and for the acquisition and construction of major capital assets including infrastructure. General obligation bonds have been issued for both general government and proprietary activities. Bonds issued to provide funds for business-type activities are reported in proprietary funds if they are expected to be repaid from proprietary revenues.

General obligation bonds and certificates are direct obligations and pledge the full faith and credit of the City. General obligation improvement and refunding bonds are expected to be repaid, in part, from assessments to the benefited properties.

A summary of long-term debt outstanding at December 31, 2025 is as follows:

	Issue Date	Range of Interest Rates	Final Maturity	Balance 12/31/25
General obligation bonds:				
2024A Capital Improvement Plan Bonds	4/2/2024	4.00%-5.00%	2045	$ 7,410,000
Other Liabilities:				
Net unamortized premium on bonds				477,642
Compensated Absences				325,543
Total Long-Term Debt				$ 8,213,185

The City is subject to statutory limitation by the State of Minnesota for bonded indebtedness payable principally from property taxes. As of December 31, 2025, the City had not utilized approximately $20,180,000 of its net legal debt margin.

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

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
GOVERNMENTAL ACTIVITIES					
Bonds and Notes Payable:					
General obligation bonds:					
2013A Capital Improvement Bonds	$ 54,051	$ -	$ 54,051	$ -	$ -
2021A Capital Improvement Bonds	275,000	-	275,000	-	-
2024A Capital Improvement Plan Bonds	7,650,000	-	240,000	7,410,000	-
Other Liabilities:					
Compensated Absences	220,910	77,109	-	298,019	39,441
Unamortized premium	581,046	-	29,674	551,372	-
Less: unamortized (discount)	(79,288)	-	(5,558)	(73,730)	-
Governmental Activities Long-Term Liabilities	8,701,719	77,109	593,167	8,185,661	39,441
BUSINESS-TYPE ACTIVITIES					
Other Liabilities:					
Compensated Absences	25,891	1,633	-	27,524	12,381
Business-Type Activities Long-Term Liabilities	25,891	1,633	-	27,524	12,381
Total	$ 8,727,610	$ 78,742	$ 593,167	$ 8,213,185	$ 51,822

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

Debt service requirements to maturity for long-term debt, excluding compensated absences, as of December 31, 2025 were as follows:

	General Obligation Improvement and Refunding Bonds	
Year	Principal	Interest
2026	$ -	$ 161,975
2027	250,000	317,700
2028	260,000	304,950
2029	275,000	291,575
2030	290,000	277,450
2031-2035	1,680,000	1,149,000
2036-2040	2,105,000	726,900
2041-2045	2,550,000	263,000
Totals	$ 7,410,000	$ 3,492,550

Note 7 – Tax increment district

The City of Spring Lake Park enters into property tax abatement agreements through the use of tax increment financing districts with local businesses under various Minnesota Statutes. Under these statutes, the City annually abates taxes collected above the districts' base tax capacity which is established during adoption of the tax increment district. These agreements are established to foster economic development and redevelopment through creating jobs, removing blight and providing affordable housing. The City uses Minnesota Statutes 469.001 to 469.047 and 469.174 to 469.179 (The Tax Increment Act) to create these districts.

The City of Spring Lake Park is the administering authority for the City of Spring Lake Park Tax Increment Financing District, No. 6-1. The district is housing development type and authorized under Minnesota law chapter 469.174 to 469.179 (The Tax Increment Act). District No. 6-1 was certified in 2017 and will continue until December 31, 2040.

Information regarding District No. 6-1 as of December 31, 2025 is as follows:

Original net tax capacity	$ 2,263
Current net tax capacity	100,594
Capture net tax capacity:	
Retained by authority	98,331

Note 8 – Interfund receivables and payables

The following schedule reports the interfund receivables and payables within the City's funds as of December 31, 2025:

	Due From Other Funds	Due To Other Funds
Major Governmental Funds:		
General fund	$ 452,967	$ 167,504
Revolving fund	13,613	251,015
Subtotal	466,580	418,519
Non-Major Governmental Funds:		
Special Revenue		
Recycling	86	13,187
Street lighting	237	-
Cable	-	17,178
Developer's escrow	360	-
Subtotal	683	30,365
Total Governmental Funds	467,263	448,884
Proprietary Funds:		
Utility	4,902	23,281
Subtotal	4,902	23,281
Total All Funds	$ 472,165	$ 472,165

Interfund receivables and payables are the result of expenditures of funds prior to the collection of special assessments, property taxes and other revenues. All interfund balances will be repaid as the revenues are collected by the individual funds or by transfers from other funds.

Note 9 – Interfund transfers

Transfers are used to 1) move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due; or 2) move unrestricted general fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations. Interfund transfers during the year ended December 31, 2025 were as follows:

	Transfers In	Transfers Out
Major Governmental Funds:		
General fund	$ 213,199	$ 545,420
Revolving fund	75,000	-
Subtotal	288,199	545,420
Non-Major Governmental Funds:		
Special Revenue		
Emergency management	2,000	-
Forestry	50,000	-
Animal control	1,000	-
Recreation fund	-	62,500
Recycling fund	-	7,500
Public safety aid	-	20,000
Debt Service		
2013A G.O. capital improvement fire bonds	50,000	77,590
2018A Blaine fire debt service	27,462	-
2021A G.O. improvement refunding bonds	91,836	-
2024A G.O. improvement refunding bonds	590,689	-
Tax increment financing - Legends of SLP	-	3,000
2017A G.O. equipment certificates	-	17,737
2016A North Metro Telecommunications	-	337
Capital Projects		
Building maintenance	15,420	-
Park equipment and improvement	100,000	-
Street sealcoating	50,000	-
Public safety replacement	12,000	-
Equipment fund	25,000	-
State aid street fund	-	25,000
City hall renovation	-	279,025
Subtotal	1,015,407	492,689
Total Governmental Funds	1,303,606	1,038,109
Proprietary Funds:		
Utility	-	265,497
Total All Funds	$ 1,303,606	$ 1,303,606

Note 10 – Fund balance and net position

In accordance with the requirements of GASB Statement No. 54, below is a schedule of ending fund balances as of December 31, 2025:

	General Fund	HRA Reserve	Revolving Fund	Renewal and Replacement	Other Governmental Funds	Total Governmental Funds
Nonspendable						
Prepaid items	$ 7,687	$ -	$ -	$ -	$ -	$ 7,687
Restricted						
Police activities	-	-	-	-	25,241	25,241
Debt service	-	-	-	-	251,258	251,258
Street improvements	-	-	-	-	279,266	279,266
Park acquisition	-	-	-	-	124,167	124,167
Community development	-	-	-	-	65,072	65,072
Total Restricted	-	-	-	-	745,004	745,004
Assigned						
Working capital reserve	2,968,338	-	-	-	-	2,968,338
Compensated absences	298,019	-	-	-	-	298,019
Elections	109,614	-	-	-	-	109,614
Recreation programs	-	-	-	-	437,594	437,594
Recycling	-	-	-	-	197,586	197,586
Street lighting	-	-	-	-	115,236	115,236
Public safety supplies	-	-	-	-	15,411	15,411
Public safety aid	-	-	-	-	194,294	194,294
HRA reserve	-	154,590	-	-	-	154,590
Street improvement	-	-	872,463	1,890,912	-	2,763,375
Street sealcoating	-	-	-	-	299,426	299,426
Capital replacement	-	-	-	-	591,916	591,916
Building maintenance	-	-	-	-	217,748	217,748
Park acquisition	-	-	-	-	322,611	322,611
Equipment	-	-	-	-	155,062	155,062
Other activities	-	-	-	-	162,465	162,465
City hall	-	-	-	-	1,203,354	1,203,354
Cable activities	-	-	-	-	1,945	1,945
Total Assigned	3,375,971	154,590	872,463	1,890,912	3,914,648	10,208,584
Unassigned						
Debt service	-	-	-	-	(23,409)	(23,409)
Total Unassigned	-	-	-	-	(23,409)	(23,409)
Total Fund Balance	$ 3,383,658	$ 154,590	$ 872,463	$ 1,890,912	$ 4,636,243	$ 10,937,866

The City has restricted portions of fund balance in the fund financial statements and fund equity in the government-wide financial statements. The restricted fund balance / equity represents the portion not available for expenditure or legally segregated for specific future use. A summary of the restricted portion of the fund balance / equity at December 31, 2025 is as follows:

	Restriction Imposed By			
Specific Purpose	Contributors	Grantors	Creditors	Regulations
Restricted Fund Balance				
Debt Service Funds:				
Debt service requirements	$ -	$ -	$ 251,258	$ -
Special Revenue Funds:				
Police activities	-	25,241	-	-
Community development	26,696	38,376	-	-
Capital Project Funds:				
Street improvements	-	279,266	-	-
Park acquisition	124,167	-	-	-
Total Restricted Funds	$ 150,863	$ 342,883	$ 251,258	$ -
Restricted Net Position				
Debt service requirements	$ -	$ -	$ 251,577	$ -
Police activities	-	25,241	-	-
Community development	26,696	38,376	-	-
Street improvements	-	279,266	-	-
Park acquisition	124,167	-	-	-
Total Restricted Net Position	$ 150,863	$ 342,883	$ 251,577	$ -

Note 11 - Leases

The City has entered into several lease agreements with cell phone providers. Under the agreements, the cell phone providers pay the City monthly payments of approximately $14,500 (adjusted annually) in exchange for providing cell phone services to the City residents with antennas on top of the water towers. The receivable for these leases has been recorded in the utility fund and is measured as the present value of the future rent payments expected to be received during the lease terms. The discount rate used in the calculation of the receivable is 2.0%, which is the risk free rate.

The City has entered into lease agreements for two properties that are owned by the City and rented to external parties. Under the leases, the external parties pay the City monthly payments of $7,650. The receivable for these two leases has been recorded in the HRA reserve fund and is measured as the present value of the future rent payments expected to be received during the lease terms. The discount rate used in the calculation of the receivable is 2.0%, which is the risk-free rate.

Note 12 – Public Employees Retirement Association (PERA) – defined benefit

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 in accordance with *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.

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

2. Public employees police and fire plan (police and fire plan)
Membership in the Police & 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 & 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.

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.

1. General employees plan benefits
General Employees Plan requires three years of service to vest. Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for General Plan members. Members hired prior to July 1, 1989, receive the higher of the Step or Level formulas. Only the Level formula is used for members hired after June 30, 1989. Under the Step formula, General Plan members receive 1.2% of the highest average salary for each of the first 10 years of service and 1.7% for each additional year. Under the Level formula, General Plan members receive 1.7% of highest average salary for all years of service. For members hired prior to July 1, 1989 a full retirement benefit is available when age plus years of service equal 90 and normal retirement age is 65. Members can receive a reduced requirement benefit as early as age 55 if they have three or more years of service. Early retirement benefits are reduced by .25% for each month under age 65. Members with 30 or more years of service can retire at any age with a reduction of .25% for each month the member is younger than age 62. The Level formula allows General Plan members to receive a full retirement benefit at age 65 if they were first hired before July 1, 1989 or at age 66 if they were hired on or after July 1, 1989. Early retirement begins at age 55 with an actuarial reduction applied to the benefit.

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

2. Police and fire plan benefits
Benefits for Police and Fire Plan members hired before July 1, 2010, are vested after three years of service. Members hired on or after July 1, 2010, are 50% vested after five years of service and 100% vested after ten years. After five years, vesting increases by 10% each full year of service until members are 100% vested after ten years. Police and Fire Plan members receive 3% of highest average salary for all years of service. Police and Fire Plan members receive a full retirement benefit when they are age 55 and vested, or when their age plus their years of service equals 90 or greater if they were first hired before July 1, 1989. Early retirement starts at age 50, and early retirement benefits are reduced by 0.417% each month members are younger than age 55.

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

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.

1. General employees fund contributions
General Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2025 and the City was required to contribute 7.50% for General Plan members. The City's contributions to the General Employees Fund for the year ended December 31, 2025, were $113,216. The City's contributions were equal to the required contributions as set by state statute.

2. Police and fire fund contributions
Police and Fire Plan members were required to contribute 11.80% of their annual covered salary in fiscal year 2025 and the City was required to contribute 17.70% for Police and Fire Plan members. The City's contributions to the Police and Fire Fund for the year ended December 31, 2025, were $228,969. The City's contributions were equal to the required contributions as set by state statute.

Pension costs
1. General employees fund pension costs

At December 31, 2025, the City reported a liability of $560,604 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 $13,524.

City's proportionate share of the net pension liability	$ 560,604
State of Minnesota's proportionate share of the net pension liability associated with the City	13,524
Total	$ 574,128

The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's 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, 2024 through June 30, 2025, relative to the total employer contributions received from all of PERA's participating employers. The City’s proportionate share was .0169% at the end of the measurement period and .0184% for the beginning of the period.

For the year ended December 31, 2025, the City recognized pension expense (benefit) of $(159,092) for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized an additional $2,707 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of $16 million to the General Employees Fund.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 53,414	$ -
Changes in actuarial assumptions	13,507	128,993
Net difference between projected and actual earnings on pension plan investments	-	223,068
Changes in proportion	35,811	84,024
Employer contributions subsequent to the measurement date	55,722	-
Total	$ 158,454	$ 436,085

The $55,722 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2026. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending December 31:	Pension (Benefit) Amount
2026	$ (85,586)
2027	(109,354)
2028	(98,567)
2029	(39,846)

2. Police and fire fund pension costs

At December 31, 2025, the City reported a liability of $963,480 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's 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, 2024 through June 30, 2025, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was .0822% at the end of the measurement period and .0865% for the beginning of the period.

The State of Minnesota contributed $18 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2025. The contribution consisted of $9 million in direct state aid that meets the definition of a special funding situation and $9 million in supplemental state aid that does not meet the definition of a special funding situation. The $9 million direct state aid was paid on October 1, 2024. The direct state aid payment will increase by $17.7 million which was paid on October 1, 2025. Thereafter, by October 1 of each year, the state will pay $26.7 million to the Police and Fire Fund until the fund is 110% funded for a minimum of three consecutive years (on an actuarial value of assets basis). The $9 million in supplemental state aid will continue until the fund and the State Patrol Plan (administered by the Minnesota State Retirement System) are 100% funded for three consecutive years (on an actuarial value of assets basis). The State of Minnesota’s proportionate share of the net pension liability associated with the City totaled $33,399.

City's proportionate share of the net pension liability	$ 963,480
State of Minnesota's proportionate share of the net pension liability associated with the City	33,399
Total	$ 996,879

For the year ended December 31, 2025, the City recognized pension expense (benefit) of $(60,496) for its proportionate share of the Police and Fire Plan's pension expense. The City recognized $7,401 as grant revenue and pension expense for its proportionate share of the State of Minnesota's pension expense for the contribution of $9 million to the Police and Fire Fund special funding situation.

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the $9 million in supplemental state aid because this contribution was not considered to meet the definition of a special funding situation. The City recognized $21,956 for the year ended December 31, 2025 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.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 445,158	$ -
Changes in actuarial assumptions	730,627	1,207,200
Net difference between projected and actual earnings on pension plan investments	-	430,015
Changes in proportion	45,563	137,249
Employer contributions subsequent to the measurement date	117,433	-
Total	$ 1,338,781	$ 1,774,464

The $117,433 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2026.

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending December 31:	Pension Expense (Benefit) Amount
2026	$ 200,199
2027	(230,259)
2028	(501,911)
2029	(34,247)
2030	13,102

Aggregate pension expense
The total pension expense (benefit) for all plans (General Employees Fund and Police and Fire Fund) recognized by the City for the year ended December 31, 2025 was $(219,588).

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	33.5%	5.10%
International Equity	16.5%	5.30%
Fixed Income	25.0%	0.75%
Private Markets	25.0%	5.90%
Total	100.0%	

Actuarial methods and assumptions
The total pension liability for each of the cost-sharing defined benefit plans was determined by an actuarial valuation as of June 30, 2025, using the 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%. The 7.0% assumption is based on a review of inflation and investment return assumptions from a number of national investment consulting firms. The review provided a range of investment return rates considered reasonable by the actuary. An investment return of 7.0% is within that range.

- Inflation is assumed to be 2.25% for the General Employees Plan and the Police and Fire Plan.
- Benefit increases after retirement are assumed to be 1.50% for the General Employees Plan and 1.00% for the Police and Fire Plan.

Salary growth assumptions in the General Employees Plan range in annual increments from 11.50% after one year of service to 3.0% after 27 years of service. In the Police and Fire Plan, salary growth assumptions range in annual increments from 10.75% after one year of service to 3.0% after 23 years of service.

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

Actuarial assumptions for the General Employees Plan are reviewed every four years. The General Employees Plan was last reviewed in 2022. The assumption changes were adopted by the Board and became effective with the July 1, 2023 actuarial valuation. The Police and Fire Plan was reviewed in 2024. The assumption changes were adopted by the Board and became effective with the July 1, 2025 actuarial valuation.

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

General employees fund

Changes in actuarial assumptions:

- The combined service annuity loading factors increased from 15% to 19% for vested terminated members and from 3% to 44% for non-vested, terminated members.
- The assumed post-retirement benefit increase changed from 1.25% to 1.50%.

Changes in plan provisions:

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

Police and fire fund

Changes in actuarial assumptions:

- Assumed rates of salary increases were reduced slightly.
- Assumed rates of retirement were adjusted, resulting in an overall increase in unreduced (full) retirements and an overall increase in reduced (early) retirements.
- Assumed rates of withdrawal were modified; the new rates will increase predicted terminations, especially in the first few years of employment.
- Assumed rates of disabled retirement were significantly increased, especially for ages over age 30.
- Continued used of Pub-2010 Public Safety Mortality Table with rates adjusted to better fit observed experience.
- Percent married assumption for female retirees lowered from 70% to 65%.
- Minor changes were made to form of payment assumptions for retirees.
- Minor changes were made to assumptions made with respect to missing participant data.
- The combined service annuity load changed from 33% to 13% for vested, terminated members and from 2% to 38% for non-vested, terminated members.

Changes in plan provisions:

- The period of time needed for benefit recipients to receive their first benefit increase was reduced by one year (from 36 months to 24 months for a full increase).
- The January 1, 2026 benefit increase changed from 1% to 3%; subsequent January 1 increases will be 1%.
- The threshold to end the $9 million annual state aid contribution changed from the earlier of July 1, 2048 or 90% funded for both PERA Police & Fire and MSRS State Patrol for three consecutive years to 100% funded for both PERA Police & Fire and MSRS State Patrol for three consecutive years (on an actuarial value of assets basis).
- The threshold to end the additional $9 million annual state aid contribution changed from the earlier of July 1, 2048 or 100% funded for a minimum of three consecutive years to 110% funded for a minimum of three consecutive years (on an actuarial value of assets basis).
- An additional $17.7 million in direct state aid will be paid annually each October 1 beginning October 1, 2025 through June 30, 2048.
- Join and survivor actuarial equivalent factors were updated to reflect changes in assumptions.

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

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

	Sensitivity Analysis of Net Pension Liability (Asset) at Different Discount Rates					
	General Employees Fund			Police and Fire Fund		
1% lower	6.00%	$	1,361,619	6.00%	$	2,524,522
Current discount rate	7.00%	$	560,604	7.00%	$	963,480
1% higher	8.00%	$	(89,200)	8.00%	$	(318,382)

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.

Note 13 – Public Employees Retirement Association (PERA) - defined contribution

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

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. *Minnesota Statutes*, Chapter 353D and 356, 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% of salary which is matched by the elected official's employer.

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% of employer contributions and twenty-five hundredths of one percent (0.25%) of the assets in each member's account annually.

Total contributions made by the City of Spring Lake Park during fiscal year 2025 were:

Contribution Amount		Percentage of Covered Payroll		Required
Employee	Employer	Employee	Employer	Rate
$ 1,565	$ 1,565	5%	5%	5%

Note 14 – Other postemployment benefits

The City has considered the accounting pronouncement, GASB Statement No. 75, *Accounting and Financial Reporting by for Postemployment Benefits Other than Pensions*. Management determined the OPEB liability at December 31, 2025 is not material and therefore is not recorded in these financial statements.

Note 15 – Joint powers agreements

As previously noted, the City of Spring Lake Park participates with the cities of Blaine and Mounds View through a joint powers agreement to cooperatively support the Spring Lake Park Fire Department, Inc. (the Department). The Department is independent of the cities and operates as a separate entity. Under terms of the agreement, the equipment, property and other assets of the Department are owned jointly by the three cities. Each city enters into a contract for services with the Department for fire protection services. Cost of services for each city is determined based on a formula prescribed in the agreement. Based on the agreement, in the event the Department sustains operating deficits, the cities will contribute additional funds to the Department in proportion to the formula described above. Operating budgets of the Department are approved annually by the cities.

Payments to the Department by the City of Spring Lake Park in 2025 totaled $371,482, including a provision for capital expenditures. This total was approximately 8.5% of contracted revenues from member cities reported by the Department. As described in Note 1, the City is also responsible for its share of debt service payments related to bonds issued on behalf of the Department for building improvements and equipment acquisitions.

In addition, the City is a member of the Anoka County Joint Law Enforcement Council (JLEC), an organization of Anoka County and certain cities located within the County formed to cooperate in their law enforcement efforts. The City participates with the JLEC on a cost-sharing basis with the development and maintenance of an integrated central records communication system. Costs related to the City's participation in the JLEC were $19,518 for the year ended December 31, 2025.

In 1983, the City adopted an ordinance establishing a franchise for a cable communications system. City and neighboring municipalities formed the North Metro Telecommunications Commission (the "Commission"). The purpose of this organization is to monitor the operations and activities of cable communications of the member municipalities. The Commission also provides coordination, administration and enforcement of the franchises for the cable communication system.

The City receives a portion of the franchise fees, which are reported in the North Central Suburban Cable Fund. These revenues are committed for cable television related expenditures. Financial statements for the Commission can be obtained by writing to: North Metro Telecommunications Commission, 12520 Polk Street NE, Blaine, Minnesota 55434.

Note 16 – Commitments and contingencies

Risk management

The City is exposed to various risks of loss related to torts: theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; and natural disasters. The City participates in the League of Minnesota Cities Insurance Trust (LMCIT) to provide its general liability and property coverage. The LMCIT is a public entity risk pool currently operating as a common risk management and insurance program for participating Minnesota Cities. All Cities in the LMCIT are jointly and severally liable for all claims and expenses of the pool. The amount of any liability in excess of assets of the pool may be assessed to the participating cities if a deficiency occurs. The City purchases commercial insurance for property values in excess of the LMCIT policy limits and all other risks of loss. Settled claims have not exceeded the LMCIT or commercial coverage in any of the past three fiscal years.

Worker's compensation insurance is also purchased through the LMCIT. The worker compensation program is a retrospectively rated contract with premiums or required contributions based primarily on the experience rates of the participating cities. There were no significant reductions in insurance coverage from the previous year or settlements in excess of insurance coverage for any of the past three fiscal years.

Insurance

The City has outstanding claims subject to its insurance deductible. Although the outcome of these actions is not presently determinable, in the opinion of management, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

General Litigation

Management is not aware of any existing or pending lawsuits, claims or other actions in which the City is a defendant. It is the opinion of management that any such claims would be covered by the liability insurance of the City and that potential claims against the City would not materially affect the financial statements.

Note 17 – Restatement

In 2025, management identified $1,299,019 of construction in progress related to the City Hall renovation that was inadvertently omitted from the City's capital asset schedule. The effect of this omission is reported as a restatement of beginning net position on the City's Statement of Activities, which resulted in an increase to net position.

Activities/Fund	Net Position December 31, 2024, as Previously Reported	Restatement for Construction in Progress	Net Position December 31, 2024, as Restated
Governmental Activities	$ 16,866,732	$ 1,299,019	$ 18,165,751
Business-Type Activities	$ 7,903,852	$ -	$ 7,903,852

During the fiscal year 2025, the City Hall Renovation fund, which was previously reported as a major governmental fund, is now a nonmajor governmental fund due to the fund no longer meeting the quantitative threshold to be classified as a major fund. Adjustments to the financial statements were as follows:

	Beginning fund balance as previously reported	Change within financial reporting entity	Beginning fund balance as restated
Governmental Fund			
Major funds			
City Hall Renovation Fund	$ 2,403,867	$ (2,403,867)	$ -
Nonmajor funds	3,183,176	2,403,867	5,587,043

City of Spring Lake Park, Minnesota

Required Supplementary Information

December 31, 2025

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City of Spring Lake Park, Minnesota
Schedule of City Contributions
PERA General Employees Retirement Fund
December 31, 2025

Year Ended December 31	Statutorily Required Contribution (a)	Contributions in Relation to Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (d)	Contributions as a Percentage of Covered Payroll (b/d)
2016	$ 112,202	$ 112,202	$ -	$ 1,496,472	7.5%
2017	114,728	114,728	-	1,529,713	7.5%
2018	110,008	110,008	-	1,466,764	7.5%
2019	102,065	102,065	-	1,360,859	7.5%
2020	103,623	103,623	-	1,381,644	7.5%
2021	97,494	97,494	-	1,299,915	7.5%
2022	103,606	103,606	-	1,381,419	7.5%
2023	107,375	107,375	-	1,430,712	7.5%
2024	118,529	118,529	-	1,580,700	7.5%
2025	113,216	113,216	-	1,509,573	7.5%

Schedule of City Contributions
PERA Public Employees Police and Fire Fund Pension Plan
December 31, 2025

Year Ended December 31	Statutorily Required Contribution (a)	Contributions in Relation to Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (d)	Contributions as a Percentage of Covered Payroll (b/d)
2016	$ 151,121	$ 151,121	$ -	$ 932,841	16.20%
2017	153,641	153,641	-	948,402	16.20%
2018	161,819	161,819	-	998,882	16.20%
2019	174,175	174,175	-	1,027,581	16.95%
2020	186,745	186,745	-	1,055,054	17.70%
2021	188,326	188,326	-	1,063,991	17.70%
2022	197,758	197,758	-	1,117,276	17.70%
2023	203,130	203,130	-	1,147,627	17.70%
2024	216,284	216,284	-	1,221,650	17.70%
2025	228,969	228,969	-	1,293,606	17.70%

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City of Spring Lake Park, Minnesota
Schedule of City and Non-Employer Proportionate Share of Net Pension Liability
PERA General Employees Retirement Fund
December 31, 2025

Fiscal Year Ended June 30	City's Proportionate Share (Percentage) of Net Pension Liability (Asset)	City's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	State's Proportionate Share (Amount) of the Net Pension Liability (Asset) Associated with the City (b)	City's Proportionate Share (Amount) of the Net Pension Liability (Asset) and the State's Proportionate Share (Amount) of the Net Pension Liability (Asset) Associated with the City (a+b)	City's Covered Payroll (c)	City's Proportionate Share (Amount) of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2016	0.0239%	$ 1,940,561	$ 25,332	$ 1,965,893	$ 1,496,472	129.7%	68.9%
2017	0.0234%	1,493,841	18,793	1,512,634	1,529,713	97.7%	75.9%
2018	0.0228%	1,264,851	41,581	1,306,432	1,534,400	82.4%	79.5%
2019	0.0200%	1,105,755	34,332	1,140,087	1,413,001	78.3%	80.2%
2020	0.0184%	1,103,164	33,897	1,137,061	1,309,040	84.3%	79.1%
2021	0.0185%	790,033	24,044	814,077	1,329,628	59.4%	87.0%
2022	0.0185%	1,465,206	43,085	1,508,291	1,386,819	105.7%	76.7%
2023	0.0173%	967,397	26,552	993,949	1,373,312	70.4%	83.1%
2024	0.0184%	680,666	17,601	698,267	1,558,603	43.7%	89.1%
2025	0.0169%	560,604	13,524	574,128	1,532,122	36.6%	90.8%

Schedule of Proportionate Share of Net Pension Liability
PERA Public Employees Police and Fire Fund Pension Plan
December 31, 2025

Fiscal Year Ended June 30	City's Proportionate Share (Percentage) of Net Pension Liability (Asset)	City's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with the City (b)	City's Proportionate Share (Amount) of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with the City (a+b)	City's Covered Payroll (c)	City's Proportionate Share (Amount) of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2016	0.0960%	$ 3,852,647	$ -	$ 3,852,647	$ 932,841	413.0%	63.9%
2017	0.0920%	1,242,109	-	1,242,109	948,402	131.0%	85.4%
2018	0.0925%	985,955	-	985,955	975,104	101.1%	88.8%
2019	0.0955%	1,016,694	-	1,016,694	1,007,413	100.9%	89.3%
2020	0.0912%	1,202,114	28,305	1,230,419	1,029,857	116.7%	87.2%
2021	0.0878%	677,723	30,486	708,209	1,038,145	65.3%	93.7%
2022	0.0940%	4,090,509	178,684	4,269,193	1,141,961	358.2%	70.5%
2023	0.0850%	1,467,840	59,110	1,526,950	1,116,045	131.5%	86.5%
2024	0.0865%	1,137,441	43,359	1,180,800	1,196,776	95.0%	90.2%
2025	0.0822%	963,480	33,399	996,879	1,248,008	77.2%	91.8%

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Notes to Schedule of Changes in Net Pension Liabilities and Related Ratios

General Employees Fund

2025 Changes
Changes in Actuarial Assumptions:
- The combined service annuity loading factors increased from 15% to 19% for vested terminated members and from 3% to 44% for non-vested, terminated members.
- The assumed post-retirement benefit increase changed from 1.25% to 1.5%.

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

2024 Changes
Changes in Actuarial Assumptions:
- Rates of merit and seniority were adjusted, resulting in slightly higher rates.
- Assumed rates of retirement were adjusted as follows: increase the rate of assumed unreduced retirements, slight adjustments to Rule of 90 retirement rates, and slight adjustments to early retirement rates for Tier 1 and Tier 2 members.
- Minor increase in assumed withdrawals for males and females. Lower rates of disability.
- Continued use of Pub-2010 general mortality table with slight rate adjustments as recommended in the most recent experience study.
- Minor changes to form of payment assumptions for male and female retirees. Minor changes to assumptions made with respect to missing participant data.

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

2023 Changes
Changes in Actuarial Assumptions:
- The investment return assumption and single discount rate were changed from 6.5% to 7.00%.

Changes in Plan Provisions:
- An additional one-time direct state aid contribution of $170.1 million will be contributed to the Plan on October 1, 2023.

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

2022 Changes
Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

2021 Changes
Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

2020 Changes
Changes in Actuarial Assumptions:

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

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

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

2019 Changes
Changes in Actuarial Assumptions:
- The mortality projection scale was changed from MP-2017 to MP-2018.

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

2018 Changes
Changes in Actuarial Assumptions:
- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.0% per year through 2044 and 2.5% per year thereafter to 1.25% per year.

Changes in Plan Provisions:
- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.0% to 3.0%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.0%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Annual increases were changed from 1% per year with a provision to increase to 2.5% upon attainment of 90% funding ratio to 50% of the Social Security Cost-of Living Adjustment, not less than 1.0% and not more than 1.5%, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 Changes
Changes in Actuarial Assumptions:
- The combined service annuity (CSA) loads were changed from 0.80% for active members and 60% for vested and non-vested deferred members. The revised CSA loads are now 0% for active member liability, 15.0% for vested deferred member liability, and 3.0% for non-vested deferred member liability.
- The assumed annual increase rate was changed for 1.0% per year for all years to 1.0% per year through 2044 and 2.50% per year thereafter.

Changes in Plan Provisions:
- The State's contribution for the Minneapolis Employees Retirement Fund equals $16.0 million in 2017 and 2018 and $6.0 million thereafter.
- The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from $21,000,000 to $31,000,000 in calendar years 2019 to 2031. The State's contribution changed from $16,000,000 to $6,000,000 in calendar years 2019 to 2031.

2016 Changes
Changes in Actuarial Assumptions:
- The assumed annual increase rate was changed from 1% per year through 2035 and 2.50% per year thereafter to 1.0% per year for all years.
- The assumed investment return was changed from 7.90% to 7.50%. The single discount rate changed from 7.90% to 7.50%.
- Other assumptions were changed pursuant to the experience study June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

Changes in Plan Provisions:
- There have been no changes since the prior valuation.

Police and Fire Plan

2025 Changes
Changes in Actuarial Assumptions
- Assumed rates of salary increases were reduced slightly.
- Asumed rates of retirement were adjusted, resulting in an overall increase in unreduced (full) retirements and an overall increase in reduced (early) retirements.
- Assumed rates of withdrawal were modified; the new rates will increase predicted terminations, especially in the first few years of employment.
- Assumed rates of disabled retirement were significantly increased, especially for ages over age 30.
- Continued use of Pub-2010 Public Safety Mortality Table with rates adjusted to better fit observed experience.
- % married assumption for female retirees lowered from 70% to 65%.
- Minor changes were made to form of payment assumptions for retirees.
- Minor changes were made to assumptions made with respect to missing participant data.

- The combined service annuity load changed from 33% to 13% for vested, terminated members and from 2% to 38% for non-vested, terminated members.

Changes in Plan Provisions

- The period of time needed for benefit recipients to receive their first benefit increase was reduced by one year (from 36 months to 24 months for a full increase).
- The January 1, 2026 benefit increase changed from 1% to 3%; subsequent January 1 increases will be 1%.
- The threshold to end the $9 million annual state aid contribution changed from the earlier of July 1, 2048 or 90% funded for both PERA Police & Fire and MSRS State Patrol for three consecutive years to 100% funded for both PERA Police & Fire and MSRS State Patrol for three consecutive years (on an actuarial value of assets basis).
- The threshold to end the additional $9 million annual state aid contribution changed from the earlier of July 1, 20248 or 100% funded for a minimum of three consecutive years to 110% funded for a minimum of three consecutive years (on an actuarial value of assets basis).
- An additional $17.7 million in direct state aid will be paid annually each October 1 beginning October 1, 2025 through June 30, 2048.
- Joint and survivor actuarial equivalent factors were updated to reflect changes in assumptions.

2024 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2023 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions
- Additional one-time direct state aid contribution of $19.4 million will be contributed to the Plan on October 1, 2023.
- Vesting requirement for new hires after June 30, 2014, was changed from a graded 20-year vesting schedule to a graded 10-year vesting schedule, with 50% vesting after five years, increasing incrementally to 100% after 10 years.
- A one-time, non-compounding benefit increase of 3.0% 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 Changes
Changes in Actuarial Assumptions
- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.
- The single discount rate changed from 6.5% to 5.4%.

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

2021 Changes
Changes in Actuarial Assumptions
- The investment return and single discount rates were changed from 7.50% to 6.50%, for financial reporting purposes.
- The inflation assumption was changed from 2.50% to 2.25%.
- The payroll growth assumption was changed from 3.25% to 3.00%.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MP-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 % married for active female members was changed from 60% to 70%.
- Minor changes to form of payment assumptions were applied.

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

2020 Changes
Changes in Actuarial Assumptions
- The mortality projection scale was changed from MP-2018 to MP-2019.

Changes in Plan Provisions
- There have been no changes since the prior valuation.

2019 Changes
Changes in Actuarial Assumptions
- The mortality projection scale was changed from MP-2017 to MP-2018.

Changes in Plan Provisions
- There have been no changes since the prior valuation.

2018 Changes
Changes in Actuarial Assumptions
- The mortality projection scale was changed from MP-2016 to MP-2017.

Changes in Plan Provisions
- Annual increases were changed to 1.00% for all years, with no trigger.
- An end date of July 1, 2048, was added to the existing $9 million state contribution.
- New annual state aid will equal $4.5 million in fiscal years 2019 and 2020, and $9 million thereafter until the plan reaches 100% funding, or July 1, 2048, if earlier.
- Member contributions were changed from 10.8% to 11.3% of pay, effective January 1, 2019, and 11.8% of pay, effective January 1, 2020.
- Employer contributions were changed from 16.2% to 16.95% of pay, effective January 1, 2019, and 17.7% of pay, effective January 1, 2020.
- Interest credited on member contributions decreased from 4% to 3%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 Changes
Changes in Actuarial Assumptions
- Assumed salary increases were changed as recommended in the June 30, 2016, experience study. The net effect is proposed rates that average 0.34% lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The combined service annuity (CSA) load was 30% for vested and non-vested, deferred members. The CSA has been changed to 33% for vested members and 2.0% for nonvested members.

- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 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% for the first three years of service.
- Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65% to 60%.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing joint and survivor annuities was increased.
- The assumed annual benefit increase rate was changed from 1.00% for all years to 1.00% per year through 2064 and 2.5% thereafter.
- The single discount rate was changed from 5.6% per annum to 7.5% per annum.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2016 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

City of Spring Lake Park, Minnesota

Combining and Individual Nonmajor Fund Statements and Schedules

December 31, 2025

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City of Spring Lake Park, Minnesota
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2025

	Special Revenue	Debt Service	Capital Projects	Total
Assets				
Cash and investments	$ 1,305,854	$ 244,440	$ 3,066,534	$ 4,616,828
Accounts receivable	128,202	-	177,471	305,673
Special assessments receivable	-	319	-	319
Due from other funds	683	-	-	683
Due from other governmental units	-	6,818	2,179	8,997
Total assets	$ 1,434,739	$ 251,577	$ 3,246,184	$ 4,932,500
Liabilities, deferred inflows of resources, and fund balances				
Liabilities				
Accounts payable	$ 44,448	$ 23,409	$ 50,512	$ 118,369
Accrued payroll and taxes	1,236	-	-	1,236
Deposits and other liabilities	138,718	-	-	138,718
Due to other funds	30,365	-	-	30,365
Unearned revenue	7,250	-	-	7,250
Total liabilities	222,017	23,409	50,512	295,938
Deferred inflows of resources				
Unavailable revenue:				
Special assessments	-	319	-	319
Fund balances				
Restricted	90,313	251,258	403,433	745,004
Assigned	1,122,409	-	2,792,239	3,914,648
Unassigned	-	(23,409)	-	(23,409)
Total fund balances	1,212,722	227,849	3,195,672	4,636,243
Total liabilities, deferred inflows of resources, and fund balances	$ 1,434,739	$ 251,577	$ 3,246,184	$ 4,932,500

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City of Spring Lake Park, Minnesota
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2025

	Special Revenue	Debt Service	Capital Projects	Total
Revenues				
Property and franchise taxes	$ 5,109	$ 384,264	$ 121,373	$ 510,746
Special assessments	-	26,089	-	26,089
Intergovernmental revenues	61,070	-	397,190	458,260
Charges for services	609,209	-	83,044	692,253
Fines and forfeitures	667	-	-	667
Investment earnings	39,511	8,017	135,986	183,514
Other revenues	98,828	-	251,613	350,441
Total revenues	814,394	418,370	989,206	2,221,970
Expenditures				
Current				
General government	34	-	49,547	49,581
Public safety	8,401	-	694	9,095
Public works	35,817	-	231,997	267,814
Recreation and parks	377,865	-	36,962	414,827
Development and other	253,899	147,955	-	401,854
Capital outlay				
General government	-	-	926,422	926,422
Public works	-	-	442,495	442,495
Recreation and parks	263	-	279,871	280,134
Debt service				
Principal	-	560,900	-	560,900
Interest and other	-	342,366	-	342,366
Total expenditures	676,279	1,051,221	1,967,988	3,695,488
Excess (deficiency) of revenues over (under) expenditures	138,115	(632,851)	(978,782)	(1,473,518)
Other financing sources (uses)				
Transfers from other funds	53,000	759,987	202,420	1,015,407
Transfers to other funds	(90,000)	(98,664)	(304,025)	(492,689)
Total other financing sources (uses)	(37,000)	661,323	(101,605)	522,718
Net change in fund balances	101,115	28,472	(1,080,387)	(950,800)
Fund balances, beginning as previously reported	1,111,607	199,377	1,872,192	3,183,176
Change within financial reporting entity - major to nonmajor fund (Note 17)	-	-	2,403,867	2,403,867
Fund balances, as restated	1,111,607	199,377	4,276,059	5,587,043
Fund balances, ending	$ 1,212,722	$ 227,849	$ 3,195,672	$ 4,636,243

City of Spring Lake Park, Minnesota
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2025

	Recycling	Street Lighting	Cable
Assets			
Cash and investments	$ 118,451	$ 92,292	$ 19,458
Accounts receivable	105,421	22,775	-
Due from other funds	86	237	-
Total assets	$ 223,958	$ 115,304	$ 19,458
Liabilities, deferred inflows of resources, and fund balances			
Liabilities			
Accounts payable	$ 12,284	$ 68	$ -
Accrued payroll and taxes	901	-	335
Deposits and other liabilities	-	-	-
Due to other funds	13,187	-	17,178
Unearned revenue	-	-	-
Total liabilities	26,372	68	17,513
Fund balances			
Restricted	-	-	-
Assigned	197,586	115,236	1,945
Total fund balances	197,586	115,236	1,945
Total liabilities, deferred inflows of resources, and fund balances	$ 223,958	$ 115,304	$ 19,458

Police Forfeiture	Police Reserves	Recreation	Tower Days
$ 16,263	$ 25,241	$ 475,703	$ 26,696
-	-	6	-
-	-	-	-
$ 16,263	$ 25,241	$ 475,709	$ 26,696
$ 852	$ -	$ 30,865	$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	7,250	-
852	-	38,115	-
-	25,241	-	26,696
15,411	-	437,594	-
15,411	25,241	437,594	26,696
$ 16,263	$ 25,241	$ 475,709	$ 26,696

(Continued)

City of Spring Lake Park, Minnesota
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2025

	Traffic Education	Emergency Management	Animal Control
Assets			
Cash and investments	$ 38,376	$ 23,148	$ 6,520
Accounts receivable	-	-	-
Due from other funds	-	-	-
Total assets	$ 38,376	$ 23,148	$ 6,520
Liabilities, deferred inflows of resources, and fund balances			
Liabilities			
Accounts payable	$ -	$ 9	$ 27
Accrued payroll and taxes	-	-	-
Deposits and other liabilities	-	-	-
Due to other funds	-	-	-
Unearned revenue	-	-	-
Total liabilities	-	9	27
Fund balances			
Restricted	38,376	-	-
Assigned	-	23,139	6,493
Total fund balances	38,376	23,139	6,493
Total liabilities, deferred inflows of resources, and fund balances	$ 38,376	$ 23,148	$ 6,520

Comprehensive Plan Update	Forestry	Developer's Escrow	Public Safety Aid	Total
$ 11,344	$ 119,367	$ 138,701	$ 194,294	$ 1,305,854
-	-	-	-	128,202
-	-	360	-	683
$ 11,344	$ 119,367	$ 139,061	$ 194,294	$ 1,434,739
$ -	$ -	$ 343	$ -	$ 44,448
-	-	-	-	1,236
-	-	138,718	-	138,718
-	-	-	-	30,365
-	-	-	-	7,250
-	-	139,061	-	222,017
-	-	-	-	90,313
11,344	119,367	-	194,294	1,122,409
11,344	119,367	-	194,294	1,212,722
$ 11,344	$ 119,367	$ 139,061	$ 194,294	$ 1,434,739

City of Spring Lake Park, Minnesota
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2025

	Recycling	Street Lighting	Cable
Revenues			
Property and franchise taxes	$ -	$ -	$ 5,109
Intergovernmental revenue	61,070	-	-
Charges for services	186,220	39,714	-
Fines and forfeitures	-	-	-
Investment earnings	4,002	3,143	624
Other revenues	-	-	-
Total revenues	251,292	42,857	5,733
Expenditures			
Current			
General government	-	-	34
Public safety	-	-	-
Public works	-	35,817	-
Recreation and parks	-	-	-
Development and other	219,598	-	-
Capital outlay			
Recreation and parks	-	-	263
Total expenditures	219,598	35,817	297
Excess (deficiency) of revenues over (under) expenditures	31,694	7,040	5,436
Other financing sources (uses)			
Transfers from other funds	-	-	-
Transfers to other funds	(7,500)	-	-
Total other financing sources (uses)	(7,500)	-	-
Net change in fund balances	24,194	7,040	5,436
Fund balances, beginning	173,392	108,196	(3,491)
Fund balances, ending	$ 197,586	$ 115,236	$ 1,945

Police Forfeiture	Police Reserves	Recreation	Tower Days
$ -	$ -	$ -	$ -
-	-	-	-
-	-	383,275	-
667	-	-	-
497	711	16,263	993
6,426	6,692	-	35,710
7,590	7,403	399,538	36,703
-	-	-	-
3,367	761	-	-
-	-	-	-
-	-	255,815	-
-	-	-	34,301
-	-	-	-
3,367	761	255,815	34,301
4,223	6,642	143,723	2,402
-	-	-	-
-	-	(62,500)	-
-	-	(62,500)	-
4,223	6,642	81,223	2,402
11,188	18,599	356,371	24,294
$ 15,411	$ 25,241	$ 437,594	$ 26,696

(Continued)

City of Spring Lake Park, Minnesota
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2025

	Traffic Education	Emergency Management	Animal Control
Revenues			
Property and franchise taxes	$ -	$ -	$ -
Intergovernmental revenue	-	-	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Investment income	1,309	762	239
Other revenues	-	-	-
Total revenues	1,309	762	239
Expenditures			
Current			
General government	-	-	-
Public safety	-	2,697	1,576
Public works	-	-	-
Recreation and parks	-	-	-
Development and other	-	-	-
Capital outlay			
Recreation and parks	-	-	-
Total expenditures	-	2,697	1,576
Excess (deficiency) of revenues over (under) expenditures	1,309	(1,935)	(1,337)
Other financing sources (uses)			
Transfers from other funds	-	2,000	1,000
Transfers to other funds	-	-	-
Total other financing sources (uses)	-	2,000	1,000
Net change in fund balances	1,309	65	(337)
Fund balances, beginning	37,067	23,074	6,830
Fund balances, ending	$ 38,376	$ 23,139	$ 6,493

Comprehensive Plan Update	Forestry	Developer's Escrow	Public Safety Aid	Total
$ -	$ -	$ -	$ -	$ 5,109
-	-	-	-	61,070
-	-	-	-	609,209
-	-	-	-	667
387	3,450	-	7,131	39,511
-	50,000	-	-	98,828
387	53,450	-	7,131	814,394
-	-	-	-	34
-	-	-	-	8,401
-	-	-	-	35,817
-	122,050	-	-	377,865
-	-	-	-	253,899
-	-	-	-	263
-	122,050	-	-	676,279
387	(68,600)	-	7,131	138,115
-	50,000	-	-	53,000
-	-	-	(20,000)	(90,000)
-	50,000	-	(20,000)	(37,000)
387	(18,600)	-	(12,869)	101,115
10,957	137,967	-	207,163	1,111,607
$ 11,344	$ 119,367	$ -	$ 194,294	$ 1,212,722

City of Spring Lake Park, Minnesota
Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2025

	2013A G.O. Capital Improvement Fire Bond	2016A North Metro Tele-communications	Tax Increment Financing - Legends of SLP
Assets			
Cash and investments	$ -	$ -	$ 78,470
Special assessments receivable	-	-	-
Due from other governmental units	-	-	-
Total assets	$ -	$ -	$ 78,470
Liabilities, deferred inflows of resources, and fund balances			
Liabilities			
Accounts payable	$ 23,409	$ -	$ -
Deferred inflows of resources			
Unavailable revenue			
Special assessments	-	-	-
Fund balances			
Restricted	-	-	78,470
Unassigned	(23,409)	-	-
Total fund balances	(23,409)	-	78,470
Total liabilities, deferred inflows of resources, and fund balances	$ -	$ -	$ 78,470

2017A G.O. Equipment Certificates	2018A Blaine Fire Debt Service	2021A G.O. Improvement Refunding Bonds	2024A G.O. Improvement Refunding Bonds	Total
$ -	$ -	$ -	$ 165,970	$ 244,440
-	-	-	319	319
-	-	-	6,818	6,818
$ -	$ -	$ -	$ 173,107	$ 251,577
$ -	$ -	$ -	$ -	$ 23,409
-	-	-	319	319
-	-	-	172,788	251,258
-	-	-	-	(23,409)
-	-	-	172,788	227,849
$ -	$ -	$ -	$ 173,107	$ 251,577

City of Spring Lake Park, Minnesota
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Debt Service Funds
For the Year Ended December 31, 2025

	2013A G.O. Capital Improvement Fire Bond	2016A North Metro Tele-communications	Tax Increment Financing - Legends of SLP
Revenues			
Property taxes	$ -	$ -	$ 106,727
Special assessments	-	-	-
Investment earnings	1,975	11	2,154
Total revenues	1,975	11	108,881
Expenditures			
Current			
Development and other	-	-	147,955
Debt service			
Principal	45,900	-	-
Interest and other charges	917	-	-
Total expenditures	46,817	-	147,955
Excess (deficiency) of revenues over (under) expenditures	(44,842)	11	(39,074)
Other financing sources (uses)			
Transfers from other funds	50,000	-	-
Transfers to other funds	(77,590)	(337)	(3,000)
Total other financing sources (uses)	(27,590)	(337)	(3,000)
Net change in fund balances	(72,432)	(326)	(42,074)
Fund balances, beginning	49,023	326	120,544
Fund balances, ending	$ (23,409)	$ -	$ 78,470

2017A G.O. Equipment Certificates	2018A Blaine Fire Debt Service	2021A G.O. Improvement Refunding Bonds	2024A G.O. Capital Improvement Plan Bonds	Total
$ -	$ -	$ 28	$ 277,509	$ 384,264
-	-	26,089	-	26,089
605	-	3,213	59	8,017
605	-	29,330	277,568	418,370
-	-	-	-	147,955
-	-	275,000	240,000	560,900
-	-	5,500	335,949	342,366
-	-	280,500	575,949	1,051,221
605	-	(251,170)	(298,381)	(632,851)
-	27,462	91,836	590,689	759,987
(17,737)	-	-	-	(98,664)
(17,737)	27,462	91,836	590,689	661,323
(17,132)	27,462	(159,334)	292,308	28,472
17,132	(27,462)	159,334	(119,520)	199,377
$ -	$ -	$ -	$ 172,788	$ 227,849

City of Spring Lake Park, Minnesota
Combining Balance Sheet
Nonmajor Capital Project Funds
December 31, 2025

	State Aid Street Fund	Street Sealcoating	Capital Replacement	Right of Way
Assets				
Cash and investments	$ 279,266	$ 278,674	$ 456,227	$ 2,122
Accounts receivable	-	20,752	-	-
Due from other governmental units	-	-	-	-
Total assets	$ 279,266	$ 299,426	$ 456,227	$ 2,122
Liabilities and fund balances				
Liabilities				
Accounts payable	$ -	$ -	$ -	$ -
Fund balances				
Restricted	279,266	-	-	-
Assigned	-	299,426	456,227	2,122
Total fund balances	279,266	299,426	456,227	2,122
Total liabilities and fund balances	$ 279,266	$ 299,426	$ 456,227	$ 2,122

Building Maintenance	Public Safety Replacement	City Hall Renovation
$ 224,052	$ 135,689	$ 1,204,803
-	-	-
-	-	-
$ 224,052	$ 135,689	$ 1,204,803
$ 6,304	$ -	$ 1,449
-	-	-
217,748	135,689	1,203,354
217,748	135,689	1,203,354
$ 224,052	$ 135,689	$ 1,204,803

(Continued)

City of Spring Lake Park, Minnesota
Combining Balance Sheet
Nonmajor Capital Project Funds
December 31, 2025

	Park Special Projects	Park Acquisition and Improvement	Lakeside Lions Park Improvement	Small Equipment
Assets				
Cash and investments	$ 7,735	$ 92,343	$ 24,089	$ 7,459
Accounts receivable	-	-	-	11,319
Due from other governmental units	-	-	-	-
Total assets	$ 7,735	$ 92,343	$ 24,089	$ 18,778
Liabilities and fund balances				
Liabilities				
Accounts payable	$ -	$ -	$ -	$ 9,043
Fund balances				
Restricted	7,735	92,343	24,089	-
Assigned	-	-	-	9,735
Total fund balances	7,735	92,343	24,089	9,735
Total liabilities and fund balances	$ 7,735	$ 92,343	$ 24,089	$ 18,778

Park Equipment and Improvement	Equipment	Total
$ 312,476	$ 41,599	$ 3,066,534
400	145,000	177,471
-	2,179	2,179
$ 312,876	$ 188,778	$ 3,246,184
$ -	$ 33,716	$ 50,512
-	-	403,433
312,876	155,062	2,792,239
312,876	155,062	3,195,672
$ 312,876	$ 188,778	$ 3,246,184

City of Spring Lake Park, Minnesota
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Project Funds
For the Year Ended December 31, 2025

	State Aid Street Fund	Street Sealcoating	Capital Replacement	Right of Way
Revenues				
Property taxes	$ -	$ -	$ -	$ -
Intergovernmental revenues	107,190	-	-	-
Charges for services	-	82,836	-	-
Investment earnings	8,935	31,850	15,616	73
Other revenues	-	-	-	-
Total revenues	116,125	114,686	15,616	73
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	42,234	172,819	3,301	-
Recreation and parks	-	-	-	-
Capital outlay				
General government	-	-	-	-
Public works	-	-	-	-
Recreation and parks	-	-	-	-
Total expenditures	42,234	172,819	3,301	-
Excess (deficiency) of revenues over (under) expenditures	73,891	(58,133)	12,315	73
Other financing sources (uses)				
Transfers from other funds	-	50,000	-	-
Transfers to other funds	(25,000)	-	-	-
Total other financing sources (uses)	(25,000)	50,000	-	-
Net change in fund balances	48,891	(8,133)	12,315	73
Fund balances, beginning as previously reported	230,375	307,559	443,912	2,049
Change within financial reporting entity - major to nonmajor fund (Note 17)	-	-	-	-
Fund balances, beginning, as restated	230,375	307,559	443,912	2,049
Fund balances, ending	$ 279,266	$ 299,426	$ 456,227	$ 2,122

Building Maintenance	Public Safety Replacement	City Hall Renovation
$ -	$ -	$ -
-	-	-
-	-	-
7,530	4,342	54,481
584	-	-
8,114	4,342	54,481
-	-	49,547
-	694	-
13,643	-	-
-	-	-
-	-	926,422
12,000	-	-
-	-	-
25,643	694	975,969
(17,529)	3,648	(921,488)
15,420	12,000	-
-	-	(279,025)
15,420	12,000	(279,025)
(2,109)	15,648	(1,200,513)
219,857	120,041	-
-	-	2,403,867
219,857	120,041	2,403,867
$ 217,748	$ 135,689	$ 1,203,354

(Continued)

City of Spring Lake Park, Minnesota
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Capital Project Funds
For the Year Ended December 31, 2025

	Park Special Projects	Park Acquisition and Improvement	Lakeside Lions Park Improvement	Small Equipment
Revenues				
Property taxes	$ -	$ -	$ -	$ -
Intergovernmental revenues	-	-	-	-
Charges for services	208	-	-	-
Investment earnings	256	3,481	821	426
Other revenues	7,929	169,729	-	11,319
Total revenues	8,393	173,210	821	11,745
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Recreation and parks	366	7,435	-	19,861
Capital outlay				
General government	-	-	-	-
Public works	-	-	-	-
Recreation and parks	7,748	258,014	-	-
Total expenditures	8,114	265,449	-	19,861
Excess (deficiency) of revenues over (under) expenditures	279	(92,239)	821	(8,116)
Other financing sources (uses)				
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	279	(92,239)	821	(8,116)
Fund balances, beginning as previously reported	7,456	184,582	23,268	17,851
Change within financial reporting entity - major to nonmajor fund (Note 17)	-	-	-	-
Fund balances, beginning, as restated	7,456	184,582	23,268	17,851
Fund balances, ending	$ 7,735	$ 92,343	$ 24,089	$ 9,735

Park Equipment and Improvement	Equipment	Total
$ -	$ 121,373	$ 121,373
-	290,000	397,190
-	-	83,044
7,763	412	135,986
4,905	57,147	251,613
12,668	468,932	989,206
-	-	49,547
-	-	694
-	-	231,997
9,300	-	36,962
-	-	926,422
-	430,495	442,495
14,109	-	279,871
23,409	430,495	1,967,988
(10,741)	38,437	(978,782)
100,000	25,000	202,420
-	-	(304,025)
100,000	25,000	(101,605)
89,259	63,437	(1,080,387)
223,617	91,625	1,872,192
-	-	2,403,867
223,617	91,625	4,276,059
$ 312,876	$ 155,062	$ 3,195,672

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City of Spring Lake Park, Minnesota

Other Report Section

December 31, 2025

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<u>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*</u>

To the Honorable Mayor and
Members of the City Council
City of Spring Lake Park, 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 (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Spring Lake Park, Minnesota (the City) as of and for the year ended December 31, 2025, and the related notes to financial statements, which collectively comprise the City of Spring Lake Park, Minnesota's basic financial statements, and have issued our report thereon dated September 8, 2026.

Report on Internal Control over Financial Reporting

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

A *deficiency in internal control over financial reporting* 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 over financial reporting such that there is a reasonable possibility that a material misstatement of the City'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 over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2025-001 that we consider to be a material weakness.

CohnReznick

To the Honorable Mayor and
Members of the City Council
City of Spring Lake Park, Minnesota

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*.

Minnesota Legal Compliance

In connection with our audit, nothing came to our attention that caused us to believe that the City of Spring Lake Park, Minnesota failed to comply with the provisions of the contracting – bid laws, depositories of public funds and public investments, conflicts of interest, public indebtedness, claims and disbursements, 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 reference provisions, insofar as they relate to accounting matters.

City’s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City’s response to the findings identified in our audit and described in the accompanying *Schedule of Findings and Responses*. The City of Spring Lake Park, Minnesota's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the provisions of the *Minnesota Legal Compliance Audit Guide for Cities* 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. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.

CohnReznick LLP

Minneapolis, Minnesota
September 8, 2026

City of Spring Lake Park
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2025

Findings – Financial Statement Audit

2013-002
2014-002
2015-002
2016-002
2017-002
2018-002
2019-002
2020-002
2021-002
2022-001
2023-001
2024-001 Material Audit Adjustments

Condition: During our audit we proposed audit adjustments that resulted in material changes to the City's financial statements. These audit adjustments related to incorrect coding of construction in progress, corrections of improper receivable and payable balances, and various balance sheet accounts that were not analyzed.

Criteria: Management is responsible for the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Effect: A control deficiency 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 misstatements of the financial statements on a timely basis. One control deficiency that typically is considered significant is the identification by the auditor of a misstatement in the financial statements not initially identified by the entity's internal controls. This could affect the City's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements.

Cause: There is limited number of administrative staff and it would not be practical for the City to devote resources required to overcome this limitation.

Recommendation: We recommend management develop an accounting policy and procedures manual to assist with ensuring that all transactions are recorded consistently and that the information necessary to prepare an accurate unaudited trial balance is gathered in an organized and efficient manner and provided to the auditor.

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

Findings – Financial Statement Audit

2025-001 Material Audit Adjustments

Condition: During our audit we proposed audit adjustments that resulted in material changes to the City's financial statements. These audit adjustments related to incorrect coding of construction in progress, corrections of improper receivable and payable balances, and various balance sheet accounts that were not analyzed. In addition, there was one adjusting journal entry which resulted in a correction of the prior year financial statements.

Criteria: Management is responsible for the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Effect: A control deficiency 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 misstatements of the financial statements on a timely basis. One control deficiency that typically is considered significant is the identification by the auditor of a misstatement in the financial statements not initially identified by the entity's internal controls. This could affect the City's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements.

Cause: There is a limited number of administrative staff and it would not be practical for the City to devote resources required to overcome this limitation.

Recommendation: We recommend management develop an accounting policy and procedures manual to assist with ensuring that all transactions are recorded consistently and that the information necessary to prepare an accurate unaudited trial balance is gathered in an organized and efficient manner and provided to the auditor.

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

Spring Lake Park
History. Community. Home.

Corrective Action Plan (CAP):

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

The findings from the schedule of findings and responses are discussed below. The findings are numbered consistently with the number assigned in the schedule.

RESPONSE: FINDING 2025-001

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

Actions Planned in Response to Finding:
Management agrees with our recommendation and will continue to develop policies and procedures to assist with ensuring that all transactions are recorded consistently. City management and accounting personnel review the proposed audit adjustments. Management and accounting personnel will review the proposed adjustments for accuracy prior to issuance of the statements.

Official Responsible for Ensuring CAP:
Daniel Buchholtz, City Administrator/Clerk-Treasurer, is the official responsible for ensuring the planned response.

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

Plan to Monitor Completion of CAP:
Not applicable as the City is willing to accept the risk and will continue to evaluate the recommendation.

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