

CITY OF SPRING LAKE PARK

FINANCIAL STATEMENTS

DECEMBER 31, 2024



CITY OF SPRING LAKE PARK
FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2024

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CITY OF SPRING LAKE PARK

INTRODUCTORY SECTION

DECEMBER 31, 2024

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**CITY OF SPRING LAKE PARK
ELECTED AND APPOINTED OFFICIALS
December 31, 2024**

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, 2024
Council Member	Barbara Goodboe-Bisschoff	December 31, 2024
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, 2024

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the City Council
City of Spring Lake Park

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, as of and for the year ended December 31, 2024, and the related notes to financial statements, which collectively comprise City of Spring Lake Park's basic financial statements as listed in the table of contents.

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 as of December 31, 2024, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits 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 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Spring Lake Park'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'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'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 on pages 4 through 14 and the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board 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's basic financial statements. The introductory section and combining and individual nonmajor fund financial statements listed in the table of contents 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. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2025 on our consideration of City of Spring Lake Park, 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, internal control over financial reporting and compliance.

Smith, Schaff and Associates, Ltd.

Minneapolis, Minnesota
June 30, 2025

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CITY OF SPRING LAKE PARK MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2024, with comparative data for the fiscal year ended December 31, 2023.

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 \$24,770,584 (*net position*). Of this amount, \$11,152,577 (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 decreased by \$340,833. The decrease is mainly attributed to expenditures in the City's utility fund in excess of charges for services revenue.
- As of the close of the current fiscal year, the City of Spring Lake Park's governmental funds reported combined ending fund balances of \$12,008,238, an increase of \$1,417,098 from the prior year.
- At the end of the current fiscal year, fund balance for the general fund was \$3,283,892, or 62.6% of total general fund expenditures.
- The City's total noncurrent liabilities increased by \$7,112,858 due to debt issued to fund city hall renovations.

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 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.

CITY OF SPRING LAKE PARK MANAGEMENT'S DISCUSSION AND ANALYSIS

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 15-17 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, renewal and replacement fund, and the city hall renovation 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.

CITY OF SPRING LAKE PARK MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Spring Lake Park adopts an annual budget for its general fund. Budgetary comparison statements have been provided for this fund (pages 24-27) to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 18-23 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 funds, which are considered to be major funds of the City of Spring Lake Park.

The proprietary fund financial statements can be found on pages 28-32 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 33-79 of this report.

Other Information. The combining statements referred to earlier in connection with non-major governmental funds can be found on pages 82-103 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 \$24,770,584 at the close of the most recent fiscal year.

CITY OF SPRING LAKE PARK MANAGEMENT'S DISCUSSION AND ANALYSIS

The largest portion of the City of Spring Lake Park's net position, \$12,645,701 (51%) 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	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 13,215,644	\$ 12,280,685	\$ 4,735,344	\$ 5,896,163	\$ 17,950,988	\$ 18,176,848
Capital assets	15,458,356	9,056,798	5,668,154	5,373,872	21,126,510	14,430,670
Total assets	28,674,000	21,337,483	10,403,498	11,270,035	39,077,498	32,607,518
Deferred outflows of resources	2,028,196	2,603,719	29,229	55,652	2,057,425	2,659,371
Long-term liabilities outstanding	10,404,218	3,235,246	141,499	197,099	10,545,717	3,432,345
Other liabilities	573,436	1,131,865	45,338	39,085	618,774	1,170,950
Total liabilities	10,977,654	4,367,111	186,837	236,184	11,164,491	4,603,295
Deferred inflows of resources	2,857,810	3,064,109	2,342,038	2,488,068	5,199,848	5,552,177
Net position:						
Net investment in capital assets	6,977,547	8,361,355	5,668,154	5,373,872	12,645,701	13,735,227
Restricted	972,306	1,088,155			972,306	1,088,155
Unrestricted	8,916,879	7,060,472	2,235,698	3,227,563	11,152,577	10,288,035
Total net position	\$ 16,866,732	\$ 16,509,982	\$ 7,903,852	\$ 8,601,435	\$ 24,770,584	\$ 25,111,417

An additional portion of the City of Spring Lake Park's net position at December 31, 2024 (4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$11,152,577) 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.

CITY OF SPRING LAKE PARK MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental activities. Governmental activities account for 68% of the City of Spring Lake Park's net position as of December 31, 2024. The total increase in net position for governmental activities was \$356,750, offsetting a portion of the decrease in net position of the City from business-type activities. The key element for this increase was significant investment earnings during the year.

Business-type activities. Business-type activities decreased the City of Spring Lake Park's net position by \$697,583 due primarily to expenditures in excess of charges to the City's citizens for utility services provided in the current year.

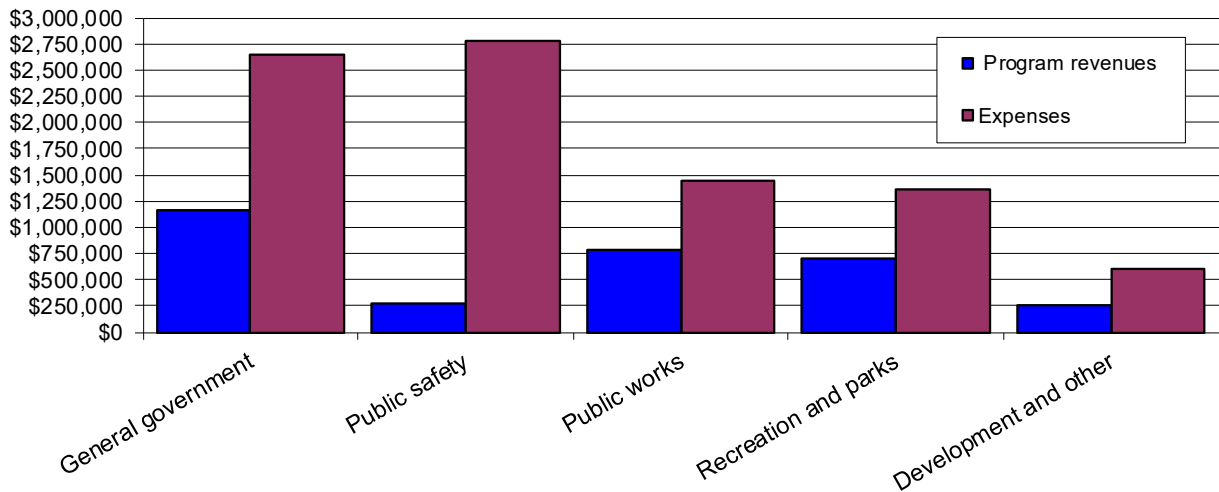
City of Spring Lake Park's Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for services	\$ 1,281,297	\$ 1,279,854	\$ 1,905,449	\$ 2,220,624	\$ 3,186,746	\$ 3,500,478
Operating grants and contributions	1,325,618	752,168			1,325,618	752,168
Capital grants and contributions	557,856	30,120			557,856	30,120
General revenues:						
Property taxes	4,322,044	4,137,107			4,322,044	4,137,107
Other	1,754,722	1,220,448	302,917	549,808	2,057,639	1,770,256
Total revenues	<u>9,241,537</u>	<u>7,419,697</u>	<u>2,208,366</u>	<u>2,770,432</u>	<u>11,449,903</u>	<u>10,190,129</u>
Expenses:						
General government	2,643,530	871,892			2,643,530	871,892
Public safety	2,777,645	2,824,495			2,777,645	2,824,495
Public works	1,442,695	1,575,552			1,442,695	1,575,552
Recreation and parks	1,358,176	1,176,982			1,358,176	1,176,982
Development and other	607,729	498,181			607,729	498,181
Interest on long-term debt	343,514	16,003			343,514	16,003
Utility			<u>2,617,447</u>	<u>2,233,857</u>	<u>2,617,447</u>	<u>2,233,857</u>
Total expenses	<u>9,173,289</u>	<u>6,963,105</u>	<u>2,617,447</u>	<u>2,233,857</u>	<u>11,790,736</u>	<u>9,196,962</u>
Change in net position before transfers	68,248	456,592	(409,081)	536,575	(340,833)	993,167
Transfers	<u>288,502</u>	<u>212,343</u>	<u>(288,502)</u>	<u>(212,343)</u>		
Change in net position after transfers	356,750	668,935	(697,583)	324,232	(340,833)	993,167
NET POSITION - BEGINNING OF YEAR	<u>16,509,982</u>	<u>15,841,047</u>	<u>8,601,435</u>	<u>8,277,203</u>	<u>25,111,417</u>	<u>24,118,250</u>
NET POSITION - END OF YEAR	<u>\$ 16,866,732</u>	<u>\$ 16,509,982</u>	<u>\$ 7,903,852</u>	<u>\$ 8,601,435</u>	<u>\$ 24,770,584</u>	<u>\$ 25,111,417</u>

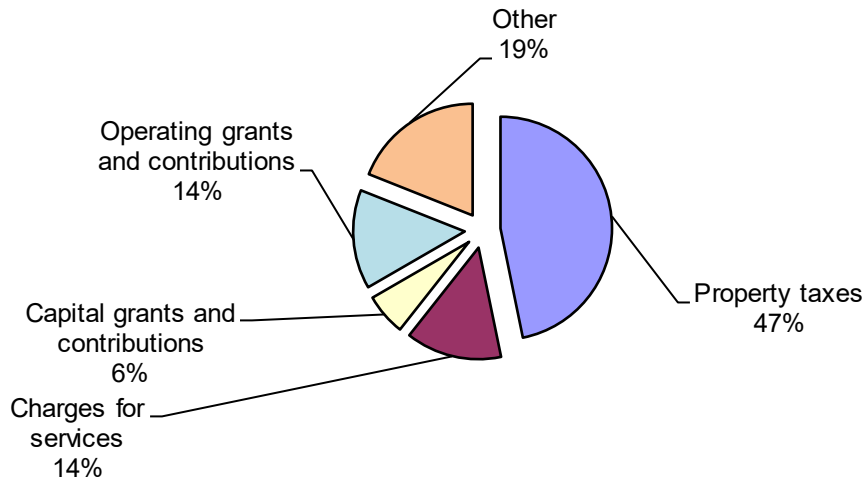
CITY OF SPRING LAKE PARK MANAGEMENT'S DISCUSSION AND ANALYSIS

Below are specific graphs that provide comparisons of the governmental activities direct program revenues with their expenses for the year ended December 31, 2024. Any shortfalls in direct revenues are primarily supported by property tax levy or general state aid.

Expenses and Program Revenues - Governmental Activities



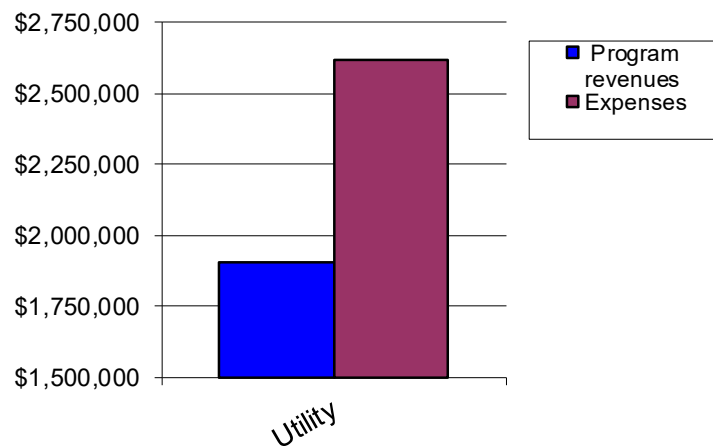
Revenues by Source - Governmental Activities



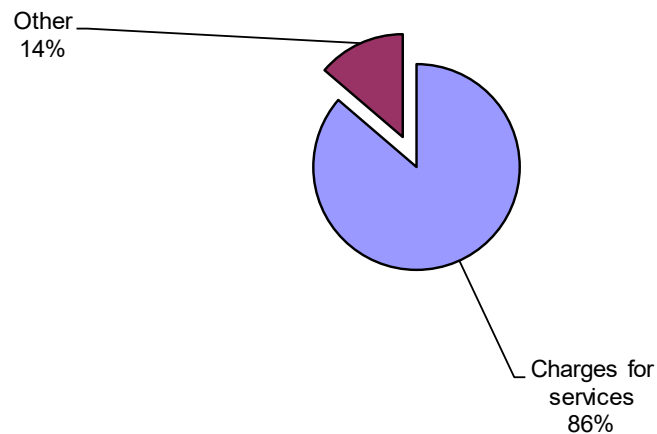
CITY OF SPRING LAKE PARK MANAGEMENT'S DISCUSSION AND ANALYSIS

The following graphs relate the business-type activity's program revenues with its expenses for the year ended December 31, 2024. 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



CITY OF SPRING LAKE PARK MANAGEMENT'S DISCUSSION AND ANALYSIS

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 \$12,008,238, an increase of \$1,417,098 in comparison with the prior year. Approximately 93% of this total fund balance, or \$11,129,779, constitutes *assigned and unassigned fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance, \$878,459, 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 \$3,283,892. As a measure of liquidity, it may be useful to compare the fund balance to total fund expenditures. Fund balance represents 63% of total current year general fund expenditures. The general fund's total fund balance increased by \$291,251 during the current year due primarily due to taxes, intergovernmental revenues and investment earnings allocated to the fund in excess of expenditures (including capital outlay) in the current year.

The HRA reserve fund increased its fund balance by \$57,834 due to other revenues and investment earnings allocated to this fund in excess of capital outlay and current expenditures for HRA activities.

The revolving fund decreased its fund balance by \$877,633 due primarily to capital outlay expenditures in the current year in excess of special assessments and intergovernmental revenues allocated to the fund.

The renewal and replacement fund increased its fund balance by \$65,049 due to investment income allocated to this fund in excess of current expenditures.

The city hall renovation fund increased its fund balance by \$2,403,867 due primarily to not spending all of the proceeds from the bond issuance for city hall renovations as well as transfers from other funds for capital outlay expenditures in the current year.

The special revenue funds (other than the HRA reserve fund described as a major fund previously) decreased their overall fund balances by \$10,344 during the year.

The debt service funds decreased their collective fund balance by \$320,845 due primarily to debt service and development expenditures in excess of property tax and other revenues allocated to the fund.

CITY OF SPRING LAKE PARK MANAGEMENT'S DISCUSSION AND ANALYSIS

The capital projects funds (other than the revolving, renewal and replacement and city hall renovation funds described as major funds previously) decreased their collective fund balance by \$192,081 due primarily to current and capital outlay expenditures in excess of various revenues and transfers from other funds allocated to this 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 \$2,235,698. The utility fund decreased its net position by \$697,583, for the year ended December 31, 2024. 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 amended during the year. The original budget called for a balanced budget and the revised budget called for a \$450,000 overall decrease in General Fund balance. The actual net change to the General Fund balance was an increase of \$291,251. Revenues exceeded budget by \$1,499,8277 for the year ended December 31, 2024 due primarily to investment earnings and the recognition of intergovernmental revenue that was previously considered unearned. Total expenditures were more than budget by \$117,442 for the year. Three departments had expenditures in excess of budget: public works exceeded budget by \$19,549, general government exceeded budget by \$94,864, and other expenditures exceeded budget by \$120,437. These over expenditures were primarily related to higher than anticipated salary and benefit costs, as well as higher than expected maintenance costs.

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, 2024, amounted to \$21,126,510 (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 \$6,695,840, or approximately 46%, for the year ended December 31, 2024, 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	
	2024	2023	2024	2023	2024	2023
Land	\$ 305,000	\$ 250,000	\$	\$	\$ 305,000	\$ 250,000
Construction in progress	6,315,702	259,722		31,538	6,315,702	291,260
Buildings and improvements	800,315	787,416	1,208,934	1,317,482	2,009,249	2,104,898
Machinery and equipment	1,154,010	381,217	206,302	217,493	1,360,312	598,710
Infrastructure	6,883,329	7,378,443	4,252,918	3,807,359	11,136,247	11,185,802
Total	<u>\$ 15,458,356</u>	<u>\$ 9,056,798</u>	<u>\$ 5,668,154</u>	<u>\$ 5,373,872</u>	<u>\$ 21,126,510</u>	<u>\$ 14,430,670</u>

CITY OF SPRING LAKE PARK MANAGEMENT'S DISCUSSION AND ANALYSIS

Additional information on the City of Spring Lake Park's capital assets can be found in Note 3C beginning on page 53 of this report.

Long-term debt. At the end of the current fiscal year, the City of Spring Lake Park had \$7,979,051 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	
	2024	2023	2024	2023	2024	2023
General obligation bonds and notes payable	\$ 7,979,051	\$ 676,423	\$	\$	\$ 7,979,051	\$ 676,423
Total	\$ 7,979,051	\$ 676,423	\$	\$	\$ 7,979,051	\$ 676,423

The City of Spring Lake Park's total bonds, certificates and notes payable increased by \$7,302,628 during the current fiscal year. The increase was due to new debt issued by the City during 2024 for city hall renovations.

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 2025 reflects a cautious but stable economic outlook, shaped by continued inflationary pressures, workforce shortages, and evolving state funding dynamics. Like many Minnesota municipalities, the City is experiencing increased costs in public safety, infrastructure maintenance, and employee compensation, driven by a tight labor market and elevated construction expenses. At the state level, recent legislative changes to local government aid (LGA) and one-time public safety grants have provided some relief, though long-term sustainability remains a concern due to a projected deficit in the 2028-2029 biennium. Locally, with the City largely built out and property values holding steady, the tax base remains stable, though the broader effects of rising interest rates on consumer spending and market activity will continue to be monitored. In response, the City has adopted a conservative budget approach for 2025, balancing service delivery expectations with the need to maintain fiscal resilience in an uncertain economic environment.

CITY OF SPRING LAKE PARK MANAGEMENT'S DISCUSSION AND ANALYSIS

Major activities contemplated in future years include:

- Rehabilitate 79th Avenue between Highway 65 and Able Street and Taylor Street between Osborne Road and 79th Avenue
- Seal coat project to maintain the City's investment in its street infrastructure.
- Continued removal and replacement of boulevard Ash trees infected with Emerald Ash Borer

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
GOVERNMENT-WIDE FINANCIAL STATEMENTS
December 31, 2024

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CITY OF SPRING LAKE PARK
STATEMENT OF NET POSITION
December 31, 2024

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 12,294,056	\$ 1,635,120	\$ 13,929,176
Receivables	590,674	777,387	1,368,061
Lease receivables	270,035	2,331,693	2,601,728
Intergovernmental receivables	45,564		45,564
Internal balances	8,856	(8,856)	
Prepaid items and other	6,459		6,459
Capital assets:			
Nondepreciable	6,620,702		6,620,702
Depreciable, net	8,837,654	5,668,154	14,505,808
Total Assets	<u>28,674,000</u>	<u>10,403,498</u>	<u>39,077,498</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows from pension activity	<u>2,028,196</u>	<u>29,229</u>	<u>2,057,425</u>
LIABILITIES			
Accounts payable	248,900	31,582	280,482
Accrued payroll and related taxes	74,117	7,677	81,794
Accrued interest	841		841
Unearned revenue	7,249	3,000	10,249
Deposits and other liabilities	242,329	3,079	245,408
Noncurrent liabilities:			
Due within one year	358,287	11,647	369,934
Due in more than one year	8,343,432	14,244	8,357,676
Net pension liability	<u>1,702,499</u>	<u>115,608</u>	<u>1,818,107</u>
Total Liabilities	<u>10,977,654</u>	<u>186,837</u>	<u>11,164,491</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows from leasing activity	250,235	2,253,309	2,503,544
Deferred inflows from pension activity	<u>2,607,575</u>	<u>88,729</u>	<u>2,696,304</u>
Total Deferred Inflows of Resources	<u>2,857,810</u>	<u>2,342,038</u>	<u>5,199,848</u>
NET POSITION			
Net investment in capital assets	6,977,547	5,668,154	12,645,701
Restricted	972,306		972,306
Unrestricted	<u>8,916,879</u>	<u>2,235,698</u>	<u>11,152,577</u>
Total Net Position	<u>\$ 16,866,732</u>	<u>\$ 7,903,852</u>	<u>\$ 24,770,584</u>

See Notes to Financial Statements

CITY OF SPRING LAKE PARK
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2024

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 2,643,530	\$ 383,793	\$ 756,124	\$ 14,743
Public safety	2,777,645	128,031	140,334	
Public works	1,442,695	142,889	94,257	543,113
Recreation and parks	1,358,176	459,898	247,323	
Development and other	607,729	166,686	87,580	
Interest on long-term debt	343,514			
Total governmental activities	9,173,289	1,281,297	1,325,618	557,856
Business-Type activities:				
Utility	2,617,447	1,905,449		
Total business-type activities	2,617,447	1,905,449		
Total	\$ 11,790,736	\$ 3,186,746	\$ 1,325,618	\$ 557,856

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

Net Position - ending

See Notes to Financial Statements

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (1,488,870)		\$ (1,488,870)
(2,509,280)		(2,509,280)
(662,436)		(662,436)
(650,955)		(650,955)
(353,463)		(353,463)
(343,514)		(343,514)
<u>(6,008,518)</u>		<u>(6,008,518)</u>
	\$ (711,998)	(711,998)
	(711,998)	(711,998)
<u>(6,008,518)</u>	<u>(711,998)</u>	<u>(6,720,516)</u>
4,322,044		4,322,044
772,750		772,750
113,510	207,508	321,018
725,295	89,421	814,716
143,167	5,988	149,155
288,502	(288,502)	
<u>6,365,268</u>	<u>14,415</u>	<u>6,379,683</u>
356,750	(697,583)	(340,833)
<u>16,509,982</u>	<u>8,601,435</u>	<u>25,111,417</u>
<u>\$ 16,866,732</u>	<u>\$ 7,903,852</u>	<u>\$ 24,770,584</u>

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CITY OF SPRING LAKE PARK
FUND FINANCIAL STATEMENTS
December 31, 2024

CITY OF SPRING LAKE PARK
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2024

		Special Revenue Fund	Capital Project Funds		
	General Fund	HRA Reserve	Revolving Fund	Renewal and Replacement	City Hall Renovation Fund
ASSETS					
Cash and investments	\$ 2,951,239	\$ 1,209,476	\$ 324,439	\$ 1,826,428	\$ 2,562,430
Accounts receivable	25,690				
Taxes receivable	98,063				
Special assessments receivable	1,294		184,912		
Lease receivable		270,035			
Due from other funds	436,234		13,613		
Due from other governmental units	43,679		259		
Accrued interest receivable	32,416				
Prepaid expenditures	6,459				
TOTAL ASSETS	\$ 3,595,074	\$ 1,479,511	\$ 523,223	\$ 1,826,428	\$ 2,562,430
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE					
LIABILITIES					
Accounts payable	\$ 59,725	\$	\$	\$	\$ 158,563
Accrued payroll and taxes	73,063				
Deposits and other liabilities	65,424	5,697			
Due to other funds	13,613		251,015		
Unearned revenue					
Total Liabilities	211,825	5,697	251,015		158,563
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue:					
Property taxes	98,063				
Special assessments	1,294		184,912		
Leasing activity		250,235			
Total Deferred Inflows of Resources	99,357	250,235	184,912		
FUND BALANCE					
Nonspendable	6,459				
Restricted					
Assigned	3,277,433	1,223,579	87,296	1,826,428	2,403,867
Unassigned					
Total Fund Balance	3,283,892	1,223,579	87,296	1,826,428	2,403,867
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 3,595,074	\$ 1,479,511	\$ 523,223	\$ 1,826,428	\$ 2,562,430

See Notes to Financial Statements

Other Governmental Funds	Total
\$ 3,420,044	\$ 12,294,056
148,140	173,830
	98,063
100,306	286,512
	270,035
323	450,170
1,626	45,564
	32,416
	6,459
<u>\$ 3,670,439</u>	<u>\$ 13,657,105</u>

\$ 30,662	\$ 248,950
1,054	74,117
171,305	242,426
176,686	441,314
7,250	7,250
<u>386,957</u>	<u>1,014,057</u>

	98,063
100,306	286,512
	250,235
<u>100,306</u>	<u>634,810</u>

	6,459
872,000	872,000
2,461,649	11,280,252
(150,473)	(150,473)
<u>3,183,176</u>	<u>12,008,238</u>

<u>\$ 3,670,439</u>	<u>\$ 13,657,105</u>
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**CITY OF SPRING LAKE PARK
RECONCILIATION OF NET POSITION IN THE
GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND BALANCES
IN THE FUND BASIS FINANCIAL STATEMENTS**

December 31, 2024

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

Total governmental fund balances (pages 18-19)	\$ 12,008,238
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental funds - capital assets	\$ 35,707,289	
Accumulated depreciation	<u>(20,248,933)</u>	
		15,458,356

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

Delinquent property taxes	\$ 98,063	
Special assessments	<u>286,512</u>	
		384,575

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)	\$ (7,979,050)	
Net pension liability, deferred outflows and inflows from pension activity	(2,281,878)	
Compensated absences	(220,910)	
Accrued interest	(841)	
Net unamortized bond premiums	<u>(501,758)</u>	
		<u>(10,984,437)</u>

Net position of governmental activities (page 15)	<u><u>\$ 16,866,732</u></u>
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CITY OF SPRING LAKE PARK
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2024

		Special Revenue Fund	Capital Project Funds		
	General Fund	HRA Reserve	Revolving Fund	Renewal and Replacement	City Hall Renovation Fund
REVENUES					
Property and franchise taxes	\$ 3,995,136	\$	\$ 6,524	\$	\$
Special assessments			351,300		
Licenses and permits	199,854				
Intergovernmental revenues	1,678,754		46,714		
Charges for services	179,782				
Fines and forfeitures	84,426				
Investment earnings	399,500	48,262		73,544	52,525
Other revenues	137,339	113,510			
TOTAL REVENUES	6,674,791	161,772	404,538	73,544	52,525
EXPENDITURES					
Current					
General government	1,064,339	48,938			209,942
Public safety	2,616,411				
Public works	338,365		206,991	8,495	
Recreation and parks	876,197				
Development and other	216,837				
Capital Outlay					
General government	23,074	55,000			6,277,067
Public safety	113,441				
Public works			1,150,180		
Recreation and parks					
Debt Service					
Principal					
Interest and other					
Bond issuance costs					68,455
Fiscal agent fees					750
TOTAL EXPENDITURES	5,248,664	103,938	1,357,171	8,495	6,556,214
Excess (deficiency) of revenues over (under) expenditures	1,426,127	57,834	(952,633)	65,049	(6,503,689)
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	306,502		75,000		756,124
Transfers to other funds	(1,441,378)				
Bond proceeds					7,650,000
Premium on issuance of debt					578,834
(Discount) on issuance of debt					(77,402)
Total other financing sources (uses)	(1,134,876)		75,000		8,907,556
Net change in fund balances	291,251	57,834	(877,633)	65,049	2,403,867
FUND BALANCES, Beginning	2,992,641	1,165,745	964,929	1,761,379	
FUND BALANCES, Ending	\$ 3,283,892	\$ 1,223,579	\$ 87,296	\$ 1,826,428	\$ 2,403,867

See Notes to Financial Statements

Other Governmental Funds	Total
\$ 271,881	\$ 4,273,541
46,215	397,515
	199,854
155,607	1,881,075
767,154	946,936
1	84,427
151,464	725,295
<u>326,232</u>	<u>577,081</u>
<u>1,718,554</u>	<u>9,085,724</u>

25,123	1,348,342
107,951	2,724,362
268,788	822,639
496,647	1,372,844
424,308	641,145
	6,355,141
	113,441
659,379	1,809,559
210,868	210,868
347,628	347,628
293,386	293,386
	68,455
	<u>750</u>
<u>2,834,078</u>	<u>16,123,470</u>

<u>(1,115,524)</u>	<u>(7,037,746)</u>
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705,254	1,842,880
(113,000)	(1,554,378)
	7,650,000
	578,834
	<u>(77,402)</u>
<u>592,254</u>	<u>8,439,934</u>
(523,270)	1,417,098
<u>3,706,446</u>	<u>10,591,140</u>
<u>\$ 3,183,176</u>	<u>\$ 12,008,238</u>

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CITY OF SPRING LAKE PARK
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2024

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

Net change in fund balances - total governmental funds (pages 21-22)	\$	1,417,098	
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	\$	7,276,867	
Depreciation expense		<u>(855,345)</u>	
			6,421,522
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations) is to decrease net position			(19,963)
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	\$	384,575	
Unavailable revenue, beginning of year		<u>(228,763)</u>	
			155,812
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	\$	133,570	
Compensated absences		<u>33,695</u>	
			167,265
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	\$	347,372	
Issuance of long-term debt		(7,650,000)	
Change in accrued interest, bond premiums, bond discounts and deferred charges		<u>(482,356)</u>	
			<u>(7,784,984)</u>
Change in net position of governmental activities (pages 16-17)	\$		<u>356,750</u>

See Notes to Financial Statements

CITY OF SPRING LAKE PARK
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2024

	Budgeted Amounts		2024 Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 3,823,887	\$ 3,823,887	\$ 3,995,136	\$ 171,249
Licenses and Permits				
Licenses	49,889	49,889	76,365	26,476
Permits	108,400	108,400	123,489	15,089
Total Licenses and Permits	158,289	158,289	199,854	41,565
Intergovernmental				
Police aids	105,000	105,000	149,880	44,880
Other aids	771,720	771,720	1,528,874	757,154
Total Intergovernmental	876,720	876,720	1,678,754	802,034
Charges for Services				
General government	90,162	90,162	62,479	(27,683)
Public safety	4,000	4,000	1,603	(2,397)
Housing registration	105,300	105,300	115,700	10,400
Total Charges for Services	199,462	199,462	179,782	(19,680)
Fines and forfeits	85,000	85,000	84,426	(574)
Investment earnings	10,000	10,000	399,500	389,500
Miscellaneous Revenue				
Liaison officer			32,427	32,427
Insurance dividends	12,656	12,656	15,982	3,326
Reimbursements and other	8,950	8,950	88,930	79,980
Total Miscellaneous Revenue	21,606	21,606	137,339	115,733
TOTAL REVENUES	5,174,964	5,174,964	6,674,791	1,499,827
EXPENDITURES				
General Government				
Mayor and Council				
Personnel services	35,326	35,326	35,356	(30)
Supplies and services	2,550	2,550	1,890	660
Other charges	38,489	38,489	18,923	19,566
Total Mayor and Council	\$ 76,365	\$ 76,365	\$ 56,169	\$ 20,196

See Notes to Financial Statements

**CITY OF SPRING LAKE PARK
GENERAL FUND
STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (CONTINUED)**
For the Year Ended December 31, 2024

	Budgeted Amounts		2024 Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Administration				
Personnel services	\$ 499,797	\$ 499,797	\$ 511,270	\$ (11,473)
Supplies	5,580	5,580	9,574	(3,994)
Contracted services	8,681	8,681	8,717	(36)
Other services and charges	29,596	29,596	30,728	(1,132)
Total Administration	543,654	543,654	560,289	(16,635)
Election				
Personnel services			26,056	(26,056)
Other services and charges			5,536	(5,536)
Total Election			31,592	(31,592)
Assessing				
Contracted services	39,140	39,140	37,703	1,437
Accounting and Auditing				
Contracted services	13,400	13,400	13,925	(525)
Information Technology				
Contracted services	70,453	70,453	91,513	(21,060)
Legal				
Contracted services	122,500	122,500	126,439	(3,939)
Engineering				
Contracted services	6,500	6,500	2,547	3,953
Planning and Zoning				
Supplies and other charges	2,500	2,500	1,600	900
Government Buildings				
Personnel services	27,640	27,640	27,926	(286)
Supplies	23,000	23,000	24,041	(1,041)
Contracted services	62,100	62,100	66,033	(3,933)
Other charges	5,288	5,288	24,562	(19,274)
Capital outlay			23,074	(23,074)
Total Government Buildings	118,028	118,028	165,636	(47,608)
Total General Government	\$ 992,540	\$ 992,540	\$ 1,087,413	\$ (94,873)

See Notes to Financial Statements

CITY OF SPRING LAKE PARK
GENERAL FUND
STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (CONTINUED)
For the Year Ended December 31, 2024

	Budgeted Amounts		2024 Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
EXPENDITURES				
Public Safety				
Police Protection				
Personnel services	\$ 1,884,223	\$ 1,884,223	\$ 1,853,331	\$ 30,892
Supplies	50,530	50,530	41,076	9,454
Contracted services	58,180	58,180	62,012	(3,832)
Other charges	127,178	127,178	90,898	36,280
Capital outlay	56,000	56,000	46,699	9,301
Total Police Protection	2,176,111	2,176,111	2,094,016	82,095
Fire Protection				
Contracted services	279,344	279,344	278,580	764
Capital outlay	66,742	66,742	66,742	
Total Fire Protection	346,086	346,086	345,322	764
Code Enforcement				
Personnel services	298,582	298,582	277,662	20,920
Supplies	8,850	8,850	4,833	4,017
Contracted services	3,250	3,250	1,784	1,466
Other charges	7,685	7,685	6,235	1,450
Total Code Enforcement	318,367	318,367	290,514	27,853
Total Public Safety	2,840,564	2,840,564	2,729,852	110,712
Public Works				
Street Maintenance				
Personnel services	259,663	259,663	260,278	(615)
Supplies	55,000	55,000	71,781	(16,781)
Contracted services	1,410	1,410	4,511	(3,101)
Other charges	2,743	2,743	1,795	948
Total Street Maintenance	318,816	318,816	338,365	(19,549)
Total Public Works	\$ 318,816	\$ 318,816	\$ 338,365	\$ (19,549)

See Notes to Financial Statements

**CITY OF SPRING LAKE PARK
GENERAL FUND
STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (CONTINUED)**
For the Year Ended December 31, 2024

	Budgeted Amounts		2024 Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
EXPENDITURES				
Recreation and Parks				
Recreation				
Personnel services	\$ 428,302	\$ 428,302	\$ 437,268	\$ (8,966)
Supplies	18,971	18,971	16,129	2,842
Contracted services	23,750	23,750	20,931	2,819
Other charges	2,230	2,230	1,141	1,089
Total Recreation	473,253	473,253	475,469	(2,216)
Parks and Forestry				
Personnel services	304,599	304,599	321,125	(16,526)
Supplies	72,252	72,252	50,151	22,101
Contracted services	12,088	12,088	9,225	2,863
Other charges	20,701	20,701	20,227	474
Total Parks and Forestry	409,640	409,640	400,728	8,912
Total Recreation and Parks	882,893	882,893	876,197	6,696
Other				
Personnel services	800	800	524	276
Other charges	90,000	90,000	71,302	18,698
Permit surcharges	5,600	5,600	870	4,730
Severance payments			144,141	(144,141)
Total Other	96,400	96,400	216,837	(120,437)
Total Expenditures	5,131,213	5,131,213	5,248,664	(117,451)
Excess of revenues over expenditures	43,751	43,751	1,426,127	1,382,376
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	126,502	126,502	306,502	180,000
Transfers to other funds	(170,253)	(620,253)	(1,441,378)	(821,125)
Total Other Financing Sources (Uses)	(43,751)	(493,751)	(1,134,876)	(641,125)
NET CHANGE IN FUND BALANCE		(450,000)	291,251	741,251
FUND BALANCE, January 1	2,992,641	2,992,641	2,992,641	
FUND BALANCE, December 31	\$ 2,992,641	\$ 2,542,641	\$ 3,283,892	\$ 741,251

See Notes to Financial Statements

CITY OF SPRING LAKE PARK
PROPRIETARY FUND
Statement of Net Position
December 31, 2024

	<u>Utility Fund</u>
ASSETS	
Current Assets	
Cash and investments	\$ 429,678
Accounts receivable	777,387
Lease receivable	128,389
Due from other funds	<u>4,901</u>
Total Current Assets	<u>1,340,355</u>
Noncurrent Assets	
Lease receivable, noncurrent	2,203,304
Property and Equipment	
Buildings and improvements	6,452,464
Infrastructure	7,581,601
Machinery and equipment	845,078
Less: Accumulated depreciation	<u>9,210,989</u>
Total Noncurrent Assets	<u>7,871,458</u>
Reserved Assets	
Cash and investments	<u>1,205,442</u>
Total Noncurrent Assets	<u>9,076,900</u>
TOTAL ASSETS	<u>\$ 10,417,255</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows from pension activity	<u>\$ 29,229</u>

CITY OF SPRING LAKE PARK
PROPRIETARY FUND
Statement of Net Position (Continued)
December 31, 2024

	<u>Utility Fund</u>
LIABILITIES	
Current Liabilities	
Accounts payable	\$ 31,582
Accrued payroll and taxes	7,677
Unearned revenue	3,000
Other accrued liabilities	3,079
Due to other funds	13,757
Current portion of compensated absences	11,647
	<u>70,742</u>
Long-term Liabilities	
Compensated absences, net of current portion	14,244
Net pension liability	115,608
	<u>129,852</u>
Total Liabilities	<u>200,594</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows from leasing activity	2,253,309
Deferred inflows from pension activity	88,729
	<u>2,342,038</u>
Net Position	
Net investment in capital assets	5,668,154
Unrestricted	2,235,698
	<u>7,903,852</u>
Total Net Position	<u>\$ 7,903,852</u>

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**CITY OF SPRING LAKE PARK
PROPRIETARY FUND
Statement of Revenues, Expenses
and Changes in Net Position
For the Year Ended December 31, 2024**

	<u>Utility Fund</u>
Operating Revenue	
Charges for services	<u>\$ 1,899,355</u>
Operating Expenses	
Personnel services	380,772
Supplies	368,967
Contracted services and other	734,851
Treatment charges	625,727
Depreciation	397,731
Other charges	103,305
Total Operating Expenses	<u>2,611,353</u>
Operating (Loss)	<u>(711,998)</u>
Other Revenue (Expense)	
Lease revenue	207,508
Commissions and other revenue	701
Gain on sale of assets	5,287
Investment earnings	89,421
Total Other Revenue (Expense)	<u>302,917</u>
(Loss) Before Transfers	(409,081)
Net transfers (to) other funds	<u>(288,502)</u>
Change in net position	(697,583)
NET POSITION, BEGINNING OF YEAR	<u>8,601,435</u>
NET POSITION, END OF YEAR	<u><u>\$ 7,903,852</u></u>

See Notes to Financial Statements

CITY OF SPRING LAKE PARK
PROPRIETARY FUND
Statement of Cash Flows
For the Year Ended December 31, 2024

	<u>Utility Fund</u>
Cash Flows from Operating Activities	
Cash received from customers	\$ 2,002,103
Cash paid to suppliers	(1,806,154)
Cash paid to employees	<u>(401,969)</u>
Net Cash (Used In) Operating Activities	<u>(206,020)</u>
Cash Flows From Investing Activities	
Investment earnings	<u>89,421</u>
Cash Flows from Noncapital Financing Activities	
Net transfers to other funds	<u>(288,502)</u>
Cash Flows from Capital and Related Financing Activities	
Proceeds from the sale of capital assets	5,287
Acquisition of capital assets	<u>(692,013)</u>
Net Cash (Used In) Capital and Related Financing Activities	<u>(686,726)</u>
Net Decrease in Cash and Cash Equivalents	(1,091,827)
Cash and Cash Equivalents, January 1	<u>2,726,947</u>
Cash and Cash Equivalents, December 31	<u><u>\$ 1,635,120</u></u>
Classified as:	
Cash and investments - current assets	\$ 429,678
Cash and investments - reserved assets	1,205,442
Total Cash and Cash Equivalents, December 31	<u><u>\$ 1,635,120</u></u>

See Notes to Financial Statements

CITY OF SPRING LAKE PARK
PROPRIETARY FUND
Statement of Cash Flows (Continued)
For the Year Ended December 31, 2024

**RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH
PROVIDED BY OPERATING ACTIVITIES**

Operating (loss)	\$ (711,998)
Adjustments to reconcile operating (loss) to net cash provided by operating activities	
Depreciation	397,731
Change in net pension liability	(2,642)
Change in lease receivable and deferred inflows	(25,181)
Lease and other revenues	208,209
(Increase) decrease in:	
Accounts receivable	(86,924)
Due from other funds	(100)
Prepaid expenses	21,168
Increase (decrease) in:	
Accounts payable	5,528
Accrued payroll and taxes	2,614
Due to other funds	8,634
Other accrued liabilities	(1,890)
Estimated liability for compensated absences	(21,169)
Net Cash (Used In) Operating Activities	<u><u>\$ (206,020)</u></u>

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CITY OF SPRING LAKE PARK
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

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CITY OF SPRING LAKE PARK

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

The financial statements of the City of Spring Lake Park (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.

A. 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.

CITY OF SPRING LAKE PARK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

A. Reporting Entity (Continued)

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 2024.
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.

CITY OF SPRING LAKE PARK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

A. Reporting Entity (Continued)

Related Organizations (Continued)

Spring Lake Park - Blaine - Mounds View Fire Department (Continued)

The City's share of operating costs were \$278,580, capital costs were \$66,742 and debt service costs were \$46,436 during 2024. 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 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. The City of Spring Lake Park has recorded its share of the debt related to the 2016A G.O. Improvement Note issued by the city of Circle Pines. The 2016A North Metro Telecommunications debt service fund received \$13,263 in franchise fees that were used for debt service payments during the year ended December 31, 2024.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the 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.

CITY OF SPRING LAKE PARK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

B. Government-wide and Fund Financial Statements (Continued)

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.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

CITY OF SPRING LAKE PARK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

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.

CITY OF SPRING LAKE PARK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

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 hall renovation fund* was created finance renovations and remodeling of the city hall building. The fund was financed with proceeds from a bond issuance as well as transfers from other funds.

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.

CITY OF SPRING LAKE PARK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

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.

D. Assets, Liabilities, Deferred Inflows of Resources and Net Position

1. Cash and investments (including cash equivalents)

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.

2. 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."

CITY OF SPRING LAKE PARK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, Deferred Inflows of Resources and Net Position (Continued)

2. Receivables and payables (continued)

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.

CITY OF SPRING LAKE PARK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, Deferred Inflows of Resources and Net Position (Continued)

3. Tax increment district

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

4. 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 <u>in Years</u>
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.

CITY OF SPRING LAKE PARK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, Deferred Inflows of Resources and Net Position (Continued)

5. 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 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.

6. 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.

CITY OF SPRING LAKE PARK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, Deferred Inflows of Resources and Net Position (Continued)

7. 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.

8. Fund balance

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

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

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

Unrestricted Net Position – This amount 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:

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

Restricted – 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).

CITY OF SPRING LAKE PARK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, Deferred Inflows of Resources and Net Position (Continued)

8. Fund balance (continued)

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.

9. 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.

10. 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.

CITY OF SPRING LAKE PARK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, Deferred Inflows of Resources and Net Position (Continued)

11. 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.

E. Concentration of Credit Risk

Financial instruments which expose the City to a concentration of credit risk consist primarily of cash, investments and accounts and loans receivable. 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.

CITY OF SPRING LAKE PARK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

F. 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.

G. 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, 2024, the outstanding principal amount of these bonds was \$41,145,270.

H. Implementation of New Accounting Principles

During the year, the City implemented GASB Statement No. 101, *Compensated Absences*. This Statement provides guidance on accounting and financial reporting for reporting a liability for certain types of leave (compensated absences). Under this Statement, government organizations are required to recognize a liability for employee's compensated absences if the leave is attributable to employee's services already rendered, if the leave accumulates, or if it is more likely than not to be used for time off or paid in cash upon separation. The liability is measured using an employee's rate of pay at the date of the financial statements. The liability and associated expense are reported in the government-wide statements. The adoption of this Standard did not have a significant impact on the financial statements.

I. Subsequent Events

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through June 30, 2025, the date the financial statements were available to be issued.

CITY OF SPRING LAKE PARK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2. Stewardship, Compliance and Accountability

A. 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.

CITY OF SPRING LAKE PARK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2. Stewardship, Compliance and Accountability (Continued)

A. Budgetary Information (Continued)

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 supplementary information reflect the original budget and the final budget (which were not the same for the year ended December 31, 2024).

The City does not use encumbrance accounting.

B. Expenditures Exceeding Appropriations

For the year ended December 31, 2024, the following General Fund departments had expenditures exceeding the latest amended budget:

	<u>2023 Budgeted Expenditures</u>	<u>2024 Actual Expenditures</u>	<u>Amount Exceeding Budgeted Amount</u>
General Government	\$ 992,540	\$ 1,087,413	\$ 94,873
Public Works	318,816	338,365	19,549
Other	96,400	216,837	120,437

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

CITY OF SPRING LAKE PARK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds

A. 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 or collateral at December 31, 2024.

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.

CITY OF SPRING LAKE PARK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

A. Deposits and Investments (Continued)

Investment Policy (Continued)

- (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.

CITY OF SPRING LAKE PARK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

A. Deposits and Investments (Continued)

Fair Value Measurements (Continued)

The City's investments within the fair value hierarchy at December 31, 2024 were as follows:

	Assets Measured at Fair Value	Fair Value Hierarchy Level		
		Level 1	Level 2	Level 3
Certificates of Deposit	\$ 7,196,527	\$ 7,196,527	\$	\$
U.S. Government Securities	1,345,835		1,345,835	
Total	<u>\$ 8,542,362</u>	<u>\$ 7,196,527</u>	<u>\$ 1,345,835</u>	<u>\$</u>

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	\$ 5,386,814
Certificates of Deposit	1/25 - 8/30	N/A	7,196,527
U.S. Government Securities	10/25 - 2/28	AAA	<u>1,345,835</u>
Total cash and investments			<u>\$ 13,929,176</u>

N/A Not applicable or not available

CITY OF SPRING LAKE PARK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

A. Deposits and Investments (Continued)

Interest Rate Risk (Continued)

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, 2024 were as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Value</u>
4M Fund	Money Market Accounts	\$4,174,338

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, 2024, all investments were insured or registered or the securities were held by the City or its agent in the City's name.

CITY OF SPRING LAKE PARK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

B. Due From Other Governmental Units

Amounts due from other governmental units as of December 31, 2024 were as follows:

<u>Fund Type</u>	<u>Anoka County</u>
General Fund	\$ 43,679
Capital Projects	811
Debt Service	1,074
	<u>\$ 45,564</u>

C. Capital Assets

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

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 250,000	\$ 55,000	\$	\$ 305,000
Construction in progress	259,722	6,315,702	259,722	6,315,702
Total capital assets, not being depreciated	509,722	6,370,702	259,722	6,620,702
Capital assets, being depreciated:				
Buildings and improvements	3,324,047	110,841	36,452	3,398,436
Machinery and equipment	3,978,939	999,785	514,358	4,464,366
Infrastructure	21,168,525	55,260		21,223,785
Total capital assets, being depreciated	28,471,511	1,165,886	550,810	29,086,587
Less accumulated depreciation for:				
Buildings and improvements	2,536,631	80,396	18,906	2,598,121
Machinery and equipment	3,597,722	224,575	511,941	3,310,356
Infrastructure	13,790,082	550,374		14,340,456
Total accumulated depreciation	19,924,435	855,345	530,847	20,248,933
Total capital assets, being depreciated, net	8,547,076	310,541	19,963	8,837,654
Governmental activities capital assets, net	<u>\$ 9,056,798</u>	<u>\$ 6,681,243</u>	<u>\$ 279,685</u>	<u>\$ 15,458,356</u>

CITY OF SPRING LAKE PARK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

C. Capital Assets (Continued)

Business-Type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Construction in progress	\$ 31,538	\$	\$ 31,538	\$
Total capital assets, not being depreciated	31,538		31,538	
Capital assets, being depreciated:				
Buildings and improvements	6,452,464			6,452,464
Machinery and equipment	895,426	6,634	56,982	845,078
Infrastructure	6,864,684	716,917		7,581,601
Total capital assets, being depreciated	14,212,574	723,551	56,982	14,879,143
Less accumulated depreciation for:				
Buildings and improvements	5,134,982	108,548		5,243,530
Machinery and equipment	677,933	17,825	56,982	638,776
Infrastructure	3,057,325	271,358		3,328,683
Total accumulated depreciation	8,870,240	397,731	56,982	9,210,989
Total capital assets, being depreciated, net	5,342,334	325,820		5,668,154
Business-type activities capital assets, net	\$ 5,373,872	\$ 325,820	\$ 31,538	\$ 5,668,154

Depreciation expense for the year ended December 31, 2024 was charged to functions/programs as follows:

Governmental Activities

General government	\$ 142,035
Public safety	46,569
Public works	587,765
Recreation and parks	78,976
Total	<u>\$ 855,345</u>

Business-Type Activities

Utility	\$ 397,731
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CITY OF SPRING LAKE PARK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

D. 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, 2024 is as follows:

	<u>Issue Date</u>	<u>Range of Interest Rates</u>	<u>Final Maturity</u>	<u>Balance 12/31/24</u>
General obligation bonds:				
2013A Capital Improvement Bonds	5/30/2013	2.00%	2025	\$ 54,051
2021A Improvement Refunding Bonds	2/17/2021	2.00%	2025	275,000
2024A Improvement Refunding Bonds	4/2/2024	4.00%-5.00%	2045	7,650,000
Other Liabilities:				
Net unamortized premium on bonds				501,758
Compensated Absences				<u>246,801</u>
Total Long-Term Debt				<u>\$ 8,727,610</u>

The City is subject to statutory limitation by the State of Minnesota for bonded indebtedness payable principally from property taxes. As of December 31, 2024, the City had not utilized approximately \$19,040,000 of its net legal debt margin.

CITY OF SPRING LAKE PARK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

D. Long-Term Debt (Continued)

The following is a summary of the changes in long-term debt obligations for the year ended December 31, 2024:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
GOVERNMENTAL ACTIVITIES					
Bonds and Notes Payable:					
General obligation bonds:					
2013A Capital Improvement Bonds	\$ 98,676	\$	\$ 44,625	\$ 54,051	\$ 54,051
2021A Capital Improvement Bonds	565,000		290,000	275,000	275,000
2024A Capital Improvement Bonds		7,650,000		7,650,000	
General obligation note payable:					
2016A Improvement Notes	12,747		12,747		
Other Liabilities:					
Compensated Absences	254,605		33,695	220,910	29,236
Unamortized premium	25,591	578,834	23,379	581,046	
Less: unamortized (discount)	(6,571)	(77,402)	(4,685)	(79,288)	
Governmental Activities					
Long-Term Liabilities	950,048	8,151,432	399,761	8,701,719	358,287
BUSINESS-TYPE ACTIVITIES					
Other Liabilities:					
Compensated Absences	47,060		21,169	25,891	11,647
Business-Type Activities					
Long-Term Liabilities	47,060		21,169	25,891	11,647
Total	\$ 997,108	\$ 8,151,432	\$ 420,930	\$ 8,727,610	\$ 369,934

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

CITY OF SPRING LAKE PARK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

D. Long-Term Debt (Continued)

Debt service requirements to maturity for long-term debt, excluding compensated absences, as of December 31, 2024 were as follows:

Year	General Obligation Improvement and Refunding Bonds	
	Principal	Interest
2025	\$ 329,051	\$ 454,323
2026	240,000	329,950
2027	250,000	317,700
2028	260,000	304,950
2029	275,000	291,575
2030-2034	1,600,000	1,231,000
2035-2039	2,020,000	811,250
2040-2044	2,455,000	363,100
2045	550,000	11,000
Totals	<u>\$ 7,979,051</u>	<u>\$ 4,114,848</u>

CITY OF SPRING LAKE PARK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

E. 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, 2024 is as follows:

Original net tax capacity	\$ 4,615
Current net tax capacity	206,351
Capture net tax capacity:	
Retained by authority	201,736

CITY OF SPRING LAKE PARK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

F. Interfund Receivables and Payables

The following schedule reports the interfund receivables and payables within the City's funds as of December 31, 2024:

	Due From Other Funds	Due To Other Funds
Major Governmental Funds:		
General Fund	\$ 436,234	\$ 13,613
Revolving Fund	13,613	251,015
Subtotal	449,847	264,628
Non-Major Governmental Funds:		
Special Revenue		
Recycling	86	12,526
Street Lighting	237	
Cable		17,178
Debt Service		
2021A G.O. Improvement Refunding Bonds		27,462
2024A G.O. Improvement Refunding Bonds		119,520
Subtotal	323	176,686
Total Governmental Funds	450,170	441,314
Proprietary Funds:		
Utility	4,901	13,757
Subtotal	4,901	13,757
Total All Funds	\$ 455,071	\$ 455,071

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.

CITY OF SPRING LAKE PARK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

G. 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, 2024 were as follows:

	Transfers In	Transfers Out
Major Governmental Funds:		
General Fund	\$ 306,502	\$ 1,441,378
Revolving Fund	75,000	
City Hall Renovation	756,124	
Subtotal	1,137,626	1,441,378
Non-Major Governmental Funds:		
Special Revenue		
Emergency Management	2,000	
Police Reserves	3,000	
Forestry	100,000	
Animal Control	1,000	
Recreation Fund		62,500
Recycling Fund		7,500
Public Safety Aid		40,000
Debt Service		
2013A GO Capital Improvement Fire Bonds	47,500	
2024A G.O. Improvement Refunding Bonds	160,000	
Tax Increment Financing - Legends of SLP		3,000

(Continued)

CITY OF SPRING LAKE PARK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

G. Interfund Transfers (Continued)

	<u>Transfers In</u>	<u>Transfers Out</u>
Capital Projects		
Building Maintenance	54,754	
Park Equipment and Improvement	125,000	
Street Sealcoating	100,000	
Public Safety Replacement	12,000	
Equipment Fund	100,000	
Subtotal	<u>705,254</u>	<u>113,000</u>
Total Governmental Funds	1,842,880	1,554,378
Proprietary Funds:		
Utility		<u>288,502</u>
Total All Funds	<u>\$ 1,842,880</u>	<u>\$ 1,842,880</u>

CITY OF SPRING LAKE PARK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

H. 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, 2024:

	General Fund	HRA Reserve	Revolving Fund	Renewal and Replacement	City Hall Renovation	Other Governmental Funds	Total Governmental Funds
Nonspendable							
Prepaid items	\$ 6,459	\$	\$	\$	\$	\$	\$ 6,459
Restricted							
Police activities						18,599	18,599
Debt service						346,359	346,359
Street improvements						230,375	230,375
Park acquisition						215,306	215,306
Community development						61,361	61,361
Total Restricted						872,000	872,000
Assigned							
Working capital reserve	2,965,164						2,965,164
Compensated absences	220,910						220,910
Elections	91,359						91,359
Recreation programs						356,371	356,371
Recycling						173,392	173,392
Street lighting						108,196	108,196
Public safety supplies						11,188	11,188
Public safety aid						207,163	207,163
HRA reserve		1,223,579					1,223,579
Street improvement			87,296	1,826,428			1,913,724
Street sealcoating						307,559	307,559
Capital replacement						563,953	563,953
Building maintenance						219,857	219,857
Park acquisition						241,468	241,468
Equipment						91,625	91,625
Other activities						180,877	180,877
City hall					2,403,867		2,403,867
Total Assigned	3,277,433	1,223,579	87,296	1,826,428	2,403,867	2,461,649	11,280,252
Unassigned							
Cable activities						(3,491)	(3,491)
Debt service						(146,982)	(146,982)
Total Unassigned						(150,473)	(150,473)
Total Fund Balance	\$ 3,283,892	\$ 1,223,579	\$ 87,296	\$ 1,826,428	\$ 2,403,867	\$ 3,183,176	\$ 12,008,238

CITY OF SPRING LAKE PARK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

H. Fund Balance and Net Position (Continued)

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, 2024 is as follows:

Specific Purpose	Restriction Imposed By			
	Contributors	Grantors	Creditors	Regulations
Restricted Fund Balance				
Debt Service Funds:				
Debt service requirements	\$	\$	\$ 346,359	\$
Special Revenue Funds:				
Police activities		18,599		
Community development	24,294	37,067		
Capital Project Funds:				
Street improvements		230,375		
Park acquisition	215,306			
Total Restricted Funds	<u>\$ 239,600</u>	<u>\$ 286,041</u>	<u>\$ 346,359</u>	<u>\$</u>
Restricted Net Position				
Debt service requirements	\$	\$	\$ 446,665	\$
Police activities		18,599		
Community development	24,294	37,067		
Street improvements		230,375		
Park acquisition	215,306			
Total Restricted Net Position	<u>\$ 239,600</u>	<u>\$ 286,041</u>	<u>\$ 446,665</u>	<u>\$</u>

I. 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 \$15,320 (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 water 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 \$7,690. 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.

CITY OF SPRING LAKE PARK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

4. Other Information

A. 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.

B. Commitments and Contingencies

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.

CITY OF SPRING LAKE PARK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

4. Other Information (Continued)

C. Pension Plans

1. Public Employees Retirement Association (PERA) - Defined Benefit

A. Plan Description

The City participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA's defined benefit pension plans are established and administered in accordance with *Minnesota Statutes*, Chapters 353, 353D, 353E, 353G, and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

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

B. Benefits Provided

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

CITY OF SPRING LAKE PARK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

4. Other Information (Continued)

D. Pension Plans (Continued)

1. Public Employees Retirement Association (PERA) - Defined Benefit (Continued)

B. Benefits Provided (continued)

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 percent of the highest average salary for each of the first 10 years of service and 1.7 percent for each additional year. Under the Level formula, General Plan members receive 1.7 percent of highest average salary for all years of service. For members hired prior to July 1, 1989 a full retirement benefit is available when age plus years of service equal 90 and normal retirement age is 65. Members can receive a reduced requirement benefit as early as age 55 if they have three or more years of service. Early retirement benefits are reduced by .25 percent for each month under age 65. Members with 30 or more years of service can retire at any age with a reduction of .25 percent for each month the member is younger than age 62. The Level formula allows General Plan members to receive a full retirement benefit at age 65 if they were first hired before July 1, 1989 or at age 66 if they were hired on or after July 1, 1989. Early retirement begins at age 55 with an actuarial reduction applied to the benefit.

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

CITY OF SPRING LAKE PARK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

4. Other Information (Continued)

D. Pension Plans (Continued)

1. Public Employees Retirement Association (PERA) - Defined Benefit (Continued)

B. Benefits Provided (continued)

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

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

C. Contributions

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

1. General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2024 and the City was required to contribute 7.50 percent for Coordinated Plan members. The City's contributions to the General Employees Fund for the year ended December 31, 2024, were \$118,529. The City's contributions were equal to the required contributions as set by state statute.

CITY OF SPRING LAKE PARK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

4. Other Information (Continued)

D. Pension Plans (Continued)

1. Public Employees Retirement Association (PERA) - Defined Benefit (Continued)

C. Contributions (continued)

2. Police and Fire Fund Contributions

Police and Fire Plan members were required to contribute 11.80 percent of their annual covered salary in fiscal year 2024 and the City was required to contribute 17.70 percent for Police and Fire Plan members. The City's contributions to the Police and Fire Fund for the year ended December 31, 2024, were \$216,284. The City's contributions were equal to the required contributions as set by state statute.

D. Pension Costs

1. General Employees Fund Pension Costs

At December 31, 2024, the City reported a liability of \$680,666 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 \$17,601.

City's proportionate share of the net pension liability	\$ 680,666
State of Minnesota's proportionate share of the net pension liability associated with the City	<u>17,601</u>
Total	<u>\$ 698,267</u>

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2023 through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was .0184 percent at the end of the measurement period and .0173 percent for the beginning of the period.

CITY OF SPRING LAKE PARK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

4. Other Information (Continued)

D. Pension Plans (Continued)

1. Public Employees Retirement Association (PERA) - Defined Benefit (Continued)

D. Pensions Costs (continued)

1. General Employees Fund Pension Costs (continued)

For the year ended December 31, 2024, the City recognized pension expense (benefit) of \$(89,613) for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized an additional \$472 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

During the plan year ended June 30, 2024, the State of Minnesota contributed \$170.1 million to the General Employees Fund. The State of Minnesota is not included as a non-employer contributing entity in the General Employees Plan pension allocation schedules for the \$170.1 million in direct state aid because this contribution was not considered to meet the definition of a special funding situation. The City recognized \$31,317 for the year ended December 31, 2024 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the General Employees Fund.

At December 31, 2024, the City reported its proportionate share of the General Employees Plan's 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	\$ 62,986	\$
Changes in actuarial assumptions	3,338	246,262
Net difference between projected and actual earnings on pension plan investments		193,240
Changes in proportion	46,622	47,520
Employer contributions subsequent to the measurement date	57,415	
Total	\$ 170,361	\$ 487,022

CITY OF SPRING LAKE PARK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

4. Other Information (Continued)

D. Pension Plans (Continued)

1. Public Employees Retirement Association (PERA) - Defined Benefit (Continued)

D. Pensions Costs (continued)

1. General Employees Fund Pension Costs (continued)

The \$57,415 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, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending December 31:</u>	<u>Pension (Benefit) Amount</u>
2025	\$ (217,296)
2026	(38,100)
2027	(66,509)
2028	(52,171)

CITY OF SPRING LAKE PARK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

4. Other Information (Continued)

D. Pension Plans (Continued)

2. Police and Fire Fund Pension Costs

At December 31, 2024, the City reported a liability of \$1,137,441 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2023 through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was .0865 percent at the end of the measurement period and .0850 percent for the beginning of the period.

The State of Minnesota contributed \$37.4 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2024. The contribution consisted of \$9 million in direct state aid that meets the definition of a special funding situation, additional one-time direct state aid contribution of \$19.4 million, and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. Additionally, \$9 million supplemental state aid was paid on October 1, 2024. Thereafter, by October 1 of each year, the state will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90 percent funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later. The State of Minnesota's proportionate share of the net pension liability associated with the City's totaled \$43,359.

CITY OF SPRING LAKE PARK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

4. Other Information (Continued)

D. Pension Plans (Continued)

1. Public Employees Retirement Association (PERA) - Defined Benefit (Continued)

D. Pensions Costs (continued)

2. Police and Fire Fund Pension Costs (continued)

City's proportionate share of the net pension liability	\$ 1,137,441
State of Minnesota's proportionate share of the net pension liability associated with the City	<u>43,359</u>
Total	<u>\$ 1,180,800</u>

For the year ended December 31, 2024, the City recognized pension expense (benefit) of \$(46,599) for its proportionate share of the Police and Fire Plan's pension expense. The City recognized \$4,850 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 \$28.4 million in supplemental state aid because this contribution was not considered to meet the definition of a special funding situation. The City recognized \$24,551 for the year ended December 31, 2024 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund.

CITY OF SPRING LAKE PARK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

4. Other Information (Continued)

D. Pension Plans (Continued)

1. Public Employees Retirement Association (PERA) - Defined Benefit (Continued)

D. Pensions Costs (continued)

2. Police and Fire Fund Pension Costs (continued)

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 439,157	\$
Changes in actuarial assumptions	1,294,310	1,601,184
Net difference between projected and actual earnings on pension plan investments		332,307
Changes in proportion	44,235	275,791
Employer contributions subsequent to the measurement date	<u>109,362</u>	
Total	<u><u>\$ 1,887,064</u></u>	<u><u>\$ 2,209,282</u></u>

The \$109,362 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, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending December 31:</u>	<u>Pension Expense (Benefit) Amount</u>
2025	\$ (68,146)
2026	277,149
2027	(186,161)
2028	(484,830)
2029	30,408

CITY OF SPRING LAKE PARK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

4. Other Information (Continued)

D. Pension Plans (Continued)

1. Public Employees Retirement Association (PERA) - Defined Benefit (Continued)

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, 2024 was \$(136,212).

E. Long-Term Expected Return on Investment

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	33.5%	5.10%
International Equity	16.5%	5.30%
Fixed Income	25.0%	0.75%
Private Markets	<u>25.0%</u>	5.90%
Total	100.0%	

F. 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, 2024, 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 percent. The 7.0 percent assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 7.0 percent was deemed to be within that range of reasonableness for financial reporting purposes.

CITY OF SPRING LAKE PARK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

4. Other Information (Continued)

D. Pension Plans (Continued)

1. Public Employees Retirement Association (PERA) - Defined Benefit (Continued)

F. Actuarial Methods and Assumptions (Continued)

- Inflation is assumed to be 2.25 percent for the General Employees Plan and 2.25 percent for the Police and Fire Plan.
- Benefit increases after retirement are assumed to be 1.25 percent for the General Employees Plan and 1.0 percent for the Police and Fire Plan.

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

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. Mortality rates for the Police and Fire Plan 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 most recent four-year experience study for the General Employees Plan was completed in 2022. The assumption changes were adopted by the Board and became effective with the July 1, 2023 actuarial valuation. The most recent four-year experience studies for the Police and Fire Plan were completed in 2020 and 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 2024:

General Employees Fund

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.

CITY OF SPRING LAKE PARK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

4. Other Information (Continued)

D. Pension Plans (Continued)

1. Public Employees Retirement Association (PERA) - Defined Benefit (Continued)

F. Actuarial Methods and Assumptions (Continued)

General Employees Fund (Continued)

Changes in Actuarial Assumptions (Continued):

- 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.

Police and Fire Fund

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 percent 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 percent 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).

CITY OF SPRING LAKE PARK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

4. Other Information (Continued)

D. Pension Plans (Continued)

1. Public Employees Retirement Association (PERA) - Defined Benefit (Continued)

G. Discount Rate

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

H. Pension Liability Sensitivity

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

	Sensitivity Analysis of Net Pension Liability at Different Discount Rates			
	General Employees Fund		Police and Fire Fund	
1% Lower	6.00%	\$ 1,486,683	6.00%	\$ 2,687,995
Current Discount Rate	7.00%	\$ 680,666	7.00%	\$ 1,137,441
1% Higher	8.00%	\$ 17,643	8.00%	\$ (135,888)

I. Pension Plan Fiduciary Net Position

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

CITY OF SPRING LAKE PARK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

4. Other Information (Continued)

D. Pension Plans (Continued)

2. 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 five percent of salary which is matched by the elected official's employer, and for salaried employees contributions must be a fixed percentage of salary.

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

Total contributions made by the City of Spring Lake Park during fiscal year 2024 were:

<u>Contribution Amount</u>		<u>Percentage of Covered Payroll</u>		<u>Required Rate</u>
<u>Employee</u>	<u>Employer</u>	<u>Employee</u>	<u>Employer</u>	
\$ 1,565	\$ 1,565	5%	5%	5%

E. 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, 2024 is not material and therefore is not recorded in these financial statements.

CITY OF SPRING LAKE PARK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

4. Other Information (Continued)

F. 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 2024 totaled \$345,322, 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 \$16,847 for the year ended December 31, 2024.

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.

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CITY OF SPRING LAKE PARK
REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2024

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CITY OF SPRING LAKE PARK, MINNESOTA
Schedule of City Contributions
PERA General Employees Retirement Fund
December 31, 2024

Year Ended December 31	Contributions in Relation to			Contributions as a	
	Statutorily Required Contribution (a)	Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (d)	Percentage of Covered Payroll (b/d)
2015	\$ 109,297	\$ 109,297	\$	\$ 1,442,177	7.6%
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%

Schedule of City Contributions
PERA Public Employees Police and Fire Fund Pension Plan
December 31, 2024

Year Ended December 31	Contributions in Relation to			Contributions as a	
	Statutorily Required Contribution (a)	Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (d)	Percentage of Covered Payroll (b/d)
2015	\$ 147,786	\$ 147,786	\$	\$ 912,261	16.20%
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%

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CITY OF SPRING LAKE PARK, MINNESOTA
Schedule of Proportionate Share of Net Pension Liability
PERA General Employees Retirement Fund
December 31, 2024

Fiscal Year Ended June 30	City's Proportionate (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) 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+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.0247%	\$ 1,280,082	\$	\$ 1,280,082	\$ 1,442,177	88.8%	78.2%
2016	0.0239%	1,940,561	25,332	1,965,893	1,496,472	131.4%	68.9%
2017	0.0234%	1,493,841	18,793	1,512,634	1,529,713	98.9%	75.9%
2018	0.0228%	1,264,851	41,581	1,306,432	1,534,400	85.1%	79.5%
2019	0.0200%	1,105,755	34,332	1,140,087	1,413,001	80.7%	80.2%
2020	0.0184%	1,103,164	33,897	1,137,061	1,309,040	86.9%	79.1%
2021	0.0185%	790,033	24,044	814,077	1,329,628	61.2%	87.0%
2022	0.0185%	1,465,206	43,085	1,508,291	1,386,819	108.8%	76.7%
2023	0.0173%	967,397	26,552	993,949	1,373,312	72.4%	83.1%
2024	0.0184%	680,666	17,601	698,267	1,558,603	44.8%	89.1%

PERA Public Employees Police and Fire Fund Pension Plan
December 31, 2024

Fiscal Year Ended June 30	Proportionate (Percentage) of Net Pension Liability (Asset)	Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with the City (b)	Employer's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with the City (a+b)	City's Covered Payroll (b)	Proportionate Share (Amount) of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.0960%	\$ 1,090,785	\$	\$	\$ 912,261	119.6%	86.6%
2016	0.0960%	3,852,647			932,841	413.0%	63.9%
2017	0.0920%	1,242,109			948,402	131.0%	85.4%
2018	0.0925%	985,955			975,104	101.1%	88.8%
2019	0.0955%	1,016,694			1,007,413	100.9%	89.3%
2020	0.0912%	1,202,114	28,305	1,230,419	1,029,857	119.5%	87.2%
2021	0.0878%	677,723	30,486	708,209	1,038,145	68.2%	93.7%
2022	0.0940%	4,090,509	178,684	4,269,193	1,141,961	373.8%	70.5%
2023	0.0850%	1,467,840	59,110	1,526,950	1,116,045	136.8%	86.5%
2024	0.0865%	1,137,441	43,359	1,180,800	1,196,776	98.7%	90.2%

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CITY OF SPRING LAKE PARK
COMBINING AND INDIVIDUAL NONMAJOR
FUND STATEMENTS AND SCHEDULES

December 31, 2024

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**CITY OF SPRING LAKE PARK
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2024**

	Special Revenue	Debt Service	Capital Projects	Total
ASSETS				
Cash and investments	\$ 1,224,961	\$ 345,285	\$ 1,849,798	\$ 3,420,044
Accounts receivable	115,027		33,113	148,140
Special assessments receivable		100,306		100,306
Due from other funds	323			323
Due from other governmental units		1,074	552	1,626
TOTAL ASSETS	<u>\$ 1,340,311</u>	<u>\$ 446,665</u>	<u>\$ 1,883,463</u>	<u>\$ 3,670,439</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE				
LIABILITIES				
Accounts payable	\$ 19,391	\$	\$ 11,271	\$ 30,662
Accrued payroll and taxes	1,054			1,054
Deposits and other liabilities	171,305			171,305
Due to other funds	29,704	146,982		176,686
Unearned revenue	7,250			7,250
Total Liabilities	<u>228,704</u>	<u>146,982</u>	<u>11,271</u>	<u>386,957</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue:				
Special assessments		100,306		100,306
FUND BALANCE				
Restricted	79,960	346,359	445,681	872,000
Assigned	1,035,138		1,426,511	2,461,649
Unassigned	(3,491)	(146,982)		(150,473)
Total Fund Balance	<u>1,111,607</u>	<u>199,377</u>	<u>1,872,192</u>	<u>3,183,176</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u>\$ 1,340,311</u>	<u>\$ 446,665</u>	<u>\$ 1,883,463</u>	<u>\$ 3,670,439</u>

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CITY OF SPRING LAKE PARK
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2024

	Special Revenue	Debt Service	Capital Projects	Total
REVENUES				
Property and franchise taxes	\$ 7,819	\$ 213,681	\$ 50,381	\$ 271,881
Special assessments		46,215		46,215
Intergovernmental revenues	61,350		94,257	155,607
Charges for services	670,965	13,263	82,926	767,154
Fines and forfeitures	1			1
Investment earnings	41,341	17,714	92,409	151,464
Other revenues	32,049		294,183	326,232
TOTAL REVENUES	<u>813,525</u>	<u>290,873</u>	<u>614,156</u>	<u>1,718,554</u>
EXPENDITURES				
Current				
General government	25,123			25,123
Public safety	107,951			107,951
Public works	40,271		228,517	268,788
Recreation and parks	397,420		99,227	496,647
Development and other	249,104	175,204		424,308
Capital Outlay				
Public works			659,379	659,379
Recreation and parks			210,868	210,868
Debt Service				
Principal		347,628		347,628
Interest and other		293,386		293,386
TOTAL EXPENDITURES	<u>819,869</u>	<u>816,218</u>	<u>1,197,991</u>	<u>2,834,078</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,344)</u>	<u>(525,345)</u>	<u>(583,835)</u>	<u>(1,115,524)</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	106,000	207,500	391,754	705,254
Transfers to other funds	(110,000)	(3,000)		(113,000)
Total other financing sources (uses)	<u>(4,000)</u>	<u>204,500</u>	<u>391,754</u>	<u>592,254</u>
Net change in fund balances	(10,344)	(320,845)	(192,081)	(523,270)
FUND BALANCES, Beginning	<u>1,121,951</u>	<u>520,222</u>	<u>2,064,273</u>	<u>3,706,446</u>
FUND BALANCES, Ending	<u>\$ 1,111,607</u>	<u>\$ 199,377</u>	<u>\$ 1,872,192</u>	<u>\$ 3,183,176</u>

**CITY OF SPRING LAKE PARK
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS**

December 31, 2024

	Recycling	Street Lighting	Cable
ASSETS			
Cash and investments	\$ 105,040	\$ 86,908	\$ 14,022
Accounts receivable	92,913	21,051	
Due from other funds	86	237	
TOTAL ASSETS	<u>\$ 198,039</u>	<u>\$ 108,196</u>	<u>\$ 14,022</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE			
LIABILITIES			
Accounts payable	\$ 11,402	\$	\$
Accrued payroll and taxes	719		335
Deposits and other liabilities			
Due to other funds	12,526		17,178
Unearned revenue			
Total Liabilities	<u>24,647</u>		<u>17,513</u>
FUND BALANCE			
Restricted			
Assigned	173,392	108,196	
Unassigned			(3,491)
Total Fund Balance	<u>173,392</u>	<u>108,196</u>	<u>(3,491)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u>\$ 198,039</u>	<u>\$ 108,196</u>	<u>\$ 14,022</u>

<u>Police Forfeiture</u>	<u>Police Reserves</u>	<u>Recreation</u>	<u>Tower Days</u>
\$ 11,188	\$ 18,620	\$ 370,263 638	\$ 24,057 237
<u>\$ 11,188</u>	<u>\$ 18,620</u>	<u>\$ 370,901</u>	<u>\$ 24,294</u>
\$	\$ 21	\$ 7,280	\$
		7,250	
	21	14,530	
11,188	18,599	356,371	24,294
<u>11,188</u>	<u>18,599</u>	<u>356,371</u>	<u>24,294</u>
<u>\$ 11,188</u>	<u>\$ 18,620</u>	<u>\$ 370,901</u>	<u>\$ 24,294</u>

(Continued)

CITY OF SPRING LAKE PARK
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR SPECIAL REVENUE FUNDS
December 31, 2024

	Traffic Education	Emergency Management	Animal Control
ASSETS			
Cash and investments	\$ 37,067	\$ 23,074	\$ 7,280
Accounts receivable			
Due from other funds			
	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u><u>\$ 37,067</u></u>	<u><u>\$ 23,074</u></u>	<u><u>\$ 7,280</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE			
LIABILITIES			
Accounts payable	\$	\$	\$ 450
Accrued payroll and taxes			
Deposits and other liabilities			
Due to other funds			
Unearned revenue			
Total Liabilities	<u> </u>	<u> </u>	<u>450</u>
FUND BALANCE			
Restricted	37,067		
Assigned		23,074	6,830
Unassigned			
Total Fund Balance	<u>37,067</u>	<u>23,074</u>	<u>6,830</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u><u>\$ 37,067</u></u>	<u><u>\$ 23,074</u></u>	<u><u>\$ 7,280</u></u>

Comprehensive Plan Update	Forestry	Developer's Escrow	Public Safety Aid	Total
\$ 10,957	\$ 137,967	\$ 171,355 188	\$ 207,163	\$ 1,224,961 115,027 323
<u>\$ 10,957</u>	<u>\$ 137,967</u>	<u>\$ 171,543</u>	<u>\$ 207,163</u>	<u>\$ 1,340,311</u>
\$	\$	\$ 238	\$	\$ 19,391 1,054 171,305 29,704 7,250
		171,305		
		<u>171,543</u>		<u>228,704</u>
10,957	137,967		207,163	79,960 1,035,138 (3,491)
<u>10,957</u>	<u>137,967</u>		<u>207,163</u>	<u>1,111,607</u>
<u>\$ 10,957</u>	<u>\$ 137,967</u>	<u>\$ 171,543</u>	<u>\$ 207,163</u>	<u>\$ 1,340,311</u>

CITY OF SPRING LAKE PARK
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended December 31, 2024

	<u>Recycling</u>	<u>Street Lighting</u>	<u>Cable</u>
REVENUES			
Property and franchise taxes	\$	\$	\$ 7,819
Intergovernmental revenue	61,350		
Charges for services	166,686	39,018	
Fines and forfeitures			
Investment earnings	3,849	3,563	620
Other revenues			
	<u>231,885</u>	<u>42,581</u>	<u>8,439</u>
TOTAL REVENUES			
EXPENDITURES			
Current			
General government			16,637
Public safety			
Public works		40,271	
Recreation and parks			
Development and other	217,369		
	<u>217,369</u>	<u>40,271</u>	<u>16,637</u>
TOTAL EXPENDITURES			
Excess (deficiency) of revenues over (under) expenditures	14,516	2,310	(8,198)
OTHER FINANCING SOURCES (USES)			
Transfers from other funds			
Transfers to other funds	(7,500)		
	<u>(7,500)</u>		
Total other financing sources (uses)			
Net change in fund balances	7,016	2,310	(8,198)
FUND BALANCES, Beginning	166,376	105,886	4,707
FUND BALANCES, Ending	<u>\$ 173,392</u>	<u>\$ 108,196</u>	<u>\$ (3,491)</u>

<u>Police Forfeiture</u>	<u>Police Reserves</u>	<u>Recreation</u>	<u>Tower Days</u>
\$	\$	\$	\$
		459,761	
1			
597	694	14,285	990
1,002	28		30,831
1,600	722	474,046	31,821
8,360	355		
		349,436	
			31,735
8,360	355	349,436	31,735
(6,760)	367	124,610	86
	3,000	(62,500)	
	3,000	(62,500)	
(6,760)	3,367	62,110	86
17,948	15,232	294,261	24,208
\$ 11,188	\$ 18,599	\$ 356,371	\$ 24,294

(Continued)

CITY OF SPRING LAKE PARK
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended December 31, 2024

	Traffic Education	Emergency Management	Animal Control
REVENUES			
Property and franchise taxes	\$	\$	\$
Intergovernmental revenue			
Charges for services	5,500		
Fines and forfeitures			
Investment income	1,515	889	295
Other revenues		110	78
	<u>7,015</u>	<u>999</u>	<u>373</u>
TOTAL REVENUES	<u>7,015</u>	<u>999</u>	<u>373</u>
EXPENDITURES			
Current			
General government	6,800		1,686
Public safety		198	
Public works			
Recreation and parks			
Development and other			
	<u>6,800</u>	<u>198</u>	<u>1,686</u>
TOTAL EXPENDITURES	<u>6,800</u>	<u>198</u>	<u>1,686</u>
Excess (deficiency) of revenues over (under) expenditures	<u>215</u>	<u>801</u>	<u>(1,313)</u>
OTHER FINANCING SOURCES (USES)			
Transfers from other funds		2,000	1,000
Transfers to other funds			
	<u>215</u>	<u>2,000</u>	<u>1,000</u>
Total other financing sources (uses)	<u>215</u>	<u>2,000</u>	<u>(313)</u>
Net change in fund balances	215	2,801	(313)
FUND BALANCES, Beginning	<u>36,852</u>	<u>20,273</u>	<u>7,143</u>
FUND BALANCES, Ending	<u>\$ 37,067</u>	<u>\$ 23,074</u>	<u>\$ 6,830</u>

Comprehensive Plan Update	Forestry	Developer's Escrow	Public Safety Aid	Total
\$	\$	\$	\$	\$ 7,819
				61,350
				670,965
				1
440	2,490		11,114	41,341
				32,049
440	2,490		11,114	813,525
				25,123
			99,038	107,951
				40,271
	47,984			397,420
				249,104
	47,984		99,038	819,869
440	(45,494)		(87,924)	(6,344)
	100,000			106,000
			(40,000)	(110,000)
	100,000		(40,000)	(4,000)
440	54,506		(127,924)	(10,344)
10,517	83,461		335,087	1,121,951
\$ 10,957	\$ 137,967	\$	\$ 207,163	\$ 1,111,607

**CITY OF SPRING LAKE PARK
COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS**

December 31, 2024

	2013A G.O. Capital Improvement Fire Bond	2016A North Metro Tele- communications	Tax Increment Financing - Legends of SLP
ASSETS			
Cash and investments	\$ 49,023	\$ 326	\$ 120,544
Special assessments receivable			
Due from other governmental units			
TOTAL ASSETS	<u>\$ 49,023</u>	<u>\$ 326</u>	<u>\$ 120,544</u>
LIABILITIES			
Due to other funds	\$	\$	\$
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue:			
Special assessments			
FUND BALANCE			
Restricted	49,023	326	120,544
Unassigned			
Total Fund Balance	<u>49,023</u>	<u>326</u>	<u>120,544</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 49,023</u>	<u>\$ 326</u>	<u>\$ 120,544</u>

2017A G.O. Equipment Certificates	2018A Blaine Fire Debt Service	2021A G.O. Improvement Refunding Bonds	2024A G.O. Improvement Refunding Bonds	Total
\$ 17,132	\$	\$ 158,260 100,306 1,074	\$	\$ 345,285 100,306 1,074
<u>\$ 17,132</u>	<u>\$</u>	<u>\$ 259,640</u>	<u>\$</u>	<u>\$ 446,665</u>
<u>\$</u>	<u>\$ 27,462</u>	<u>\$</u>	<u>\$ 119,520</u>	<u>\$ 146,982</u>
		100,306		100,306
17,132	(27,462)	159,334	(119,520)	346,359 (146,982)
<u>17,132</u>	<u>(27,462)</u>	<u>159,334</u>	<u>(119,520)</u>	<u>199,377</u>
<u>\$ 17,132</u>	<u>\$</u>	<u>\$ 259,640</u>	<u>\$</u>	<u>\$ 446,665</u>

CITY OF SPRING LAKE PARK
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR DEBT SERVICE FUNDS
For the Year Ended December 31, 2024

	2013A G.O. Capital Improvement Fire Bond	2016A North Metro Tele- communications	Tax Increment Financing - Legends of SLP
REVENUES			
Property taxes	\$	\$	\$ 190,716
Special assessments			
Charges for services		13,263	
Investment earnings	1,015	13	4,591
TOTAL REVENUES	<u>1,015</u>	<u>13,276</u>	<u>195,307</u>
EXPENDITURES			
Current			
Development and other			175,204
Debt Service			
Principal		13,003	
Interest and other charges		260	
TOTAL EXPENDITURES		<u>13,263</u>	<u>175,204</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,015</u>	<u>13</u>	<u>20,103</u>
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	47,500		
Transfers to other funds			(3,000)
Total other financing sources (uses)	<u>47,500</u>		<u>(3,000)</u>
Net change in fund balances	48,515	13	17,103
FUND BALANCES, Beginning	<u>508</u>	<u>313</u>	<u>103,441</u>
FUND BALANCES, Ending	<u>\$ 49,023</u>	<u>\$ 326</u>	<u>\$ 120,544</u>

2017A G.O. Equipment Certificates	2018A Blaine Fire Debt Service	2021A G.O. Improvement Refunding Bonds	2024A G.O. Improvement Refunding Bonds	Total
\$	\$	\$ 22,965 46,215	\$	\$ 213,681 46,215 13,263 17,714
688	389	11,018		17,714
688	389	80,198		290,873
				175,204
	44,625 1,811	290,000 11,795	279,520	347,628 293,386
	46,436	301,795	279,520	816,218
688	(46,047)	(221,597)	(279,520)	(525,345)
			160,000	207,500 (3,000)
			160,000	204,500
688	(46,047)	(221,597)	(119,520)	(320,845)
16,444	18,585	380,931		520,222
\$ 17,132	\$ (27,462)	\$ 159,334	\$ (119,520)	\$ 199,377

**CITY OF SPRING LAKE PARK
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS**
December 31, 2024

	<u>State Aid Street Fund</u>	<u>Street Sealcoating</u>	<u>Capital Replacement</u>	<u>Right of Way</u>
ASSETS				
Cash and investments	\$ 230,375	\$ 286,737	\$ 444,187	\$ 2,049
Accounts receivable		20,822		
Due from other governmental units				
TOTAL ASSETS	<u>\$ 230,375</u>	<u>\$ 307,559</u>	<u>\$ 444,187</u>	<u>\$ 2,049</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable	<u>\$</u>	<u>\$</u>	<u>\$ 275</u>	<u>\$</u>
FUND BALANCE				
Restricted	230,375			
Assigned		307,559	443,912	2,049
Total Fund Balance	<u>230,375</u>	<u>307,559</u>	<u>443,912</u>	<u>2,049</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 230,375</u>	<u>\$ 307,559</u>	<u>\$ 444,187</u>	<u>\$ 2,049</u>

<u>Building Maintenance</u>	<u>Public Safety Replacement</u>
\$ 219,857	\$ 120,041
<u>\$ 219,857</u>	<u>\$ 120,041</u>
<u>\$</u>	<u>\$</u>
<u>219,857</u>	<u>120,041</u>
<u>219,857</u>	<u>120,041</u>
<u>\$ 219,857</u>	<u>\$ 120,041</u>

(Continued)

CITY OF SPRING LAKE PARK
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR CAPITAL PROJECT FUNDS
December 31, 2024

	Park Special Projects	Park Acquisition and Improvement	Lakeside Lions Park Improvement
ASSETS			
Cash and investments	\$ 5,956	\$ 184,582	\$ 23,268
Accounts receivable	1,500		
Due from other governmental units			
TOTAL ASSETS	<u>\$ 7,456</u>	<u>\$ 184,582</u>	<u>\$ 23,268</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable	\$	\$	\$
FUND BALANCE			
Restricted	7,456	184,582	23,268
Assigned			
Total Fund Balance	<u>7,456</u>	<u>184,582</u>	<u>23,268</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 7,456</u>	<u>\$ 184,582</u>	<u>\$ 23,268</u>

Small Equipment	Park Equipment and Improvement	Equipment Fund	Total
\$ 7,460	\$ 223,217	\$ 102,069	\$ 1,849,798
10,391	400		33,113
		552	552
<u>\$ 17,851</u>	<u>\$ 223,617</u>	<u>\$ 102,621</u>	<u>\$ 1,883,463</u>
<u>\$</u>	<u>\$</u>	<u>\$ 10,996</u>	<u>\$ 11,271</u>
17,851	223,617	91,625	445,681
<u>17,851</u>	<u>223,617</u>	<u>91,625</u>	<u>1,426,511</u>
			1,872,192
<u>\$ 17,851</u>	<u>\$ 223,617</u>	<u>\$ 102,621</u>	<u>\$ 1,883,463</u>

CITY OF SPRING LAKE PARK
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECT FUNDS
For the Year Ended December 31, 2024

	State Aid Street Fund	Street Sealcoating	Capital Replacement	Right of Way
REVENUES				
Property taxes	\$	\$	\$	\$
Intergovernmental revenues	94,257			
Charges for services		82,789		
Investment earnings	8,476	35,624	17,914	82
Other revenues				
TOTAL REVENUES	<u>102,733</u>	<u>118,413</u>	<u>17,914</u>	<u>82</u>
EXPENDITURES				
Current				
Public works	55,457	162,482	3,700	
Recreation and parks				
Capital Outlay				
Public works				
Recreation and parks				
TOTAL EXPENDITURES	<u>55,457</u>	<u>162,482</u>	<u>3,700</u>	
Excess (deficiency) of revenues over (under) expenditures	47,276	(44,069)	14,214	82
OTHER FINANCING SOURCES (USES)				
Transfers from other funds		100,000		
Total other financing sources (uses)		<u>100,000</u>		
Net change in fund balances	47,276	55,931	14,214	82
FUND BALANCES, Beginning	<u>183,099</u>	<u>251,628</u>	<u>429,698</u>	<u>1,967</u>
FUND BALANCES, Ending	<u>\$ 230,375</u>	<u>\$ 307,559</u>	<u>\$ 443,912</u>	<u>\$ 2,049</u>

<u>Building Maintenance</u>	<u>Public Safety Replacement</u>
\$	\$
7,870	4,582
<u>7,870</u>	<u>4,582</u>
6,878	
<u>6,878</u>	
992	4,582
<u>54,754</u>	<u>12,000</u>
<u>54,754</u>	<u>12,000</u>
55,746	16,582
<u>164,111</u>	<u>103,459</u>
<u>\$ 219,857</u>	<u>\$ 120,041</u>

(Continued)

CITY OF SPRING LAKE PARK
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR CAPITAL PROJECT FUNDS
For the Year Ended December 31, 2024

	Park Special Projects	Park Acquisition and Improvement	Lakeside Lions Park Improvement	Small Equipment
REVENUES				
Property taxes	\$	\$	\$	\$
Intergovernmental revenues				
Charges for services	137			
Investment earnings	262	7,919	953	570
Other revenues	1,990	242,033		10,391
TOTAL REVENUES	<u>2,389</u>	<u>249,952</u>	<u>953</u>	<u>10,961</u>
EXPENDITURES				
Current				
Public works				
Recreation and parks	1,687	55,708		18,902
Capital Outlay				
Public works				
Recreation and parks		210,868		
TOTAL EXPENDITURES	<u>1,687</u>	<u>266,576</u>		<u>18,902</u>
Excess (deficiency) of revenues over (under) expenditures	702	(16,624)	953	(7,941)
OTHER FINANCING SOURCES (USES)				
Transfers from other funds				
Net change in fund balances	702	(16,624)	953	(7,941)
FUND BALANCES, Beginning	<u>6,754</u>	<u>201,206</u>	<u>22,315</u>	<u>25,792</u>
FUND BALANCES, Ending	<u>\$ 7,456</u>	<u>\$ 184,582</u>	<u>\$ 23,268</u>	<u>\$ 17,851</u>

Park Equipment and Improvement	Equipment Fund	Total
\$	\$ 50,381	\$ 50,381
		94,257
		82,926
2,688	5,469	92,409
6,018	33,751	294,183
8,706	89,601	614,156
		228,517
22,930		99,227
	659,379	659,379
		210,868
22,930	659,379	1,197,991
(14,224)	(569,778)	(583,835)
125,000	100,000	391,754
110,776	(469,778)	(192,081)
112,841	561,403	2,064,273
\$ 223,617	\$ 91,625	\$ 1,872,192

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CITY OF SPRING LAKE PARK

OTHER REPORT SECTION

December 31, 2024

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**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**

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, the financial statements of the governmental activities, the business-type activities and each major fund of the City of Spring Lake Park (the City) as of and for the year ended December 31, 2024, and the related notes to financial statements, which collectively comprise the City of Spring Lake Park's basic financial statements and have issued our report thereon dated June 30, 2025.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Spring Lake Park's internal control over financial reporting (internal control) as a basis for designing auditing 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'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. Given these limitations, during our audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. We identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and responses as item 2023-001 that we consider to be a significant deficiency.

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

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 *Governmental 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 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 internal control findings identified in our audit and described in the accompanying *Schedule of Findings and Responses*. The City of Spring Lake Park'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.

Smith, Schaff and Associates, Ltd.

Minneapolis, Minnesota
June 30, 2025

**CITY OF SPRING LAKE PARK
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2024**

FINDINGS – FINANCIAL STATEMENT AUDIT

SIGNIFICANT DEFICIENCIES

**2013-002
2014-002
2015-002
2016-002
2017-002
2018-002
2019-002
2020-002
2021-002
2022-001
2023-001**

Material Audit Adjustments

Condition: The City's unaudited trial balance contained material misstatements.

Criteria: The City is required to report accurate financial information.

Effect: The material misstatements in the unaudited trial balance resulted in the need to record adjustments during the audit.

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 accountant.

**CITY OF SPRING LAKE PARK
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2024**

FINDINGS – FINANCIAL STATEMENT AUDIT

SIGNIFICANT DEFICIENCIES

2024-001 Material Audit Adjustments

Condition: The City's unaudited trial balance contained material misstatements.

Criteria: The City is required to report accurate financial information.

Effect: The material misstatement in the unaudited trial balance resulted in the need to record adjustments during the audit.

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 accountant.

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CORRECTIVE ACTION PLAN (CAP):

The City respectfully submits the following corrective action plan for the year ended December 31, 2024.

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 2024-001

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.

