



CITY OF SPRING LAKE PARK

AUGUST 5, 2024

AUDIT

- Audit Opinion
 - Provides reasonable, but not absolute, assurance that financials are free of material misstatement
 - Audit procedures include: outside confirmation of certain balances and transactions, sample tests of documentary evidence, inquiries of employees and management, analytical procedures applied to balances and certain other testing procedures
 - Unmodified opinion – Financial Statements fairly stated in all material respects
- Minnesota Legal Compliance
 - Seven areas required to be tested by the State of Minnesota: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions and tax increment financing. The items required to be tested for each area are listed in the Office of the State Auditor's Minnesota Legal Compliance Guide for Political Subdivisions
 - Testing covered all of the listed areas and consisted of inquiries, sighting of documents and testing on a sample basis
 - No exceptions noted

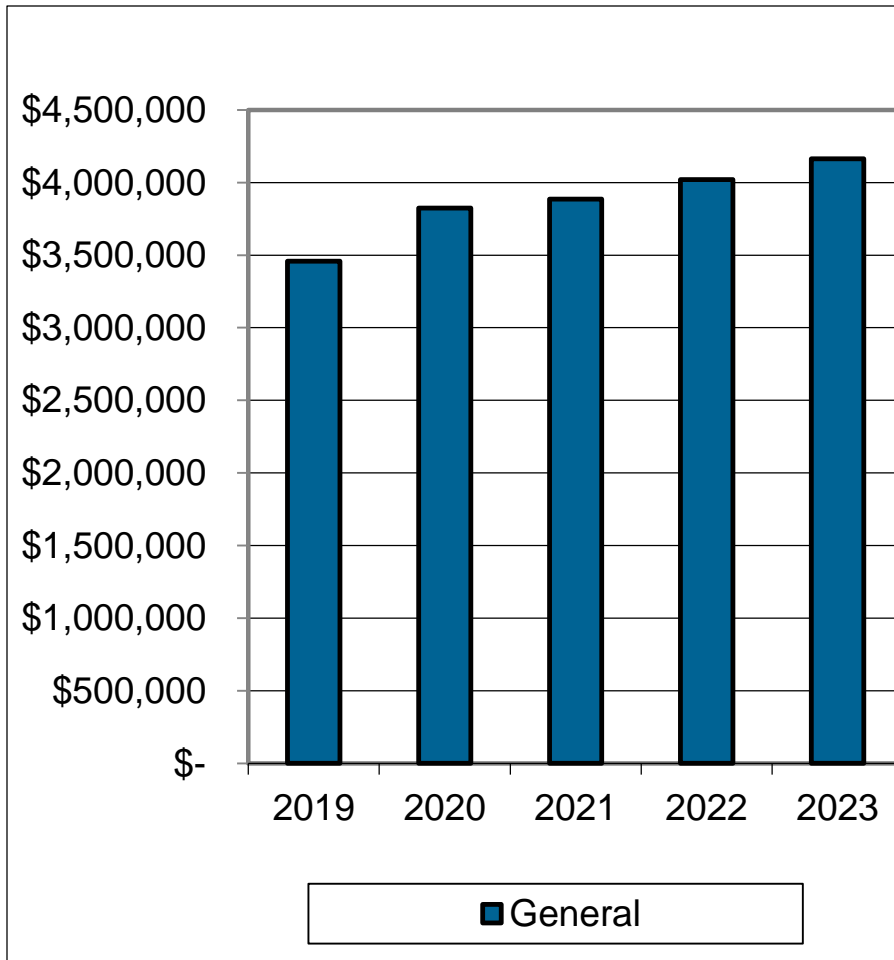
FUND TYPES

- **Governmental**
 - General Fund
 - Special Revenue Fund
 - Debt Service Fund
 - Capital Projects Fund
- **Enterprise**
 - Utility

Governmental Funds

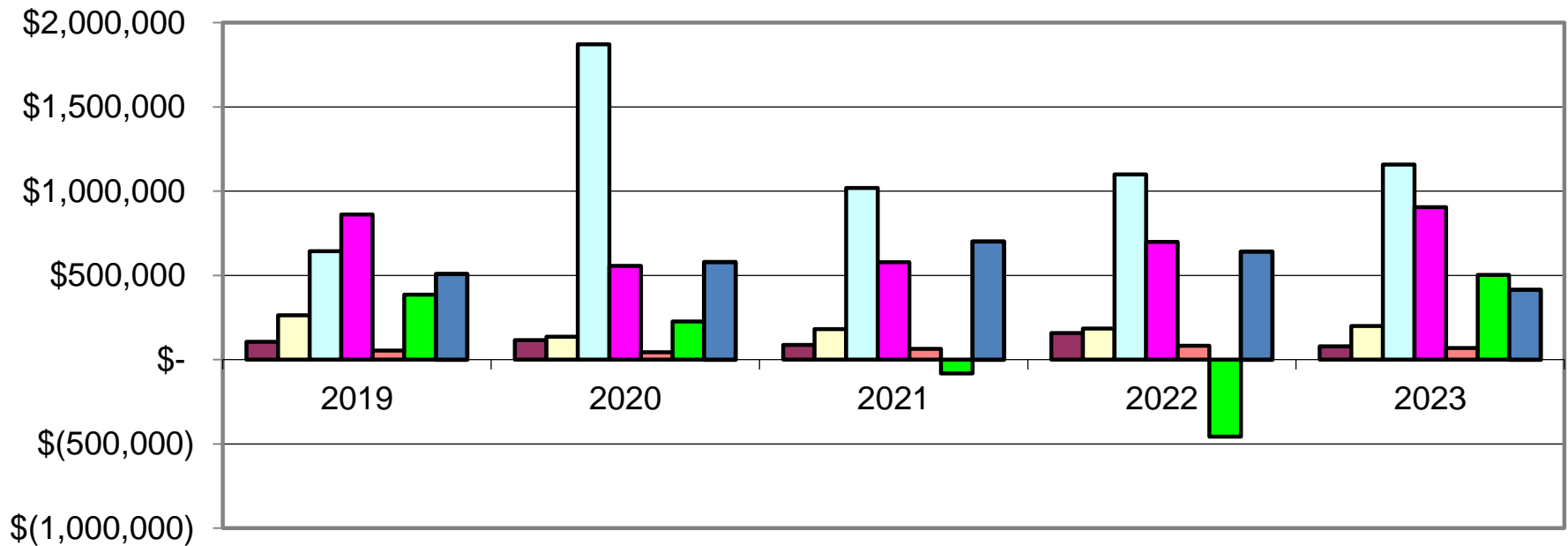
Revenues

PROPERTY AND FRANCHISE TAX REVENUES



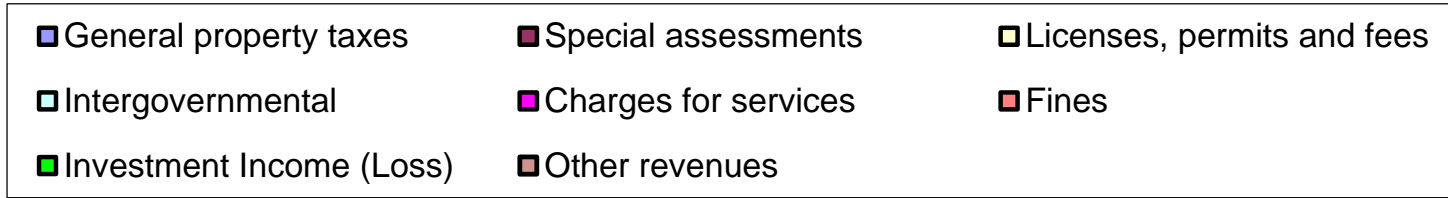
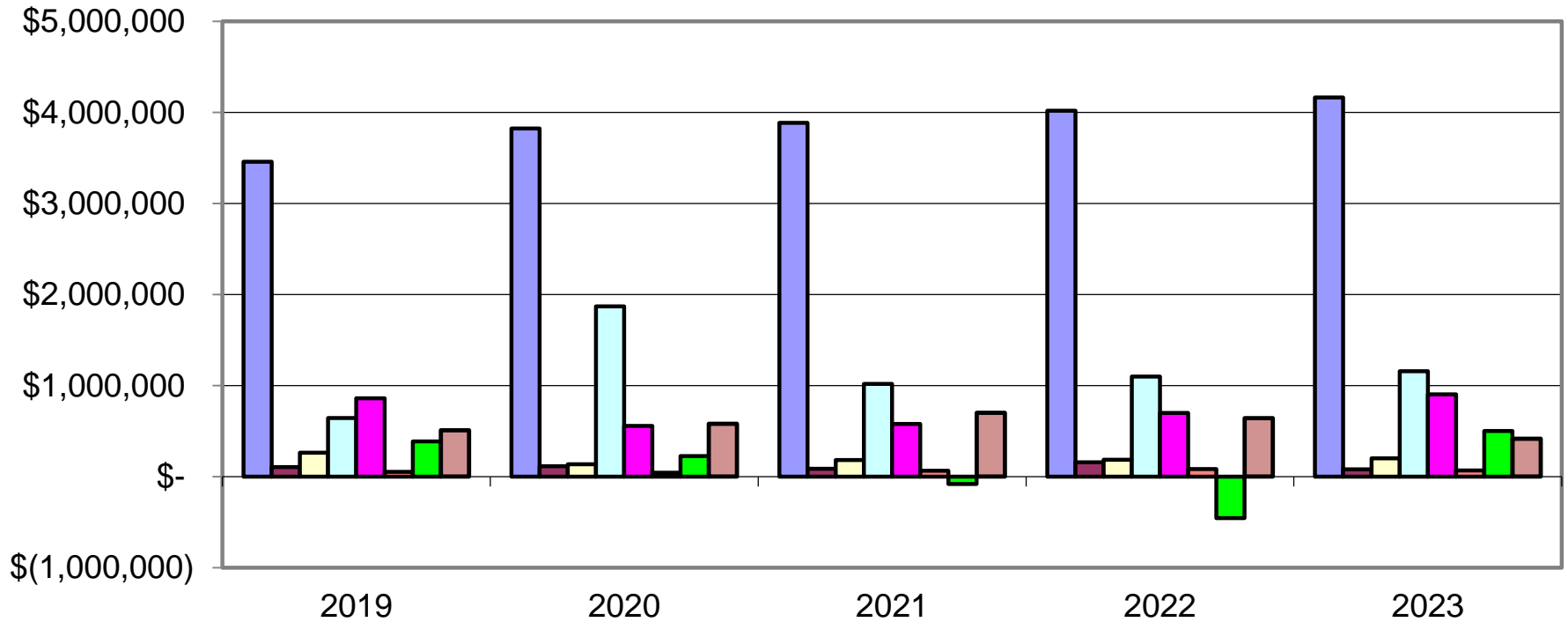
- Property and franchise tax revenues increased by 4% in 2023 as a result of an increase in the tax levy amount
- In 2023, property and franchise tax revenues represented 56% of governmental revenues excluding transfers

OTHER GOVERNMENTAL FUND REVENUES



- Special assessments
- Licenses and permits
- Intergovernmental revenues
- Charges for services
- Fines and forfeitures
- Investment Income (Loss)
- Other revenues

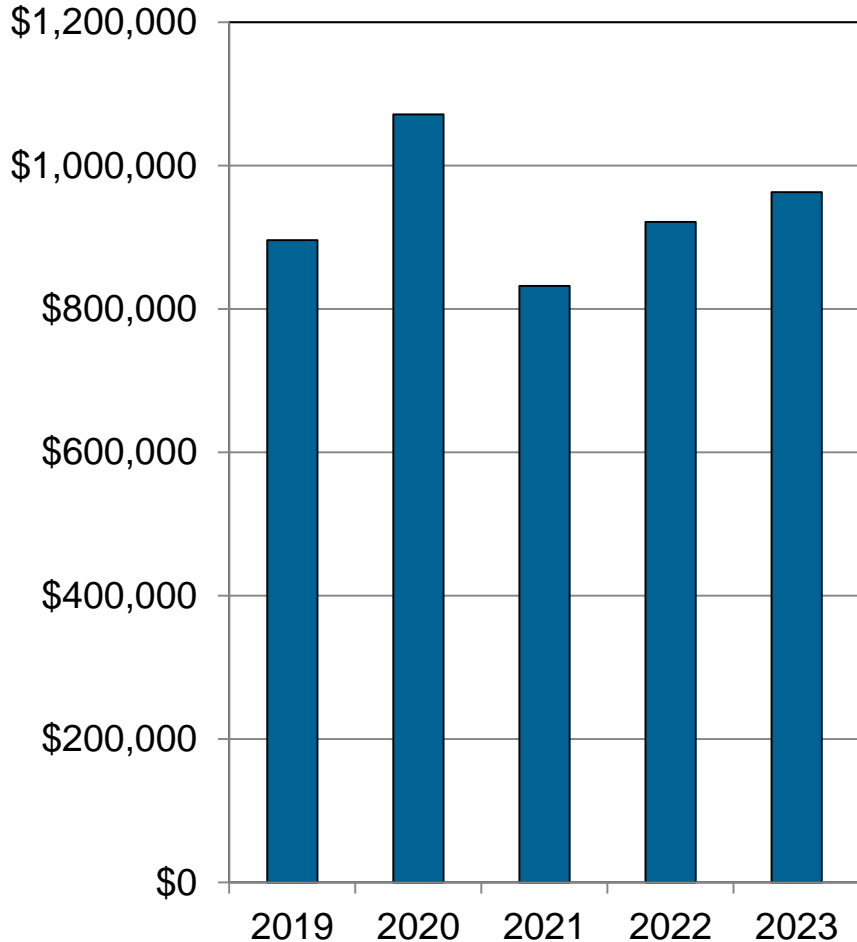
GOVERNMENTAL FUND REVENUES



Governmental Funds

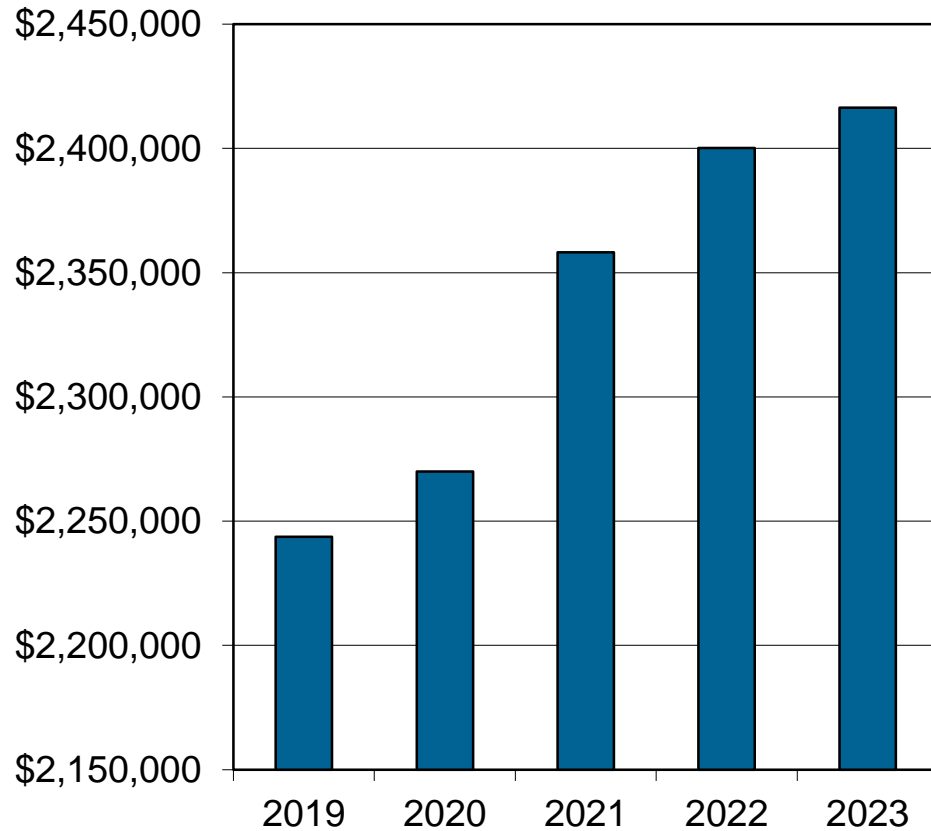
Expenditures

GENERAL GOVERNMENT EXPENDITURES



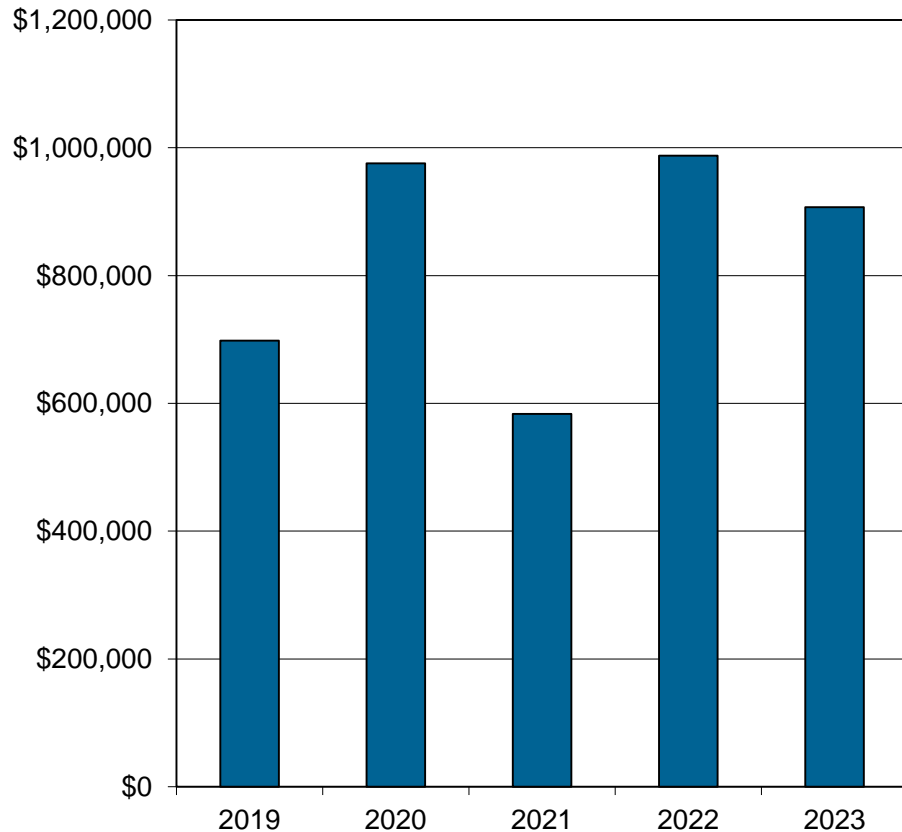
- Includes mayor and council, administration, election, assessing, accounting and auditing, information technology, legal, engineering, planning and zoning and government buildings
- Represented 15% of governmental expenditures (excluding capital projects and debt service) in 2023
- Totaled \$962,775 in 2023, an increase of 5% from 2022
- Increase was due primarily to an increase in administrative salaries and related expenses

PUBLIC SAFETY EXPENDITURES



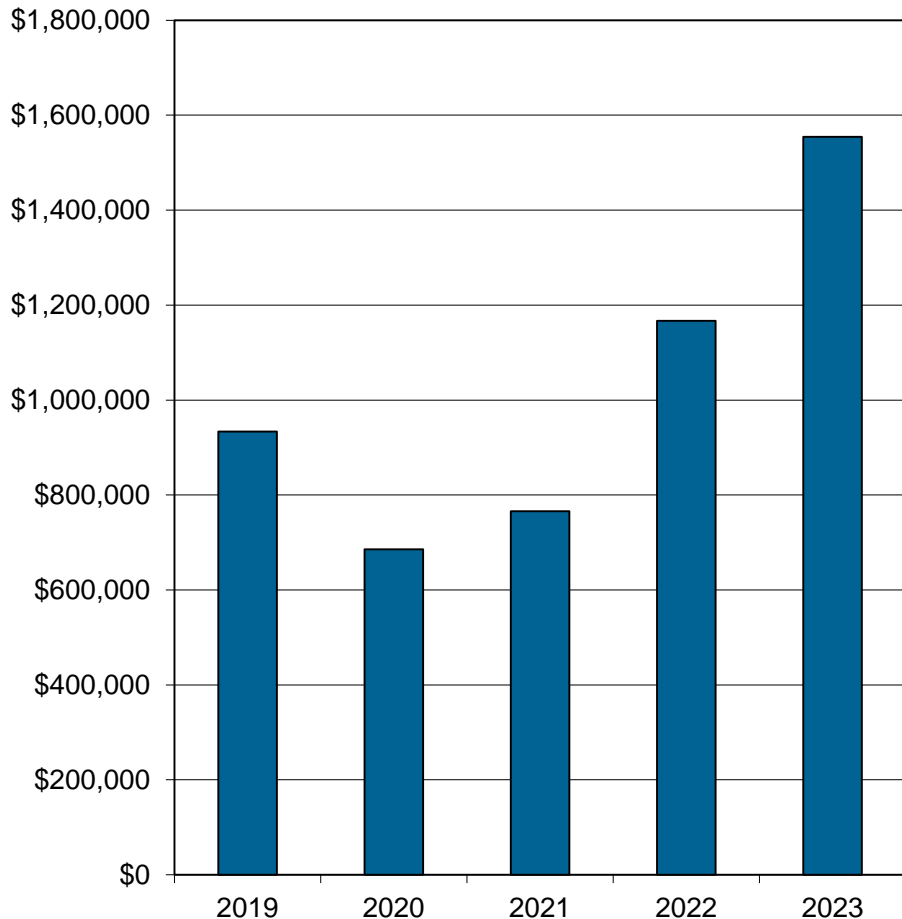
- Includes police protection, fire protection, code enforcement, emergency management and animal control
- Public Safety represented about 38% of total governmental expenditures (excluding capital projects and debt service) in 2023
- Totaled \$2,416,368 in 2023, an increase of 1%

PUBLIC WORKS EXPENDITURES



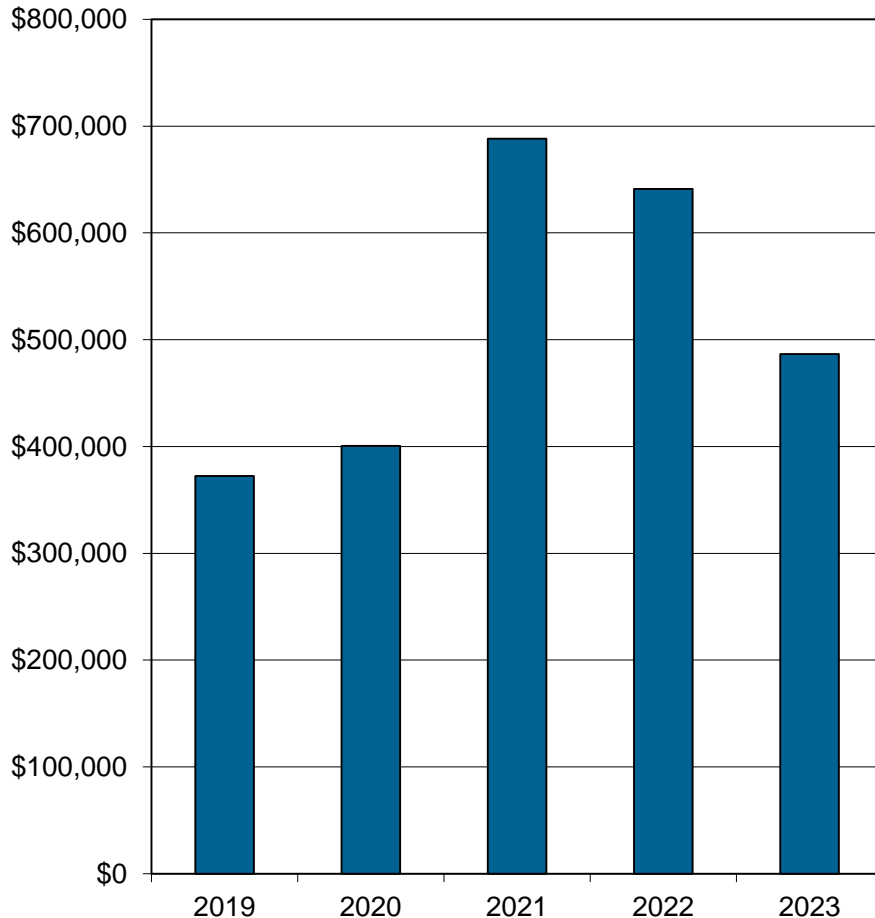
- Includes personnel services, supplies, contracted services and other charges
- Totaled \$907,203 in 2023 and \$987,557 in 2022 – a decrease of approximately 8% due to contractual and related engineering services related to the 2022 street improvement project
- Represented approximately 14% of total government expenditures (excluding capital projects and debt service) in 2023

RECREATION AND PARKS EXPENDITURES



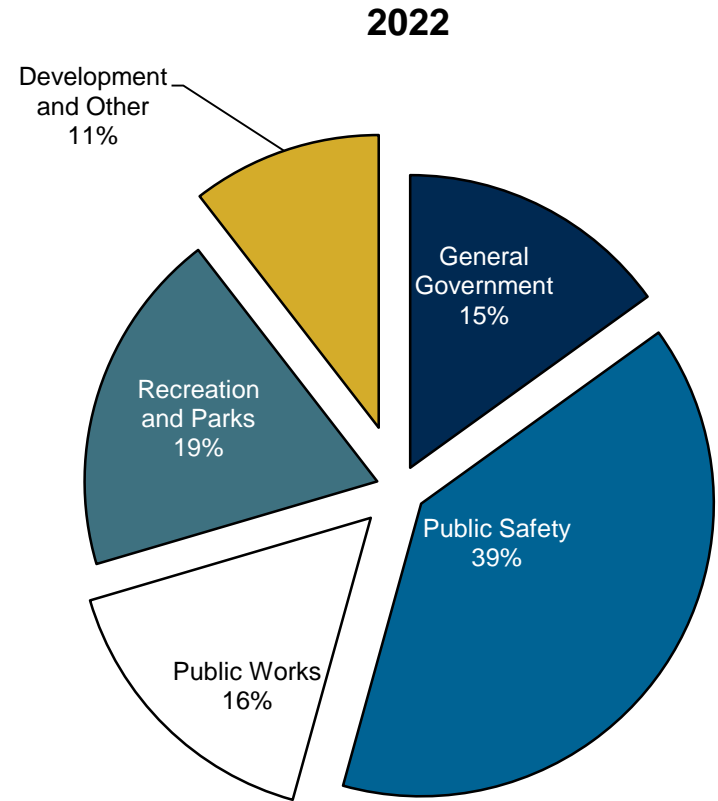
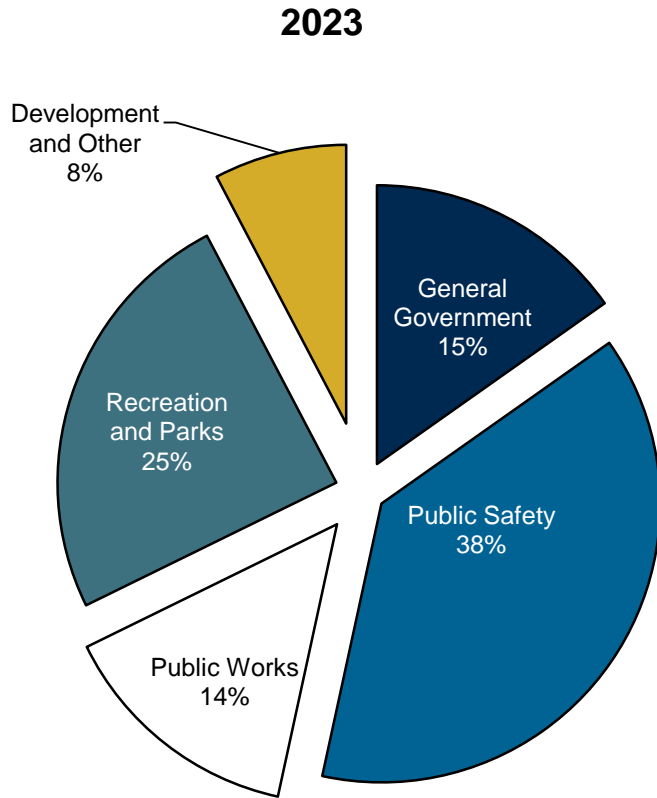
- Primarily personnel services, supplies, contracted services and other charges
- Totaled \$1,554,276 in 2023 and \$1,166,639 in 2022 – an increase of approximately 33%
- Increase due primarily to increased usage of extended trip services offered by the City as well as Able Park shelter improvements in 2023.
- Represented approximately 25% of total government expenditures (excluding capital projects and debt service) in 2023

DEVELOPMENT AND OTHER EXPENDITURES



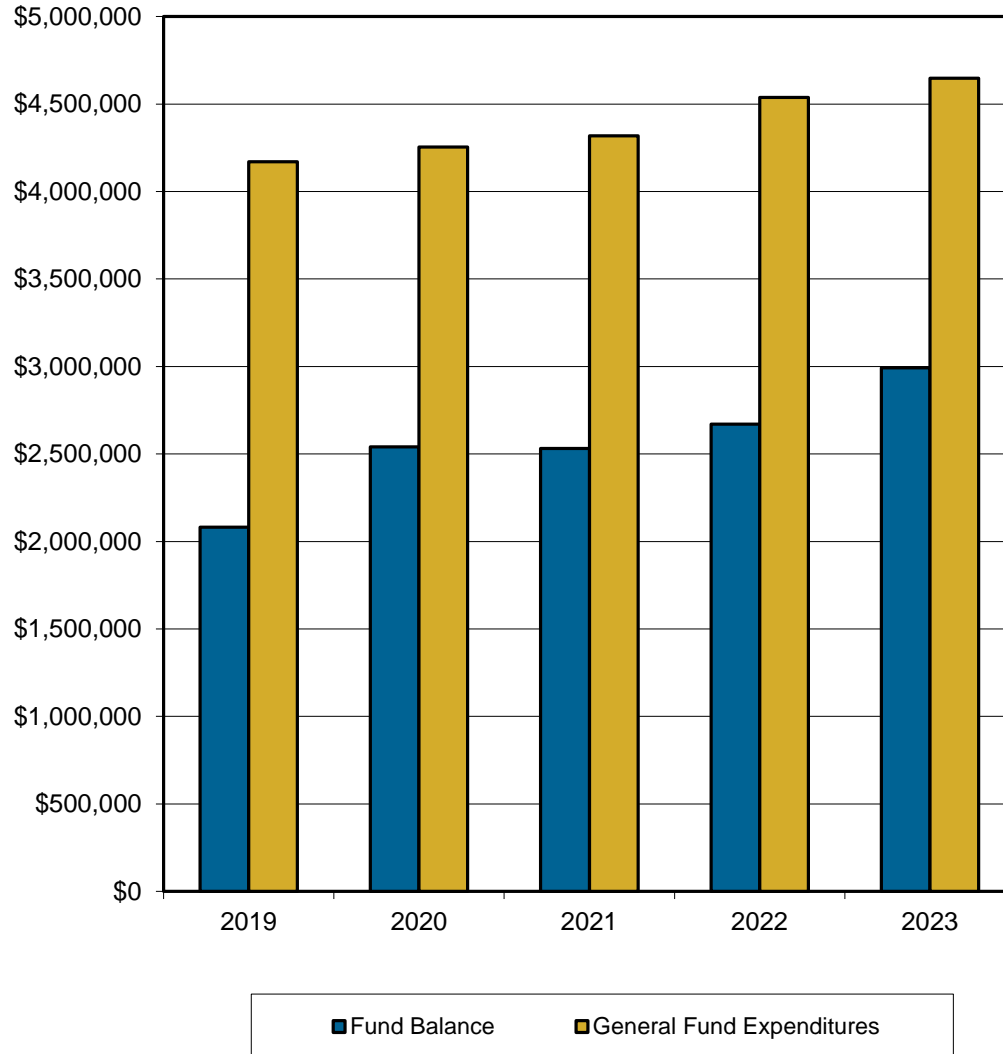
- Includes general insurance, severance payments, TIF payments, recycling and Tower Days community celebration
- Totaled \$486,517 in 2023 and \$641,138 in 2022 – a decrease of approximately 24% due to decreased staffing in 2023.
- Represented approximately 8% of total government expenditures (excluding capital projects and debt service) in 2023

GOVERNMENTAL FUND EXPENDITURES



General Fund Reserves

GENERAL FUND RESERVES



- General Fund balance as a % of General Fund expenditures
 - 2023 64%
 - 2022 59%
 - 2021 59%
 - 2020 60%
 - 2019 50%
- State Auditor recommends 35% to 50% in fund balance

PURPOSES AND BENEFITS OF RESERVES

Purpose of Reserves

- Cash flow timing differences
- Intergovernmental revenue cutbacks
- Capital outlay replacement
- Emergency or unanticipated expenditures
- Special City Council projects
- Unfunded mandates

Benefits of Reserves

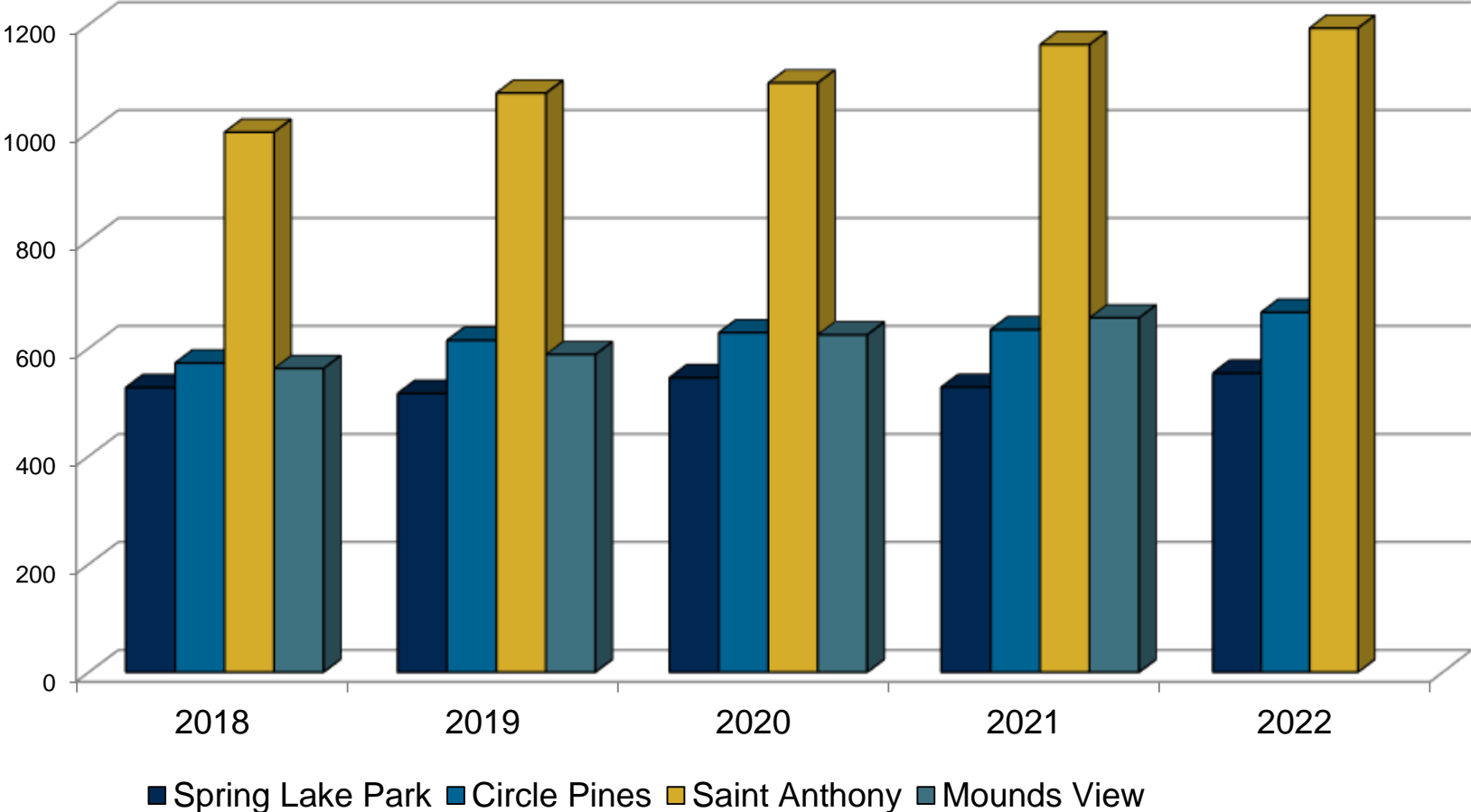
- Favorable bond rating
- Higher investment earnings
- Provides resources for minor projects or feasibility reports
- Avoids temporary overdrafts prior to major receipts
- Allows time to study effects of revenue cuts
- Avoids overburdening of annual budgets for certain capital outlay
- Provides the City greater options to deal with unexpected events

City Financial Data Comparison

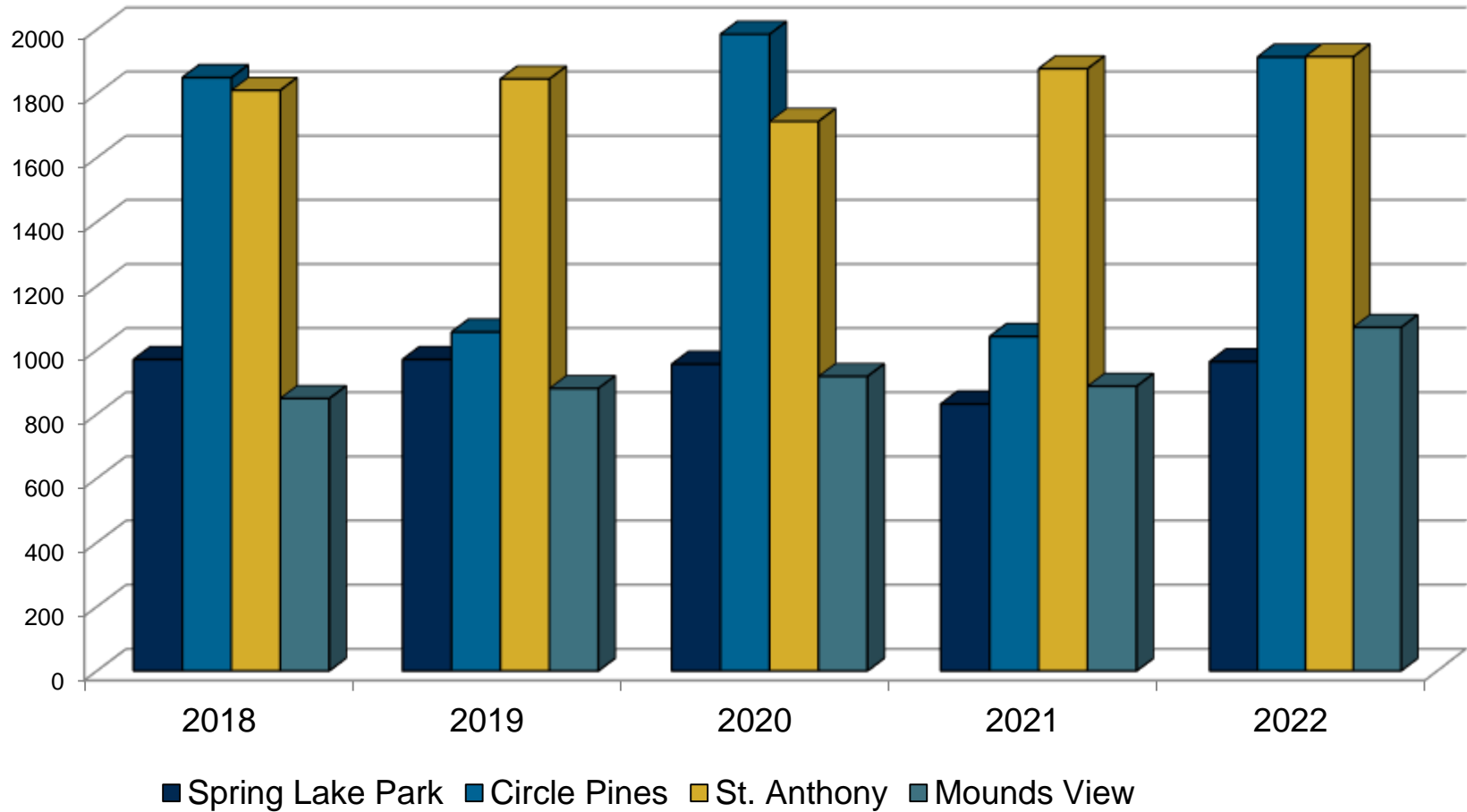
CITY FINANCIAL DATA COMPARISON

- City financial data comparative information taken from 2018-2022 city reporting forms submitted to the Office of the State Auditor
- Compared total tax revenue and total expenditures per capita for Spring Lake Park to three other area cities of similar size: St. Anthony, Circle Pines and Mounds View
 - Total tax revenue includes property taxes, franchise taxes and tax increment (if any)
 - Total expenditures include current expenditures, capital outlay and debt service
- Spring Lake Park ranked 192nd out of 231 cities with populations of 2,500 or more for total expenditures per capita in 2022
 - Ranked 204th out of 231 cities in 2021, 188th out of 229 cities in 2020, 173rd out of 233 cities in 2019, and 168th out of 233 cities in 2018

TOTAL TAX REVENUE (PER CAPITA)

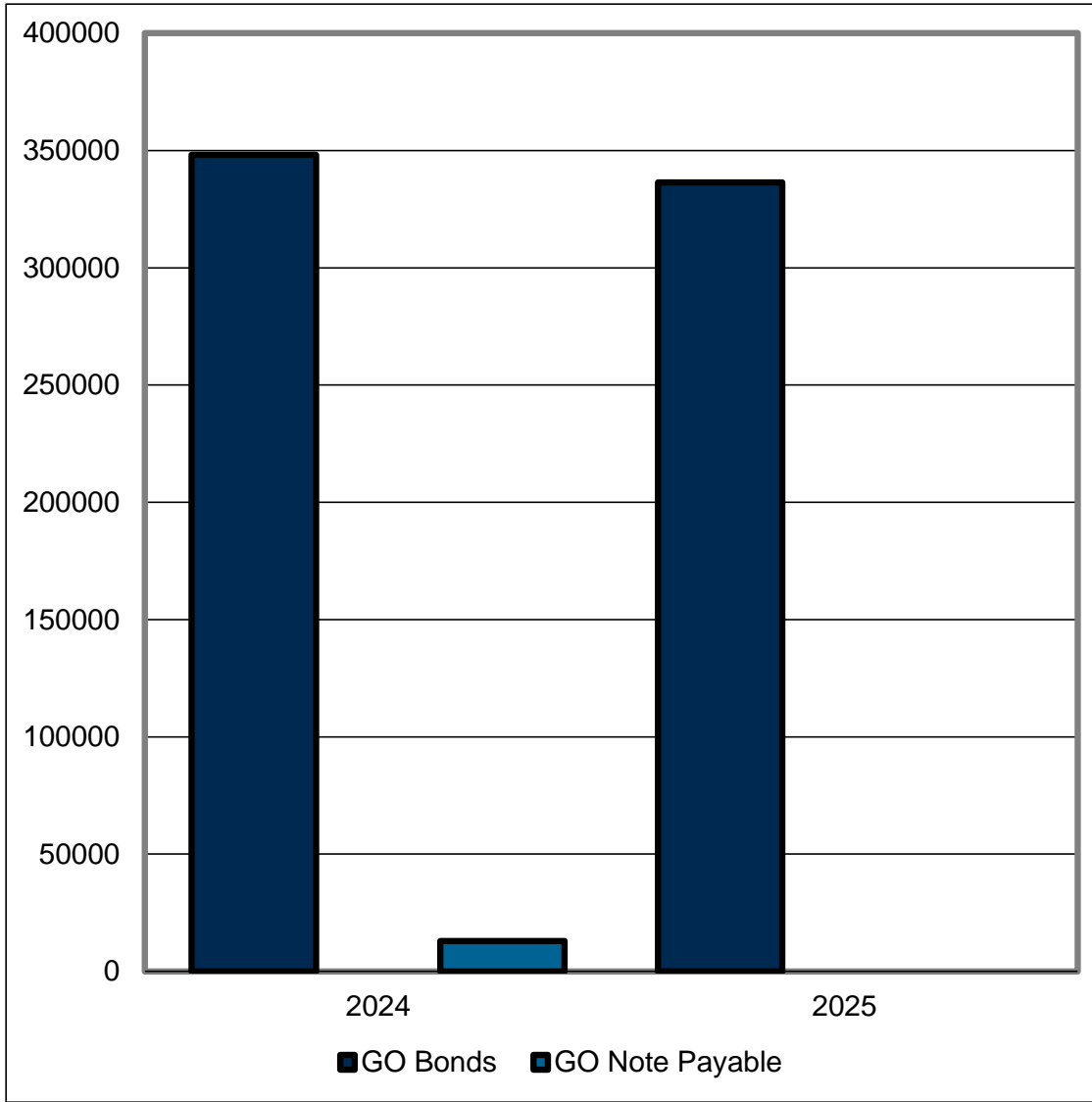


TOTAL EXPENDITURES (PER CAPITA)



Debt Service

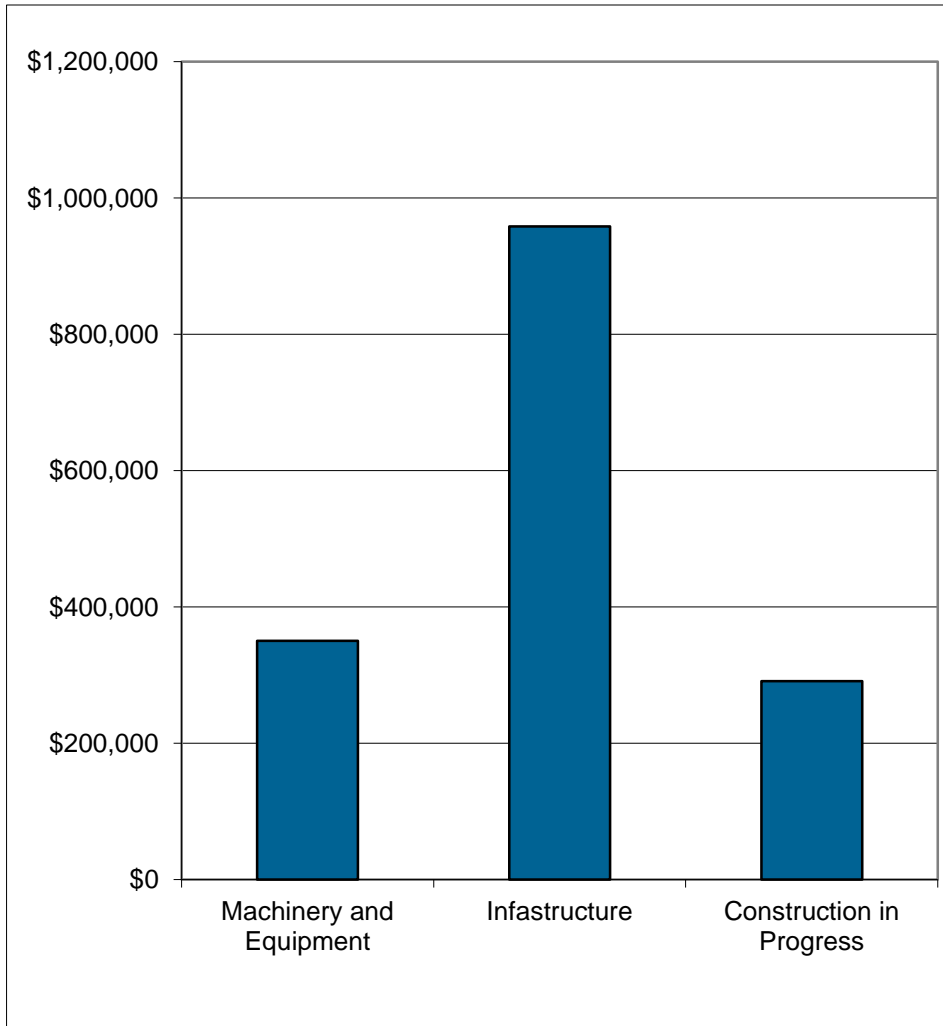
5 YEAR DEBT SERVICE REQUIREMENTS



- All debt payments are being paid on a timely basis
- Includes principal and interest payments
- All debt is scheduled to be paid off in 2025

Capital Projects

CAPITAL OUTLAY

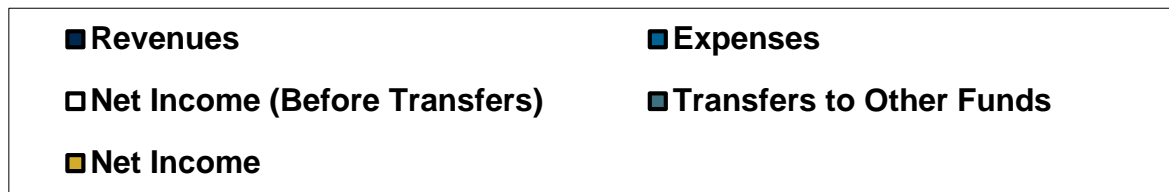
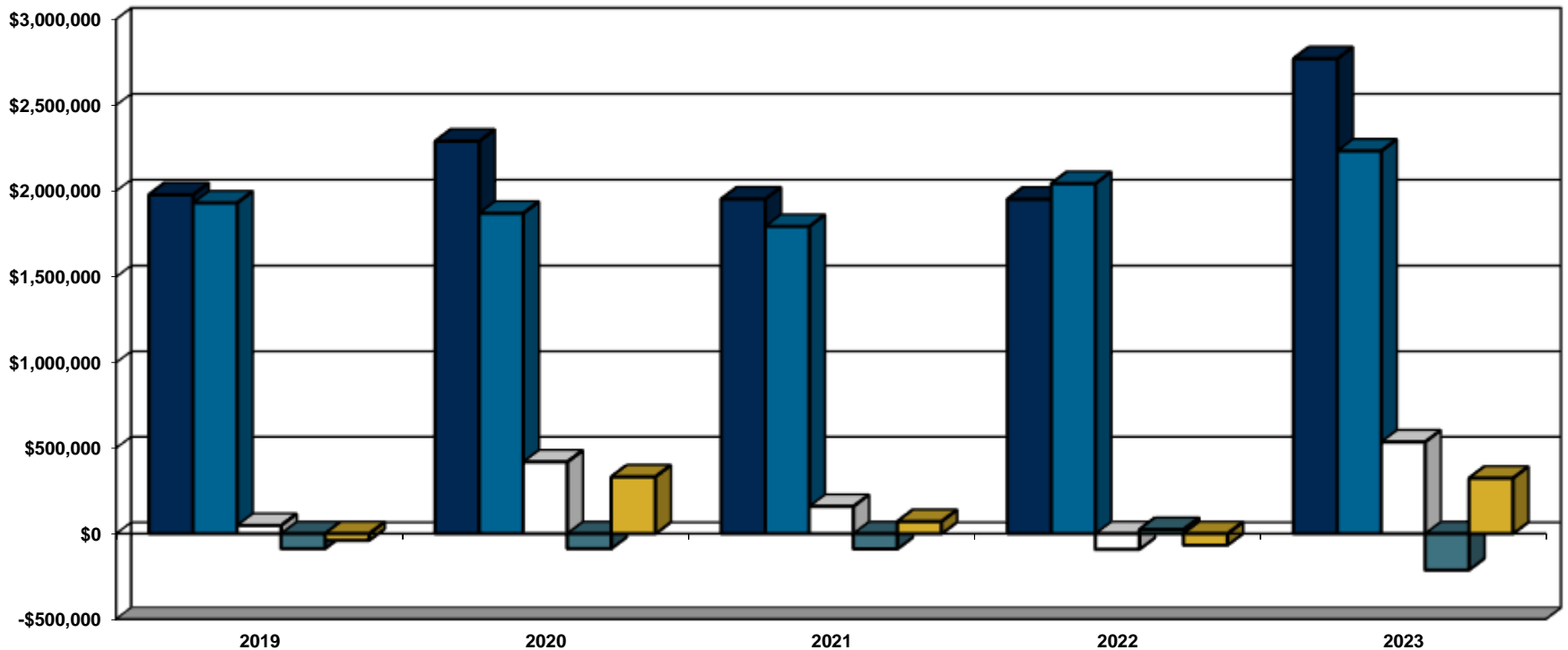


- Major capital outlay in the governmental and business-type funds in 2023 was for:
 - Able Park Shelter project
 - Work on the City Hall Renovation (in progress at year end)
 - Work on the 2021 sewer lining project
 - Upgrades to SCADA systems
- Major capital outlay in the governmental and business-type funds in 2022 was for:
 - Purchase of a new vehicle in the police department
 - Work on the Able Park shelter project (in progress at year end)
 - Work on the 2021 sewer lining project (in progress at year end)
 - Upgrades to SCADA systems (in progress at year end)

Enterprise Funds

Operational Trends

ENTERPRISE FUNDS



SUMMARY

- **Unmodified audit opinion**
- **No Minnesota Legal Compliance exceptions in 2023**
- **General fund balance of \$2,992,641 (64% of 2023 expenditures)**
- **Bonds, certificates and notes payable outstanding of \$676,423 at 12/31/23**