
Annual Comprehensive Financial Report

For the Year Ended December 31, 2024



City of South St. Paul, Minnesota

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
OF THE
CITY OF SOUTH ST. PAUL
STATE OF MINNESOTA**

**FOR THE YEAR ENDED
DECEMBER 31, 2024**

**PREPARED BY:
FINANCE DEPARTMENT**

CITY OF SOUTH ST. PAUL, MINNESOTA
TABLE OF CONTENTS

	<u>Reference</u>	<u>Page No.</u>
I. INTRODUCTORY SECTION		
Letter of Transmittal		3
Certificate of Achievement for Excellence in Financial Reporting		7
Elected and Appointed Officials		8
Organization Chart		9
II. FINANCIAL SECTION		
Independent Auditors' Report		13
Management's Discussion and Analysis		17
Basic Financial Statements:		
Government-Wide Financial Statements:		
Statement of Net Position	Statement 1	31
Statement of Activities	Statement 2	32
Fund Financial Statements:		
Balance Sheet - Governmental Funds	Statement 3	34
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	Statement 4	36
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	Statement 5	39
Statement of Net Position - Proprietary Funds	Statement 6	40
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	Statement 7	42
Statement of Cash Flows - Proprietary Funds	Statement 8	44
Statement of Net Position - Fiduciary Fund	Statement 9	46
Statement of Changes in Fiduciary Net Position - Fiduciary Fund	Statement 10	47
Notes to Financial Statements		49
Required Supplementary Information:		
Budgetary Comparison Schedule - General Fund	Statement 11	89
Budgetary Comparison Schedule - Doug Woog Arena	Statement 12	94
Budgetary Comparison Schedule - Airport	Statement 13	95
Schedule of Changes in Total OPEB Liability and Related Ratios		96
Schedule of Contributions for Public Employees Retirement Association		98
Schedule of City's and Non-Employer Proportionate Share of Net Pension Liability - Public Employees General Employees Retirement Fund		99
Schedule of City's and Non-Employer Proportionate Share of Net Pension Liability - Public Employees Police and Fire Fund		101
Notes to Required Supplementary Information		103

CITY OF SOUTH ST. PAUL, MINNESOTA
TABLE OF CONTENTS

	<u>Reference</u>	<u>Page No.</u>
Supplementary Information:		
Combining and Individual Fund Statements and Schedules:		
Combining Balance Sheet - Nonmajor Governmental Funds	Statement 14	117
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	Statement 15	118
Subcombining Balance Sheet - Nonmajor Special Revenue Funds	Statement 16	121
Subcombining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds	Statement 17	123
Subcombining Balance Sheet - Nonmajor Debt Service Funds	Statement 18	128
Subcombining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Debt Service Funds	Statement 19	129
Subcombining Balance Sheet - Nonmajor Capital Project Funds	Statement 20	133
Subcombining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Project Funds	Statement 21	134
Combining Statement of Net Position - Internal Service Funds	Statement 22	137
Combining Statement of Revenues, Expenses and Changes in Net Position - Internal Service Funds	Statement 23	138
Combining Statement of Cash Flows - Internal Service Funds	Statement 24	139

CITY OF SOUTH ST. PAUL, MINNESOTA
TABLE OF CONTENTS

III. STATISTICAL SECTION (UNAUDITED)

	<u>Reference</u>	<u>Page No.</u>
Financial Trends:		
Net Position by Component	Table 1	141
Changes in Net Position	Table 2	143
Fund Balances, Governmental Funds	Table 3	147
Changes in Fund Balances, Governmental Funds	Table 4	149
Revenue Capacity:		
Tax Capacity Value and Estimated Market Value of Taxable Property	Table 5	153
Direct and Overlapping Property Tax Capacity Rates	Table 6	155
Principal Property Taxpayers	Table 7	157
Property Tax Levies and Collections	Table 8	158
Debt Capacity:		
Ratios of Outstanding Debt by Type	Table 9	159
Ratios of General Bonded Debt Outstanding	Table 10	161
Direct and Overlapping Governmental Activities Debt	Table 11	164
Legal Debt Margin Information	Table 12	165
Pledged-Revenue Coverage	Table 13	167
Demographic and Economic Information:		
Demographic and Economic Statistics	Table 14	169
Principal Employers	Table 15	170
Operating Information:		
Full-time Equivalent City Employees by Function/Program	Table 16	171
Operating Indicators by Function/Program	Table 17	173
Capital Asset Statistics by Function/Program	Table 18	175

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I. INTRODUCTORY SECTION

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June 25, 2025

**To the Honorable Mayor, Members of the City Council,
and Citizens of the City of South St. Paul, Minnesota**

The Annual Comprehensive Financial Report (Financial Report) of the City of South St. Paul, Minnesota (the City) for the fiscal year ended December 31, 2024 is hereby submitted. The purpose of this report is to provide the Mayor, City Council, City staff, citizens, bondholders, and other interested parties with useful information concerning the City's operations and financial positions.

This report was prepared by the City's Finance Department. Management assumes full responsibility for the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, supporting schedules, and statistical tables contained in this report, based upon a comprehensive framework of internal controls that has been established for that purpose. Because the cost of internal control should not exceed the anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of material misstatement. We believe the data, as presented, is accurate in all material respects; that it fairly sets forth the financial position and results of City operations as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

Generally accepted accounting principles (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of South St. Paul's MD&A can be found immediately following the Independent Auditors' Report.

The organization, form and contents of this report were prepared in accordance with the standards prescribed by the Governmental Accounting Standards Board (GASB), the Government Finance Officers Association of the United States and Canada (GFOA), the American Institute of Certified Public Accountants, and the Minnesota Office of the State Auditor.

Profile of the Government

The City of South St. Paul, located in the Twin Cities Metropolitan Area, was organized as a municipality in 1887 and comprises six square miles. The City operates under a home rule charter form of government consisting of a Mayor and a six-member City Council who are elected at-large for staggered four-year terms. The City Council enacts ordinances, determines policies, adopts the annual budget, and is responsible for all significant financial affairs of the City including the issuance of bonds and hiring of all regular employees who are responsible for the day-to-day operation of the City.

The Financial Report includes all organizations, funds, and activities for which the City is financially accountable as defined by the Governmental Accounting Standards Board. Based on these criteria, the South St. Paul Economic Development Authority and the South St. Paul Housing and Redevelopment Authority are blended component units and their financial data is presented as part of the City.

City services include police, parks and recreation [15 parks spread over 245 acres], two aquatic facilities, Doug Woog Arena [a two-rink indoor facility seating over 1,200 people], public works [street, water, sanitary sewer, storm water, and street light services], building permits, inspections, community planning, code enforcement, business licensing, and administrative support services.

There is one service provided by the City which is unique among most cities in the area. The City owns and operates a modest sized airport with over 250 resident aircraft, 60,000 average annual landings, and 132 leased hangar and industrial sites supporting over 300 on-site jobs.

Financial: Accounting, Budgets, Internal Control

The City's accounting system is organized on a fund basis with detailed individual general ledger accounts for assets, liabilities, deferred inflows/outflows, revenues, expenditures/expenses and fund balances and equities. Each fund is a distinct, self-balancing accounting entity. The basic financial statements, which include governmental, proprietary and fiduciary funds, and the government-wide financial statements, consisting of the Statement of Net Position and the Statement of Activities, have all been prepared and are presented in conformance with GAAP.

Budgetary control is maintained to ensure compliance with legally adopted provisions embodied in appropriations contained in the annual budget approved by the City Council for Governmental Funds. Annual Budgets are adopted for the General Fund and the Doug Woog Arena and Airport Special Revenue Funds after a more than six-month process of Council review of departmental estimates and requests and a number of public meetings culminating in final budget approval in December. Actual to budget comparative statements for selected budgeted funds are presented in the appropriate financial section.

Legally, expenditures are controlled at the departmental level. However, day-to-day administration of the budget is in accordance with the official "Budget Administration Plan." Through this document, additional controls are put on overall departmental expenditures as well as certain line items such as capital outlay. Unused budgetary appropriations lapse at year-end. Finance Department staff review quarterly budgets for accuracy and budgetary/policy compliance before they are submitted to Council for approval. Line item budget reports are reviewed by each department.

The City Council can approve budgetary changes during the year through the approval of a motion related to the quarterly budget reports or as a separate agenda item. In addition to the annual budget, the City Council approves financial plans for proprietary funds and projects. Each of the projects is assigned a unique accounting project number and is reviewed during and at project end by the project manager and the Finance Department. The Capital Programs Fund is a separate capital projects fund and each capital item therein is approved, controlled and reported on individually. Debt service financial control is pursuant to bond covenants and Council resolutions.

Economic Conditions and Economic Outlook

Local economic conditions can add perspective that is helpful to understanding the financial statements. The City of South St. Paul is situated in Dakota County adjacent to and south of the State's Capitol City of St. Paul. With adjacent diversified commercial and industrial development, the Mississippi River forms the eastern border of the City. The river bluff is about a half mile west and vertically separates this primarily commercial/industrial corridor from the balance of the City's land area (about 80%) which is primarily residential and fully developed. The single family housing stock is generally uniform in value and very affordable for new families. Multiple dwelling units are typically modest in size with reasonable rents. The City has a stable population of approximately 20,000 people and has rebounded from the 1970's when the community lost its defining character as one of the largest meat-packing centers in the nation. The transformation was required because of the separate closings of two huge meat processing facilities. Thousands of jobs and 20% of the population were lost in this process.

Property values, which had seen a significant decrease in value in the early 2010s, were revitalized and average residential market values rose an average of over 9% per year between 2017 and 2024. The City's general economic environment parallels that of the Twin Cities Metropolitan Area, which historically has one of the most stable and diversified economic bases of any major metropolitan area.

The City's housing stock consists of 5,670 residential homesteaded properties for the 2024 assessment (for taxes payable 2025) year. The preliminary 2025 average value of these properties is \$296,351, which is a 3.91% increase over 2024. In contrast, the comparable value for 2008 assessment year was \$199,102, so the average residential value is over the 2008 levels. The Twin Cities area has seen strong recovery in home values and South St. Paul is seeing this trend as well.

The City, through the South St. Paul Economic Development Authority, has used pay-as-you-go (PAYGO) tax increment notes to reimburse developers for certain costs on projects that, without assistance, would not have occurred. In order for some development projects to be feasible, the City may agree to pay the developer back a portion of the

increased property taxes that result from the development of the property. The City currently has 4 agreements which are outlined in the notes to the basic financial statements. The increase in market value for the tax increment district with PAYGO tax increments notes include:

	<u>Original Market Value</u>	<u>Pay 2024 Market Value</u>	<u>Percent Increase in Valuation</u>
Stockyards TIF 112	\$59,138	\$469,941	695%
Grand Ave Gateway TIF	\$14,004	\$446,619	3,089%

The benefit to the City is the elimination of blighted and underutilized properties, job creation, and increased tax base in future years.

Major Initiatives

Street Projects

- Concord Exchange Street reconstruction was substantially completed in 2024. Final cost for this project is expected to be nearly \$5,000,000.

Park Projects

- The Kaposia Park Pavillion renovation was completed in 2024.

Airport Projects

- The Perimeter Fence, Taxiway A Reconstruction and Taxilane C Rehabilitation were all finalized in 2024.

Joint Efforts

The City is an active collaborator with Dakota County, Special School District #6 and other neighboring cities in efforts to reduce the cost of services while maintaining and/or improving quality.

South Metro Fire District

- In 2005, a joint powers agreement with the City of West St. Paul merged the full-time fire departments into a new entity, the South Metro Fire Department (SMFD). The fire services are paid by the two cities and are recorded as contracted services.

Dakota Communications Center

- Dakota County and its constituent cities collaborated to eliminate five separate dispatch providers and replace them with a single new state-of-the-art operation, the Dakota Communications Center (DCC). The DCC operates pursuant to a joint powers agreement between the County and cities within Dakota County. The DCC completed its first year of operational life in 2007 and continues to receive support from the member cities.

Special School District #6

- In 2010, the City and local school district agreed to the funding for the School Resource Officer Program. This funding allowed for the hiring of a second officer to tend to school and community related policing. This agreement is still on-going.

Long-term Financial Planning

The City on an annual basis engages in long-term financial and capital planning. The objective of this process is to provide a framework for decision making required to identify and implement strategies that will assure long-term community viability. Accordingly, outcomes of the process include promotion of long-term community affordability and livability, reinvesting in the City's housing stock to position the City to compete with other communities, addressing transportation impacts within the City, establish a financial framework to maintain and replace the City's physical and technical infrastructure, and review options and opportunities to improve delivery of City services.

In addition, the City Council has directed staff to develop long-term financial management plans on an annual basis for the Doug Woog Arena fund in an effort to address the outstanding internal debt and decrease the advances of cash funds needed from the General Fund. The results from the plans required internal debt payments on an annual basis. The Long-Term Financial Plan was updated in 2019 and continues to guide city decisions going forward.

Financial Policy Information

In accordance with the City's Liquidity-Fund Balance policy, the City strives to maintain a fund balance in the General Fund for working capital purposes of 35%-50% of the following year's General Fund total budgeted expenditures. This policy identifies fund balance in the General Fund as an important and essential component of the overall financial management for City operations. The policy notes that fund balance is needed for adequate cash flow until large revenue sources are received during the fiscal year. In addition, fund balance can also be used to respond to unexpected expenditures and a temporary loss of revenue. The policy was revised in 2014 to set a benchmark range of 35%-50% of subsequent year budgeted expenditures for the unassigned fund balance in the General fund. The City exceeded this policy as of December 31, 2024 with an unassigned fund balance equal to 50.7% of subsequent year expenditures.

Independent Audit

The City of South St. Paul's financial statements have been audited by LB Carlson, LLP, a firm of certified public accountants. The City of South St. Paul's financial statements for the fiscal year ended December 31, 2024 have received an unmodified opinion from the independent auditor that they are presented in conformity with GAAP. The auditor's report which includes a description of the scope of the audit is presented as the first item of the financial section of this report.

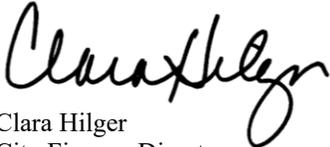
Awards and Acknowledgments

The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of South St. Paul for its annual comprehensive financial report for the year ended December 31, 2023. The Certificate of Achievement is a prestigious national award that recognizes conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Annual Comprehensive Financial Report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of South St. Paul has received a Certificate of Achievement for the last 26 consecutive years. We believe this 2024 Financial Report continues to meet the Certificate of Achievement Program's requirements and we will be submitting it to the GFOA.

The preparation of this report was made possible by the dedicated members of the Finance Department. We express our appreciation to the members of the City Council for their confidence and support and their efforts in conducting the overall financial planning and operations of the City.

Respectfully submitted,


Clara Hilger
City Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of South St. Paul
Minnesota**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2023

Christopher P. Morill

Executive Director/CEO

CITY OF SOUTH ST. PAUL, MINNESOTA

ELECTED AND APPOINTED OFFICIALS

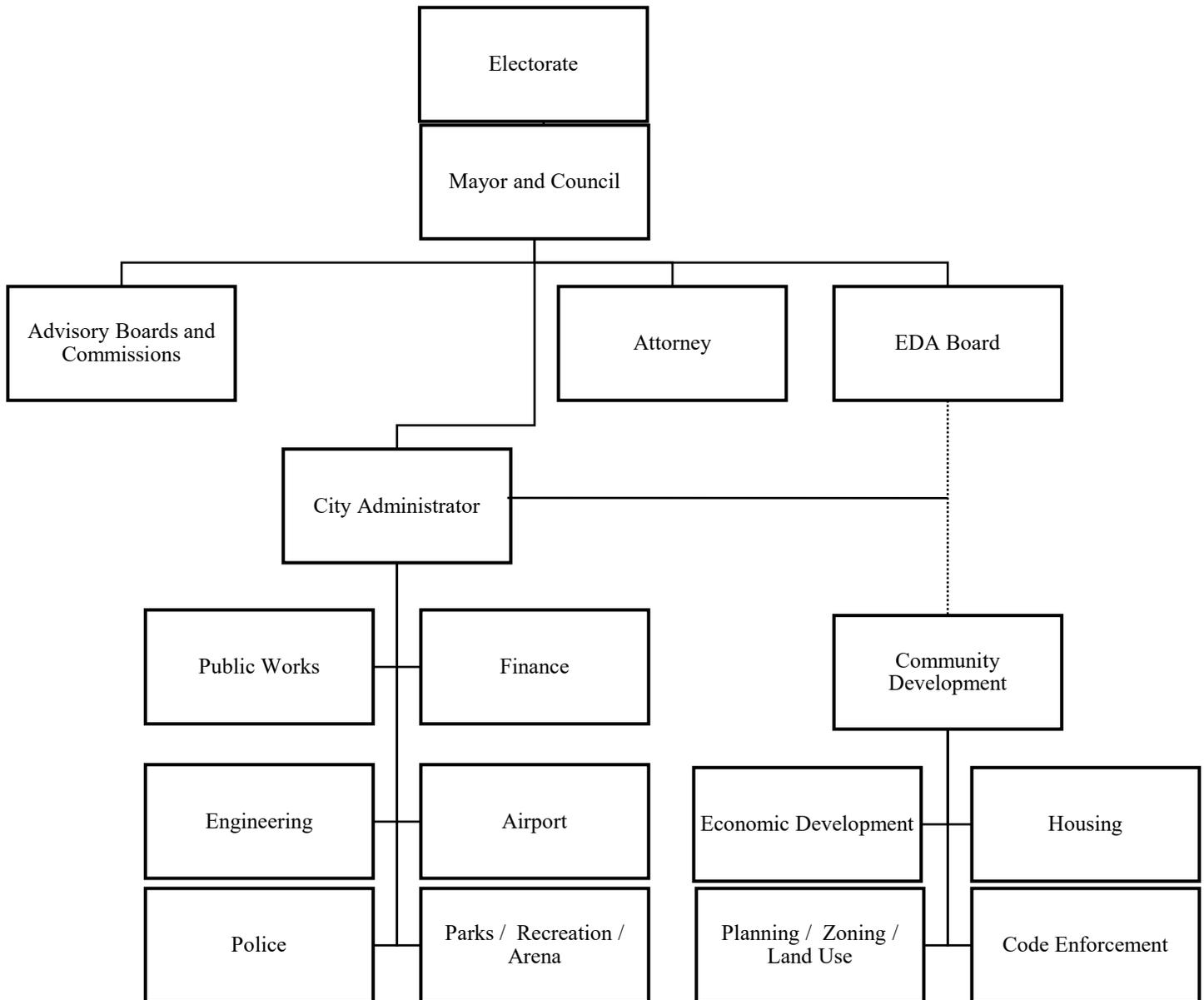
December 31, 2024

		<u>Term Expires</u>
Mayor	James Francis	January 1, 2025
Councilmembers	Matthew Thompson	January 1, 2027
	Joseph Kaliszewski	January 1, 2027
	Thomas Seaberg	January 1, 2027
	Pamela Bakken	January 1, 2025
	Lori Hansen	January 1, 2025
	Todd Podgorski	January 1, 2025
City Administrator	Ryan Garcia	Appointed
Finance Director	Clara Hilger	Appointed
City Engineer	Nick Guilliams	Appointed
Police Chief	Brian Wicke	Appointed
City Clerk	Deanna Werner	Appointed
Parks & Recreation Director	Shannon Young	Appointed
Public Works Director	Howard Steenberg	Appointed
Airport Manager	Andrew Wall	Appointed
Planning / Zoning / Land Use Manager	Michael Healy	Appointed

CITY OF SOUTH ST. PAUL, MINNESOTA

ORGANIZATION CHART

December 31, 2024



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II. FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the City Council and Management
City of South St. Paul, Minnesota

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINIONS

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

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

BASIS FOR OPINIONS

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

EMPHASIS OF MATTER

Change in Accounting Principle

As described in Note 1 of the notes to basic financial statements, in fiscal 2024, the City adopted new accounting guidance in capitalizing purchases of groups of similar assets in the current year. Our opinion is not modified with respect to this matter.

RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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.

(continued)

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 12 months beyond the financial statements date, including any currently known information that may raise substantial doubt shortly thereafter.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

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

REQUIRED SUPPLEMENTARY INFORMATION

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information (RSI), 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 RSI 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.

(continued)

SUPPLEMENTARY INFORMATION

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual fund statements and schedules, as listed in the table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

OTHER INFORMATION

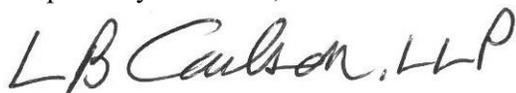
Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover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

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

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Respectfully submitted,



LB CARLSON, LLP
Minneapolis, Minnesota

June 25, 2025

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CITY OF SOUTH ST. PAUL, MINNESOTA
MANAGEMENT’S DISCUSSION AND ANALYSIS
December 31, 2024

This management overview and analysis is offered to readers of the City’s annual comprehensive financial report for the City of South St. Paul, Minnesota regarding the financial activities of the City for the fiscal year ended December 31, 2024. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 3 through 6 of this report.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$161,336,862 (net position). Of this amount, \$27,850,177 (unrestricted net position) may be used to meet the government’s ongoing obligations to citizens and creditors in accordance with the City’s fund designations and fiscal policies.
- The City’s total net position increased by \$12,711,197 from the prior year, excluding the change in accounting principle reported in the current year.
- The City adopted new accounting guidance for capital assets in the current year, which increased the beginning net position by \$170,200 in the government-wide Statement of Activities and Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Position financial statements. This change is further described in Note 1 of the notes to basic financial statements.
- As of the close of current fiscal year, the City’s governmental funds reported combined ending fund balances of \$33,909,688. The fund balance classifications by fund type are as follows:

	General	Special Revenue	Debt Service	Capital Projects	Total
Nonspendable	\$ 221,693	\$ 76,231	\$ -	\$ -	\$ 297,924
Restricted	-	7,580,293	3,267,996	6,851,549	17,699,838
Committed	4,590,970	41,686	-	-	4,632,656
Assigned	-	169,147	-	4,385,404	4,554,551
Unassigned	11,088,297	(621,795)	-	(3,741,783)	6,724,719
	<u>\$ 15,900,960</u>	<u>\$ 7,245,562</u>	<u>\$ 3,267,996</u>	<u>\$ 7,495,170</u>	<u>\$ 33,909,688</u>

- The City’s bonded debt increased by \$3,856,749 during the current fiscal year, from \$20,421,281 to \$24,278,030. This was due to the issuance of debt for the Water Treatment Plant.

Overview of the Financial Statements

The discussion and analysis are intended to serve as an introduction to the City’s basic financial statements. The City’s basic financial statements consist of three components as follows: 1) government-wide financial statements; 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

The Statement of Net Position presents information on all of the City’s assets, liabilities and deferred inflows/outflows as applicable with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City’s net position changed during the most recent fiscal year. All changes in net position are reported at the occurrence of the underlying event giving rise to the change, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flow in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental 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 include general government, public safety, public works, community development, recreation (parks and programs, arena), economic development and transportation (airport). There are four business-type activities of the City of South St. Paul – water and sewer utility, storm water utility, street light utility and low rent housing.

The government-wide financial statements can be found on pages 31 through 33 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary 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 resources available at the end of the fiscal year. This information may be useful when 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 statement. By doing so, readers may better understand the long-term impact of the City's near term financial decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains seven major governmental funds. Information is presented separately, by fund, in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Doug Woog Arena special revenue fund, Airport special revenue fund, Capital Programs capital projects fund, Local Improvements capital projects fund, Tax Increment capital projects fund, and Airport Improvements capital project fund. Data from the other governmental funds are combined into a single, aggregated presentation under the title of nonmajor governmental funds. Individual fund data for each of these funds is provided in the form of combining statements and can be found after the notes in the financial section of this report.

The basic governmental fund financial statements can be found on pages 34 through 39 of this report.

Proprietary funds. The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the governmental-wide financial statements. The City uses enterprise funds to account for the Water and Sewer Utility, Storm Water Utility, Street Light Utility and Low Rent Housing operations. *Internal service funds* are an accounting device to accumulate and allocate costs among the City's various functions. The City uses internal service funds to account for its central garage activity, some employment benefits and the self-insured dental plan. Because all of these services predominantly benefit governmental rather than business-type activities, they have been included within the governmental activities in the government-wide financial statements.

Proprietary funds display the same type of information as the government-wide financial statements, but with more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Utility, Storm Water Utility, Street Light Utility and Low Rent Housing, all of which are considered to be major funds of the City. Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 40 through 45 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the operation of the City of South St. Paul.

The basic fiduciary fund financial statements can be found on pages 46 through 47 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 49 through 87 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information on budgetary compliance for its major funds, a schedule of changes in total OPEB liability and related ratios, schedules of contributions for the Public Employees General Retirement and Police and Fire funds, and schedules of the proportionate share of net pension liability for the Public Employees General Retirement and Police and Fire funds. The City adopts an annual appropriated budget for three of its major funds: General, Doug Woog Arena, and Airport funds. A budgetary comparison statement has been provided for these funds to demonstrate compliance with this budget and to provide the reader with budgetary detail. These can be found on pages 89 through 95 of this report. The schedule of changes in total OPEB liability and related ratios can be found on pages 96 through 97 of this report. The schedule of contributions and the schedules of the proportionate share for the Public Employees General Retirement and Police and Fire funds can be found on pages 98 through 102 of this report. The notes to the required supplementary information can be found on pages 103 through 110.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 117 through 139 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$161,336,862 at the close of the most recent fiscal year.

The largest portion of the City's net position (\$114,995,546 or 71.3%) reflects investment in capital assets (e.g. land, buildings and land improvements, infrastructure, machinery, equipment, and construction in progress) less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens, and therefore, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF SOUTH ST. PAUL, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2024

CITY OF SOUTH ST. PAUL, MINNESOTA'S STATEMENT OF NET POSITION

	Governmental Activities		Business-Type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 50,946,428	\$ 55,418,643	\$ 18,987,147	\$ 16,459,879	\$ 69,933,575	\$ 71,878,522
Capital assets	94,291,022	84,293,309	51,548,885	39,530,724	145,839,907	123,824,033
Total Assets	145,237,450	139,711,952	70,536,032	55,990,603	215,773,482	195,702,555
Deferred outflows of resources	7,251,929	9,408,302	-	-	7,251,929	9,408,302
Current liabilities	3,288,920	4,153,757	2,179,418	1,321,367	5,468,338	5,475,124
Non-current liabilities	26,059,077	30,418,513	15,141,235	5,438,831	41,200,312	35,857,344
Total Liabilities	29,347,997	34,572,270	17,320,653	6,760,198	46,668,650	41,332,468
Deferred inflows of resources	15,019,899	15,322,924	-	-	15,019,899	15,322,924
Net position						
Net investment in capital assets	82,267,766	72,179,718	35,064,701	34,261,751	114,995,546	104,005,272
Restricted	18,491,139	20,343,566	-	-	18,491,139	20,343,566
Unrestricted	7,362,578	6,701,776	18,150,678	14,968,654	27,850,177	24,106,627
Total Net Position	\$ 108,121,483	\$ 99,225,060	\$ 53,215,379	\$ 49,230,405	\$ 161,336,862	\$ 148,455,465

As of the close of the current year, there is \$2,167,063 in General Obligation Bond debt and premium on bonds issued included in the long-term liabilities outstanding in the Governmental Activities that was used to finance capital assets reported in the Business-type Activities. This amount is not used to reduce net investment in capital assets in the Governmental Activities. Neither does it reduce net investment in capital assets of the Business-Type Activities. However, it does reduce net investment in capital assets in the total column. Additionally, there is \$169,858 in General Obligation Bond debt included in the long-term liabilities outstanding reported in the Business-type Activities that was issued to finance capital assets reported in the Governmental Activities. This amount is not used to reduce net investment in capital assets in the Business-type Activities. Neither does it reduce net investment in capital assets of the Governmental Activities. However, it does reduce net investment in capital assets in the total column.

A portion of the City's governmental activities net position represents resources that are subject to external restrictions on how they may be used. As of December 31, 2024, \$3,665,048 was thus restricted due to bond covenants with external bond purchasers related to future debt service requirements and \$6,897,125 was restricted for tax increment financing. In addition, \$7,928,966 was restricted for specific purposes including economic development, housing, park improvements, public safety aid, Police K-9 and other purposes. The remaining balance of unrestricted net position of \$27,850,177 may be used to meet the City's ongoing obligations to citizens and creditors.

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

Current assets decreased and capital assets increased in the governmental activities due to a major road construction project in 2024 being completed. Changes in actuarial assumptions for the City's defined benefit pension plans caused a decrease in deferred outflows of resources. Current liabilities in the governmental activities decreased due to timing of capital projects payables. Non-current liabilities in the governmental activities decreased due to changes in assumptions relating to pensions and scheduled debt payments.

In the business type activities, current assets increased due an increase in cash and receivables. Current liabilities increased due to an increase in payables for capital expenditures near year end. Capital assets and non-current liabilities increased due to draws on a new PFA loan for the construction of a water treatment plant.

CITY OF SOUTH ST. PAUL, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2024

Governmental Activities

Governmental activities increased the City's net position by \$8,896,423. Revenues from governmental activities are reported as program revenues or general revenues. Program revenues are, in turn, reported as charges for services, operating grants and contributions or capital grants and contributions. Expenses are reported on a functional or program basis.

CITY OF SOUTH ST. PAUL, MINNESOTA'S CHANGES IN NET POSITION

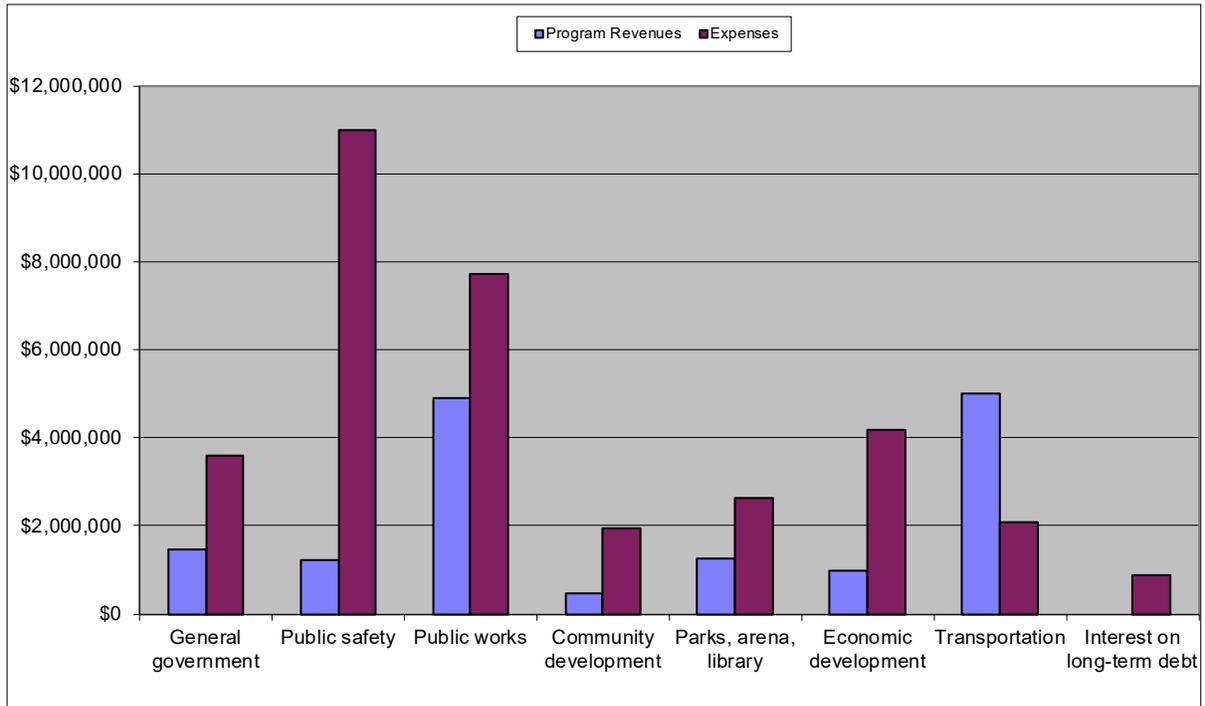
	Governmental Activities		Business-Type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Revenues						
Program revenues						
Charges for services	\$ 7,120,580	\$ 6,326,421	\$ 11,555,333	\$ 10,717,150	\$ 18,675,913	\$ 17,043,571
Operating grants and contributions	1,855,427	2,770,305	1,157,693	1,203,904	3,013,120	3,974,209
Capital grants and contributions	6,301,190	2,082,527	3,208,440	506,659	9,509,630	2,589,186
General revenues						
Property taxes	17,368,768	16,838,976	-	-	17,368,768	16,838,976
Tax increments	3,390,691	2,468,456	-	-	3,390,691	2,468,456
Franchise tax	1,346,855	1,546,224	-	-	1,346,855	1,546,224
Unrestricted grants and contributions	3,740,833	5,038,648	-	-	3,740,833	5,038,648
Investment income	1,231,583	1,040,788	451,216	276,175	1,682,799	1,316,963
Gain on sale of capital assets	130,306	66,804	-	-	130,306	66,804
Total revenues	<u>42,486,233</u>	<u>38,179,149</u>	<u>16,372,682</u>	<u>12,703,888</u>	<u>58,858,915</u>	<u>50,883,037</u>
Expenses						
General government	3,577,774	2,965,354	-	-	3,577,774	2,965,354
Public safety	10,973,964	10,941,608	-	-	10,973,964	10,941,608
Public works	7,712,852	11,928,600	-	-	7,712,852	11,928,600
Community development	1,948,604	1,512,724	-	-	1,948,604	1,512,724
Parks, arena	2,624,779	1,214,613	-	-	2,624,779	1,214,613
Economic development	4,175,071	1,345,845	-	-	4,175,071	1,345,845
Transportation	2,080,856	1,890,406	-	-	2,080,856	1,890,406
Interest on long-term debt	864,592	707,790	-	-	864,592	707,790
Water and sewer utility	-	-	6,764,215	6,087,925	6,764,215	6,087,925
Storm water utility	-	-	1,438,888	762,262	1,438,888	762,262
Street light utility	-	-	266,708	219,125	266,708	219,125
Low rent housing	-	-	3,719,415	3,167,333	3,719,415	3,167,333
Total expenses	<u>33,958,492</u>	<u>32,506,940</u>	<u>12,189,226</u>	<u>10,236,645</u>	<u>46,147,718</u>	<u>42,743,585</u>
Increase (decrease) in net position before transfers	8,527,741	5,672,209	4,183,456	2,467,243	12,711,197	8,139,452
Transfers of capital assets	-	(9,401,746)	-	9,401,746	-	-
Transfers	368,682	1,172,409	(368,682)	(1,172,409)	-	-
Change in net position	8,896,423	(2,557,128)	3,814,774	10,696,580	12,711,197	8,139,452
Net position - January 1, as previously reported	99,225,060	101,782,188	49,230,405	38,533,825	148,455,465	140,316,013
Change in accounting principle	-	-	170,200	-	170,200	-
Net position - January 1, as restated	99,225,060	101,782,188	49,400,605	38,533,825	148,625,665	140,316,013
Net position - December 31	<u>\$ 108,121,483</u>	<u>\$ 99,225,060</u>	<u>\$ 53,215,379</u>	<u>\$ 49,230,405</u>	<u>\$ 161,336,862</u>	<u>\$ 148,455,465</u>

In the governmental activities, capital grants and contributions increased due to State and Federal funds received for road projects in 2024. Property taxes increased based on the Council approved increase in the City's tax levy, unrestricted grants decreased due to recognition of ARPA funds in 2023 and investment income increased due to an increase in interest rates.

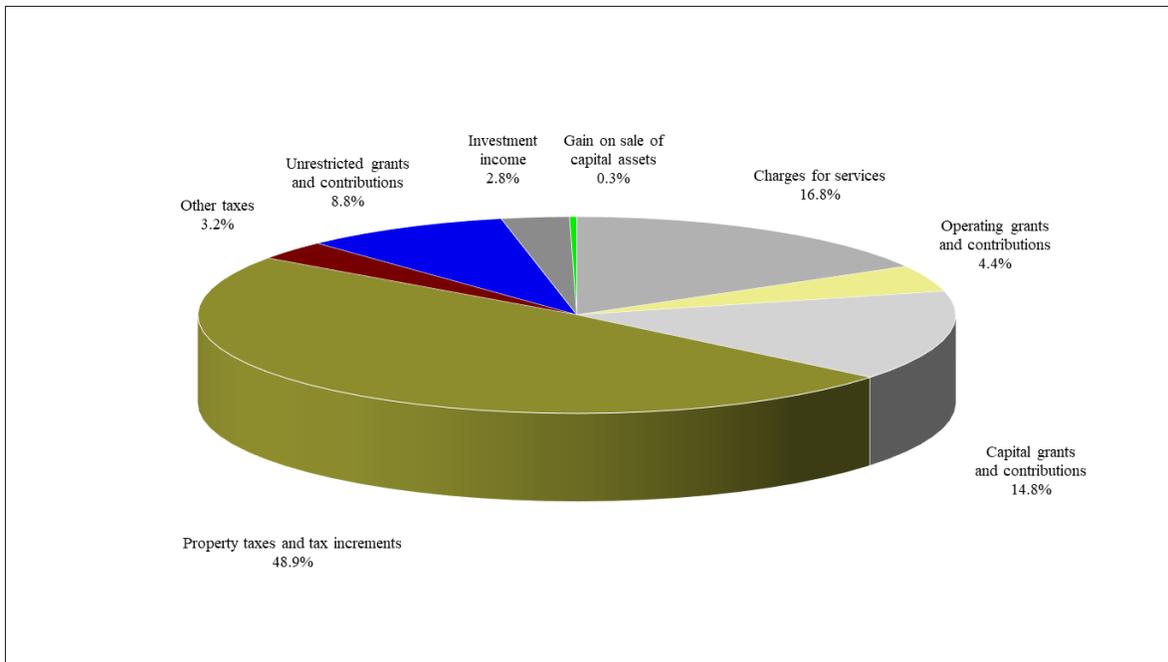
General government expenses increased due to legal costs. Expenses in public works decreased as a result of non-capitalized costs for the Concord Street project in 2023. Economic development expenses increased due to the purchase of new land. Transportation increased due to an increase in non-capitalized costs in 2024. There was also an increase in parks expenses due to an increase in staff and activities at the pools and arena.

Below are specific graphs that provide comparisons of the governmental activities program revenues and expenses:

Expenses and Program Revenues – Governmental Activities



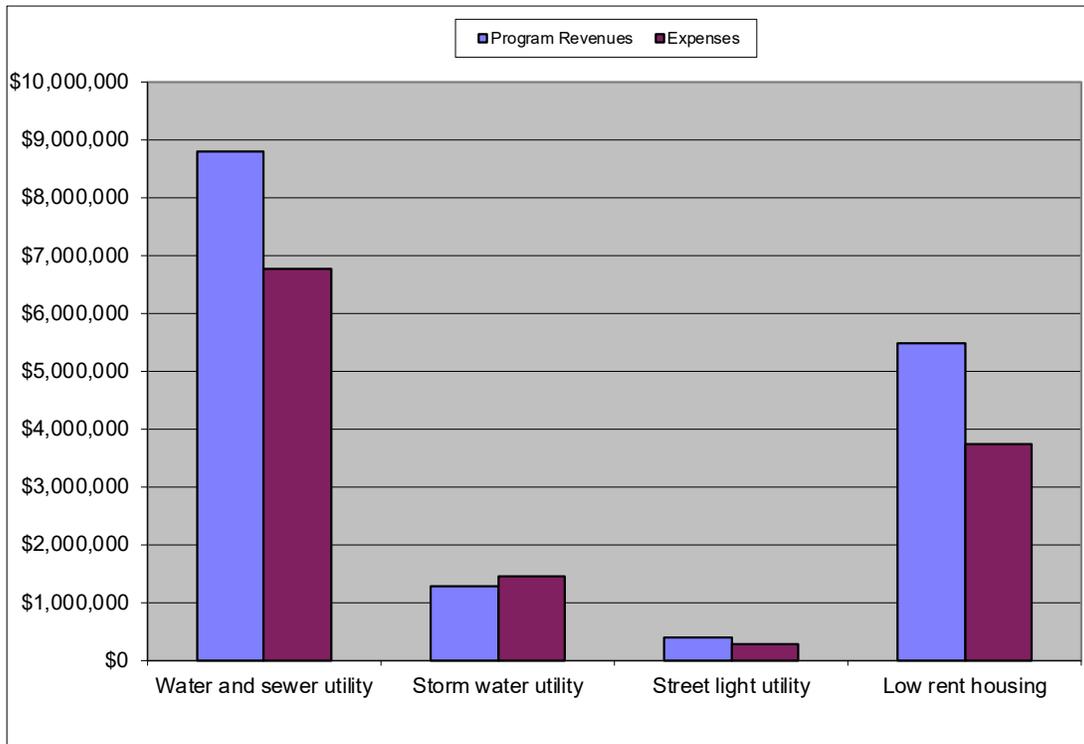
Governmental Activities – Revenues



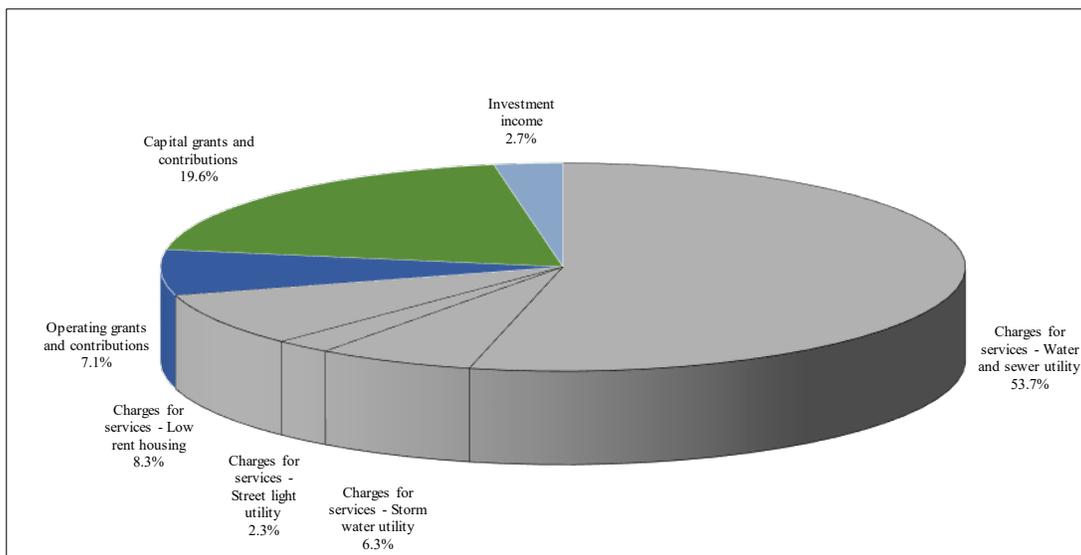
Business-Type Activities

Business-type activities increased net position by \$3,814,774, excluding the change in accounting principle. Below are specific graphs that provide comparisons of the business-type activities program revenues and expenses:

Expenses and Program Revenues – Business-Type Activities



Business-Type Activities – Revenues



Charges for services in the business-type activities increased due to increases in the rates charged for services in 2024. Capital grants and contributions increased due to a remodel in the John Carrol building. Investment income increased due to an increase in interest rates. Expenses in Water and Sewer Utility increased due to an increase in contractual services. Expenses in the Storm Water Utility increased due to a planned repair project. Expenses in Low Rent Housing increased due to higher maintenance costs in 2024 and non-capitalized expenses for the capital project.

Financial Analysis of the Government's Funds

Governmental Funds. The measurement focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unrestricted fund balance may serve as a useful measure of the City's net resources available for spending and cash flows at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$33,909,688. Approximately 0.9% or \$297,924 is nonspendable because of form or availability: 1) \$104,937 in inventory, and 2) \$192,987 in prepaid items. In addition, \$17,699,838 or 52.2% is restricted in use by outside influences: 1) \$3,267,996 to provide for debt service, 2) \$3,669,279 for economic development, 3) \$6,851,549 for tax increment financing, 4) \$2,809,852 for housing, 5) \$256,043 for park improvements, 6) \$27,177 for community relations, 7) \$65,824 for forfeitures, 8) \$5,455 for memorial funding and 9) \$746,663 for lawful purposes. An additional \$4,632,656 or 13.7% has been committed by City Council action: 1) \$4,590,970 for working capital and 2) \$41,686 for Central Square. Another \$4,554,551 or 13.4% has been assigned to specific purposes: 1) \$4,199,752 for working capital in the capital projects funds, 2) \$185,652 for equipment acquisition, and 3) \$169,147 for other purposes. The remaining fund balance of \$6,724,719 is unassigned fund balance.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, total fund balance increased to \$15,900,960, of which 69.7% (\$11,088,297) was unassigned. As a measure of the General fund's liquidity, it may be useful to compare unassigned fund balance to total expenditures. Unassigned fund balance represents 53.1% of expenditures for 2024.

The General fund revenue increased \$1,571,083 in 2024. This was a net result of an increase in property tax revenue which was anticipated in the 2024 budget and an increase in investment income and local government aid.

The General fund expenditures increased \$4,468,680 from 2023 to 2024. This was due to the ARPA fund covering fire expenditures in the prior year.

The Doug Woog Arena fund had an ending fund balance deficit of \$507,808. The net increase in fund balance was \$24,988. This was due to a decrease in capital outlay in 2024. The Arena has an outstanding cash balance deficit of \$581,886 at the close of the year which requires a cash advance from the General fund.

The Airport fund had an ending fund balance deficit of \$38,246. The net decrease in fund balance was \$194,916. The Airport's decrease in fund balance is primarily due to a transfer for administrative expenses.

The Capital Programs fund had a total fund balance of \$3,670,519 at the end of 2024. This was an increase of \$1,343,376 from 2023. The increase in fund balance is primarily due to intergovernmental revenue in this fund in 2024.

The Local Improvements fund had a total deficit fund balance of \$1,870,316. This was a decrease of \$2,739,758 compared to 2023. This decrease was due to road projects happening during the year.

The Tax Increment fund had a total fund balance of \$6,851,549 at the end of 2024. This was a decrease of \$1,792,480 from 2023. The decrease was due to the Concord Exchange road project expenses related to the TIF district.

The Airport Improvements Fund had a total fund balance deficit of \$1,871,467. This was a decrease of \$795,503 from 2023. The decrease was due to taxiway reconstruction capital projects in 2024.

CITY OF SOUTH ST. PAUL, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2024

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

Net position in the Water and Sewer Utility fund increased by \$1,973,651 in 2024 and was \$32,497,150 at year-end. This was a result of an increase in the rates charged.

Net position decreased \$215,657 in the Storm Water Utility fund and was \$11,539,134 at year-end. This was a result of an increase in the rates charged in 2024 offset by planned capital projects.

Net position increased by \$104,136 in the Street Light Utility fund and was \$672,433 at year-end. This was a result of an increase in the rates charged in 2024.

Net position in the Low Rent Housing fund increased by \$1,862,916 during 2024. This can be attributed to capital grants for the John Carroll remodel.

The unrestricted net position in the respective proprietary funds are Water and Sewer Utility, \$14,117,648, Storm Water Utility, \$589,470, Street Light Utility \$672,433, and Low Rent Housing \$3,049,645.

General Fund Budgetary Highlights

As part of the annual budget process, the current year's General Fund revenue and expenditure budgets may be revised to reflect a more accurate picture throughout the current fiscal year.

Total original and revised budgeted revenues and transfers in were \$21,225,186. Total original and revised budgeted expenditures were \$21,225,186.

Actual revenues exceeded the final budget by \$346,149. One major contributor to this was in the interest income and change in investments which exceeded the budget by \$212,346. In addition, licenses and permits and intergovernmental revenues both exceeded the budget estimates in 2024.

Actual expenditures were under the final budget by \$351,248. This was the result of lower than anticipated costs in police protection, parks facilities and maintenance, and engineering. Those were offset by higher than anticipated costs for the city attorney.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of December 31, 2024 was \$145,839,907 (net of accumulated depreciation). This investment in capital assets includes land, temporary and perpetual easements, buildings, land improvements, infrastructure, machinery and equipment, and construction in progress.

More detailed information regarding capital assets are found in the notes to the financial statements (Note 1.N. pages 56-57 and Note 4 on pages 65-67).

CITY OF SOUTH ST. PAUL, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2024

Major capital asset events during the current fiscal year included the following:

- Construction in progress at the end of the year in the Business-Type Activities included \$7,402,116 for the Water Treatment Plant.
- The projects completed and in construction in progress in the Governmental Activities included the Taxiway A Reconstruction for \$2,542,117, Concord Exchange Improvements for \$4,578,104, 7th Ave/494 Water Improvements for \$4,103,724 and the Taxilane C Rehabilitation for \$316,961.
- The City invested \$1,325,748 to replace a variety of City vehicles and equipment.

CITY OF SOUTH ST PAUL, MINNESOTA'S CAPITAL ASSETS
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Land and perpetual easements	\$ 14,319,460	\$ 14,319,460	\$ 594,775	\$ 594,775	\$ 14,914,235	\$ 14,914,235
Building and land improvements	24,000,213	24,946,129	16,534,507	9,519,856	40,534,720	34,465,985
Machinery and equipment	5,833,890	4,994,179	1,623,463	1,665,037	7,457,353	6,659,216
Infrastructure	38,909,028	37,763,089	25,337,725	26,097,034	64,246,753	63,860,123
Construction in progress	11,228,431	2,270,452	7,458,415	1,654,022	18,686,846	3,924,474
	<u>\$ 94,291,022</u>	<u>\$ 84,293,309</u>	<u>\$ 51,548,885</u>	<u>\$ 39,530,724</u>	<u>\$ 145,839,907</u>	<u>\$ 123,824,033</u>

Long-term debt. At the end of the current fiscal year, the City had a total outstanding bonded debt of \$24,278,030, an increase of \$3,856,749 from 2023. This total is comprised of general obligation debt of \$16,345,000 and revenue supported bonds in the amount of \$7,933,030.

Additional long-term debt amounts correspond to compensated absences in the amount of \$558,569, total issuance premium of \$700,409, total other post-employment benefit liability of \$3,746,824 and net pension liability of \$5,998,937 in government activities and notes payable in the amount of \$5,917,543 in business-type activities.

CITY OF SOUTH ST PAUL, MINNESOTA'S OUTSTANDING DEBT

	Governmental Activities		Business-Type Activities		Totals	
	2024	2023	2024	2023	2024	2023
General purpose bonds	\$ 15,070,000	\$ 16,735,000	\$ 1,275,000	\$ 1,465,000	\$ 16,345,000	\$ 18,200,000
Revenue bonds	-	-	7,933,030	2,221,281	7,933,030	2,221,281
Issuance premium	684,747	749,702	15,662	18,741	700,409	768,443
Notes payable	-	-	5,917,543	1,733,809	5,917,543	1,733,809
Total other post-employment benefit liability	3,746,824	3,773,045	-	-	3,746,824	3,773,045
Net pension liability	5,998,937	8,677,398	-	-	5,998,937	8,677,398
Compensated absences	558,569	483,368	-	-	558,569	483,368
	<u>\$ 26,059,077</u>	<u>\$ 30,418,513</u>	<u>\$ 15,141,235</u>	<u>\$ 5,438,831</u>	<u>\$ 41,200,312</u>	<u>\$ 35,857,344</u>

CITY OF SOUTH ST. PAUL, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2024

The City of South St. Paul maintained an Aa2 rating from Moody's Investors Services as of year ended December 31, 2024.

State statutes limit the amount of general obligation debt a Minnesota city may issue to 3 percent of total estimated market value. The current statutory debt limitation for the City of South St. Paul is \$71,146,388, which is in excess of the City's outstanding general obligation debt. Additional information on the City's long-term debt can be found in the notes to the financial statements, Note 5 on pages 67 through 70.

Economic Factors, Future Budgets and Rates

The following items are integral factors that will help shape the City's planning for and dealing with near-term financial issues:

- The unemployment rate for the City is 2.2% at the end of the fiscal year, which is comparable to a year ago. This compares to the State's average unemployment rate of 2.6% and the national average of 3.8%.
- Property value increased by 5.2% in 2024 which was lower than the prior year increase, 2025 property values show a 2.0% increase.
- After several successive years of atypically robust building permit activity, development activity retreated in 2024 in South St. Paul to "pre-pandemic" levels, though nonetheless total valuations of more than \$22,500,000 fell less than \$1,000,000 shy of 2023's total valuation. Highlighting 2024 was the construction of a new 8,100 square foot retail food market at 514 Concord Exchange South, the completion of a new retail pet services facility at 1301 Southview Boulevard, and the completion of the 111-unit luxury market-rate apartment "The Backyards" at 225 Concord Exchange North. Each of these projects involved the redevelopment of underdeveloped, distressed, or vacant properties and are continued examples of the City's focus on diversifying and strengthening the City's local property tax base and providing additional opportunities for housing, services, retail amenities, and employment opportunities.
- The City's 2025 budget had a 7.93% (\$1,256,439) increase in the property tax levy for tax supported operations in the General fund, Doug Woog Arena fund and Local Improvements fund.

Requests for information. This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of South St. Paul, Finance Department, 125 Third Avenue North, South St. Paul, Minnesota 55075, Finance Director at 651-554-3207 or finance@southstpaul.org.

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BASIC FINANCIAL STATEMENTS

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CITY OF SOUTH ST. PAUL, MINNESOTA

STATEMENT OF NET POSITION

Statement 1

December 31, 2024

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash, cash equivalents and investments	\$ 32,139,867	\$ 11,138,379	\$ 43,278,246
Accrued interest	53,610	-	53,610
Accounts receivable - net	756,336	2,726,383	3,482,719
Loans receivable	2,085,252	-	2,085,252
Lease receivable	6,239,097	-	6,239,097
Property taxes receivable	1,972,007	-	1,972,007
Special assessments receivable	2,428,455	726,238	3,154,693
Internal balance	784,178	(784,178)	-
Due from other governmental units	549,102	4,771,605	5,320,707
Inventories - at cost	104,937	-	104,937
Prepaid items	223,587	408,720	632,307
Inventory - land held for resale	3,610,000	-	3,610,000
Capital assets (net of accumulated depreciation)			
Nondepreciable	25,547,891	8,053,190	33,601,081
Depreciable	68,743,131	43,495,695	112,238,826
Total assets	<u>145,237,450</u>	<u>70,536,032</u>	<u>215,773,482</u>
Deferred outflows of resources			
Pension plan deferments - PERA	6,071,163	-	6,071,163
OPEB plan deferments	1,180,766	-	1,180,766
Total deferred outflows of resources	<u>7,251,929</u>	<u>-</u>	<u>7,251,929</u>
Liabilities			
Accounts and contracts payable	1,921,043	1,900,965	3,822,008
Salaries payable	808,049	36,121	844,170
Deposits payable	303,802	95,956	399,758
Due to other governmental units	21,744	100,644	122,388
Accrued interest payable	194,752	45,732	240,484
Unearned revenue	39,530	-	39,530
Noncurrent liabilities			
Due within one year	2,070,065	762,000	2,832,065
Due in more than one year	23,989,012	14,379,235	38,368,247
Total liabilities	<u>29,347,997</u>	<u>17,320,653</u>	<u>46,668,650</u>
Deferred inflows of resources			
Pension plan deferments - PERA	8,116,641	-	8,116,641
OPEB plan deferments	664,161	-	664,161
Lease revenue for subsequent years	6,239,097	-	6,239,097
Total deferred inflows of resources	<u>15,019,899</u>	<u>-</u>	<u>15,019,899</u>
Net position			
Net investment in capital assets	82,267,766	35,064,701	114,995,546
Restricted			
Debt service	3,665,048	-	3,665,048
Tax increment	6,897,125	-	6,897,125
Economic development	3,676,932	-	3,676,932
Housing programs	3,150,872	-	3,150,872
Park improvements	256,043	-	256,043
Public Safety Aid	642,206	-	642,206
Police K-9	70,427	-	70,427
Other purposes	132,486	-	132,486
Unrestricted	7,362,578	18,150,678	27,850,177
Total net position	<u>\$ 108,121,483</u>	<u>\$ 53,215,379</u>	<u>\$ 161,336,862</u>

The accompanying notes are an integral part of these financial statements.

CITY OF SOUTH ST. PAUL, MINNESOTA

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2024

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges For Services</u>	<u>Operating Grants and Contributions</u>
Governmental activities			
General government	\$ 3,577,774	\$ 1,438,348	\$ 11,710
Public safety	10,973,964	179,198	1,051,382
Public works	7,712,852	843,731	561,932
Community development	1,948,604	418,536	59,794
Parks, arena	2,624,779	1,234,287	13,759
Economic development	4,175,071	870,881	120,170
Transportation	2,080,856	2,135,599	36,680
Interest on long-term debt	864,592	-	-
Total governmental activities	<u>33,958,492</u>	<u>7,120,580</u>	<u>1,855,427</u>
Business-type activities			
Water and sewer utility	6,764,215	8,796,753	-
Storm water utility	1,438,888	1,030,036	-
Street light utility	266,708	372,002	-
Low rent housing	3,719,415	1,356,542	1,157,693
Total business-type activities	<u>12,189,226</u>	<u>11,555,333</u>	<u>1,157,693</u>
Total primary government	<u>46,147,718</u>	<u>18,675,913</u>	<u>3,013,120</u>

General revenues
 General property taxes
 Tax increments
 Franchise tax
 Unrestricted grants and contributions
 Investment income (charges)
 Gain on sale of capital assets
Transfers
 Total general revenues and transfers

Change in net position

Net position - beginning, as previously reported

Change in accounting principle

Net position - beginning, as restated

Net position - ending

Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
	Governmental Activities	Business-Type Activities	Total
\$ -	\$ (2,127,716)	\$ -	\$ (2,127,716)
-	(9,743,384)	-	(9,743,384)
3,478,311	(2,828,878)	-	(2,828,878)
-	(1,470,274)	-	(1,470,274)
-	(1,376,733)	-	(1,376,733)
-	(3,184,020)	-	(3,184,020)
2,822,879	2,914,302	-	2,914,302
-	(864,592)	-	(864,592)
<u>6,301,190</u>	<u>(18,681,295)</u>	<u>-</u>	<u>(18,681,295)</u>
-	-	2,032,538	2,032,538
245,310	-	(163,542)	(163,542)
-	-	105,294	105,294
2,963,130	-	1,757,950	1,757,950
<u>3,208,440</u>	<u>-</u>	<u>3,732,240</u>	<u>3,732,240</u>
<u>9,509,630</u>	<u>(18,681,295)</u>	<u>3,732,240</u>	<u>(14,949,055)</u>
	17,368,768	-	17,368,768
	3,390,691	-	3,390,691
	1,346,855	-	1,346,855
	3,740,833	-	3,740,833
	1,231,583	451,216	1,682,799
	130,306	-	130,306
	368,682	(368,682)	-
	<u>27,577,718</u>	<u>82,534</u>	<u>27,660,252</u>
	8,896,423	3,814,774	12,711,197
	99,225,060	49,230,405	148,455,465
	-	170,200	170,200
	<u>99,225,060</u>	<u>49,400,605</u>	<u>148,625,665</u>
	<u>\$ 108,121,483</u>	<u>\$ 53,215,379</u>	<u>\$ 161,336,862</u>

The accompanying notes are an integral part of these financial statements.

CITY OF SOUTH ST. PAUL, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2024

	General Fund	Doug Woog Arena	Airport
Assets			
Cash and investments	\$ 12,273,384	\$ -	\$ -
Accrued interest on investments	53,610	-	-
Accounts receivable	492,687	222,667	33,277
Loans receivable	-	-	-
Lease receivable	911,221	-	4,192,725
Property taxes receivable	1,814,278	-	-
Special assessments receivable	53,823	-	-
Due from other governmental units	10,078	-	-
Advances to other funds	2,494,033	-	-
Inventory	37,780	-	67,157
Prepaid items	183,913	3,667	4,917
Assets held for resale	-	-	-
Total assets	<u>18,324,807</u>	<u>226,334</u>	<u>4,298,076</u>
Liabilities			
Accounts and contracts payable	200,814	46,033	39,000
Salaries payable	708,830	39,599	13,586
Deposits payable	214,187	-	-
Due to other governmental units	15,853	3,444	394
Advances from other funds	-	581,886	75,137
Unearned revenue	-	39,065	-
Total liabilities	<u>1,139,684</u>	<u>710,027</u>	<u>128,117</u>
Deferred inflows of resources			
Unavailable revenue - property taxes	304,416	-	-
Unavailable revenue - special assessments	48,598	-	-
Unavailable revenue - charges for services	19,928	24,115	15,480
Lease revenue for subsequent years	911,221	-	4,192,725
Total deferred inflows of resources	<u>1,284,163</u>	<u>24,115</u>	<u>4,208,205</u>
Fund balances			
Nonspendable	221,693	3,667	72,074
Restricted	-	-	-
Committed	4,590,970	-	-
Assigned	-	-	-
Unassigned	11,088,297	(511,475)	(110,320)
Total fund balances	<u>15,900,960</u>	<u>(507,808)</u>	<u>(38,246)</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 18,324,807</u>	<u>\$ 226,334</u>	<u>\$ 4,298,076</u>

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

Total fund balance (from above)

Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.

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

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Internal service funds are used by management to charge the cost of insurance and other employee benefits to individual funds.

Net position of governmental activities (Statement 1)

The accompanying notes are an integral part of these financial statements.

Statement 3

Capital Programs	Local Improvements	Tax Increment	Formerly Nonmajor		Total
			Airport Improvements	Other Nonmajor Governmental	
\$ 2,779,197	\$ -	\$ 3,218,467	\$ -	\$ 9,568,094	\$ 27,839,142
-	-	-	-	-	53,610
2,250	-	-	-	5,455	756,336
-	-	-	-	2,085,252	2,085,252
361,870	-	-	-	773,281	6,239,097
-	3,988	69,022	-	84,719	1,972,007
28,205	1,729,601	-	-	616,826	2,428,455
-	531,364	-	-	7,660	549,102
1,087,001	-	-	-	505,660	4,086,694
-	-	-	-	-	104,937
-	-	-	-	490	192,987
-	-	3,610,000	-	-	3,610,000
<u>4,258,523</u>	<u>2,264,953</u>	<u>6,897,489</u>	<u>-</u>	<u>13,647,437</u>	<u>49,917,619</u>
197,493	1,251,423	364	34,457	122,491	1,892,075
-	-	-	-	35,128	797,143
1,000	88,615	-	-	-	303,802
-	-	-	-	2,053	21,744
-	1,087,001	-	1,837,010	-	3,581,034
-	-	-	-	-	39,065
<u>198,493</u>	<u>2,427,039</u>	<u>364</u>	<u>1,871,467</u>	<u>159,672</u>	<u>6,634,863</u>
-	-	45,576	-	15,189	365,181
27,641	1,708,230	-	-	591,804	2,376,273
-	-	-	-	332,994	392,517
361,870	-	-	-	773,281	6,239,097
<u>389,511</u>	<u>1,708,230</u>	<u>45,576</u>	<u>-</u>	<u>1,713,268</u>	<u>9,373,068</u>
-	-	-	-	490	297,924
-	-	6,851,549	-	10,848,289	17,699,838
-	-	-	-	41,686	4,632,656
3,670,519	-	-	-	884,032	4,554,551
-	(1,870,316)	-	(1,871,467)	-	6,724,719
<u>3,670,519</u>	<u>(1,870,316)</u>	<u>6,851,549</u>	<u>(1,871,467)</u>	<u>11,774,497</u>	<u>33,909,688</u>
\$ 4,258,523	\$ 2,264,953	\$ 6,897,489	\$ -	\$ 13,647,437	\$ 49,917,619
					\$ 33,909,688
					90,903,987
					3,133,971
					(15,949,499)
					(3,876,664)
					<u>\$ 108,121,483</u>

CITY OF SOUTH ST. PAUL, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2024

	General Fund	Doug Woog Arena	Airport
Revenues			
General property taxes	\$ 13,389,420	\$ 323,000	\$ -
Tax increments	-	-	-
Franchise tax	1,346,855	-	-
Licenses and permits	532,877	-	-
Intergovernmental	3,619,403	-	36,680
Charges for services	1,974,522	1,030,141	1,501,428
Fines and forfeits	155,527	-	-
Special assessments	23,641	-	-
Investment income	225,428	-	3,821
Change in fair value of investments	61,918	(5,272)	1,026
Miscellaneous	51,744	5,915	7,082
Total revenues	<u>21,381,335</u>	<u>1,353,784</u>	<u>1,550,037</u>
Expenditures			
Current			
General government	3,482,725	-	-
Public safety	10,666,199	-	-
Public works	4,842,756	-	-
Community development	806,363	-	-
Parks, arena	1,009,050	1,284,673	-
Economic development	-	-	-
Transportation	-	-	1,473,200
Capital outlay			
General government	8,636	-	-
Public safety	29,080	-	-
Public works	29,129	-	-
Parks, arena	-	171	-
Economic development	-	-	-
Transportation	-	-	1,318
Debt service			
Principal	-	-	-
Interest and other charges	-	19,115	-
Total expenditures	<u>20,873,938</u>	<u>1,303,959</u>	<u>1,474,518</u>
Revenues over (under) expenditures	507,397	49,825	75,519
Other financing sources (uses)			
Transfers in	190,000	-	-
Transfers out	(434,879)	(24,837)	(270,435)
Total other financing sources (uses)	<u>(244,879)</u>	<u>(24,837)</u>	<u>(270,435)</u>
Net change in fund balances	<u>262,518</u>	<u>24,988</u>	<u>(194,916)</u>
Fund balances - January 1, as previously reported	15,638,442	(532,796)	156,670
Change within financial reporting entity	-	-	-
Fund balances - January 1, as restated	<u>15,638,442</u>	<u>(532,796)</u>	<u>156,670</u>
Fund balances - December 31	<u>\$ 15,900,960</u>	<u>\$ (507,808)</u>	<u>\$ (38,246)</u>

The accompanying notes are an integral part of these financial statements.

Capital Programs	Local Improvements	Tax Increment	Formerly Nonmajor		Total
			Airport Improvements	Other Nonmajor Governmental	
\$ -	\$ 1,273,023	\$ -	\$ -	\$ 2,311,797	\$ 17,297,240
-	-	3,387,150	-	-	3,387,150
-	-	-	-	-	1,346,855
-	-	-	-	-	532,877
1,275,854	3,484,442	-	1,679,132	649,471	10,744,982
61,339	-	-	2,637	871,896	5,441,963
-	-	-	-	-	155,527
21,603	438,590	-	3,529	278,132	765,495
85,630	162,544	164,940	-	245,619	887,982
24,289	2,248	45,141	(13,047)	68,768	185,071
466	625,000	-	-	294,220	984,427
<u>1,469,181</u>	<u>5,985,847</u>	<u>3,597,231</u>	<u>1,672,251</u>	<u>4,719,903</u>	<u>41,729,569</u>
-	-	-	-	1,615	3,484,340
-	-	-	-	367,477	11,033,676
181,553	2,065,589	-	-	10,000	7,099,898
-	-	-	-	1,173,272	1,979,635
-	-	-	-	37,021	2,330,744
-	-	647,963	-	334,471	982,434
-	-	-	233,533	-	1,706,733
-	-	-	-	202,814	211,450
-	-	-	-	281,927	311,007
414,780	7,803,461	-	-	-	8,247,370
-	-	-	-	32,270	32,441
-	-	3,219,277	-	-	3,219,277
-	-	-	2,458,255	-	2,459,573
-	-	-	-	1,665,000	1,665,000
-	148,951	220,347	46,401	515,459	950,273
<u>596,333</u>	<u>10,018,001</u>	<u>4,087,587</u>	<u>2,738,189</u>	<u>4,621,326</u>	<u>45,713,851</u>
872,848	(4,032,154)	(490,356)	(1,065,938)	98,577	(3,984,282)
479,669	1,337,186	-	270,435	655,642	2,932,932
(9,141)	(44,790)	(1,302,124)	-	(478,044)	(2,564,250)
<u>470,528</u>	<u>1,292,396</u>	<u>(1,302,124)</u>	<u>270,435</u>	<u>177,598</u>	<u>368,682</u>
<u>1,343,376</u>	<u>(2,739,758)</u>	<u>(1,792,480)</u>	<u>(795,503)</u>	<u>276,175</u>	<u>(3,615,600)</u>
2,327,143	869,442	8,644,029	-	10,422,358	37,525,288
-	-	-	(1,075,964)	1,075,964	-
<u>2,327,143</u>	<u>869,442</u>	<u>8,644,029</u>	<u>(1,075,964)</u>	<u>11,498,322</u>	<u>37,525,288</u>
<u>\$ 3,670,519</u>	<u>\$ (1,870,316)</u>	<u>\$ 6,851,549</u>	<u>\$ (1,871,467)</u>	<u>\$ 11,774,497</u>	<u>\$ 33,909,688</u>

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CITY OF SOUTH ST. PAUL, MINNESOTA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**
For the Year Ended December 31, 2024

Statement 5

Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:

Net changes in fund balances - total governmental funds (Statement 4)	\$ (3,615,600)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	9,273,147
The proceeds from the sale of capital assets are reported as revenue in the governmental funds. However, the cost of capital assets sold is removed from the capital asset account in the statement of net position and offset against the sale proceeds resulting in a gain or loss in the statement of activities.	(46,152)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	452,132
The repayment of the principal of long-term debt consumes current financial resources and does not have any effect on net position.	1,665,000
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	85,681
Internal service funds are used by management to charge the costs of central garage, post retirement benefits and employee benefits to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.	1,110,288
Capital assets transferred from governmental funds to proprietary funds	<u>(28,073)</u>
Change in net position of governmental activities (Statement 2)	<u>\$ 8,896,423</u>

The accompanying notes are an integral part of these financial statements.

CITY OF SOUTH ST. PAUL, MINNESOTA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2024

	Business-Type	
	Water and Sewer Utility	Storm Water Utility
Assets		
Current assets		
Cash, cash equivalents, and investments	\$ 10,036,887	\$ 507,507
Accounts receivable	2,316,107	264,392
Special assessments receivable	726,238	-
Due from other governments	1,059,917	-
Prepaid items	309,169	29
Total current assets	<u>14,448,318</u>	<u>771,928</u>
Noncurrent assets - capital assets		
Land and easements	295,900	33,200
Buildings and land improvements	6,342,316	1,167,635
Machinery and equipment	3,231,816	2,605
Infrastructure	22,574,661	18,152,317
Construction in process	7,402,116	-
Less: Allowance for depreciation	(11,825,597)	(7,963,545)
Net capital assets	<u>28,021,212</u>	<u>11,392,212</u>
Total assets	<u>42,469,530</u>	<u>12,164,140</u>
Deferred outflow of resources		
Pension plan deferments - PERA	-	-
OPEB plan deferments	-	-
Total deferred outflows of resources	<u>-</u>	<u>-</u>
Liabilities		
Current liabilities		
Accounts payable	1,272,491	5,037
Salaries payable	36,121	-
Deposits payable	12,386	-
Due to other governmental units	1,927	-
Unearned revenue	-	-
Compensated absences	-	-
Accrued interest payable	38,169	7,563
Advances from other funds	-	-
Bonds payable	667,000	95,000
Total other postemployment benefit liability	-	-
Total current liabilities	<u>2,028,094</u>	<u>107,600</u>
Noncurrent liabilities		
Notes payable	-	-
Bonds payable	7,944,286	517,406
Total other postemployment benefit liability	-	-
Net pension liability	-	-
Compensated absences	-	-
Total noncurrent liabilities	<u>7,944,286</u>	<u>517,406</u>
Total liabilities	<u>9,972,380</u>	<u>625,006</u>
Deferred inflow of resources		
Pension plan deferments - PERA	-	-
OPEB plan deferments	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>
Net position		
Net investment in capital assets	18,379,502	10,949,664
Unrestricted	14,117,648	589,470
Total net position	<u>\$ 32,497,150</u>	<u>\$ 11,539,134</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds		
Net position of business-type activities (Statement 1)		

The accompanying notes are an integral part of these financial statements.

Activities - Enterprise Funds			Governmental Activities - Internal Service Funds	
Street Light Utility	Low Rent Housing	Total		
\$ 593,985	\$ -	\$ 11,138,379	\$ 4,300,725	
95,560	50,324	2,726,383	-	
-	-	726,238	-	
-	3,711,688	4,771,605	-	
-	99,522	408,720	30,600	
689,545	3,861,534	19,771,325	4,331,325	
-	265,675	594,775	-	
-	28,918,290	36,428,241	-	
-	76,133	3,310,554	6,834,448	
-	-	40,726,978	-	
-	56,299	7,458,415	-	
-	(17,180,936)	(36,970,078)	(3,447,413)	
-	12,135,461	51,548,885	3,387,035	
689,545	15,996,995	71,320,210	7,718,360	
-	-	-	6,071,163	
-	-	-	1,180,766	
-	-	-	7,251,929	
16,909	606,528	1,900,965	28,968	
-	-	36,121	10,906	
-	83,570	95,956	-	
203	98,514	100,644	-	
-	-	-	465	
-	-	-	78,234	
-	-	45,732	-	
-	505,660	505,660	-	
-	-	762,000	-	
-	-	-	306,831	
17,112	1,294,272	3,447,078	425,404	
-	5,917,543	5,917,543	-	
-	-	8,461,692	-	
-	-	-	3,439,993	
-	-	-	5,998,937	
-	-	-	480,335	
-	5,917,543	14,379,235	9,919,265	
17,112	7,211,815	17,826,313	10,344,669	
-	-	-	8,116,641	
-	-	-	664,161	
-	-	-	8,780,802	
-	5,735,535	35,064,701	3,387,035	
672,433	3,049,645	18,429,196	(7,542,217)	
\$ 672,433	\$ 8,785,180	\$ 53,493,897	\$ (4,155,182)	
		(278,518)		
		\$ 53,215,379		

CITY OF SOUTH ST. PAUL, MINNESOTA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

PROPRIETARY FUNDS

For the Year Ended December 31, 2024

	Business-Type	
	Water and Sewer Utility	Storm Water Utility
Operating revenues		
User charges for services	\$ 8,772,520	\$ 901,224
Retiree health insurance charges	-	-
Dental insurance charges	-	-
Compensated absences charges	-	-
Equipment rental and repair charges	-	-
Pension related charges	-	-
Total operating revenues	<u>8,772,520</u>	<u>901,224</u>
Operating expenses		
Personal services	851,953	-
Materials and supplies	175,305	755,368
Contractual services	5,128,458	295,611
Depreciation	609,816	369,901
Total operating expenses	<u>6,765,532</u>	<u>1,420,880</u>
Operating income (loss)	<u>2,006,988</u>	<u>(519,656)</u>
Nonoperating revenues (expenses)		
Investment income	243,097	12,327
Change in fair value of investments	68,544	3,440
Special assessments	6,575	-
Intergovernmental	-	-
Gain on sale of capital assets	-	-
Other revenue	17,658	128,812
Interest and other charges	(88,411)	(18,008)
Total nonoperating revenues (expenses)	<u>247,463</u>	<u>126,571</u>
Income (loss) before capital contributions and transfers	2,254,451	(393,085)
Capital contributions	-	245,310
Transfers out	(280,800)	(67,882)
Change in net position	<u>1,973,651</u>	<u>(215,657)</u>
Net position - January 1, as previously reported	30,523,499	11,754,791
Change in accounting principle	-	-
Net position - January 1, as restated	30,523,499	11,754,791
Net position - December 31	<u>\$ 32,497,150</u>	<u>\$ 11,539,134</u>

Net position adjustment to reflect the consolidation of internal service fund activities related to enterprise funds

Change in net position of business-type activities (Statement 2)

The accompanying notes are an integral part of these financial statements.

Activities - Enterprise Funds			Governmental Activities - Internal Service Funds	
Street Light Utility	Low Rent Housing	Total		
\$ 372,002	\$ 1,341,220	\$ 11,386,966	\$	-
-	-	-		173,701
-	-	-		74,188
-	-	-		123,010
-	-	-		1,861,792
-	-	-		1,114,912
<u>372,002</u>	<u>1,341,220</u>	<u>11,386,966</u>		<u>3,347,603</u>
-	-	851,953		1,455,915
47,417	277,026	1,255,116		410,884
219,291	2,963,787	8,607,147		328,990
-	476,577	1,456,294		541,358
<u>266,708</u>	<u>3,717,390</u>	<u>12,170,510</u>		<u>2,737,147</u>
105,294	(2,376,170)	(783,544)		610,456
14,717	104,966	375,107		124,904
4,125	-	76,109		33,626
-	-	6,575		-
-	1,157,693	1,157,693		212,780
-	-	-		130,306
-	15,322	161,792		59,871
-	(2,025)	(108,444)		-
<u>18,842</u>	<u>1,275,956</u>	<u>1,668,832</u>		<u>561,487</u>
124,136	(1,100,214)	885,288		1,171,943
-	2,963,130	3,208,440		28,073
<u>(20,000)</u>	<u>-</u>	<u>(368,682)</u>		<u>-</u>
104,136	1,862,916	3,725,046		1,200,016
568,297	6,752,064	49,598,651		(5,355,198)
-	170,200	170,200		-
568,297	6,922,264	49,768,851		(5,355,198)
<u>\$ 672,433</u>	<u>\$ 8,785,180</u>	<u>\$ 53,493,897</u>	<u>\$</u>	<u>(4,155,182)</u>
		89,728		
		<u>\$ 3,814,774</u>		

CITY OF SOUTH ST. PAUL, MINNESOTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2024

	Business-Type	
	Water and Sewer Utility	Storm Water Utility
Cash flows from operating activities		
Receipts from customers and users	\$ 9,228,586	\$ 851,599
Receipts from interfund services provided	-	-
Payment to suppliers	(4,425,974)	(1,007,126)
Payment for interfund services used	(196,732)	(58,131)
Payment to employees	(784,029)	-
Other revenue	17,658	128,812
Net cash flows from operating activities	<u>3,839,509</u>	<u>(84,846)</u>
Cash flows from noncapital financing activities		
Advances between funds	-	-
Transfer to other funds	(280,800)	(67,882)
Special assessments	(104,524)	-
Intergovernmental revenue	-	-
Net cash flows from noncapital financing activities	<u>(385,324)</u>	<u>(67,882)</u>
Cash flows from capital and related financing activities		
Proceeds from sale of bonds	4,998,067	-
Proceeds from forgivable loan	-	-
Acquisition and construction of capital assets	(6,092,056)	-
Capital contributions	-	245,310
Proceeds from sale of capital assets	-	-
Principal paid on capital debt	(446,235)	(90,000)
Interest paid on debt	(67,677)	(20,401)
Net cash flows from capital and related financing activities	<u>(1,607,901)</u>	<u>134,909</u>
Cash flows from investing activities		
Investment income	311,641	15,767
Net increase (decrease) in cash and cash equivalents	2,157,925	(2,052)
Cash and cash equivalents - January 1	7,878,962	509,559
Cash and cash equivalents - December 31	<u>\$ 10,036,887</u>	<u>\$ 507,507</u>
Reconciliation of operating income (loss) to net cash flows from operating activities		
Operating income (loss)	\$ 2,006,988	\$ (519,656)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities		
Depreciation	609,816	369,901
Changes in assets and liabilities:		
(Increase) decrease in receivables	456,066	(49,625)
(Increase) decrease in prepaid items	1,598	(5)
(Increase) decrease in deferred outflow of resources	-	-
Increase (decrease) in payables	747,383	(14,273)
Increase (decrease) in unearned revenue	-	-
Increase (decrease) in accrued expenses	-	-
Increase (decrease) in deferred inflow of resources	-	-
Other revenue	17,658	128,812
Total adjustments	<u>1,832,521</u>	<u>434,810</u>
Net cash flows from operating activities	<u>\$ 3,839,509</u>	<u>\$ (84,846)</u>
Noncash investing, capital, and financing activities		
Contributions of capital assets from governmental activities	\$ -	\$ -
Amortization of bond premium	\$ 1,623	\$ 1,456
Net book value of capital asset disposals	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

Activities - Enterprise Funds			Governmental Activities - Internal Service Funds	
Street Light Utility	Low Rent Housing	Total		
\$ 375,884	\$ 1,383,004	\$ 11,839,073	\$ -	\$ -
-	-	-	3,347,535	-
(266,443)	(3,137,696)	(8,837,239)	(822,652)	-
-	-	(254,863)	-	-
-	-	(784,029)	(1,838,204)	-
-	15,322	161,792	59,871	-
109,441	(1,739,370)	2,124,734	746,550	-
-	505,660	505,660	-	-
(20,000)	-	(368,682)	-	-
-	-	(104,524)	-	-
-	1,157,693	1,157,693	212,780	-
(20,000)	1,663,353	1,190,147	212,780	-
-	-	4,998,067	-	-
-	1,502,464	1,502,464	-	-
-	(7,212,199)	(13,304,255)	(1,415,748)	-
-	2,041,168	2,286,478	-	-
-	-	-	233,978	-
-	(108,456)	(644,691)	-	-
-	(3,479)	(91,557)	-	-
-	(3,780,502)	(5,253,494)	(1,181,770)	-
18,842	104,966	451,216	158,530	-
108,283	(3,751,553)	(1,487,397)	(63,910)	-
485,702	3,751,553	12,625,776	4,364,635	-
\$ 593,985	\$ -	\$ 11,138,379	\$ 4,300,725	-
\$ 105,294	\$ (2,376,170)	\$ (783,544)	\$ 610,456	-
-	476,577	1,456,294	541,358	-
3,882	41,784	452,107	-	-
-	(1,593)	-	(25,371)	-
-	-	-	2,156,373	-
265	104,710	838,085	(53,055)	-
-	-	-	(68)	-
-	-	-	(2,629,481)	-
-	-	-	86,467	-
-	15,322	161,792	59,871	-
4,147	636,800	2,908,278	136,094	-
\$ 109,441	\$ (1,739,370)	\$ 2,124,734	\$ 746,550	-
\$ -	\$ -	\$ -	\$ 28,073	-
\$ -	\$ -	\$ 3,079	\$ -	-
\$ -	\$ 1,560	\$ 1,560	\$ 103,672	-

CITY OF SOUTH ST. PAUL, MINNESOTA
STATEMENT OF NET POSITION
FIDUCIARY FUND
December 31, 2024

Statement 9

	Custodial Fund
Assets	
Cash and cash equivalents	\$ 33,378
Net position	
Restricted for:	
Individuals	\$ 33,378

The accompanying notes are an integral part of these financial statements.

CITY OF SOUTH ST. PAUL, MINNESOTA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
For the Year Ended December 31, 2024

Statement 10

	<u>Custodial Fund</u>
Additions	
Contributions	
Employer	<u>\$ 7,500</u>
Deductions	
Beneficiary payments to individuals	<u>8,141</u>
Net change in fiduciary net position	(641)
Net position - January 1	<u>34,019</u>
Net position - December 31	<u><u>\$ 33,378</u></u>

The accompanying notes are an integral part of these financial statements.

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Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of South St. Paul, Minnesota's (City) financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the City are discussed below.

A. FINANCIAL REPORTING ENTITY

The City was incorporated in 1887 and formed under Minnesota Statute 410. As such, the City is under home rule charter regulations and applicable statutory guidelines. The governing body consists of the mayor and a six-member City Council elected by the voters of the City.

The City Council is responsible for directing the affairs of the City. The City Council appoints members of various commissions and maintains annual budgetary controls over commission delegated financial activities and all such financial transactions are included in the financial statements.

In accordance with generally accepted accounting principles, the financial statements present the City and its component units. The City includes all funds, organizations, institutions, agencies, departments, and offices that are not legally separate from such. Component units are legally separate organizations for which the elected officials of the City are financially accountable and are included within the basic financial statements of the City because of the significance of their operational or financial relationships with the City.

The City is considered financially accountable for a component unit if it appoints a voting majority of the organization's governing body and it is able to impose its will on the organization by significantly influencing the programs, projects, activities, or level of services performed or provided by the organization, or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burden, on the City.

As a result of applying the component unit definition criteria above, certain organizations are presented in this report as follows:

Blended Component Unit

The South St. Paul Economic Development Authority (EDA) was established to facilitate development and redevelopment in the City. The governing board consists of the members of the City Council. The City approves the levy and appropriations for the EDA annually as part of the City's budget process. Any sale of bonds or obligations issued by the EDA must be approved by the City Council before issuance and the City Council may require the EDA to transfer any portion of the reserves generated by the activities of the EDA to the City to reduce the tax levies for bonded indebtedness of the City. The EDA does not issue separate financial statements. Financial information may be obtained at the City's offices.

The Housing and Redevelopment Authority of South St. Paul (HRA) was established for the purpose of providing housing opportunities for low income residents in the community. The governing body of the HRA consists of the members of the City Council and the management of the City has operational responsibility for the activities of the HRA. Financial statements of the HRA can be obtained from the Finance Department at City Hall, 125 Third Avenue North, South St. Paul, MN 55075.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or business-type activity are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or business-type activity. *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 business-type activity and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or business type activity. Taxes and other items not included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. 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 and fiduciary fund 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. The City's only fiduciary fund is a custodial fund.

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

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

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)

The government reports the following major governmental funds:

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

The *Doug Woog Arena Special Revenue Fund* accounts for charges for services, property taxes, and other revenue that are restricted and accumulated to support the operations of the arena.

The *Airport Special Revenue Fund* accounts for charges for services and other revenue that are restricted and accumulated to support the operations of the municipal airport.

The *Capital Programs Capital Projects Fund* is used to account for the revenues and expenditures for city-wide capital improvements and capital acquisitions.

The *Local Improvements Capital Projects Fund* is used to account for revenues and expenditures for all local street improvements.

The *Tax Increment Capital Projects Fund* is used to account for revenues and expenditures for the tax increment financing districts which are managed by the EDA.

The *Airport Improvements Capital Projects Fund* is used to account for the revenues and expenditures for airport capital improvements and capital acquisitions.

The government reports the following major proprietary funds:

The *Water and Sewer Utility Fund* is used to account for the provision of water and sewer service to properties within the City.

The *Storm Water Utility Fund* is used to account for activities related to the operation of a surface water collection system for properties within the City.

The *Street Light Utility Fund* is used to account for activities related to the operation and maintenance of a city-wide street lighting system.

The *Low Rent Housing Fund* is used to account for activities related to the operation of two HUD-subsidized, senior apartment buildings operated by the Housing and Redevelopment Authority.

Additionally, the government reports the following fund types:

Internal Service Funds account for services provided to other departments of the City on a cost reimbursement basis. The Central Garage fund provides services to the City's mobile fleet, the Other Postemployment Benefits/Employee Benefits fund accounts for the cost of retiree health insurance benefits, compensated absences, and other pension related benefits, and the Self-Insurance Dental fund accounts for the cost of the City employees' dental coverage.

Custodial Funds are custodial in nature and are not available to the government for general operations. The Employee Healthcare Reimbursement Account Fund accounts for the restricted assets contributed to City employees' healthcare reimbursement accounts by the City as part of its health care benefits. These assets are held in trust to reimburse them for healthcare costs.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)

The City's internal service funds are presented in the proprietary funds financial statements. Because the principal users of the internal services are the City's governmental activities, the financial statements of the internal service funds are consolidated into the governmental activities column when presented in the government-wide financial statements. To the extent possible, the cost of these services is reported in the appropriate functional activity.

The City's fiduciary funds are presented in the fiduciary fund financial statements. Since by definition these assets are being held for the benefit of a third party and/or cannot be used to address activities or obligations of the City, these funds are not incorporated into the government-wide statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are transactions that would be treated as revenues, expenditures or expenses if they involved external organizations, such as buying goods and services or payments in lieu of taxes. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and internal service 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 on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. CASH AND INVESTMENTS

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Authorized investments are pursuant to applicable Minnesota Statutes including Chapter 118A and the more restrictive City policy. Although the City may legally utilize the full range of investment vehicles, the City's formal investment policy takes a more conservative approach to the selection of actual investments. Maturities of fifteen years are to include only the following, which are considered the safest with the least principal risk:

1. United States Treasury obligations and United States Government Agency securities,
2. Repurchase and reverse repurchase agreements with United States Treasury obligations and United States Government Agency securities,
3. Certificates of deposit up to \$250,000 (federally insured) or properly collateralized if over \$250,000,
4. Prime grade commercial paper (rating of A-1, P-1 or F-1),
5. Obligations of state and local governments
6. Banker's acceptances (federal reserve qualified), and
7. Money market funds consisting of one or more of the above.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D. CASH AND INVESTMENTS (CONTINUED)

Cash and investment balances from all funds are pooled and invested to the extent available in authorized investments. Earnings from investments are allocated to individual funds on the basis of the fund's equity in the cash and investment pool.

Investments are stated at fair value based on quoted market prices. All investment income, including changes in the fair value of investments, is reported as revenue. Interest earnings are accrued as of the balance sheet date.

The City categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

See Note 2.B. for the City's recurring fair value measurements as of year-end.

E. BUDGETARY INFORMATION

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Legally, expenditures are controlled at the departmental level. However, day-to-day administration of the budget is in accordance with the City Council approved "Budget Administration Plan," a detailed description of the complementary responsibilities of staff and Council. Through this document, as supported by a quarterly budget report (including narrative), additional controls are put on overall departmental expenditures as well as certain departmental line items, such as capital outlay. Annual appropriations lapse at fiscal year-end. Financial controls for Debt Service Funds are achieved through bond indenture provisions. Project-length financial plans are adopted for Capital Project Funds.

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

1. The City administrator submits a proposed operating budget to the City Council, which includes proposed expenditures and the means of financing them.
2. Public meetings are conducted to obtain taxpayer comments.
3. The budget is legally enacted through City Council action.
4. Formal budgets are adopted for the General Fund and two Special Revenue Funds (Airport Fund and Doug Woog Arena Fund). Budget control for Debt Service Funds is achieved through bond indenture provisions. Budgetary control for Capital Project Funds is accomplished through the use of project controls. A financial plan is approved for the Proprietary Funds.
5. Expenditures may legally exceed budgeted appropriations at the departmental level. Monitoring of budgets is maintained at the line item level, especially regarding salaries and capital outlay.
6. In accordance with the provisions of the Budget Administration Plan (originally approved in 1995), the City Council must authorize transfers of discretionary budgeted amounts between departments in the General Fund or from the contingency account to departments. Transfers between or among funds are approved by the City Council.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended December 31, 2024 expenditures exceeded appropriations in the General Fund and the special revenue fund listed below.

	<u>Expenditures</u>	<u>Final Budget</u>	<u>Excess</u>
Major Funds			
General Fund			
City attorney	\$ 807,687	\$ 268,000	\$ (539,687)
City clerk	288,976	279,215	(9,761)
Public works	2,353,223	2,335,843	(17,380)
Buildings	431,755	399,965	(31,790)
Parks administration	316,397	313,211	(3,186)
Parks, pools and recreation	554,084	477,108	(76,976)
Community affairs	138,569	137,074	(1,495)
Special Revenue Funds			
Airport	1,474,518	1,375,516	(99,002)

G. DEFICIT FUND BALANCE

The City has deficit fund balance as of December 31, 2024 as follows:

Deficit fund balance	
Major Funds	
Special Revenue Funds	
Doug Woog Arena	\$ 507,808
Airport	38,246
Capital Project Funds	
Local Improvements	1,870,316
Airport Improvements	1,871,467
Deficit net position	
Other Funds	
Internal Service Funds	
OPEB/Employee Benefits	11,253,420

The Airport Improvements deficit was caused by planned infrastructure expansion, which will produce future revenue. Deficits in the Doug Woog Arena, Airport, Local Improvements and OPEB/Employee Benefit funds are expected to be funded with future revenues/transfers.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. INTERFUND RECEIVABLES AND PAYABLES

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent 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 statement as “internal balance.”

In the fund financial statements, interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reduction of expenditures/expenses in the fund that is reimbursed.

Interfund loans have been established at year-end for those funds with negative balances in the cash and investment pool. The interest rate on these loans is equal to the average interest rate earned in the investment portfolio. The long-term loans are recorded as interfund advance receivable/payable.

All other interfund transactions are reported as transfers.

I. LOANS, NOTES AND MORTGAGE RECEIVABLES

Home improvement loans, secured by a lien on the property, were made to qualified homeowners up to a maximum of \$25,000 from the Housing fund which received grant funding from the Dakota County Community Development Agency. These loans are charged interest rates from 3% to 6%, however, the interest is forgiven if the loan is repaid within five years of the original loan date. The city also offers home improvement loans through the Center for Energy and Environment up to a maximum of up to \$20,000 that are both secured and unsecured.

Business loans were made to qualifying businesses to provide financial support for economic development, expansion activities and soil remediation. Funding sources for these loans were provided through various grants including: Community Development Block Grant (CDBG) funds, Tax Increment, Minnesota Department of Employment and Economic Development and U.S. Environmental Protection Agency.

J. PROPERTY TAXES

All trade and property tax receivables are shown at gross amount, since both taxes and trade receivables are assessable to the property owners and are collectible upon sale of the assessed property.

The City Council annually adopts tax levies for the City and EDA and certifies them to the County in December (levy/assessment date) of each year for collection in the following year. The County is responsible for billing and collecting all property taxes for itself, the City, the local school district and other taxing authorities. Such taxes become a lien on January 1 and are recorded as receivables by the City at that date. Real property taxes are payable (by property owners) in May and October of each calendar year. Personal property taxes are payable by taxpayers in February and June of each year. These taxes are collected by the County and remitted to the City three times during the year. Delinquent collections are remitted to the City with each settlement. The City has no ability to enforce payment of property taxes by property owners. The County possesses this authority.

Revenues are accrued and recognized in the government-wide financial statements in the current period. In the fund financial statements, taxes that remain unpaid at December 31 are classified as delinquent taxes receivable and are fully offset by deferred inflows of resources, because it is not known when they will be available to finance current expenditures.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. SPECIAL ASSESSMENTS

Special assessments are levied against benefited properties for the cost or a portion of the cost of special assessment improvement projects in accordance with State Statutes. These assessments are collectible by the City over a term of years usually consistent with the term of the related bond issue. Collection of annual installments (including interest) is handled by the County in the same manner as property taxes. Property owners are allowed to prepay future installments without interest or prepayment penalties.

Once a special assessment roll is adopted, the amount attributed to each parcel is a lien upon that property until full payment is made or the amount is determined to be excessive by the City Council or court action. If special assessments are allowed to go delinquent, the property is subject to tax forfeit sale and the first proceeds of that sale (after costs, penalties and expenses of sale) are remitted to the City in payment of delinquent special assessments. Generally, the City will collect the full amount of its special assessments not adjusted by City Council or court action.

The City recognizes special assessment revenue in the government-wide financial statements when assessment rolls are levied. In the fund financial statements, the City recognizes special assessment revenue when it becomes both measurable and available. Current assessments, which remain unpaid at December 31, are classified as delinquent assessment receivables and, together with deferred assessments, are fully offset by deferred inflows of resources because it is not known when they will be available to finance current expenditures.

L. INVENTORIES AND PREPAID ITEMS

The costs of governmental fund-type inventories are recorded as expenditures at cost when purchased, with the exception of the airport fuel inventory, which is valued at cost using the first-in, first-out (FIFO) method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Prepaid items are reported using the consumption method and recorded as expenditures/expenses at the time of consumption.

M. ASSETS HELD FOR RESALE

Assets held for resale represent various property purchases made by the EDA with the intent to sell in order to increase tax base or to attract new businesses. These assets are stated at the lower of cost or net realizable value. During the year ended December 31, 2024 management has reviewed the cost value reported for these assets and has indicated the properties are fairly presented for financial reporting purposes.

N. CAPITAL ASSETS

Capital assets, which include land, buildings, equipment and infrastructure assets (e.g., streets, bridges, distribution systems, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary fund financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of 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. Groups of similar assets acquired at or near the same time for a single objective, with individual acquisition costs below this threshold, are also capitalized if cost of the assets is considered significant in the aggregate.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

N. CAPITAL ASSETS (CONTINUED)

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. Capital assets not being depreciated include land, perpetual easements and construction in progress. Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Classification	Years
Temporary easements	1 – 3
Land improvements	20
Buildings and building improvements	50
Machinery and equipment	5 – 20
Vehicles	4 – 15
Water and sewer distribution	30
Infrastructure	30 – 50

O. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditures) until that time. The City has two items which arise under the full accrual basis of accounting which qualify for reporting in this category. The first item, pension plan deferrals related to the City’s participation in the Public Employee’s Retirement Association (PERA) defined benefit plans, is reported on both the government-wide Statement of Net Position and on the Proprietary Funds Statement of Net Position. The internal service fund reports pension plan deferrals for differences between expected and actual economic experience, changes of assumptions, net collective differences between the projected and actual investments earnings in PERA’s actuarial study, changes in proportion and contributions made by the City to the defined benefit plans after PERA’s reporting date of June 30. These amounts are deferred and amortized as required under the pension standards. The second item, deferrals related to the City’s other postemployment benefits (OPEB) is reported on both the government-wide Statement of Net Position and on the Proprietary Funds Statement of Net Position. The internal service fund reports OPEB deferrals for differences between expected and actual economic experience, changes in assumptions in the City’s actuarial study and contributions made by the City after the actuarial measurement date of January 1, 2024. These amounts are deferred and amortized as required under the other postemployment benefits standards.

In addition to liabilities, the statements of financial position or balance sheets will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items which arises under the modified accrual basis of accounting and three items which arise under the full accrual basis of accounting which qualify for reporting in this category. The first item, unavailable revenue, is reported only on the governmental funds Balance Sheet. The governmental funds report unavailable revenue from three sources: property taxes, special assessments, and charges for services not collected within 60 days of year end. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The second item, pension plan deferrals related to the City’s participation in PERA’s defined benefit plans is reported on both the government-wide Statement of Net Position and on the Proprietary Funds Statement of Net Position. The internal service fund reports pension plan deferrals for the differences between the expected and actual economic experience, changes in assumptions, changes in proportion and net collective differences between projected and actual earnings on pension plan investments. These amounts are deferred and amortized as required under the pension standards. The third item, deferrals related to the City’s other postemployment benefits (OPEB) is reported on both the government-wide Statement of Net Position and on the Proprietary Funds Statement of Net Position. The internal service fund reports OPEB deferrals for differences between expected and actual economic experience and changes in assumptions in the City’s actuarial study. These amounts are deferred and amortized as required under the other postemployment benefits standard.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

O. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES (CONTINUED)

The last item is related to lease receivables in the government-wide statement of net position and governmental funds Balance Sheet, which requires lessors to recognize deferred inflows of resources to correspond to lease receivables. The amounts are deferred and amortized in a systematic and rationale manner over the term of the lease.

P. COMPENSATED ABSENCES

The City recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. Based on the criteria listed, three types of leave qualify for liability recognition for compensated absences – vacation, sick leave, and compensatory time. The liability for compensated absences is reported as incurred in the government-wide and proprietary fund financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Q. LONG-TERM OBLIGATIONS

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. When material, bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

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 and discounts on debt issuances are reported as other financing sources and uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

R. STATE-WIDE PENSION PLANS

For the purposes of measuring 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 the 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.

S. FUND BALANCE

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

Nonspendable – consists of amounts that are not in spendable form or are required to be maintained intact.

Restricted – consists of amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions.

Committed – consists of internally imposed constraints. These constraints are established, modified and rescinded by formal action (resolution) of the City Council, which is the highest level of decision making authority.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

S. FUND BALANCE (CONTINUED)

Assigned – consists of internally imposed constraints. These constraints reflect the specific purpose for which it is the City’s intended use. These constraints are established by City Council resolution.

Unassigned – is the residual classification for the general fund and also reflects negative residual amounts in other funds.

When both restricted and unrestricted resources are available for use, it is the City’s policy to first use restricted resources, and then use unrestricted resources as they are needed. Additionally, the City would first use committed then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The City Council has formally adopted a fund balance policy for the General Fund. The City’s policy is to maintain an unassigned fund balance of 35% to 50% of the subsequent years’ budgeted expenditures for cash-flow timing needs.

In the government-wide and proprietary fund financial statements, net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net position, net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation, or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. All remaining net position is reported as unrestricted.

T. USE OF ESTIMATES

The preparation of financial statements in accordance with U.S. generally accepted accounting principles (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.

U. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

1. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

The governmental fund balance sheet includes reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.” The details of this \$90,903,987 difference are as follows:

Capital assets	
Cost of capital assets	\$ 167,003,677
Less accumulated depreciation	<u>(76,099,690)</u>
Net adjustment to fund balance - total governmental funds to arrive at net position - governmental activities	<u><u>\$ 90,903,987</u></u>

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

U. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET POSITION (CONTINUED)

Another element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$15,949,499 difference are as follows:

Bonds payable	\$ 15,070,000
Plus: Bond premium (to be amortized over life of debt)	684,747
Accrued interest payable	<u>194,752</u>
 Net adjustment to fund balance - total governmental funds to arrive at net position - governmental activities	 <u><u>\$ 15,949,499</u></u>

3. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$9,273,147 difference are as follows:

Capital outlay	\$ 12,780,731
Depreciation expense	<u>(3,507,584)</u>
 Net adjustment to change in fund balances - total governmental funds to arrive at change in net position - governmental activities	 <u><u>\$ 9,273,147</u></u>

Another element of that reconciliation states that “some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this \$85,681 difference are as follows:

Accrued interest	\$ 20,726
Amortization of bond premium	<u>64,955</u>
 Net adjustment to change in fund balances - total governmental funds to arrive at change in net position - governmental activities	 <u><u>\$ 85,681</u></u>

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

V. CHANGE IN ACCOUNTING PRINCIPLE

During the year ended December 31, 2024, the City implemented new accounting guidance for capitalizing purchases of groups of similar assets. This recent change in authoritative literature, which provides new guidance on accounting and financial reporting for capital assets, requires a government to capitalize groups of similar assets purchased at or near the same time, that are individually below the City's capitalization threshold, if the aggregate cost is significant. In prior periods, the City only capitalized assets whose individual cost exceeded the capitalization policy threshold. The implementation of this new guidance resulted in the City reporting certain groups of similar capital assets acquired in previous years and accumulated depreciation thereon, increasing beginning net position by \$170,200 in the government-wide Statement of Activities and Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Position financial statements in the current year. See Note 4 for additional details in the current year.

Note 2 DEPOSITS AND INVESTMENTS

A. DEPOSITS

In accordance with Minnesota Statutes, the City maintains deposits at those depository banks authorized by the City Council, all of which are members of the Federal Reserve System.

Minnesota Statutes require that all City deposits be protected by insurance, surety bond, or collateral. The fair value of collateral pledged must equal 110% of the deposits not covered by insurance or bonds.

Minnesota Statutes require that securities pledged as collateral be held in safekeeping by the City Treasurer or in a financial institution other than that furnishing the collateral. Authorized collateral includes the following:

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

As of December 31, 2024, the City's bank balances were \$20,783,394. All the City's deposits were collateralized at year-end.

B. INVESTMENTS

Minnesota Statutes authorize the City to invest in the following:

- a) Direct obligations or obligations guaranteed by the United States or its agencies, its instrumentalities or organizations created by an act of congress, excluding mortgage-backed securities defined as high risk.
- 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, general obligation tax-exempt securities, or repurchase or reverse repurchase agreements.
- c) Obligations of state and local governments as follows:
 - 1) any security which is a general obligation of any state or local government with taxing powers which is rated "A" or better by a national bond rating service;
 - 2) any security which is a revenue obligation of any state or local government with taxing powers which is rated "AA" or better by a national bond rating service; and
 - 3) a general obligation of the Minnesota housing finance agency, which is a moral obligation of the State of Minnesota and is rated "A" or better by a national bond rating agency.
- d) Bankers acceptance 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 or reverse repurchase agreements with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000; a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York; certain Minnesota securities broker-dealers; or, a bank qualified as a depositor.
- g) General obligation temporary bonds of the same governmental entity issued under section 429.091, subdivision 7; 469.178, subdivision 5; or 475.61, subdivision 6.

CITY OF SOUTH ST. PAUL, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

Note 2 DEPOSITS AND INVESTMENTS

B. INVESTMENTS (CONTINUED)

For investments, custodial credit risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. The City's investments at December 31, 2024 are insured or held by the City or its agents in the City's name.

Investments and maturities of the cash pool at December 31, 2024 are as follows:

Investment Type	Rating	Fair Value Measurements Using	Fair Value	Investment Maturities (in Years)		
				Less Than 1	1-5	6-10
U.S. agency securities *	AA	Level 2	\$ 471,585	\$ -	\$ 471,585	\$ -
Local government securities *	AAA	Level 2	765,561	197,451	568,110	-
Local government securities *	AA	Level 2	3,244,116	300,364	2,796,467	147,285
Local government securities **	AA	Level 2	2,921,282	1,309,531	1,485,898	125,853
Local government securities **	A	Level 2	561,660	-	561,660	-
Negotiable certificates of deposit	N/A	Level 2	2,941,762	1,797,211	1,144,551	-
Investment pools/mutual funds *	AAA	Level 1	11,636,791	11,636,791	-	-
Total investments in cash and investment pool			<u>\$ 22,542,757</u>	<u>\$ 15,241,348</u>	<u>\$ 7,028,271</u>	<u>\$ 273,138</u>

N/A = not rated
* - rated by S&P
** - rated by Moody's

Cash and investments comprising the City's cash pool at December 31, 2024 were as follows:

Cash	<u>Fair Value</u>
Cash on hand	\$ 2,600
Cash in bank accounts	<u>20,766,267</u>
Total cash	<u>20,768,867</u>
Investments	
U.S. agency securities	471,585
Local government securities	7,492,619
Negotiable certificates of deposit	2,941,762
Investment pools/mutual funds	<u>11,636,791</u>
Total investments	<u>22,542,757</u>
Total cash, cash equivalents, and investments	<u>\$ 43,311,624</u>
Reconciliation to Statements	
Statement of Net Position - Statement 1	
Cash, cash equivalents, and investments	\$ 43,278,246
Statement of Fiduciary Net Position - Statement 9	
Cash and cash equivalents	<u>33,378</u>
Total cash, cash equivalents, and investments	<u>\$ 43,311,624</u>

Note 2 DEPOSITS AND INVESTMENTS (CONTINUED)

C. INVESTMENT RISKS

Interest rate risk. The City's investment policy directs the finance director to analyze short and long-term cash flow needs and to determine allowable levels of investments in short-term, intermediate and long-term maturities as a means of managing the City's exposure to fair value losses arising from increasing interest rates. The City's formal investment policy recommends investment maturities shall match the City's projected cash flows.

Credit risk. Minnesota Statutes authorize investments in U.S. Treasuries, U.S. Agencies, state and municipal bonds rated "A" or better by a national bond rating service, time deposits fully insured by the FDIC, bankers acceptance, commercial papers rated in the highest quality category by at least two nationally recognized rating agencies and with a maturity of 270 days or less and repurchase agreements. The City's investment policy limits certain investments in repurchase and reverse repurchase agreements in U.S. Treasury obligations and U.S. Government Agency securities.

Concentration of credit risk. The City's investment policy places no limit on the amount the City may invest in any one issuer. Investments intrinsically carry credit risk and when investments are concentrated in one issuer this concentration presents a heightened risk of potential loss. Although there is no percentage that identifies when concentration risk is present, GASB recommends disclosure of investments in issuers representing more than 5% of the total investment portfolio. Investments issued explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded.

Note 3 LEASE RECEIVABLES

A. LEASE RECEIVABLES

The City leases land to individuals and businesses at Fleming Field. The City has three different types of leases. A T-Hangar lease is a portion of a larger building at Fleming Field that will fit only one aircraft. Land leases are leases for the property under the hangers in the West Hangar Area of Fleming Field. Building leases are leases of the old WWII bowstring hangars. The leases are reported using an incremental rate of 3.00 percent and they have final maturities ranging from 2025 to 2052. During the current year, the City received principal and interest payments on these leases of \$389,107.

The City has entered into lease receivable agreements for cell tower rental space on city property. The leases are reported using an incremental rate of 3.00 percent and they have final maturities ranging from 2025 to 2039. During the current year, the City received principal and interest payments on these leases of \$353,543.

The City has entered into lease receivable agreements for two fire trucks on behalf of South Metro Fire Department. During the current year, the City received principal and interest payments on these leases of \$97,860. The leases are reported using an incremental borrowing rate tied to the 2019A bonds with a final maturity in fiscal 2029.

CITY OF SOUTH ST. PAUL, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

Note 3 LEASE RECEIVABLES (CONTINUED)

B. FLEMING FIELD MUNICIPAL AIRPORT HANGAR LEASES

Lease Basics:

1. T-Hangar lease - One year in duration, and the rate is based on the market rate.
2. Land lease - 10 year intial term which can be extended for two additional 10 year terms if the lease is in good standing. Rates are based on square footage and are adjusted annually by 3% and an additional ½ cent per square foot.
3. Building lease – 20 year lease with rent adjustment based on CPI.
4. Insurance – All tenants are required to carry \$1,000,000 of insurance and name the City as an additional insured.
5. Tenant Financing – The City does allow the owners to mortgage their hangars, this requires a second agreement, Lessor’s Consent to Financing Agreement, that must be approved by the City Council. The agreement binds the “bank” to the original lease and the City to notify the “bank” of any defaults of the lease.
6. Lease Assignment – The Land lease allows tenants to assign the lease with approval from the City Council.

As of December 31, 2024, the City’s hangar lease tenants were 34 T-Hangar leases, 90 Land leases, and 8 Building leases. During the current year, the City received payments of \$111,622 in T-Hanger rentals.

Note 4 CAPITAL ASSETS

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

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land and perpetual easements	\$ 14,319,460	\$ -	\$ -	\$ 14,319,460
Construction in progress	2,270,452	12,174,880	(3,216,901)	11,228,431
Total capital assets, not being depreciated	<u>16,589,912</u>	<u>12,174,880</u>	<u>(3,216,901)</u>	<u>25,547,891</u>
Capital assets, being depreciated:				
Buildings and land improvements	43,110,552	200,051	(68,942)	43,241,661
Machinery and equipment	12,704,111	1,869,444	(1,275,512)	13,298,043
Infrastructure	88,726,494	3,169,005	(144,969)	91,750,530
Total capital assets, being depreciated	<u>144,541,157</u>	<u>5,238,500</u>	<u>(1,489,423)</u>	<u>148,290,234</u>
Less accumulated depreciation for:				
Buildings and land improvements	18,164,423	1,145,967	(68,942)	19,241,448
Machinery and equipment	7,709,932	879,909	(1,125,688)	7,464,153
Infrastructure	50,963,405	2,023,066	(144,969)	52,841,502
Total accumulated depreciation	<u>76,837,760</u>	<u>4,048,942</u>	<u>(1,339,599)</u>	<u>79,547,103</u>
Total capital assets being depreciated-net	<u>67,703,397</u>	<u>1,189,558</u>	<u>(149,824)</u>	<u>68,743,131</u>
Governmental activities capital assets-net	<u>\$ 84,293,309</u>	<u>\$ 13,364,438</u>	<u>\$ (3,366,725)</u>	<u>\$ 94,291,022</u>

CITY OF SOUTH ST. PAUL, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

Note 4 CAPITAL ASSETS (CONTINUED)

	Beginning Balance, as previously reported	Change in Accounting Principle*	Beginning Balance, as restated	Additions	Deletions	Ending Balance
Business-type activities:						
Capital assets, not being depreciated:						
Land	\$ 594,775	\$ -	\$ 594,775	\$ -	\$ -	\$ 594,775
Construction in progress	1,654,022	-	1,654,022	12,994,920	(7,190,527)	7,458,415
Total capital assets, not being depreciated	<u>2,248,797</u>	<u>-</u>	<u>2,248,797</u>	<u>12,994,920</u>	<u>(7,190,527)</u>	<u>8,053,190</u>
Capital assets, being depreciated:						
Buildings and land improvements	28,797,723	181,547	28,979,270	7,450,706	(1,735)	36,428,241
Machinery and equipment	3,259,838	-	3,259,838	50,716	-	3,310,554
Infrastructure	40,726,978	-	40,726,978	-	-	40,726,978
Total capital assets, being depreciated	<u>72,784,539</u>	<u>181,547</u>	<u>72,966,086</u>	<u>7,501,422</u>	<u>(1,735)</u>	<u>80,465,773</u>
Less accumulated depreciation for:						
Buildings and land improvements	19,277,867	11,347	19,289,214	604,695	(175)	19,893,734
Machinery and equipment	1,594,801	-	1,594,801	92,290	-	1,687,091
Infrastructure	14,629,944	-	14,629,944	759,309	-	15,389,253
Total accumulated depreciation	<u>35,502,612</u>	<u>11,347</u>	<u>35,513,959</u>	<u>1,456,294</u>	<u>(175)</u>	<u>36,970,078</u>
Total capital assets being depreciated-net	<u>37,281,927</u>	<u>170,200</u>	<u>37,452,127</u>	<u>6,045,128</u>	<u>(1,560)</u>	<u>43,495,695</u>
Business-type activities capital assets-net	<u>\$ 39,530,724</u>	<u>\$ 170,200</u>	<u>\$ 39,700,924</u>	<u>\$ 19,040,048</u>	<u>\$ (7,192,087)</u>	<u>\$ 51,548,885</u>

*The change in accounting principle was required by new guidance in financial reporting on group purchases of assets implemented in the current year

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 72,893
Public safety	98,690
Public works	2,490,631
Community development	528
Parks, arena	320,162
Transportation	524,680
Capital assets held by the City's internal service fund are charged to the various functions based on their usage of the assets	<u>541,358</u>
Total depreciation expense - governmental activities	<u>\$ 4,048,942</u>
Business-type activities:	
Water and sewer utility	\$ 609,816
Storm water utility	369,901
Low rent housing	<u>476,577</u>
Total depreciation expense - business-type activities	<u>\$ 1,456,294</u>

CITY OF SOUTH ST. PAUL, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

Note 4 CAPITAL ASSETS (CONTINUED)

CONSTRUCTION COMMITMENTS

At December 31, 2024 the City had construction project contracts in progress. The commitments related to remaining contract balances are summarized below:

Project	Responsible Fund	Contract Amount	Remaining Commitment
Wakota Scenic Trailhead	Local Improvements Fund	\$ 1,580,152	\$ 29,531
Concord Exchange	Local Improvements Fund	4,318,309	409,263
7th and I494	Local Improvements Fund	3,948,027	125,144
Well #3 Treatment Plant	Water and Sewer Fund	8,094,000	1,977,378
Seidls Lake Trail & Shoreline	Storm Fund	729,644	82,346
Taxiway A Reconstruction	Airport Capital Fund	2,081,600	123,250
Total all funds		\$ 20,751,732	\$ 2,746,912

Note 5 LONG-TERM DEBT

A. BONDS

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and to refund other general obligation bonds. General obligation bonds are direct obligations and pledge the full faith and credit of the City.

The following debt service account for the accumulation of resources and payment of bond principal and interest and related costs on the following four categories of long-term debt.

Special Assessment Financing – used to account for the payment of principal and interest on bonds issued to fund the costs of constructing improvements benefiting specified properties in the City. Benefited properties are then assessed the share of the project costs and repay these assessments over a specified period of time at a stated interest rate.

General Purpose Financing – used to accumulate monies from property taxes for payment of general obligation bonds which have been issued to finance projects and other costs which have not been assessed against benefiting properties.

Drinking Water Revolving Fund Loan – the Water and Sewer fund is responsible for accumulating resources to make the principal and interest payments on these loans.

Bonds outstanding at December 31, 2024 are as follows:

	Final Maturities	Interest Rate	Original Amount	Outstanding 12/31/24
General Obligation Bonds	2030 - 2040	2.00% - 4.00%	\$ 29,470,000	\$ 16,345,000
Drinking Water Revolving Fund Loan	2029	1.71% - 2.30%	4,124,332	755,000
Drinking Water Revolving Fund Loan	2043	2.30%	9,986,235	7,178,030
Total bonds payable			\$ 45,395,567	\$ 24,278,030

CITY OF SOUTH ST. PAUL, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

Note 5 LONG-TERM DEBT

A. BONDS (CONTINUED)

Annual debt service requirements to maturity for bonds and loans are as follows:

	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2025	\$ 1,685,000	\$ 444,880	\$ 762,000	\$ 209,936
2026	1,735,000	390,493	774,000	255,193
2027	1,735,000	336,542	797,000	236,711
2028	1,275,000	289,035	815,000	217,723
2029	1,120,000	249,506	832,000	198,304
2030-2034	4,615,000	816,187	2,671,000	768,417
2035-2039	2,585,000	196,931	2,557,030	470,761
2040	320,000	4,800	-	-
Total	<u>\$ 15,070,000</u>	<u>\$ 2,728,374</u>	<u>\$ 9,208,030</u>	<u>\$ 2,357,045</u>

All long-term bonded indebtedness outstanding at December 31, 2024 is backed by the full faith and credit of the City, including special assessment issues and the revolving fund loan. Bonds in the governmental activities will be retired by future property tax levies or special assessments accumulated in the specific debt services funds. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the City must provide resources to cover the deficiency until other resources are available. Delinquent special assessments in the governmental funds at December 31, 2024 were \$33,181.

Bonds in the business-type activities will be retired with the net revenues of the Water and Sewer Utility and Storm Water Utility funds. In the event that a deficiency exists because of inadequate net revenues at the time a debt service payment is due, the City must provide resources to cover the deficiency until other resources are available. Net revenues in the Water and Sewer Utility and Storm Water Utility funds at December 31, 2024 were \$2,106,676.

B. NOTES PAYABLE

During 1999, the HRA obtained financing of two loans through the Minnesota Housing Finance Agency (MHFA) in the aggregate amount of \$211,980 to assist with the rehabilitation of the John Carroll Apartment windows. One loan in the amount of \$105,980 is due and payable as a lump sum on September 20, 2029. This is a noninterest bearing loan. The other loan in the amount of \$106,000 shall be deemed to be paid in full and no payment thereof shall be required after 30 years if no event of default occurs as described in the agreement.

During 2002, the HRA obtained financing from the Dakota County Community Development Agency in the amount of \$250,000 to assist with the rehabilitation of the Nan McKay Apartment windows. This is a noninterest bearing loan. This loan is payable if/when the building ceases to be public housing.

During 2013, the HRA obtained financing from the MHFA in the amount of \$368,734 to assist with the rehabilitation of the Nan McKay Apartment elevators. This is a noninterest bearing loan and shall be deemed to be paid in full and no payment thereof shall be required after 20 years if no event of default occurs as described in the agreement.

CITY OF SOUTH ST. PAUL, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

Note 5 LONG-TERM DEBT

B. NOTES PAYABLE (CONTINUED)

During 2016, the HRA obtained financing from the MHFA in the amount of \$442,486 to assist with the replacement of the fire alarm systems of the Nan McKay and John Carroll Apartment buildings. This is a noninterest bearing loan and shall be deemed to be paid in full and no payment thereof shall be required after 20 years if no event of default occurs as described in the agreement.

During 2020, the HRA obtained financing from the MHFA in the amount of \$352,153 to assist with the modernization of the elevators of the John Carroll Apartment building. This is a noninterest bearing loan and shall be deemed to be paid in full and no payment thereof shall be required after 35 years if no event of default occurs as described in the agreement.

During 2024, the HRA obtained financing from the MHFA in the amount of \$4,292,190 to assist with the renovation of the John Carroll plumbing. This is a noninterest bearing loan and shall be deemed to be paid in full and no payment thereof shall be required after 20 years if no event of default occurs as described in the agreement.

Annual debt service requirements for business-type activities long-term notes payable debt are as follows:

	Principal	Interest	Total
2029	\$ 105,980	\$ -	\$ 105,980
Forgivable debt	5,811,563	-	5,811,563
Total	<u>\$ 5,917,543</u>	<u>\$ -</u>	<u>\$ 5,917,543</u>

All business-type long-term notes payable debt will be liquidated by the Low Rent Housing Enterprise Fund.

C. CHANGES IN LONG-TERM DEBT

Changes in long-term liabilities during December 31, 2024 are summarized as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation	\$ 16,735,000	\$ -	\$ 1,665,000	\$ 15,070,000	\$ 1,685,000
Plus/(Less) deferred amounts:					
For issuance premium	749,702	-	64,955	684,747	-
Total bonds payable	17,484,702	-	1,729,955	15,754,747	1,685,000
Total other postemployment benefit liability	3,773,045	76,375	102,596	3,746,824	306,831
Net pension liability	8,677,398	1,235,246	3,913,707	5,998,937	-
Compensated absences	483,368	118,473	43,272	558,569	78,234
Total governmental activities long-term debt	<u>\$ 30,418,513</u>	<u>\$ 1,430,094</u>	<u>\$ 5,789,530</u>	<u>\$ 26,059,077</u>	<u>\$ 2,070,065</u>

CITY OF SOUTH ST. PAUL, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

Note 5 LONG-TERM DEBT

C. CHANGES IN LONG-TERM DEBT (CONTINUED)

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Business-type activities:					
Bonds payable:					
General obligation	\$ 1,465,000	\$ -	\$ 190,000	\$ 1,275,000	\$ 200,000
Revenue	2,221,281	6,057,984	346,235	7,933,030	562,000
Plus/(Less) deferred amounts:					
For issuance premium	18,741	-	3,079	15,662	-
Total bonds payable	3,705,022	6,057,984	539,314	9,223,692	762,000
Notes payable:					
1999 MHFA	105,980	-	-	105,980	-
1999 MHFA	106,000	-	-	106,000	-
2013 MHFA	368,734	-	-	368,734	-
2016 MHFA	442,486	-	-	442,486	-
2019 MHFA	352,153	-	-	352,153	-
2002 CDA	250,000	-	-	250,000	-
2024 MHFA	-	4,292,190	-	4,292,190	-
Energy Performance - PNC	108,456	-	108,456	-	-
Total notes payable	1,733,809	4,292,190	108,456	5,917,543	-
Total business-type activities long-term debt	\$ 5,438,831	\$ 10,350,174	\$ 647,770	\$ 15,141,235	\$ 762,000

Compensated absences, net pension liability, and total other postemployment benefit liability will be liquidated by the OPEB / Employee Benefits Internal Service Fund.

D. CONDUIT DEBT

Conduit debt is certain limited obligation revenue bonds or similar debt instruments issued for express purpose of providing capital financing for a specific third party. The City has entered into a conduit debt agreement with Walker Methodist for the construction of a senior housing and healthcare facility. Upon repayment of the bonds, ownership of the acquired facilities transfer to the private sector entity served in the bond issuance. The bonds are payable solely from revenues of the Walker Methodist and neither the City, the state nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2024 the outstanding balance was \$9,645,000 on these bonds.

Note 6 TAX ABATEMENT AGREEMENTS

The EDA, in order to spur economic redevelopment, will enter into private redevelopment agreements to encourage a developer to construct, expand, or improve new or existing properties and buildings or clean-up and redevelop blighted areas. These agreements may in substance be a tax abatement but will depend on their individual circumstances. The EDA had four agreements that were active in 2024 that would be considered a tax abatement under GASB Statement No. 77.

In 2012, the HRA entered into a development agreement with Interstate Partners, LLC to assist the developer with the financing of certain costs of a project completed within the Redevelopment District of the Stockyards TIF District. In 2015, the HRA entered into a second development agreement with Interstate Partners, LLC. For both of these agreements, the HRA used an economic development vehicle known as tax increment financing whereby tax increment revenue is generated on the incremental increase in value above a base value established on the date that the tax increment district was created. Both of these agreements were assumed by the EDA on January 1, 2016. The EDA will abate 85 percent of the incremental taxes received through execution of tax increment revenue notes, both of which will be retired in 2033. The outstanding principal balance as of December 31, 2024 for the first agreement was \$441,063 and the EDA rebated \$107,783 in the current year. The outstanding principal balance on the second agreement was \$778,093 and the EDA rebated \$161,675 in the current year.

Note 6 TAX ABATEMENT AGREEMENTS (CONTINUED)

In 2019, the EDA entered into a development agreement with DRS Investment VI LLC to aid in financing certain public costs of a Redevelopment Project undertaken by the EDA within the Redevelopment District of the Concord TIF District. For this agreement, the EDA used an economic development vehicle known as tax increment financing whereby tax increment revenue is generated on the incremental increase in value above a base value established on the date that the tax increment district is created. The EDA will abate a maximum of \$200,000 annually of the incremental taxes received through execution of a tax increment revenue note to be retired in 2024. There is no outstanding principal balance as of December 31, 2024 and the EDA rebated \$200,000 in the current year.

In 2023, the EDA entered into a development agreement with SSP SPE I LLC to aid in financing certain public costs of a Redevelopment Project undertaken by the EDA within the Redevelopment District of the Grand Avenue Gateway. For this agreement, the EDA used an economic development vehicle known as tax increment financing whereby tax increment revenue is generated on the incremental increase in value above a base value established on the date that the tax increment district is created. The EDA will abate 90 percent of the incremental taxes received through execution of tax increment revenue note, which will be retired in 2043. The outstanding principal balance as of December 31, 2024 for this agreement was \$3,634,543 and the EDA rebated \$188,791 in the current year.

In 2024, the EDA entered into a development agreement with SSP SPE II LLC to aid in financing certain public costs of a Redevelopment Project undertaken by the EDA within the Redevelopment District of the Grand Avenue Gateway. For this agreement, the EDA used an economic development vehicle known as tax increment financing whereby tax increment revenue is generated on the incremental increase in value above a base value established on the date that the tax increment district is created. The EDA will abate 90 percent of the incremental taxes received through execution of tax increment revenue note, which will be retired in 2043. The outstanding principal balance as of December 31, 2024 for this agreement was \$2,474,116 and the EDA rebated \$27,802 in the current year.

The City is authorized to create a tax increment financing plan under Minnesota Statute, Chapter 469.175. The criteria that must be met under the statute are that, in the opinion of the municipality:

- The proposed redevelopment would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future;
- The increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed redevelopment after subtracting the present value of the projected tax increments for the maximum duration of the district permitted by the plan;
- The tax increment financing plan conforms to the general plan for the redevelopment of the municipality as a whole; and
- The tax increment financing plan will afford maximum opportunity, consistent with the sound needs of the municipality as a whole, for the redevelopment of the project by private enterprise.

These agreements are not a general obligation of the EDA and are payable solely from available tax increments, received from the property owners within the Redevelopment Districts. The EDA's position is that these are obligations to assign future and uncertain revenues sources and, as such, are not actual debt in substance.

Note 7 FUND BALANCE AND FUND NET POSITION

A. NET POSITION

Net position reported in the government-wide statement of net position at December 31, 2024, include the following:

Governmental Activities	
Net investment in capital assets:	
Land	\$ 14,319,460
Construction in progress	11,228,431
Other capital assets, net of depreciation	68,743,131
Less: related long-term debt outstanding and capital related payables	<u>(12,023,256)</u>
Total net investment in capital assets	<u>82,267,766</u>
Restricted:	
Debt service	3,665,048
Tax increment	6,897,125
Economic development	3,676,932
Housing programs	3,150,872
Park improvements	256,043
Public Safety Aid	642,206
Police K-9	70,427
Other	<u>132,486</u>
Total restricted	<u>18,491,139</u>
Unrestricted	<u>7,362,578</u>
Total governmental activities net position	<u>\$ 108,121,483</u>
 Business-type Activities	
Net investment in capital assets:	
Land	\$ 594,775
Construction in progress	7,458,415
Other capital assets, net of depreciation	43,495,695
Less: related long-term debt outstanding and capital related payables	<u>(16,484,184)</u>
Total net investment in capital assets	<u>35,064,701</u>
Unrestricted	<u>18,150,678</u>
Total business-type activities net position	<u>\$ 53,215,379</u>

Related debt for governmental activities capital assets includes \$414,832 in premium on bonds issued and \$10,392,094 in general obligation bonds. The premium on bonds issued and general obligation bonds represent the amounts issued to finance governmental activities capital assets. The retainage and accounts payable on capital assets is \$1,216,330. An additional \$99,891 of premium on bonds issued and \$2,067,172 of general obligation bonds was issued to finance business-type activity capital assets.

Related debt for business-type activities capital assets includes \$7,933,030 in general obligation revenue bonds, \$15,662 in premium on bonds issued, \$5,917,543 in notes payable, and \$1,105,142 in general obligation bonds, the amount issued to finance the storm water utility Levee Lift Station included in the Floodwall Construction project. Related debt also includes \$330,268 in retainage payable and \$1,182,539 in contracts payable on construction in progress. The remaining \$169,858 of general obligation bonds was issued to finance piping improvements and replacements (included with the governmental activities capital assets).

CITY OF SOUTH ST. PAUL, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

Note 7 FUND BALANCE AND FUND NET POSITION (CONTINUED)

B. FUND BALANCES

At December 31, 2024, a summary of the City’s governmental fund balance classifications are as follows:

	General Fund	Doug Woog Arena	Airport	Capital Programs	Local Improvements	Tax Increment	Airport Improvements	Other Nonmajor Governmental	Total
Nonspendable:									
Prepaid Items	\$ 183,913	\$ 3,667	\$ 4,917	\$ -	\$ -	\$ -	\$ -	\$ 490	\$ 192,987
Inventory	37,780	-	67,157	-	-	-	-	-	104,937
Total nonspendable	221,693	3,667	72,074	-	-	-	-	490	297,924
Restricted for:									
Debt Service	-	-	-	-	-	-	-	3,267,996	3,267,996
Economic Development	-	-	-	-	-	-	-	3,669,279	3,669,279
Tax Increment Financing	-	-	-	-	-	6,851,549	-	-	6,851,549
Housing	-	-	-	-	-	-	-	2,809,852	2,809,852
Park Improvements	-	-	-	-	-	-	-	256,043	256,043
Community Relations	-	-	-	-	-	-	-	27,177	27,177
Forfeitures	-	-	-	-	-	-	-	65,824	65,824
Lawful Purposes	-	-	-	-	-	-	-	746,663	746,663
Memorial Funding	-	-	-	-	-	-	-	5,455	5,455
Total restricted	-	-	-	-	-	6,851,549	-	10,848,289	17,699,838
Committed for:									
Working Capital	4,590,970	-	-	-	-	-	-	-	4,590,970
Central Square	-	-	-	-	-	-	-	41,686	41,686
Total committed	4,590,970	-	-	-	-	-	-	41,686	4,632,656
Assigned for:									
Working Capital	-	-	-	3,670,519	-	-	-	529,233	4,199,752
Future Equipment	-	-	-	-	-	-	-	185,652	185,652
Other Purposes	-	-	-	-	-	-	-	169,147	169,147
Total assigned	-	-	-	3,670,519	-	-	-	884,032	4,554,551
Unassigned:									
General fund	11,088,297	-	-	-	-	-	-	-	11,088,297
Doug Woog Arena	-	(511,475)	-	-	-	-	-	-	(511,475)
Airport	-	-	(110,320)	-	-	-	-	-	(110,320)
Local Improvements	-	-	-	-	(1,870,316)	-	-	-	(1,870,316)
Airport Improvements	-	-	-	-	-	-	(1,871,467)	-	(1,871,467)
Total unassigned	11,088,297	(511,475)	(110,320)	-	(1,870,316)	-	(1,871,467)	-	6,724,719
Total	\$ 15,900,960	\$ (507,808)	\$ (38,246)	\$ 3,670,519	\$ (1,870,316)	\$ 6,851,549	\$ (1,871,467)	\$ 11,774,497	\$ 33,909,688

Note 8 RETIREMENT PLANS

The aggregate amounts for all pension plans as of December 31, 2024 are as follows:

Pension Plan	Net Pension Liabilities	Deferred Outflows of Resources	Deferred Inflows of Resources
PERA - GERF	\$ 2,767,660	\$ 744,814	\$ 2,017,578
PERA - PEPFF	3,231,277	5,326,349	6,099,063
Total - all pensions	\$ 5,998,937	\$ 6,071,163	\$ 8,116,641

Note 8 RETIREMENT PLANS (CONTINUED)

A. DEFINED BENEFIT PENSION PLANS

PLAN DESCRIPTION

The City participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). These plan provisions are established and administered according to Minnesota Statutes chapters 353, 353D, 353E, 353G, and 356. Minnesota Statutes chapter 356 defines each plan's financial reporting requirements. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

1. General Employees Retirement Plan (General Plan)

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

2. Public Employees Police and Fire Plan (Police and Fire Plan)

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

BENEFITS PROVIDED

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

1. General Employees Plan Benefits

General Employees Plan requires three years of service to vest. Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for General Plan members. Members hired prior to July 1, 1989, receive the higher of the Step or Level formulas. Only the Level formula is used for members hired after June 30, 1989. Under the Step formula, General Plan members receive 1.2 percent of the highest average salary for each of the first 10 years of service and 1.7 percent for each additional year. Under the Level formula, General Plan members receive 1.7 percent of highest average salary for all years of service. For members hired prior to July 1, 1989 a full retirement benefit is available when age plus years of service equal 90 and normal retirement age is 65. Members can receive a reduced retirement benefit as early as age 55 if they have three or more years of service. Early retirement benefits are reduced by 0.25 percent for each month under age 65. Members with 30 or more years of service can retire at any age with a reduction of 0.25 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.

Note 8 RETIREMENT PLANS

A. DEFINED BENEFIT PENSION PLANS

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 increases 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.

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

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary and the City was required to contribute 7.50 percent for Coordinated Plan members in fiscal year 2024. The City's contributions to the General Employees Fund for the year ended December 31, 2024, were \$474,016. The City's contributions were equal to the required contributions as set by state statute.

2. Police and Fire Fund

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 \$640,896. The City's contributions were equal to the required contributions as set by state statute.

PENSION COSTS

1. General Employees Fund

At December 31, 2024, the City reported a liability of \$2,767,660 for its proportionate share of the General Employee 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 \$71,566.

City's proportionate share of the net pension liability	\$	2,767,660
State of Minnesota's proportionate share of the net pension liability associated with the City		71,566
Total	\$	<u>2,839,226</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 0.0749 percent at the end of the measurement period and 0.0768 percent for the beginning of the period.

Note 8 RETIREMENT PLANS

A. DEFINED BENEFIT PENSION PLANS

PENSION COSTS

1. General Employees Fund (Continued)

For the year ended December 31, 2024, the City recognized pension expense of \$231,466 for its proportionate share of the General Employee Plan’s pension expense. In addition, the City recognized an additional \$1,919 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 \$127,338 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	\$ 261,157	\$ -
Changes in actuarial assumptions	12,798	1,067,297
Net difference between projected and actual investment earnings	-	847,723
Changes in proportion	233,640	102,558
Contributions paid to PERA subsequent to the measurement date	237,219	-
Total	<u>\$ 744,814</u>	<u>\$ 2,017,578</u>

The \$237,219 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 deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Pension Expense Amount
2025	\$ (828,821)
2026	(100,523)
2027	(368,516)
2028	(212,123)

2. Police and Fire Fund

At December 31, 2024, the City reported a liability of \$3,231,277 for its proportionate share of the Police and Fire Fund’s net pension liability. The net pension liability was measured as of June 30, 2024 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City’s proportionate share of the net pension liability was based on the City’s contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2023 through June 30, 2024 relative to the total employer contributions received from all of PERA’s participating employers. The City’s proportionate share was 0.2456 percent at the end of the measurement period and 0.2538 percent for the beginning of the period.

Note 8 RETIREMENT PLANS

A. DEFINED BENEFIT PENSION PLANS

PENSION COSTS

2. Police and Fire Fund (Continued)

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 totaled \$123,175.

City's proportionate share of the net pension liability	\$	3,231,277
State of Minnesota's proportionate share of the net pension liability associated with the City		<u>123,175</u>
Total	\$	<u><u>3,354,452</u></u>

For the year ended December 31, 2024, the City recognized pension expense of \$590,404 for its proportionate share of the Police and Fire Plan’s pension expense. The City recognized \$13,777 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 \$69,746 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.

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	\$ 1,287,261	\$ -
Changes in actuarial assumptions	3,660,204	4,916,297
Net difference between projected and actual investment earnings	-	1,043,955
Changes in proportion	58,972	138,811
Contributions paid to PERA subsequent to the measurement date	319,912	-
Total	<u><u>\$ 5,326,349</u></u>	<u><u>\$ 6,099,063</u></u>

Note 8 RETIREMENT PLANS

A. DEFINED BENEFIT PENSION PLANS

PENSION COSTS

2. Police and Fire Fund (Continued)

The \$319,912 reported as deferred outflows of resources related to pensions resulting from the City’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

	Pension Expense Amount
2025	\$ (173,495)
2026	858,620
2027	(516,729)
2028	(1,311,914)
2029	50,892

3. Total Pension Expense

The total pension expense for all plans recognized by the City for the year ended December 31, 2024, was \$821,870.

ACTUARIAL 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 to determine the total liability is 7%. The 7% assumption is based on a review of inflation and investment return assumptions from a number of national investment consulting firms. The review provided a range of investment return rates considered reasonable by the actuary. An investment return of 7% is within that range.

Inflation is assumed to be 2.25% for the General Employees Plan and Police & Fire Plan. Benefit increases after retirement are assumed to be 1.25% for the General Employees Plan and 1% for the Police & Fire Plan

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25% after one year of service to 3% after 27 years of service. In the Police & Fire Plan, salary growth assumptions range in annual increments from 11.75% after one year of service to 3% 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 General Employees Plan was last reviewed in 2022. The assumption changes were adopted by the board and became effective with the July 1, 2023 actuarial valuation. The Police & Fire Plan was reviewed in 2024. PERA anticipates the experience study will be approved by the Legislative Commission on Pensions and Retirement and become effective with the July 1, 2025 actuarial valuation.

Note 8 RETIREMENT PLANS

A. DEFINED BENEFIT PENSION PLANS

ACTUARIAL ASSUMPTIONS (CONTINUED)

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.
- 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 were 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).

LONG-TERM EXPECTED RETURN ON INVESTMENTS

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:

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

Note 8 RETIREMENT PLANS

A. DEFINED BENEFIT PENSION PLANS (CONTINUED)

DISCOUNT RATE

The discount rate used to measure the total pension liability in 2024 was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund and Police and Fire Fund 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.

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 (asset) would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

	<u>General Employees Fund</u>		<u>Police and Fire Fund</u>	
1% Lower	6.00%	\$ 6,045,015	6.00%	\$ 7,636,139
Current Discount Rate	7.00%	2,767,660	7.00%	3,231,277
1% Higher	8.00%	71,737	8.00%	(386,036)

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 at www.mnpera.org.

Note 8 RETIREMENT PLANS (CONTINUED)

B. DEFINED CONTRIBUTION PLAN

Six council members are covered by the Public Employees 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 employees 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. 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 during fiscal year 2024 were:

Contribution Amounts		Percentage of Covered Payroll		Required Rate
Employee	Employer	Employee	Employer	
\$ 2,790	\$ 2,790	5%	5%	5%

Note 9 OTHER POSTEMPLOYMENT BENEFIT PLAN

SINGLE-EMPLOYER DEFINED BENEFIT PLAN

1. Plan Description

The City provides postemployment health care benefits for retirees and police disabled in the line of duty through a single-employer defined benefit plan administered by the City. The authority to provide these benefits is established in Minnesota Statutes Sections 471.61 subdivision 2b and 299A.465. The benefits, benefit levels, employee contributions and employer contributions are governed by the City and can be amended by the City through its personnel manual and collective bargaining agreements with employee groups. The Plan does not issue a publicly available financial report. No Plan assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

2. Benefits Provided

All retirees of the City have the option under state law to continue their medical insurance coverage through the City from the time of retirement until the employee reaches the age of eligibility for Medicare. Under specific collective bargaining unit agreements, certain retirees are eligible to have the City pay all or part of the premium for continued medical insurance. For retirees not included by these agreements, the retiree must pay the full premium to continue coverage for medical insurance. All retirees must pay the full premium to continue coverage for dental insurance.

The City is legally required to include any retirees for whom it provides health insurance coverage in the same insurance pool as its active employees until the retiree reaches Medicare eligibility, whether the premiums are paid by the City or the retiree. Consequently, participating retirees are considered to receive a secondary benefit known as an “implicit rate subsidy.” This benefit relates to the assumption that the retiree is receiving a more favorable premium rate than they would otherwise be able to obtain if purchasing insurance on their own, due to being included in the same pool with the City’s younger and statistically healthier active employees.

Note 9 OTHER POSTEMPLOYMENT BENEFIT PLAN

SINGLE-EMPLOYER DEFINED BENEFIT PLAN (CONTINUED)

3. Contributions

The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined periodically by the City. The City's current year required pay-as-you-go contributions to finance the benefits described in the previous section totaled \$306,831.

4. Membership

Membership in the plan consisted of the following as of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	19
Active plan members	<u>99</u>
Total members	<u><u>118</u></u>

5. Total OPEB Liability

The City's total OPEB liability of \$3,746,824 as of year-end was measured as of January 1, 2024 and was determined by an actuarial valuation as of January 1, 2023.

6. Actuarial Methods and Assumptions

The total OPEB liability was determined by an actuarial valuation as of January 1, 2023, using the entry age method, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	3.70%
20-year municipal bond yield	3.70%
Inflation rate	2.50%
Medical trend rate	6.25% decreasing to 5.00% over 5 years then 4.00% over the next 48 years

Since the plan is not funded by an irrevocable trust, the discount rate is equal to the 20-year municipal bond yield.

Mortality rates for employees were based on the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2021 Generational Improvement Scale.

7. Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Beginning balance	\$ 3,773,045
Changes for the year	
Service cost	104,180
Interest cost	148,062
Changes of assumptions	76,375
Benefit payments	<u>(354,838)</u>
Total net changes	<u>(26,221)</u>
Ending balance	<u><u>\$ 3,746,824</u></u>

Changes in Assumptions:

- The discount rate was changed from 4.00% to 3.70%.

Note 9 OTHER POSTEMPLOYMENT BENEFIT PLAN

SINGLE-EMPLOYER DEFINED BENEFIT PLAN (CONTINUED)

8. Total OPEB Liability Sensitivity to Discount and Healthcare Cost Trend Rate Changes

The following represents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

		Total OPEB Liability
1% Decrease in Discount Rate	2.70%	\$ 4,039,382
Current Discount Rate	3.70%	3,746,824
1% Increase in Discount Rate	4.70%	3,484,870

The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

		Total OPEB Liability
1% Decrease in Trend Rates	5.25%	\$ 3,426,604
Current Trend Rates	6.25%	3,746,824
1% Increase in Trend Rates	7.25%	4,118,039

9. OPEB Expense and Related Deferred Outflows and Inflows of Resources

For the current period, the City recognized OPEB expense of \$335,957. As of year-end, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	\$ 512,860	\$ 219,043
Changes of assumptions	361,075	445,118
City's contributions subsequent to the measurement date	306,831	-
Total	<u>\$ 1,180,766</u>	<u>\$ 664,161</u>

The \$306,831 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended December 31, 2025. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	OPEB Expense Amount
2025	\$ 83,715
2026	75,000
2027	72,543
2028	7,090
2029	(17,280)
Thereafter	(11,294)

Note 10 INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

A. INTERFUND BALANCES

The composition of interfund balances at December 31, 2024 is as follows:

<u>Advances to Other Funds</u>	<u>Advances From Other Funds</u>	<u>Amount</u>
	Major Governmental Funds:	
General Fund	Doug Woog Arena	\$ 581,886
General Fund	Airport	75,137
General Fund	Airport Improvements	1,837,010
Capital Programs	Local Improvements	1,087,001
	Major Proprietary Funds:	
Nonmajor Governmental	Low Rent Housing	505,660
	Total	<u>\$ 4,086,694</u>

All interfund loans (“advances”) are needed to alleviate cash deficits in individual funds during the course of the year and for purposes of the financial statements at year end. The fund which requires the loan will pay interest on the actual amount of the cash borrowed which shall be the minimum needed. The amount of interest charged and paid will be based on the fund cash deficit and the current yields on the City’s short term investment portfolio.

B. 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, 2) move restricted amounts from borrowings to the debt service fund to establish mandatory reserve accounts, 3) move unrestricted general fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

	<u>Transfer In</u>					<u>Total</u>
	<u>General Fund</u>	<u>Capital Programs</u>	<u>Local Improvements</u>	<u>Airport Improvements</u>	<u>Nonmajor Governmental</u>	
Transfer out:						
General Fund	\$ -	\$ 434,879	\$ -	\$ -	\$ -	\$ 434,879
Doug Woog Arena	-	-	24,837	-	-	24,837
Airport	-	-	-	270,435	-	270,435
Capital Programs	-	-	9,043	-	98	9,141
Local Improvements	-	44,790	-	-	-	44,790
Tax Increment	-	-	1,302,124	-	-	1,302,124
Nonmajor Governmental	30,000	-	-	-	448,044	478,044
Water and Sewer Utility	100,000	-	-	-	180,800	280,800
Storm Water Utility	40,000	-	1,182	-	26,700	67,882
Street Light Utility	20,000	-	-	-	-	20,000
Total transfers	<u>\$ 190,000</u>	<u>\$ 479,669</u>	<u>\$ 1,337,186</u>	<u>\$ 270,435</u>	<u>\$ 655,642</u>	<u>\$ 2,932,932</u>

Note 11 JOINT VENTURES

A. SPECIAL SCHOOL DISTRICT NO. 6

1. The City entered into a joint powers agreement with Special School District No. 6 in September of 2010. The agreement provides for two city officers to be assigned to the High School during the school year as School Resource Officers. The City employs and temporarily assigns the two licensed peace officers to serve as the School Resource Officers. The parties agree and acknowledge that the School Resource Officers shall not be considered employees of the District and that the City is partially reimbursed by the School District for salary and benefits.
2. Information regarding the Special School District No. 6 can be obtained at the website www.sspps.org or by contacting the District's Business Manager at 104 Fifth Avenue South, South St. Paul, Minnesota, 55075. Telephone 651-457-9428.

B. SOUTH METRO FIRE DEPARTMENT

On October 25, 2005, the City entered into a joint powers agreement with the City of West St. Paul to consolidate the cities of South St. Paul and West St. Paul fire departments thereby creating a new entity known as the South Metro Fire Department (SMFD) as of January 1, 2008. The SMFD is governed by a five-member board of directors (Board) that include two council members from each city and one public member which is not an employee nor a resident of either city. Financial statements of the SMFD can be obtained from SMFD offices at South Metro Fire Department, 1616 Humboldt Avenue, West St. Paul, MN 55118.

As required by the agreement, the City transferred fire department property and equipment to the SMFD on January 1, 2008, retaining its rights to these assets in the event of SMFD's dissolution.

The activities of the SMFD will continue to be funded entirely by the cities of South St. Paul and West St. Paul, with each contributing an equal share of the SMFD annual budget which must be approved by the Board by a four-fifths vote of all of its members. The City's annual payments for the year ending December 31, 2024 were \$2,772,182. In addition, each city performed in-kind contributed services of approximate equal value during 2024 with additional service agreements in future years.

During 2019, the City issued \$6,705,000 Series 2019A General Obligation Bonds, a portion of which was for the purpose of providing funds for the purchase of SMFD capital equipment. Under an agreement, payments are to be made by the cities of South St. Paul and West St. Paul, with each contributing an equal share sufficient to pay the principal and interest on the bonds when due. The equipment portion of the bond matures in 2029 and has a stated interest rate of 3.0%-4.0%. The balance of the equipment portion outstanding at December 31, 2024 was \$830,000.

The City's future commitments to make payments as of December 31, 2024 are as follows:

	<u>Payment</u>
2025	\$ 97,230
2026	96,495
2027	95,655
2028	97,335
Total	<u>\$ 386,715</u>

Note 11 JOINT VENTURES (CONTINUED)

C. LOCAL GOVERNMENT INFORMATION SYSTEMS ASSOCIATION (LOGIS)

This consortium of approximately 30 government entities provides computerized data processing and support services to its members. LOGIS is legally separate; the City does not appoint a voting majority of its board, and the Consortium is fiscally independent of the City. The total amount recorded within the 2024 financial statements of the City was \$688,944 for services provided. Complete financial statements may be obtained at the LOGIS offices located at 5750 Duluth Street, Golden Valley, Minnesota 55422.

Note 12 COMMITMENTS AND CONTINGENCIES

A. RISK MANAGEMENT

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

The City purchased various insurance coverage (general liability, excess liability, workers compensation, property, automobile, marine, crime, employee dishonesty, petro fund and open meeting law) through the League of Minnesota Cities Insurance Trust (LMCIT), a public entity risk pool currently operating as a common risk management and insurance program for Minnesota cities. The City pays an annual premium to the LMCIT for its insurance coverage. Liability insurance provides for coverage for \$1,000,000 per occurrence. The LMCIT is self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of reserved amounts for each insured event. The LMCIT allows the pool to make additional assessments to make the pool self-sustaining. Current state statutes (Minnesota Statutes 466.04) provide limits of liability for certain kinds of claims. The amount of settlements have not exceeded insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance compared to prior year.

The City uses its Self-Insured Dental Internal Service Fund to account for and finance its self-insured risk of loss for an employee dental plan. The dental plan is funded by the City, employee contributions, and investment earnings. When necessary, a claims liability is included in the liabilities of the fund and is based on the requirement that a liability for claims be reported if information prior to issuance of the financial statements indicates that it is probable that a liability has been incurred on the date of the financial statements and the loss can reasonably be estimated.

Changes in the fund’s claim liability for 2024 and 2023 was as follows:

	Beginning Balance	Claims and Changes in Estimates	Claim Payments	Ending Balance
2024	\$ -	\$ 58,561	\$ 58,561	\$ -
2023	-	50,905	50,905	-

B. LITIGATION

The City is the defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City’s attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

Note 12 COMMITMENTS AND CONTINGENCIES (CONTINUED)

C. FEDERAL, STATE AND LOCAL FUNDS

The City receives financial assistance from federal, state and local governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with the terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the applicable fund. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the City at December 31, 2024.

D. ARBITRAGE REBATE

The Tax Reform Act of 1986 requires governmental entities to pay to the federal government income earned on the proceeds from the issuance of debt in excess of interest costs, pending the expenditure of the borrowed funds. This rebate of interest income (known as arbitrage) applies to governmental debt issued after August 31, 1986. The City issued greater than \$5 million of bonds in 2012, 2014, and 2019 and therefore is required to rebate excess investment income relating to these issues to the federal government. The extent of the City's liability for arbitrage rebates on the remaining bond issues is not determinable at this time. However, in the opinion of management, any such liability would be immaterial.

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CITY OF SOUTH ST. PAUL, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For the Year Ended December 31, 2024

Statement 11
Page 1 of 5

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
General property taxes				
Current	\$ 10,356,687	\$ 10,356,687	\$ 10,176,492	\$ (180,195)
Delinquent	-	-	258,491	258,491
Fiscal disparities	2,963,378	2,963,378	2,942,560	(20,818)
Other	-	-	11,877	11,877
Total general property taxes	<u>13,320,065</u>	<u>13,320,065</u>	<u>13,389,420</u>	<u>69,355</u>
Franchise tax	<u>1,550,000</u>	<u>1,550,000</u>	<u>1,346,855</u>	<u>(203,145)</u>
Licenses and permits	<u>499,455</u>	<u>499,455</u>	<u>532,877</u>	<u>33,422</u>
Intergovernmental				
Federal				
Other	166,500	166,500	85,000	(81,500)
State				
Local government aid	2,480,936	2,480,936	2,480,936	-
Road maintenance	236,360	236,360	289,298	52,938
Fire and police aids	330,000	330,000	399,343	69,343
Other	10,000	10,000	137,779	127,779
County				
Road maintenance	79,500	79,500	79,500	-
Other	-	-	1,410	1,410
Local	<u>135,554</u>	<u>135,554</u>	<u>146,137</u>	<u>10,583</u>
Total intergovernmental	<u>3,438,850</u>	<u>3,438,850</u>	<u>3,619,403</u>	<u>180,553</u>
Charges for services				
General government	463,817	463,817	552,755	88,938
Public safety	1,600	1,600	2,082	482
Public works	14,000	14,000	10,150	(3,850)
Community development	87,500	87,500	53,596	(33,904)
Parks and recreation	167,100	167,100	172,982	5,882
Administrative fee - other funds	887,589	887,589	887,589	-
Engineering project fees	350,000	350,000	245,368	(104,632)
Rents	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
Total charges for services	<u>2,021,606</u>	<u>2,021,606</u>	<u>1,974,522</u>	<u>(47,084)</u>
Fines and forfeits	111,000	111,000	155,527	44,527
Special assessments	-	-	23,641	23,641
Investment income	75,000	75,000	225,428	150,428
Change in fair value of investments	-	-	61,918	61,918
Miscellaneous				
Other	<u>19,210</u>	<u>19,210</u>	<u>51,744</u>	<u>32,534</u>
Total revenues	<u>21,035,186</u>	<u>21,035,186</u>	<u>21,381,335</u>	<u>346,149</u>

CITY OF SOUTH ST. PAUL, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For the Year Ended December 31, 2024

Statement 11
Page 2 of 5

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Expenditures				
General government				
Mayor and city council				
Current				
Personal services	\$ 72,969	\$ 73,220	\$ 72,963	\$ 257
Materials and supplies	700	700	-	700
Other services and charges	74,182	74,182	74,157	25
Miscellaneous	30,608	30,608	18,799	11,809
Total mayor and city council	<u>178,459</u>	<u>178,710</u>	<u>165,919</u>	<u>12,791</u>
City administration				
Current				
Personal services	492,899	521,177	534,906	(13,729)
Materials and supplies	2,850	2,850	1,803	1,047
Other services and charges	99,905	99,905	73,241	26,664
Miscellaneous	2,120	2,120	2,460	(340)
Capital outlay	10,000	10,000	8,636	1,364
Total city administration	<u>607,774</u>	<u>636,052</u>	<u>621,046</u>	<u>15,006</u>
Human resources				
Current				
Personal services	221,807	232,038	238,008	(5,970)
Materials and supplies	2,000	2,000	350	1,650
Other services and charges	51,637	56,137	50,999	5,138
Miscellaneous	6,825	6,825	1,186	5,639
Total human resources	<u>282,269</u>	<u>297,000</u>	<u>290,543</u>	<u>6,457</u>
City attorney				
Current				
Other services and charges	268,000	268,000	807,687	(539,687)
Total city attorney	<u>268,000</u>	<u>268,000</u>	<u>807,687</u>	<u>(539,687)</u>
City clerk				
Current				
Personal services	236,098	201,316	200,376	940
Materials and supplies	6,500	6,500	4,447	2,053
Other services and charges	70,524	70,524	82,330	(11,806)
Miscellaneous	875	875	1,823	(948)
Total city clerk	<u>313,997</u>	<u>279,215</u>	<u>288,976</u>	<u>(9,761)</u>
Information technology				
Current				
Personal services	287,656	302,824	306,771	(3,947)
Materials and supplies	13,800	13,800	10,485	3,315
Other services and charges	498,620	498,620	462,763	35,857
Total information technology	<u>800,076</u>	<u>815,244</u>	<u>780,019</u>	<u>35,225</u>

CITY OF SOUTH ST. PAUL, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For the Year Ended December 31, 2024

Statement 11
Page 3 of 5

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Expenditures				
General government (continued)				
City finance				
Current				
Personal services	\$ 339,893	\$ 376,371	\$ 385,854	\$ (9,483)
Materials and supplies	3,750	3,750	2,256	1,494
Other services and charges	139,684	139,684	123,601	16,083
Miscellaneous	4,500	4,500	3,021	1,479
Total city finance	<u>487,827</u>	<u>524,305</u>	<u>514,732</u>	<u>9,573</u>
Recycling				
Current				
Personal services	7,750	8,285	8,964	(679)
Materials and supplies	100	100	-	100
Other services and charges	15,500	15,500	13,475	2,025
Total recycling	<u>23,350</u>	<u>23,885</u>	<u>22,439</u>	<u>1,446</u>
Total general government	<u>2,961,752</u>	<u>3,022,411</u>	<u>3,491,361</u>	<u>(468,950)</u>
Public safety				
Police				
Current				
Personal services	6,536,131	6,907,317	6,268,349	638,968
Materials and supplies	111,000	111,000	93,176	17,824
Other services and charges	1,560,843	1,560,843	1,516,329	44,514
Miscellaneous	22,210	22,210	16,163	6,047
Capital outlay	33,000	33,000	29,080	3,920
Total police	<u>8,263,184</u>	<u>8,634,370</u>	<u>7,923,097</u>	<u>711,273</u>
Fire				
Current				
Other services and charges	<u>2,772,182</u>	<u>2,772,182</u>	<u>2,772,182</u>	<u>-</u>
Total public safety	<u>11,035,366</u>	<u>11,406,552</u>	<u>10,695,279</u>	<u>711,273</u>
Public works				
Engineering				
Current				
Personal services	655,706	676,005	635,921	40,084
Materials and supplies	6,500	6,500	2,939	3,561
Other services and charges	52,395	106,595	97,530	9,065
Miscellaneous	2,000	2,000	843	1,157
Capital outlay	4,000	4,000	1,000	3,000
Total engineering	<u>720,601</u>	<u>795,100</u>	<u>738,233</u>	<u>56,867</u>

CITY OF SOUTH ST. PAUL, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For the Year Ended December 31, 2024

Statement 11
Page 4 of 5

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Expenditures				
Public works (continued)				
Public works				
Current				
Personal services	\$ 883,985	\$ 937,341	\$ 925,287	\$ 12,054
Materials and supplies	481,100	481,100	547,307	(66,207)
Other services and charges	916,477	916,477	878,469	38,008
Miscellaneous	925	925	2,160	(1,235)
Total public works	<u>2,282,487</u>	<u>2,335,843</u>	<u>2,353,223</u>	<u>(17,380)</u>
Buildings				
Current				
Personal services	160,361	169,534	170,961	(1,427)
Materials and supplies	31,300	31,300	28,068	3,232
Other services and charges	181,031	199,131	232,726	(33,595)
Total buildings	<u>372,692</u>	<u>399,965</u>	<u>431,755</u>	<u>(31,790)</u>
Parks facilities and maintenance				
Current				
Personal services	765,130	799,870	787,448	12,422
Materials and supplies	122,000	122,000	101,248	20,752
Other services and charges	449,373	449,373	431,109	18,264
Miscellaneous	-	-	740	(740)
Capital outlay	40,000	40,000	28,129	11,871
Total parks facilities and maintenance	<u>1,376,503</u>	<u>1,411,243</u>	<u>1,348,674</u>	<u>62,569</u>
Total public works	<u>4,752,283</u>	<u>4,942,151</u>	<u>4,871,885</u>	<u>70,266</u>
Community development				
City planner				
Current				
Personal services	458,902	483,053	446,321	36,732
Materials and supplies	2,700	2,700	732	1,968
Other services and charges	149,127	149,127	174,694	(25,567)
Miscellaneous	7,655	7,655	7,675	(20)
Capital outlay	1,000	1,000	-	1,000
Total city planner	<u>619,384</u>	<u>643,535</u>	<u>629,422</u>	<u>14,113</u>
Code enforcement				
Current				
Personal services	121,638	140,089	141,644	(1,555)
Materials and supplies	1,150	1,150	766	384
Other services and charges	46,414	46,414	34,038	12,376
Miscellaneous	650	650	493	157
Total code enforcement	<u>169,852</u>	<u>188,303</u>	<u>176,941</u>	<u>11,362</u>
Total community development	<u>789,236</u>	<u>831,838</u>	<u>806,363</u>	<u>25,475</u>

CITY OF SOUTH ST. PAUL, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For the Year Ended December 31, 2024

Statement 11
Page 5 of 5

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Expenditures (continued)				
Parks and recreation				
Administration				
Current				
Personal services	\$ 230,973	\$ 246,923	\$ 257,897	\$ (10,974)
Materials and supplies	8,630	8,630	8,951	(321)
Other services and charges	53,783	53,783	45,108	8,675
Miscellaneous	3,875	3,875	4,441	(566)
Total administration	<u>297,261</u>	<u>313,211</u>	<u>316,397</u>	<u>(3,186)</u>
Parks, pools and recreation				
Current				
Personal services	315,751	335,258	394,238	(58,980)
Materials and supplies	58,500	58,500	76,767	(18,267)
Other services and charges	80,350	80,350	80,897	(547)
Miscellaneous	3,000	3,000	2,182	818
Total parks, pools and recreation	<u>457,601</u>	<u>477,108</u>	<u>554,084</u>	<u>(76,976)</u>
Community affairs				
Current				
Personal services	120,282	125,669	127,948	(2,279)
Materials and supplies	8,200	8,200	7,315	885
Other services and charges	2,105	2,105	1,870	235
Miscellaneous	1,100	1,100	1,436	(336)
Total community affairs	<u>131,687</u>	<u>137,074</u>	<u>138,569</u>	<u>(1,495)</u>
Total parks and recreation	<u>886,549</u>	<u>927,393</u>	<u>1,009,050</u>	<u>(81,657)</u>
Contingency	<u>800,000</u>	<u>94,841</u>	<u>-</u>	<u>94,841</u>
Total expenditures	<u>21,225,186</u>	<u>21,225,186</u>	<u>20,873,938</u>	<u>351,248</u>
Revenues over (under) expenditures	<u>(190,000)</u>	<u>(190,000)</u>	<u>507,397</u>	<u>697,397</u>
Other financing sources (uses)				
Transfers in	190,000	190,000	190,000	-
Transfers out	-	-	(434,879)	(434,879)
Total other financing sources (uses)	<u>190,000</u>	<u>190,000</u>	<u>(244,879)</u>	<u>(434,879)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	262,518	<u>\$ 262,518</u>
Fund balance - January 1			<u>15,638,442</u>	
Fund balance - December 31			<u>\$ 15,900,960</u>	

CITY OF SOUTH ST. PAUL, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - DOUG WOOG ARENA
For the Year Ended December 31, 2024

Statement 12

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
General property taxes				
Current	\$ 323,000	\$ 323,000	\$ 323,000	\$ -
Charges for services				
Ice rentals	768,000	768,000	838,239	70,239
Public/figure skating	11,500	11,500	34,967	23,467
Concessions	50,000	50,000	86,077	36,077
Rent	-	-	2,442	2,442
Other	63,000	63,000	68,416	5,416
Total charges for services	892,500	892,500	1,030,141	137,641
Change in fair value of investments	-	-	(5,272)	(5,272)
Miscellaneous				
Other	-	-	5,915	5,915
Total revenues	1,215,500	1,215,500	1,353,784	138,284
Expenditures				
Current				
Parks, arena				
Personal services	629,754	649,408	631,690	17,718
Materials and supplies	74,500	74,500	117,973	(43,473)
Services and other charges	445,413	445,413	529,064	(83,651)
Miscellaneous	2,100	2,100	5,946	(3,846)
Capital outlay	335,000	335,000	171	334,829
Debt service				
Interest and other charges	15,000	15,000	19,115	(4,115)
Total expenditures	1,501,767	1,521,421	1,303,959	217,462
Revenues over (under) expenditures	(286,267)	(305,921)	49,825	355,746
Other financing sources (uses)				
Transfers out	-	-	(24,837)	(24,837)
Net change in fund balance	\$ (286,267)	\$ (305,921)	24,988	\$ 330,909
Fund balance - January 1			(532,796)	
Fund balance - December 31			\$ (507,808)	

CITY OF SOUTH ST. PAUL, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - AIRPORT
For the Year Ended December 31, 2024

Statement 13

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental				
State				
Airport operations and maintenance	\$ 36,680	\$ 36,680	\$ 36,680	\$ -
Charges for services				
Transportation				
Hangar rentals/land leases	677,340	677,340	667,988	(9,352)
Aircraft fuel sales	700,000	700,000	822,552	122,552
Other	13,200	13,200	10,888	(2,312)
Total charges for services	1,390,540	1,390,540	1,501,428	110,888
Investment income	-	-	3,821	3,821
Change in fair value of investments	-	-	1,026	1,026
Miscellaneous				
Other	500	500	7,082	6,582
Total revenues	1,427,720	1,427,720	1,550,037	122,317
Expenditures				
Current				
Transportation				
Personal services	384,848	403,952	408,633	(4,681)
Materials and supplies	648,000	648,000	747,384	(99,384)
Other services and charges	311,264	311,264	316,696	(5,432)
Miscellaneous	2,300	2,300	487	1,813
Capital outlay	10,000	10,000	1,318	8,682
Total expenditures	1,356,412	1,375,516	1,474,518	(99,002)
Revenues over (under) expenditures	71,308	52,204	75,519	23,315
Other financing sources (uses)				
Transfers out	(270,435)	(270,435)	(270,435)	-
Net change in fund balance	\$ (199,127)	\$ (218,231)	(194,916)	\$ 23,315
Fund balance - January 1			156,670	
Fund balance - December 31			\$ (38,246)	

CITY OF SOUTH ST. PAUL, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

City's Fiscal Year-End Date	<u>12/31/2018</u>	<u>12/31/2019</u>	<u>12/31/2020</u>
Fiscal Year Ending (for the Measurement Period)	12/31/2017	1/1/2019	1/1/2020
Total OPEB Liability			
Service cost	\$ 114,893	\$ 129,482	\$ 155,346
Interest cost	137,926	120,613	160,128
Changes in assumption	91,833	(155,675)	219,303
Plan changes	-	72,043	-
Differences between expected and actual experience	-	744,752	-
Benefit Payments	<u>(332,184)</u>	<u>(341,520)</u>	<u>(393,491)</u>
Net change in total OPEB liability	12,468	569,695	141,286
Total OPEB liability - beginning of year	<u>3,671,308</u>	<u>3,683,776</u>	<u>4,253,471</u>
Total OPEB liability - end of year	<u><u>\$ 3,683,776</u></u>	<u><u>\$ 4,253,471</u></u>	<u><u>\$ 4,394,757</u></u>
Covered-employee Payroll	\$ 6,959,794	\$ 6,889,362	\$ 7,096,043
Total OPEB liability as a percentage of covered-employee payroll	52.9%	61.7%	61.9%

The City implemented GASB Statement No. 75 in fiscal 2018 (using a December 31, 2017 measurement date). This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

The city has not established a trust fund to finance GASB statement No. 75 related benefits.

	<u>12/31/2021</u>	<u>12/31/2022</u>	<u>12/31/2023</u>	<u>12/31/2024</u>
	1/1/2021	12/31/2021	1/1/2023	1/1/2024
\$	178,862	\$ 184,228	\$ 96,250	\$ 104,180
	127,547	85,644	81,325	148,062
	327,766	-	(505,583)	76,375
	-	-	5,667	
	(394,279)	-	340,218	
	<u>(353,405)</u>	<u>(368,356)</u>	<u>(427,596)</u>	<u>(354,838)</u>
	(113,509)	(98,484)	(409,719)	(26,221)
	<u>4,394,757</u>	<u>4,281,248</u>	<u>4,182,764</u>	<u>3,773,045</u>
\$	<u>4,281,248</u>	<u>\$ 4,182,764</u>	<u>\$ 3,773,045</u>	<u>\$ 3,746,824</u>
\$	7,722,794	\$ 7,954,478	\$ 8,400,203	8,652,209
	55.4%	52.6%	44.9%	43.3%

CITY OF SOUTH ST. PAUL, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS FOR PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

<u>Fiscal Year Ending (for the Financial Reporting Period)</u>	<u>Statutorily Required Contribution</u>	<u>Contributions in Relation to the Statutorily Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll*</u>	<u>Contributions as a Percentage of Covered Payroll</u>
<u>GENERAL EMPLOYEES RETIREMENT FUND</u>					
December 31, 2015	\$ 285,496	\$ 285,496	\$ -	\$ 3,806,613	7.50%
December 31, 2016	337,017	337,017	-	4,493,600	7.50%
December 31, 2017	353,140	353,140	-	4,708,507	7.50%
December 31, 2018	387,837	387,837	-	5,171,160	7.50%
December 31, 2019	393,467	393,467	-	5,246,227	7.50%
December 31, 2020	403,121	403,121	-	5,374,947	7.50%
December 31, 2021	391,779	391,779	-	5,223,720	7.50%
December 31, 2022	412,043	412,043	-	5,493,428	7.50%
December 31, 2023	472,354	472,354	-	6,298,054	7.50%
December 31, 2024	474,016	474,016	-	6,320,248	7.50%
<u>POLICE AND FIRE FUND</u>					
December 31, 2015	\$ 367,564	\$ 367,564	\$ -	\$ 2,268,914	16.20%
December 31, 2016	385,091	385,091	-	2,377,111	16.20%
December 31, 2017	398,226	398,226	-	2,458,185	16.20%
December 31, 2018	420,925	420,925	-	2,598,302	16.20%
December 31, 2019	459,270	459,270	-	2,709,558	16.95%
December 31, 2020	525,927	525,927	-	2,971,339	17.70%
December 31, 2021	522,645	522,645	-	2,952,797	17.70%
December 31, 2022	564,915	564,915	-	3,191,607	17.70%
December 31, 2023	577,240	577,240	-	3,261,240	17.70%
December 31, 2024	640,896	640,896	-	3,621,157	17.70%

*For purposes of this schedule, covered payroll is defined as "pensionable wages."

CITY OF SOUTH ST. PAUL, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY'S AND NON-EMPLOYER PROPORTIONATE SHARE OF NET PENSION LIABILITY
PERA - PUBLIC EMPLOYEES GENERAL EMPLOYEES RETIREMENT FUND

City's Fiscal Year-End Date	<u>12/31/2015</u>	<u>12/31/2016</u>	<u>12/31/2017</u>
Fiscal Year Ending (for the Measurement Period)	06/30/2015	06/30/2016	06/30/2017
City's Proportion of the Net Pension Liability	0.0630%	0.0665%	0.0711%
City's Proportionate Share of the Net Pension Liability	\$ 3,264,988	\$ 5,399,471	\$ 4,538,979
City's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	-	70,447	57,081
City's Proportionate Share of the Net Pension Liability and the City's Share of the State of Minnesota's Share of the Net Pension Liability	3,264,988	5,469,918	4,596,060
City's Covered Payroll	3,699,377	4,123,533	4,580,973
City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	88.26%	130.94%	99.08%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.20%	68.90%	75.90%

<u>12/31/2018</u>	<u>12/31/2019</u>	<u>12/31/2020</u>	<u>12/31/2021</u>	<u>12/31/2022</u>	<u>12/31/2023</u>	<u>12/31/2024</u>
06/30/2018	06/30/2019	06/30/2020	06/30/2021	06/30/2022	06/30/2023	06/30/2024
0.0739%	0.0744%	0.0759%	0.0729%	0.0709%	0.0768%	0.0749%
\$ 4,099,670	\$ 4,113,409	\$ 4,550,554	\$ 3,113,158	\$ 5,615,304	\$ 4,294,570	\$ 2,767,660
134,434	127,828	140,250	95,036	164,672	118,361	71,566
4,234,104	4,241,237	4,690,804	3,208,194	5,779,976	4,412,931	2,839,226
4,927,093	5,264,413	5,151,587	5,248,907	5,308,334	6,105,725	6,336,471
83.21%	78.14%	88.33%	59.31%	105.78%	70.34%	43.68%
79.53%	80.23%	79.10%	87.00%	76.70%	83.10%	89.08%

CITY OF SOUTH ST. PAUL, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY'S AND NON-EMPLOYER PROPORTIONATE SHARE OF NET PENSION LIABILITY
PERA - PUBLIC EMPLOYEES POLICE AND FIRE FUND

City's Fiscal Year-End Date	<u>12/31/2015</u>	<u>12/31/2016</u>	<u>12/31/2017</u>
Fiscal Year Ending (for the Measurement Period)	06/30/2015	06/30/2016	06/30/2017
City's Proportion of the Net Pension Liability	0.2450%	0.2430%	0.2340%
City's Proportionate Share of the Net Pension Liability	\$ 2,783,773	\$ 9,752,013	\$ 3,159,278
City's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	-	-	-
City's Proportionate Share of the Net Pension Liability and the City's Share of the State of Minnesota's Share of the Net Pension Liability	2,783,773	9,752,013	3,159,278
City's Covered Payroll	2,242,425	2,339,167	2,404,716
City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	124.14%	416.90%	131.38%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.60%	63.90%	85.40%

<u>12/31/2018</u>	<u>12/31/2019</u>	<u>12/31/2020</u>	<u>12/31/2021</u>	<u>12/31/2022</u>	<u>12/31/2023</u>	<u>12/31/2024</u>
06/30/2018	06/30/2019	06/30/2020	06/30/2021	06/30/2022	06/30/2023	06/30/2024
0.2396%	0.2537%	0.2419%	0.2522%	0.2535%	0.2538%	0.2456%
\$ 2,553,889	\$ 2,700,895	\$ 3,188,501	\$ 1,946,717	\$ 11,031,320	\$ 4,382,828	\$ 3,231,277
-	-	75,116	87,506	481,956	176,527	123,175
2,553,889	2,700,895	3,263,617	2,034,223	11,513,276	4,559,355	3,354,452
2,525,142	2,674,042	2,728,901	2,980,571	3,079,284	3,332,297	3,401,350
101.14%	101.00%	116.84%	65.31%	358.24%	131.53%	95.00%
88.84%	89.26%	87.20%	93.70%	70.50%	86.50%	90.17%

CITY OF SOUTH ST. PAUL, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2024

Note A BUDGETS

The General Fund and the Doug Woog Arena and Airport Special Revenue Fund budgets are legally adopted on a basis consistent with accounting principles generally accepted in the United States of America.

The legal level of budgetary control is at the department level for all funds with a legally adopted budget. Total departmental expenditures may not exceed the total departmental appropriation without specific City Council approval.

The following General fund and major Special Revenue fund departments had expenditures in excess of budgeted appropriations for 2024:

	<u>Expenditures</u>	<u>Final Budget</u>	<u>Excess</u>
Major Funds			
General Fund			
City attorney	\$ 807,687	\$ 268,000	\$ (539,687)
City clerk	288,976	279,215	(9,761)
Public works	2,353,223	2,335,843	(17,380)
Buildings	431,755	399,965	(31,790)
Parks administration	316,397	313,211	(3,186)
Parks, pools and recreation	554,084	477,108	(76,976)
Community affairs	138,569	137,074	(1,495)
Special Revenue Funds			
Airport	1,474,518	1,375,516	(99,002)

Note B SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITIES AND RELATED RATIOS

2024 Changes

Changes in Actuarial Assumptions:

- The discount rate was changed from 4.00% to 3.70%.

2023 Changes

Changes in Plan Provisions:

- The severance benefit multiplier was increased from \$200 to \$225 for AFSCME and Teamsters employees.

Changes in Actuarial Assumptions:

- The health care trend rates and mortality tables were updated.
- The retirement, withdrawal, and salary increase rates for public safety employees were updated.
- The inflation rate was changed from 2.00% to 2.50%.
- The discount rate was changed from 2.00% to 4.00%.

2021 Changes

Changes in Actuarial Assumptions:

- The health care trend rates were changed to better anticipate short term and long-term medical increases.
- The mortality tables were updated from the RP-2014 Mortality Tables (Blue Collar for Public Safety, White Collar for Others) with MP-2018 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2020 Generational Improvement Scale.
- The inflation rate was changed from 2.50% to 2.00%.
- The discount rate was changed from 2.90% to 2.00%.
- The salary increase rates were changed from a flat 3.00% per year for all employees to rates which vary by service and contract group.
- The retirement and withdrawal rates for non-public-safety employees were updated to reflect the latest experience study.

Note B SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITIES AND RELATED RATIOS (CONTINUED)

2020 Changes

Changes in Actuarial Assumptions:

- The discount rate was changed from 3.80% to 2.90%.

2019 Changes

Changes in Actuarial Assumptions:

- The medical trend rates were changed to better anticipate short term and long-term medical increases.
- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2016 Generational Improvement Scale to the RP-2014 White Collar Mortality Tables with MP-2018 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire Personnel).
- The retirement and withdrawal tables for all employees were updated.
- The service graded salary scale was updated.
- The discount rate was changed from 3.31% to 3.80%.

Changes in Plan Provisions:

- A post-employment subsidized benefit was added for Library employees
- The severance benefit multiplier was increased from \$180 to \$200 for AFSCME and Teamsters employees

2018 Changes

Changes in Actuarial Assumptions:

- The discount rate was changed from 3.81% to 3.31% to reflect the index rate for 20-year, tax exempt municipal bonds (Fidelity 20-Year Municipal GO AA Index).

Note C SCHEDULE OF CHANGES IN PENSION LIABILITIES AND RELATED RATIOS

General Employees Retirement Fund

2024 Changes

Changes in Actuarial Assumptions:

The following changes in assumptions are effective with the July 1, 2024 valuation, as recommended in the most recent experience study (dated June 29, 2023):

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

Changes in Plan Provisions:

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

Note C SCHEDULE OF CHANGES IN PENSION LIABILITIES AND RELATED RATIOS (CONTINUED)

General Employees Retirement Fund (Continued)

2023 Changes

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

2022 Changes

Changes in Actuarial Assumptions:

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

2021 Changes

Changes in Actuarial Assumptions:

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

2020 Changes

Changes in Actuarial Assumptions:

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

Note C SCHEDULE OF CHANGES IN PENSION LIABILITIES AND RELATED RATIOS (CONTINUED)

General Employees Retirement Fund (Continued)

Changes in Plan Provisions:

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

2019 Changes

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

2018 Changes

Changes in Actuarial Assumptions:

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

2018 Changes

Changes in Plan Provisions:

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

2017 Changes

Changes in Actuarial Assumptions:

- The combined service annuity (CSA) loads were changed from 0.80% for active members and 60.00% for vested and non-vested deferred members. The revised CSA load are now 0.00% for active member liability, 15.00% for vested deferred member liability, and 3.00% for non-vested deferred member liability.
- The assumed postretirement benefit increase rate was changed for 1.00% per year for all years to 1.00% per year through 2044 and 2.50 percent per year thereafter.

Changes in Plan Provisions:

- The State's contribution for the Minneapolis Employees Retirement Fund equals \$16.0 million in 2017 and 2018, and \$6.0 million thereafter.
- The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21.0 million to \$31.0 million in calendar years 2019 to 2031. The state's contribution changed from \$16.0 million to \$6.0 million in calendar years 2019 to 2031.

Note C SCHEDULE OF CHANGES IN PENSION LIABILITIES AND RELATED RATIOS (CONTINUED)

General Employees Retirement Fund (Continued)

2016 Changes

Changes in Actuarial Assumptions:

- The assumed post-retirement benefit increase rate was changed from 1.00% per year through 2035 and 2.50% per year thereafter to 1.00% per year for all years.
- The assumed investment return was changed from 7.90% to 7.50%. The single discount rate was changed from 7.90% to 7.50%.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

2015 Changes

Changes in Actuarial Assumptions:

- The assumed postretirement benefit increase rate was changed from 1.00% per year through 2030 and 2.50% per year thereafter to 1.00% per year through 2035 and 2.50% per year thereafter.

Changes in Plan Provisions:

- On January 1, 2015 the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised; the State's contribution of \$6 million, which meets the special funding situation definition, was due September 2015.

Police and Fire Fund

2024 Changes

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).

2023 Changes

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

Note C SCHEDULE OF CHANGES IN PENSION LIABILITIES AND RELATED RATIOS (CONTINUED)

Police and Fire Fund (Continued)

2022 Changes

Changes in Actuarial Assumptions:

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

2021 Changes

Changes in Actuarial Assumptions:

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

2020 Changes

Changes in Actuarial Assumptions:

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

2019 Changes

Changes in Actuarial Assumptions:

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

2018 Changes

Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2016 to MP-2017.

Note C SCHEDULE OF CHANGES IN PENSION LIABILITIES AND RELATED RATIOS (CONTINUED)

Police and Fire Fund (Continued)

2018 Changes (Continued)

Changes in Plan Provisions:

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

2017 Changes

Changes in Actuarial Assumptions:

- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34% lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The Combined Service Annuity (CSA) load was 30% for vested and non-vested deferred members. The CSA has been changed to 33% for vested members and 2% for non-vested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3.0% for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65% to 60%.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing joint and survivor annuities was increased.
- The assumed postretirement benefit increase rate was changed from 1.00% for all years to 1.00% per year through 2064 and 2.50% thereafter.
- The single discount rate was changed from 5.60% per annum to 7.50% per annum.

2016 Changes

Changes in Actuarial Assumptions:

- The assumed postretirement benefit increase rate was changed from 1.00% per year through 2037 and 2.50% thereafter to 1.00% per year for all future years.
- The assumed investment return was changed from 7.90% to 7.50%.
- The single discount rate changed from 7.90% to 5.60%.
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

Note C SCHEDULE OF CHANGES IN PENSION LIABILITIES AND RELATED RATIOS (CONTINUED)

Police and Fire Fund (Continued)

2015 Changes

Changes in Actuarial Assumptions:

- The assumed postretirement benefit increase rate was changed from 1.00% per year through 2030 and 2.50% per year thereafter to 1.00% per year through 2037 and 2.50% per year thereafter.

Changes in Plan Provisions:

- The postretirement benefit increase to be paid after attainment of the 90.00% funding threshold was changed, from inflation up to 2.50%, to a fixed rate of 2.50%.

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**COMBINING AND INDIVIDUAL FUND STATEMENTS AND
SCHEDULES**

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NONMAJOR GOVERNMENTAL FUNDS

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SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted or committed to expenditures for particular purposes.

DEBT SERVICE FUNDS

The Debt Service Funds are used to account for the accumulation of resources for, and payment of, interest, principal and related costs on long-term debt.

CAPITAL PROJECT FUNDS

The Capital Project Funds account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

CITY OF SOUTH ST. PAUL, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2024

Statement 14

	Special Revenue	Debt Service	Capital Project	Total
Assets				
Cash and investments	\$ 5,607,854	\$ 3,242,974	\$ 717,266	\$ 9,568,094
Accounts receivable	5,455	-	-	5,455
Loans receivable	2,085,252	-	-	2,085,252
Lease receivable	393,975	379,306	-	773,281
Property taxes receivable	84,719	-	-	84,719
Special assessments receivable	-	616,826	-	616,826
Due from other governmental units	7,660	-	-	7,660
Advances to other funds	505,660	-	-	505,660
Prepaid items	490	-	-	490
	<u>8,691,065</u>	<u>4,239,106</u>	<u>717,266</u>	<u>13,647,437</u>
Liabilities				
Accounts and contracts payable	120,110	-	2,381	122,491
Salaries payable	35,128	-	-	35,128
Due to other governmental units	2,053	-	-	2,053
Total liabilities	<u>157,291</u>	<u>-</u>	<u>2,381</u>	<u>159,672</u>
Deferred inflows of resources				
Unavailable revenue - property taxes	15,189	-	-	15,189
Unavailable revenue - special assessments	-	591,804	-	591,804
Unavailable revenue - charges for services	332,994	-	-	332,994
Lease revenue for subsequent years	393,975	379,306	-	773,281
Total deferred inflows of resources	<u>742,158</u>	<u>971,110</u>	<u>-</u>	<u>1,713,268</u>
Fund balances				
Nonspendable	490	-	-	490
Restricted	7,580,293	3,267,996	-	10,848,289
Committed	41,686	-	-	41,686
Assigned	169,147	-	714,885	884,032
Total fund balances	<u>7,791,616</u>	<u>3,267,996</u>	<u>714,885</u>	<u>11,774,497</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 8,691,065</u>	<u>\$ 4,239,106</u>	<u>\$ 717,266</u>	<u>\$ 13,647,437</u>

CITY OF SOUTH ST. PAUL, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

Statement 15

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended December 31, 2024

	Special Revenue	Debt Service	Capital Project	Total
Revenues				
General property taxes	\$ 834,148	\$ 1,477,649	\$ -	\$ 2,311,797
Intergovernmental	557,196	92,275	-	649,471
Charges for services	871,896	-	-	871,896
Special assessments	-	278,132	-	278,132
Investment income	163,951	58,768	22,900	245,619
Change in fair value of investments	45,468	17,036	6,264	68,768
Miscellaneous	130,357	-	163,863	294,220
Total revenues	<u>2,603,016</u>	<u>1,923,860</u>	<u>193,027</u>	<u>4,719,903</u>
Expenditures				
Current				
General government	1,615	-	-	1,615
Public safety	367,477	-	-	367,477
Public works	10,000	-	-	10,000
Community development	1,173,272	-	-	1,173,272
Parks, arena	37,021	-	-	37,021
Economic development	334,471	-	-	334,471
Capital outlay				
General government	-	-	202,814	202,814
Public safety	281,927	-	-	281,927
Parks, arena	32,270	-	-	32,270
Debt service				
Principal	-	1,665,000	-	1,665,000
Interest and other charges	-	515,459	-	515,459
Total expenditures	<u>2,238,053</u>	<u>2,180,459</u>	<u>202,814</u>	<u>4,621,326</u>
Revenues over (under) expenditures	<u>364,963</u>	<u>(256,599)</u>	<u>(9,787)</u>	<u>98,577</u>
Other financing sources (uses)				
Transfers in	325,175	330,467	-	655,642
Transfers out	(355,175)	-	(122,869)	(478,044)
Total other financing sources (uses)	<u>(30,000)</u>	<u>330,467</u>	<u>(122,869)</u>	<u>177,598</u>
Net change in fund balances	334,963	73,868	(132,656)	276,175
Fund balances - January 1, as previously stated	7,456,653	3,194,128	(228,423)	10,422,358
Change with financial reporting entity	<u>-</u>	<u>-</u>	<u>1,075,964</u>	<u>1,075,964</u>
Fund balances - January 1, as restated	<u>7,456,653</u>	<u>3,194,128</u>	<u>847,541</u>	<u>11,498,322</u>
Fund balances - December 31	<u>\$ 7,791,616</u>	<u>\$ 3,267,996</u>	<u>\$ 714,885</u>	<u>\$ 11,774,497</u>

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NONMAJOR SPECIAL REVENUE FUNDS

The City maintains the following Special Revenue Funds:

Donations/Grants – This fund is used to account for grants, forfeited property from criminal drug related activity and other dedicated revenue sources.

Park Land Dedication – This fund is used to account for monies received as park dedications and will be used to develop and enhance community parks.

Central Square – This fund is used to account for revenues and expenditures for Central Square operations.

Economic Development Authority – This fund is used to account for the activity of the South St. Paul Economic Development Authority general operations.

Housing – This fund is used to account for the housing activities assumed by the Economic Development Authority.

CITY OF SOUTH ST. PAUL, MINNESOTA
SUBCOMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
December 31, 2024

	Donations / Grants	Park Land Dedication
Assets		
Cash and investments	\$ 1,102,064	\$ 213,921
Accounts receivable	-	-
Loans receivable	-	-
Lease receivable	-	-
Property taxes receivable	-	-
Due from other governmental units	7,660	-
Advances to other funds	-	-
Prepaid items	-	-
	<u>1,109,724</u>	<u>213,921</u>
Liabilities		
Accounts and contracts payable	51,283	-
Salaries payable	-	-
Due to other governmental units	2,053	-
Total liabilities	<u>53,336</u>	<u>-</u>
Deferred inflows of resources		
Unavailable revenue - property taxes	-	-
Unavailable revenue - charges for services	-	-
Lease revenue for subsequent years	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>
Fund balances		
Nonspendable	-	-
Restricted	887,241	213,921
Committed	-	-
Assigned	169,147	-
Total fund balances	<u>1,056,388</u>	<u>213,921</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,109,724</u>	<u>\$ 213,921</u>

Statement 16

Central Square	Economic Development Authority	Housing	Total
\$ 46,905	\$ 2,919,364	\$ 1,325,600	\$ 5,607,854
-	469	4,986	5,455
-	751,918	1,333,334	2,085,252
-	-	393,975	393,975
-	41,868	42,851	84,719
-	-	-	7,660
-	-	505,660	505,660
-	177	313	490
<u>46,905</u>	<u>3,713,796</u>	<u>3,606,719</u>	<u>8,691,065</u>
5,219	32,816	30,792	120,110
-	4,048	31,080	35,128
-	-	-	2,053
<u>5,219</u>	<u>36,864</u>	<u>61,872</u>	<u>157,291</u>
-	7,476	7,713	15,189
-	-	332,994	332,994
-	-	393,975	393,975
-	<u>7,476</u>	<u>734,682</u>	<u>742,158</u>
-	177	313	490
-	3,669,279	2,809,852	7,580,293
41,686	-	-	41,686
-	-	-	169,147
<u>41,686</u>	<u>3,669,456</u>	<u>2,810,165</u>	<u>7,791,616</u>
<u>\$ 46,905</u>	<u>\$ 3,713,796</u>	<u>\$ 3,606,719</u>	<u>\$ 8,691,065</u>

CITY OF SOUTH ST. PAUL, MINNESOTA

SUBCOMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

NONMAJOR SPECIAL REVENUE FUNDS

For the Year Ended December 31, 2024

	Donations / Grants	Park Land Dedication	Central Square
Revenues			
General property taxes	\$ -	\$ -	\$ -
Intergovernmental	437,026	-	-
Charges for services	-	-	-
Investment income	32,746	5,847	-
Change in fair value of investments	9,009	1,625	-
Miscellaneous	97,123	-	390
Total revenues	<u>575,904</u>	<u>7,472</u>	<u>390</u>
Expenditures			
Current			
General government	1,615	-	-
Public safety	367,477	-	-
Public works	10,000	-	-
Community development	76,119	-	-
Parks, arena	37,021	-	-
Economic development	-	-	-
Capital outlay			
Public safety	281,927	-	-
Parks, arena	32,270	-	-
Total expenditures	<u>806,429</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	(230,525)	7,472	390
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(230,525)	7,472	390
Fund balances - January 1	<u>1,286,913</u>	<u>206,449</u>	<u>41,296</u>
Fund balances - December 31	<u>\$ 1,056,388</u>	<u>\$ 213,921</u>	<u>\$ 41,686</u>

Statement 17

Economic Development Authority	Housing	Total
\$ 412,822	\$ 421,326	\$ 834,148
-	120,170	557,196
17,572	854,324	871,896
72,322	53,036	163,951
20,192	14,642	45,468
6,156	26,688	130,357
<u>529,064</u>	<u>1,490,186</u>	<u>2,603,016</u>
-	-	1,615
-	-	367,477
-	-	10,000
-	1,097,153	1,173,272
-	-	37,021
334,471	-	334,471
-	-	281,927
-	-	32,270
<u>334,471</u>	<u>1,097,153</u>	<u>2,238,053</u>
194,593	393,033	364,963
325,175	-	325,175
(30,000)	(325,175)	(355,175)
<u>295,175</u>	<u>(325,175)</u>	<u>(30,000)</u>
489,768	67,858	334,963
<u>3,179,688</u>	<u>2,742,307</u>	<u>7,456,653</u>
<u>\$ 3,669,456</u>	<u>\$ 2,810,165</u>	<u>\$ 7,791,616</u>

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NONMAJOR DEBT SERVICE FUNDS

The City maintains the following Debt Service Funds:

General Purpose Financing – used to accumulate monies from property taxes for payment of general obligation bonds, which have been issued, to finance projects and other costs, which have not been assessed against benefiting properties.

- 2012A General Obligation Bonds – these bonds were issued to refund the 2015 through 2027 maturities of the 2006A Capital Improvement Bonds, to refund the 2017 through 2030 maturities of the 2008A GO Improvement Bonds, and provide funding for several street reconstruction projects.
- General Obligation Park Bonds – issued to provide funding for voter approved improvements at the Doug Woog Arena, Kaposia Landing, and McMorrow Park.
- 2017A Taxable GO Airport Bonds – these bonds were issued to purchase a building at the Airport.
- 2017B General Obligation Bonds – these bonds were issued to finance the City's contribution to street reconstruction projects from 2015-2017.
- 2019A General Obligation Bonds – these bonds were issued to finance the City's contribution to street reconstruction projects in 2019.

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CITY OF SOUTH ST. PAUL, MINNESOTA
SUBCOMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
December 31, 2024

Statement 18

	2012A General Obligation Bonds	General Obligation Park Bonds	2017B General Obligation Bonds	2019A General Obligation Bonds	Total
Assets					
Cash and investments	\$ 867,453	\$ 917,474	\$ 896,061	\$ 561,986	\$ 3,242,974
Lease receivable	-	-	-	379,306	379,306
Special assessments receivable	348,599	-	130,463	137,764	616,826
Total assets	<u>1,216,052</u>	<u>917,474</u>	<u>1,026,524</u>	<u>1,079,056</u>	<u>4,239,106</u>
Deferred inflows of resources					
Unavailable revenue - special assessments	329,555	-	128,977	133,272	591,804
Lease revenue for subsequent years	-	-	-	379,306	379,306
Total deferred inflows of resources	<u>329,555</u>	<u>-</u>	<u>128,977</u>	<u>512,578</u>	<u>971,110</u>
Fund balances					
Restricted	886,497	917,474	897,547	566,478	3,267,996
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,216,052</u>	<u>\$ 917,474</u>	<u>\$ 1,026,524</u>	<u>\$ 1,079,056</u>	<u>\$ 4,239,106</u>

CITY OF SOUTH ST. PAUL, MINNESOTA**SUBCOMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES****NONMAJOR DEBT SERVICE FUNDS**

For the Year Ended December 31, 2024

	2012A General Obligation Bonds	General Obligation Park Bonds
Revenues		
General property taxes	\$ 278,952	\$ 710,234
Intergovernmental	-	-
Special assessments	121,255	-
Investment income	16,863	13,393
Change in fair value of investments	4,847	4,000
Total revenues	<u>421,917</u>	<u>727,627</u>
Expenditures		
Debt service		
Principal	370,000	470,000
Interest and other charges	31,404	209,203
Total expenditures	<u>401,404</u>	<u>679,203</u>
Revenues over (under) expenditures	<u>20,513</u>	<u>48,424</u>
Other financing sources (uses)		
Transfers in	-	-
Net change in fund balances	20,513	48,424
Fund balances - January 1	<u>865,984</u>	<u>869,050</u>
Fund balances - December 31	<u>\$ 886,497</u>	<u>\$ 917,474</u>

Statement 19

2017A Taxable GO Airport Bonds	2017B General Obligation Bonds	2019A General Obligation Bonds	Totals
\$ -	\$ 248,716	\$ 239,747	\$ 1,477,649
-	-	92,275	92,275
-	111,572	45,305	278,132
-	18,349	10,163	58,768
-	5,243	2,946	17,036
-	383,880	390,436	1,923,860
105,000	340,000	380,000	1,665,000
17,869	68,383	188,600	515,459
122,869	408,383	568,600	2,180,459
(122,869)	(24,503)	(178,164)	(256,599)
122,869	-	207,598	330,467
-	(24,503)	29,434	73,868
-	922,050	537,044	3,194,128
\$ -	\$ 897,547	\$ 566,478	\$ 3,267,996

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NONMAJOR CAPITAL PROJECT FUNDS

The City had the following Capital Project Funds during the year:

Airport Improvements (Formerly Nonmajor) – used to account for revenues and expenditures for capital improvements at the municipal airport.

Equipment Acquisition – used to account for the acquisition of equipment related to computer technology.

380 Airport Road – used to account for revenues and expenditures related to the lease of the building located at 380 Airport Road.

CITY OF SOUTH ST. PAUL, MINNESOTA
SUBCOMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
For the Year Ended December 31, 2024

Statement 20

	<u>Equipment Acquisition</u>	<u>380 Airport Road</u>	<u>Total</u>
Assets			
Cash and investments	<u>\$ 188,033</u>	<u>\$ 529,233</u>	<u>\$ 717,266</u>
Liabilities			
Accounts and contracts payable	<u>2,381</u>	<u>-</u>	<u>2,381</u>
Fund balances			
Assigned	<u>185,652</u>	<u>529,233</u>	<u>714,885</u>
Total liabilities and fund balances	<u>\$ 188,033</u>	<u>\$ 529,233</u>	<u>\$ 717,266</u>

CITY OF SOUTH ST. PAUL, MINNESOTA

SUBCOMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

Statement 21

NONMAJOR CAPITAL PROJECT FUNDS

For the Year Ended December 31, 2024

	Formerly Nonmajor Airport Improvements	Equipment Acquisition	380 Airport Road	Total
Revenues				
Investment income	\$ -	\$ 6,348	\$ 16,552	\$ 22,900
Change in fair value of investments	-	1,728	4,536	6,264
Miscellaneous	-	163,863	-	163,863
Total revenues	<u>-</u>	<u>171,939</u>	<u>21,088</u>	<u>193,027</u>
Expenditures				
Capital outlay				
General government	-	202,814	-	202,814
Revenues over (under) expenditures	<u>-</u>	<u>(30,875)</u>	<u>21,088</u>	<u>(9,787)</u>
Other financing sources (uses)				
Transfers out	-	-	(122,869)	(122,869)
Net change in fund balances	<u>-</u>	<u>(30,875)</u>	<u>(101,781)</u>	<u>(132,656)</u>
Fund balances - January 1, as previously stated	(1,075,964)	216,527	631,014	(228,423)
Change within financial reporting entity	<u>1,075,964</u>	<u>-</u>	<u>-</u>	<u>1,075,964</u>
Fund balances - January 1 as restated	<u>-</u>	<u>216,527</u>	<u>631,014</u>	<u>847,541</u>
Fund balances - December 31	<u>\$ -</u>	<u>\$ 185,652</u>	<u>\$ 529,233</u>	<u>\$ 714,885</u>

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INTERNAL SERVICE FUNDS

The Internal Service Funds were established to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City on a cost reimbursement basis.

Central Garage – This fund is used to account for the cost of operating a maintenance facility and providing vehicles and heavy equipment used by all City departments and funds.

OPEB / Employee Benefits – This fund is used to account for the cost of retiree health insurance benefits and total OPEB liability, compensated absences, and net pension liability related to the City's defined benefit and defined contribution pension plans.

Self-Insured Dental – This fund is used to account for City's self-insured dental program.

CITY OF SOUTH ST. PAUL, MINNESOTA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
December 31, 2024

Statement 22

	Central Garage	OPEB / Employee Benefits	Self- Insured Dental	Total
Assets				
Current assets				
Cash and cash equivalents	\$ 3,600,390	\$ 579,783	\$ 120,552	\$ 4,300,725
Prepaid items	30,600	-	-	30,600
Total current assets	<u>3,630,990</u>	<u>579,783</u>	<u>120,552</u>	<u>4,331,325</u>
Noncurrent assets				
Capital assets				
Machinery and equipment	6,834,448	-	-	6,834,448
Less: Allowance for depreciation	(3,447,413)	-	-	(3,447,413)
Net capital assets	<u>3,387,035</u>	<u>-</u>	<u>-</u>	<u>3,387,035</u>
Total assets	<u>7,018,025</u>	<u>579,783</u>	<u>120,552</u>	<u>7,718,360</u>
Deferred outflow of resources				
Pension plan deferments - PERA	-	6,071,163	-	6,071,163
OPEB plan deferments	-	1,180,766	-	1,180,766
Total deferred outflow of resources	<u>-</u>	<u>7,251,929</u>	<u>-</u>	<u>7,251,929</u>
Liabilities				
Current liabilities				
Accounts payable	28,968	-	-	28,968
Salaries payable	10,906	-	-	10,906
Unearned revenue	-	-	465	465
Compensated absences	-	78,234	-	78,234
Total other postemployment benefit liability	-	306,831	-	306,831
Total current liabilities	<u>39,874</u>	<u>385,065</u>	<u>465</u>	<u>425,404</u>
Noncurrent liabilities				
Total other postemployment benefit liability	-	3,439,993	-	3,439,993
Net pension liability	-	5,998,937	-	5,998,937
Compensated absences	-	480,335	-	480,335
Total noncurrent liabilities	<u>-</u>	<u>9,919,265</u>	<u>-</u>	<u>9,919,265</u>
Total liabilities	<u>39,874</u>	<u>10,304,330</u>	<u>465</u>	<u>10,344,669</u>
Deferred inflow of resources				
Pension plan deferments - PERA	-	8,116,641	-	8,116,641
OPEB plan deferments	-	664,161	-	664,161
Total deferred inflow of resources	<u>-</u>	<u>8,780,802</u>	<u>-</u>	<u>8,780,802</u>
Net position				
Net investment in capital assets	3,387,035	-	-	3,387,035
Unrestricted	3,591,116	(11,253,420)	120,087	(7,542,217)
Total net position	<u>\$ 6,978,151</u>	<u>\$ (11,253,420)</u>	<u>\$ 120,087</u>	<u>\$ (4,155,182)</u>

CITY OF SOUTH ST. PAUL, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Statement 23

INTERNAL SERVICE FUNDS

For the Year Ended December 31, 2024

	Central Garage	OPEB / Employee Benefits	Self- Insured Dental	Total
Operating revenues				
Retiree health insurance charges	\$ -	\$ 173,701	\$ -	\$ 173,701
Dental insurance charges	-	-	74,188	74,188
Compensated absences charges	-	123,010	-	123,010
Equipment rental and repair charges	1,861,792	-	-	1,861,792
Pension related charges	-	1,114,912	-	1,114,912
Total operating revenues	<u>1,861,792</u>	<u>1,411,623</u>	<u>74,188</u>	<u>3,347,603</u>
Operating expenses				
Personal services	262,796	1,134,558	58,561	1,455,915
Materials and supplies	410,884	-	-	410,884
Contractual services	315,497	-	13,493	328,990
Depreciation	541,358	-	-	541,358
Total operating expenses	<u>1,530,535</u>	<u>1,134,558</u>	<u>72,054</u>	<u>2,737,147</u>
Operating income (loss)	<u>331,257</u>	<u>277,065</u>	<u>2,134</u>	<u>610,456</u>
Nonoperating revenues (expenses)				
Investment income	108,762	12,898	3,244	124,904
Change in fair value of investments	30,021	3,605	-	33,626
Intergovernmental	-	212,780	-	212,780
Gain on sale of capital assets	130,306	-	-	130,306
Other revenue	59,871	-	-	59,871
Total nonoperating revenues (expenses)	<u>328,960</u>	<u>229,283</u>	<u>3,244</u>	<u>561,487</u>
Income (loss) before capital contributions	660,217	506,348	5,378	1,171,943
Capital contributions	<u>28,073</u>	<u>-</u>	<u>-</u>	<u>28,073</u>
Change in net position	688,290	506,348	5,378	1,200,016
Net position - January 1	<u>6,289,861</u>	<u>(11,759,768)</u>	<u>114,709</u>	<u>(5,355,198)</u>
Net position - December 31	<u>\$ 6,978,151</u>	<u>\$ (11,253,420)</u>	<u>\$ 120,087</u>	<u>\$ (4,155,182)</u>

CITY OF SOUTH ST. PAUL, MINNESOTA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2024

Statement 24

	Central Garage	OPEB / Employee Benefits	Self- Insured Dental	Total
Cash flows from operating activities:				
Receipts from interfund services provided	\$ 1,861,792	\$ 1,411,623	\$ 74,120	\$ 3,347,535
Payment to suppliers	(809,159)	-	(13,493)	(822,652)
Payment to employees	(258,444)	(1,521,199)	(58,561)	(1,838,204)
Other revenue	59,871	-	-	59,871
Net cash flows from operating activities	<u>854,060</u>	<u>(109,576)</u>	<u>2,066</u>	<u>746,550</u>
Cash flows from noncapital financing activities:				
Intergovernmental revenue	-	212,780	-	212,780
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(1,415,748)	-	-	(1,415,748)
Proceeds from sale of capital assets	233,978	-	-	233,978
Net cash flows from capital and related financing activities	<u>(1,181,770)</u>	<u>-</u>	<u>-</u>	<u>(1,181,770)</u>
Cash flows from investing activities:				
Investment income	138,783	16,503	3,244	158,530
Net increase (decrease) in cash and cash equivalents	(188,927)	119,707	5,310	(63,910)
Cash and cash equivalents - January 1	3,789,317	460,076	115,242	4,364,635
Cash and cash equivalents - December 31	<u>\$ 3,600,390</u>	<u>\$ 579,783</u>	<u>\$ 120,552</u>	<u>\$ 4,300,725</u>
Reconciliation of operating income (loss) to net cash flows from operating activities				
Operating income (loss)	\$ 331,257	\$ 277,065	\$ 2,134	\$ 610,456
Adjustments to reconcile operating income (loss) to net cash flows from operating activities				
Depreciation	541,358	-	-	541,358
Changes in assets and liabilities				
(Increase) decrease in prepaid items	(25,371)	-	-	(25,371)
(Increase) decrease in deferred outflow of resources	-	2,156,373	-	2,156,373
Increase (decrease) in payables	(53,055)	-	-	(53,055)
Increase (decrease) in unearned revenue	-	-	(68)	(68)
Increase (decrease) in accrued expenses	-	(2,629,481)	-	(2,629,481)
Increase (decrease) in deferred inflow of resources	-	86,467	-	86,467
Other revenue	59,871	-	-	59,871
Total adjustments	<u>522,803</u>	<u>(386,641)</u>	<u>(68)</u>	<u>136,094</u>
Net cash flows from operating activities	<u>\$ 854,060</u>	<u>\$ (109,576)</u>	<u>\$ 2,066</u>	<u>\$ 746,550</u>
Noncash investing, capital, and financing activities:				
Contributions of capital assets from governmental activities	\$ 28,073	\$ -	\$ -	\$ 28,073
Net book value of capital asset disposals	\$ 103,672	\$ -	\$ -	\$ 103,672

III. STATISTICAL SECTION (UNAUDITED)

This part of the City of South St. Paul, Minnesota's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City of South St. Paul, Minnesota's overall financial health.

Contents	Page
Financial Trends	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	141
Revenue Capacity	
These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	153
Debt Capacity	
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	159
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	169
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	171

Sources: unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

CITY OF SOUTH ST. PAUL, MINNESOTA

NET POSITION BY COMPONENT

Last Ten Fiscal Years

(Accrual Basis of Accounting)

(Unaudited)

	2015	2016	2017	2018
Governmental activities:				
Net investment in capital assets	\$ 52,670,100	\$ 53,761,795	\$ 51,619,818	\$ 52,841,757
Restricted	5,108,264	7,985,005	10,148,969	10,669,064
Unrestricted	4,944,946	6,198,728	6,429,057	4,002,493
Total governmental activities net position	<u>\$ 62,723,310</u>	<u>\$ 67,945,528</u>	<u>\$ 68,197,844</u>	<u>\$ 67,513,314</u>
Business-type activities:				
Net investment in capital assets	\$ 15,521,335	\$ 20,175,284	\$ 19,633,107	\$ 24,427,831
Unrestricted	6,766,631	7,114,210	8,141,500	4,795,461
Total business-type activities net position	<u>\$ 22,287,966</u>	<u>\$ 27,289,494</u>	<u>\$ 27,774,607</u>	<u>\$ 29,223,292</u>
Primary government:				
Net investment in capital assets	\$ 68,021,577	\$ 73,767,221	\$ 71,083,067	\$ 77,099,730
Restricted	5,108,264	7,985,005	10,148,969	10,669,064
Unrestricted	11,881,435	13,482,796	14,740,415	8,967,812
Total primary government net position	<u>\$ 85,011,276</u>	<u>\$ 95,235,022</u>	<u>\$ 95,972,451</u>	<u>\$ 96,736,606</u>

The City's reporting entity changed in 2017 to include the HRA as a blended component unit. The data for 2016 has been updated to reflect this change. The data for years prior to 2016 have not been restated to reflect this change.

The City implemented GASB Statement No. 75 for the fiscal year ended December 31, 2018. The data for the years prior to 2018 have not been restated to reflect this change.

Table 1

2019	2020	2021	2022	2023	2024
\$ 55,251,058	\$ 57,231,399	\$ 63,616,350	\$ 74,547,350	\$ 72,179,718	\$ 82,267,766
12,010,154	13,016,751	14,520,448	17,080,411	20,343,566	18,491,139
606,645	6,818,193	10,777,178	10,154,427	6,701,776	7,362,578
<u>\$ 67,867,857</u>	<u>\$ 77,066,343</u>	<u>\$ 88,913,976</u>	<u>\$ 101,782,188</u>	<u>\$ 99,225,060</u>	<u>\$ 108,121,483</u>
\$ 25,051,384	\$ 25,893,184	\$ 25,706,792	\$ 25,657,494	\$ 34,261,751	\$ 35,064,701
7,973,508	8,917,914	11,920,351	12,876,331	14,968,654	18,150,678
<u>\$ 33,024,892</u>	<u>\$ 34,811,098</u>	<u>\$ 37,627,143</u>	<u>\$ 38,533,825</u>	<u>\$ 49,230,405</u>	<u>\$ 53,215,379</u>
\$ 77,575,875	\$ 80,404,602	\$ 86,695,415	\$ 97,669,371	\$ 104,005,272	\$ 114,995,546
12,010,154	13,016,751	14,520,448	17,080,411	20,343,566	18,491,139
11,306,720	18,456,088	25,325,256	25,566,231	24,106,627	27,850,177
<u>\$ 100,892,749</u>	<u>\$ 111,877,441</u>	<u>\$ 126,541,119</u>	<u>\$ 140,316,013</u>	<u>\$ 148,455,465</u>	<u>\$ 161,336,862</u>

CITY OF SOUTH ST. PAUL, MINNESOTA

CHANGES IN NET POSITION

Last Ten Fiscal Years

(Accrual Basis of Accounting)

(Unaudited)

	2015	2016	2017	2018
Expenses				
Governmental activities:				
General government	\$ 1,745,040	\$ 1,797,918	\$ 2,144,822	\$ 2,312,730
Public safety	7,182,527	8,619,767	7,965,177	7,823,260
Public works	5,969,047	6,852,496	6,844,710	8,564,183
Community development	2,977,696	1,505,918	1,439,588	1,314,500
Parks, arena	2,951,309	3,188,263	3,401,907	3,421,556
Economic development	-	1,080,457	1,421,030	2,999,230
Transportation	1,451,088	1,123,423	1,340,160	1,807,631
Interest on long-term debt	529,576	720,871	761,884	673,568
Total governmental activities	<u>22,806,283</u>	<u>24,889,113</u>	<u>25,319,278</u>	<u>28,916,658</u>
Business-type activities:				
Water and sewer	5,074,280	5,251,571	5,032,626	5,233,097
Storm water	474,826	578,848	670,302	962,269
Street light utility	219,110	207,546	195,081	203,600
Low rent housing	-	2,089,427	2,187,495	2,152,091
Total business-type activities	<u>5,768,216</u>	<u>8,127,392</u>	<u>8,085,504</u>	<u>8,551,057</u>
Total expenses	<u>\$ 28,574,499</u>	<u>\$ 33,016,505</u>	<u>\$ 33,404,782</u>	<u>\$ 37,467,715</u>
Program revenues				
Governmental activities:				
Charges for services:				
General government	\$ 782,536	\$ 736,338	\$ 873,042	\$ 979,215
Public safety	115,238	131,251	136,425	159,572
Public works	887,007	890,139	927,464	1,012,622
Community development	411,327	401,385	586,216	433,602
Parks, arena	1,298,406	1,279,204	1,307,822	1,434,127
Economic development	-	665,497	156,780	548,554
Transportation	1,129,387	1,044,067	1,119,815	1,167,994
Operating grants and contributions	1,620,505	1,354,282	1,751,979	2,188,691
Capital grants and contributions	3,858,126	1,705,068	2,031,701	3,045,782
Total governmental activities	<u>10,102,532</u>	<u>8,207,231</u>	<u>8,891,244</u>	<u>10,970,159</u>
Business-type activities:				
Charges for services:				
Water and sewer	5,237,219	5,144,606	5,477,012	5,648,913
Storm water	434,623	452,255	474,271	469,110
Street light utility	209,767	236,545	231,070	232,040
Low rent housing	-	1,221,159	1,267,955	1,276,835
Operating grants and contributions	-	1,004,437	936,926	999,029
Capital grants and contributions	-	546,410	283,172	2,019,903
Total business-type activities	<u>5,881,609</u>	<u>8,605,412</u>	<u>8,670,406</u>	<u>10,645,830</u>
Total program revenues	<u>\$ 15,984,141</u>	<u>\$ 16,812,643</u>	<u>\$ 17,561,650</u>	<u>\$ 21,615,989</u>
Net (expense) revenue:				
Governmental activities	\$ (12,703,751)	\$ (16,681,882)	\$ (16,428,034)	\$ (17,946,499)
Business-type activities	113,393	478,020	584,902	2,094,773
Total net (expense) revenue	<u>\$ (12,590,358)</u>	<u>\$ (16,203,862)</u>	<u>\$ (15,843,132)</u>	<u>\$ (15,851,726)</u>

Table 2
Page 1 of 2

2019	2020	2021	2022	2023	2024
\$ 2,498,115	\$ 2,370,010	\$ 2,384,930	\$ 2,360,873	\$ 2,965,354	\$ 3,577,774
8,744,941	9,571,299	8,590,972	9,834,512	10,941,608	10,973,964
5,884,382	5,621,071	14,568,931	10,339,901	11,928,600	7,712,852
1,111,968	998,062	1,040,348	1,136,270	1,512,724	1,948,604
3,381,266	2,913,835	2,857,254	3,073,984	1,214,613	2,624,779
2,629,861	1,108,061	1,709,430	2,163,643	1,345,845	4,175,071
1,625,333	1,454,492	1,778,244	2,092,961	1,890,406	2,080,856
808,727	770,470	702,669	688,507	707,790	864,592
<u>26,684,593</u>	<u>24,807,300</u>	<u>33,632,778</u>	<u>31,690,651</u>	<u>32,506,940</u>	<u>33,958,492</u>
5,110,729	5,074,118	5,440,651	6,493,715	6,087,925	6,764,215
577,879	595,812	537,408	526,994	762,262	1,438,888
184,712	201,851	263,057	250,889	219,125	266,708
2,448,288	2,259,945	2,483,493	2,665,548	3,167,333	3,719,415
<u>8,321,608</u>	<u>8,131,726</u>	<u>8,724,609</u>	<u>9,937,146</u>	<u>10,236,645</u>	<u>12,189,226</u>
<u>\$ 35,006,201</u>	<u>\$ 32,939,026</u>	<u>\$ 42,357,387</u>	<u>\$ 41,627,797</u>	<u>\$ 42,743,585</u>	<u>\$ 46,147,718</u>
\$ 1,128,184	\$ 1,193,920	\$ 1,137,576	\$ 1,141,003	\$ 1,152,883	\$ 1,438,348
187,463	60,492	187,029	153,456	157,720	179,198
788,982	592,681	581,296	540,255	616,422	843,731
345,295	412,723	731,034	772,524	541,291	418,536
1,396,459	808,992	1,121,764	1,200,728	1,378,718	1,234,287
248,232	341,781	356,235	535,713	924,190	870,881
1,160,128	1,171,173	1,424,768	1,579,542	1,555,197	2,135,599
2,475,888	3,635,109	1,608,120	1,928,875	2,770,305	1,855,427
2,169,885	3,770,281	16,843,938	14,279,697	2,082,527	6,301,190
<u>9,900,516</u>	<u>11,987,152</u>	<u>23,991,760</u>	<u>22,131,793</u>	<u>11,179,253</u>	<u>15,277,197</u>
5,927,691	6,445,676	7,380,978	7,667,180	8,208,608	8,796,753
538,330	581,229	640,618	692,531	801,849	1,030,036
266,185	286,360	314,315	335,173	367,228	372,002
1,263,028	1,225,875	1,274,252	1,301,749	1,339,465	1,356,542
1,341,637	1,234,622	1,618,584	1,143,208	1,203,904	1,157,693
303,217	338,047	687,225	165,099	506,659	3,208,440
<u>9,640,088</u>	<u>10,111,809</u>	<u>11,915,972</u>	<u>11,304,940</u>	<u>12,427,713</u>	<u>15,921,466</u>
<u>\$ 19,540,604</u>	<u>\$ 22,098,961</u>	<u>\$ 35,907,732</u>	<u>\$ 33,436,733</u>	<u>\$ 23,606,966</u>	<u>\$ 31,198,663</u>
\$ (16,784,077)	\$ (12,820,148)	\$ (9,641,018)	\$ (9,558,858)	\$ (21,327,687)	\$ (18,681,295)
1,318,480	1,980,083	3,191,363	1,367,794	2,191,068	3,732,240
<u>\$ (15,465,597)</u>	<u>\$ (10,840,065)</u>	<u>\$ (6,449,655)</u>	<u>\$ (8,191,064)</u>	<u>\$ (19,136,619)</u>	<u>\$ (14,949,055)</u>

CITY OF SOUTH ST. PAUL, MINNESOTA

CHANGES IN NET POSITION

Last Ten Fiscal Years

(Accrual Basis of Accounting)

(Unaudited)

	2015	2016	2017	2018
General revenues				
Governmental activities:				
Taxes:				
Property taxes	\$ 9,696,003	\$ 10,750,860	\$ 11,474,071	\$ 12,537,845
Tax increments	-	1,489,243	1,592,883	1,704,835
Franchise tax	831,283	952,548	959,278	1,231,567
Unrestricted grants and contributions	2,394,985	2,413,328	2,419,988	2,523,081
Investment earnings	112,474	87,758	94,130	60,967
Gain on sale of capital assets	22,142	-	-	-
<i>Special item</i> -transfer of operations	-	5,748,785	-	-
Transfers of capital assets	(1,228,340)	(235,958)	(268,419)	(39,765)
Transfers	504,159	697,536	408,419	622,342
Total governmental activities	<u>12,332,706</u>	<u>21,904,100</u>	<u>16,680,350</u>	<u>18,640,872</u>
Business-type activities:				
Investment earnings	81,378	55,919	40,211	15,085
<i>Special item</i> -transfer of operations	-	(5,748,785)	-	-
Transfers of capital assets	1,228,340	235,958	268,419	39,765
Transfers	(504,159)	(697,536)	(408,419)	(622,342)
Total business-type activities	<u>805,559</u>	<u>(6,154,444)</u>	<u>(99,789)</u>	<u>(567,492)</u>
Total primary government	<u>\$ 13,138,265</u>	<u>\$ 15,749,656</u>	<u>\$ 16,580,561</u>	<u>\$ 18,073,380</u>
Change in net position:				
Governmental activities	\$ (371,045)	\$ 5,222,218	\$ 252,316	\$ 694,373
Business-type activities	918,952	(5,676,424)	485,113	1,527,281
Total primary government	<u>\$ 547,907</u>	<u>\$ (454,206)</u>	<u>\$ 737,429</u>	<u>\$ 2,221,654</u>

The City's reporting entity changed in 2017 to include the HRA as a blended component unit. The data for 2016 has been updated to reflect this change. The data for years prior to 2016 have not been restated to reflect this change.

2019	2020	2021	2022	2023	2024
\$ 13,308,981	\$ 14,102,051	\$ 14,866,306	\$ 16,000,779	\$ 16,838,976	\$ 17,368,768
1,846,876	1,821,727	2,192,026	2,202,210	2,468,456	3,390,691
1,202,803	1,203,096	1,343,648	1,650,589	1,546,224	1,346,855
2,530,003	4,333,360	2,786,142	2,811,341	5,038,648	3,740,833
577,459	243,202	(60,582)	(422,990)	1,040,788	1,231,583
8,457	54,160	-	1,059,140	66,804	130,306
-	-	-	-	-	-
-	-	-	-	(9,401,746)	-
(2,335,959)	261,038	361,111	366,900	1,172,409	368,682
<u>17,138,620</u>	<u>22,018,634</u>	<u>21,488,651</u>	<u>23,667,969</u>	<u>18,770,559</u>	<u>27,577,718</u>
147,161	67,161	(14,207)	(94,212)	276,175	451,216
-	-	-	-	-	-
-	-	-	-	9,401,746	-
2,335,959	(261,038)	(361,111)	(366,900)	(1,172,409)	(368,682)
2,483,120	(193,877)	(375,318)	(461,112)	8,505,512	82,534
<u>\$ 19,621,740</u>	<u>\$ 21,824,757</u>	<u>\$ 21,113,333</u>	<u>\$ 23,206,857</u>	<u>\$ 27,276,071</u>	<u>\$ 27,660,252</u>
\$ 354,543	\$ 9,198,486	\$ 11,847,633	\$ 14,109,111	\$ (2,557,128)	\$ 8,896,423
3,801,600	1,786,206	2,816,045	906,682	10,696,580	3,814,774
<u>\$ 4,156,143</u>	<u>\$ 10,984,692</u>	<u>\$ 14,663,678</u>	<u>\$ 15,015,793</u>	<u>\$ 8,139,452</u>	<u>\$ 12,711,197</u>

CITY OF SOUTH ST. PAUL, MINNESOTA
FUND BALANCES, GOVERNMENTAL FUNDS
 Last Ten Fiscal Years
 (Modified Accrual Basis of Accounting)
 (Unaudited)

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General fund:				
Nonspendable	\$ 230,136	\$ 159,052	\$ 28,014	\$ 154,244
Committed	4,532,045	4,534,560	4,590,970	4,530,411
Assigned	-	40,000	-	-
Unassigned	5,565,047	5,937,374	6,727,827	7,556,363
Total general fund	<u>\$ 10,327,228</u>	<u>\$ 10,670,986</u>	<u>\$ 11,346,811</u>	<u>\$ 12,241,018</u>
All other governmental funds:				
Nonspendable	\$ 43,798	\$ 21,766	\$ 32,360	\$ 60,216
Restricted	5,100,398	8,635,769	9,209,309	9,863,540
Committed	70,335	76,411	92,997	58,948
Assigned	6,305,277	4,872,096	5,828,520	6,638,058
Unassigned	(3,802,574)	(4,524,144)	(3,684,892)	(6,088,064)
Total all other governmental funds	<u>\$ 7,717,234</u>	<u>\$ 9,081,898</u>	<u>\$ 11,478,294</u>	<u>\$ 10,532,698</u>

Table 3

2019	2020	2021	2022	2023	2024
\$ 25,354	\$ 180,942	\$ 61,169	\$ 91,972	\$ 125,074	\$ 221,693
4,590,970	4,590,970	4,590,970	4,590,970	4,590,970	4,590,970
-	-	-	-	-	-
8,369,719	10,096,324	10,066,816	10,831,909	10,922,398	11,088,297
<u>\$ 12,986,043</u>	<u>\$ 14,868,236</u>	<u>\$ 14,718,955</u>	<u>\$ 15,514,851</u>	<u>\$ 15,638,442</u>	<u>\$ 15,900,960</u>
\$ 36,411	\$ 61,864	\$ 73,341	\$ 83,548	\$ 80,697	\$ 76,231
11,048,099	12,216,166	13,847,601	16,472,099	19,220,766	17,699,838
69,434	34,785	39,984	40,296	910,738	41,686
5,922,358	8,708,642	10,454,617	9,134,085	3,287,232	4,554,551
(5,327,689)	(3,674,142)	(2,787,016)	(2,830,755)	(1,612,587)	(4,363,578)
<u>\$ 11,748,613</u>	<u>\$ 17,347,315</u>	<u>\$ 21,628,527</u>	<u>\$ 22,899,273</u>	<u>\$ 21,886,846</u>	<u>\$ 18,008,728</u>

CITY OF SOUTH ST. PAUL, MINNESOTA
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(Unaudited)

	2015	2016	2017	2018
Revenues:				
General property taxes	\$ 9,747,891	\$ 10,751,762	\$ 11,480,512	\$ 12,486,686
Tax increment collections	-	1,486,133	1,592,936	1,669,381
Franchise tax	831,283	952,548	959,278	1,231,567
Licenses and permits	431,735	420,852	575,164	511,687
Intergovernmental	6,548,150	4,208,174	5,393,386	6,494,654
Charges for services	3,801,668	4,350,534	4,515,902	4,699,354
Fines and forfeits	114,036	117,860	127,612	149,058
Special assessments	919,986	953,909	812,699	961,962
Investment earnings	202,356	162,063	152,668	133,174
Miscellaneous	323,236	331,523	356,417	637,888
Total revenues	<u>22,920,341</u>	<u>23,735,358</u>	<u>25,966,574</u>	<u>28,975,411</u>
Expenditures:				
Current:				
General government	1,682,914	1,684,562	1,910,796	2,032,735
Public safety	7,046,946	7,124,128	7,508,245	7,980,738
Public works	4,248,575	4,529,580	4,100,074	6,170,810
Community development	2,977,670	1,457,182	1,367,223	1,281,470
Parks, arena	2,642,155	2,658,582	2,788,538	2,915,562
Economic development	-	590,544	1,120,588	1,635,613
Transportation	1,235,002	865,722	944,517	1,012,529
Capital outlay:				
General government	10,503	91,007	72,952	274,089
Public safety	22,033	28,868	29,328	21,746
Public works	780,660	1,666,132	1,597,552	2,461,494
Community development	-	25,883	29,901	6,965
Parks, arena	5,371,405	2,398,178	766,394	97,512
Economic development	-	518,493	256,963	1,354,424
Transportation	2,059,104	38,360	236,418	659,817
Debt service:				
Principal retirement	841,698	1,498,229	2,794,127	1,600,632
Interest	607,213	758,037	720,937	769,914
Issuance costs, agents fees and other	119,403	-	125,301	-
Total expenditures	<u>29,645,281</u>	<u>25,933,487</u>	<u>26,369,854</u>	<u>30,276,050</u>
Revenues over (under) expenditures	<u>(6,724,940)</u>	<u>(2,198,129)</u>	<u>(403,280)</u>	<u>(1,300,639)</u>

CITY OF SOUTH ST. PAUL, MINNESOTA
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(Unaudited)

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Other financing sources (uses):				
Bonds issued	\$ 4,945,000	\$ -	\$ 4,305,000	\$ -
Refunding bonds issued	-	-	-	-
Premium on bonds issued	78,986	-	347,176	-
Payment to refunding escrow agent	-	(1,175,000)	-	-
Insurance recovery	-	-	-	-
Transfers in	2,894,745	2,112,312	2,383,854	1,729,954
Transfers out	(2,496,071)	(2,543,841)	(3,092,669)	(1,107,612)
Sale of capital assets	-	-	-	26,908
Total other financing sources (uses)	<u>5,422,660</u>	<u>(1,606,529)</u>	<u>3,943,361</u>	<u>649,250</u>
Special item-transfer of operations	-	5,513,080	-	-
Net change in fund balance	<u>\$ (1,302,280)</u>	<u>\$ 1,708,422</u>	<u>\$ 3,540,081</u>	<u>\$ (651,389)</u>
Debt service as a percentage of noncapital expenditures	6.8%	10.1%	14.4%	8.7%
Debt service as percentage of total expenditures	4.9%	8.7%	13.3%	7.8%

	2019	2020	2021	2022	2023	2024
\$	13,274,116	\$ 14,145,852	\$ 14,897,752	\$ 15,971,461	\$ 16,801,463	\$ 17,297,240
	1,814,119	1,879,470	2,200,172	2,209,934	2,432,338	3,387,150
	1,202,803	1,203,096	1,343,648	1,650,589	1,546,224	1,346,855
	458,545	395,394	706,073	684,424	578,587	532,877
	6,040,374	11,523,472	21,072,274	18,694,882	8,734,463	10,744,982
	4,215,518	3,781,605	4,191,400	4,653,705	5,174,358	5,441,963
	171,489	112,523	143,838	124,570	135,008	155,527
	1,025,606	716,373	621,257	582,967	770,445	765,495
	565,832	250,393	(12,599)	(373,857)	930,250	1,073,053
	353,034	376,492	417,396	450,757	464,367	984,427
	29,121,436	34,384,670	45,581,211	44,649,432	37,567,503	41,729,569
	2,186,080	2,266,131	2,335,045	2,479,197	2,776,855	3,484,340
	8,415,366	8,941,533	8,975,231	9,402,200	10,262,424	11,033,676
	3,771,836	3,627,686	4,319,935	4,426,655	7,867,864	7,099,898
	1,073,812	1,019,701	1,045,108	1,123,777	1,491,304	1,979,635
	2,911,624	2,514,404	2,560,620	2,727,753	3,082,723	2,330,744
	1,851,508	803,534	770,878	1,384,868	1,088,288	982,434
	1,182,641	1,085,331	1,569,165	1,683,442	2,225,747	1,706,733
	197,758	197,251	91,511	109,669	115,765	211,450
	1,740,291	184,468	139,508	54,485	74,480	311,007
	5,315,883	3,393,075	16,269,355	14,887,922	9,126,859	8,247,370
	11,318	70	16,455	1,543	-	-
	75,675	106,353	10,575	48,106	16,907	32,441
	770,633	309,227	943,960	776,345	233,725	3,219,277
	68,289	27,131	226,619	3,422,345	162,012	2,459,573
	1,540,000	1,755,000	1,705,000	1,850,000	2,305,000	1,665,000
	764,095	933,918	831,426	774,611	800,166	950,273
	114,280	-	-	-	-	-
	31,991,089	27,164,813	41,810,391	45,152,918	41,630,119	45,713,851
	(2,869,653)	7,219,857	3,770,820	(503,486)	(4,062,616)	(3,984,282)

2019	2020	2021	2022	2023	2024
\$ 6,705,000	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
461,552	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	2,251,371	-
2,507,204	1,252,910	2,340,044	1,402,962	9,882,411	2,932,932
(4,843,163)	(991,872)	(1,978,933)	(1,036,062)	(8,960,002)	(2,564,250)
-	-	-	2,203,228	-	-
<u>4,830,593</u>	<u>261,038</u>	<u>361,111</u>	<u>2,570,128</u>	<u>3,173,780</u>	<u>368,682</u>
-	-	-	-	-	-
<u>\$ 1,960,940</u>	<u>\$ 7,480,895</u>	<u>\$ 4,131,931</u>	<u>\$ 2,066,642</u>	<u>\$ (888,836)</u>	<u>\$ (3,615,600)</u>
9.2%	11.4%	7.6%	8.7%	11.0%	9.7%
7.2%	9.9%	6.1%	5.8%	7.5%	5.7%

CITY OF SOUTH ST. PAUL, MINNESOTA**TAX CAPACITY VALUE AND ESTIMATED MARKET VALUE OF TAXABLE PROPERTY**

Last Ten Fiscal Years

(Unaudited)

<u>Year</u>	<u>Residential Property</u>	<u>Commercial/ Industrial Property</u>	<u>All Other</u>	<u>Total Tax Capacity</u>
2015	\$ 9,100,358	\$ 4,700,388	\$ 518,994	\$ 14,319,740
2016	9,115,517	4,924,902	535,544	14,575,963
2017	9,652,013	5,095,623	559,758	15,307,394
2018	10,825,515	5,443,439	585,189	16,854,143
2019	11,566,286	5,864,872	572,363	18,003,521
2020	13,415,936	5,761,561	595,211	19,772,708
2021	13,691,164	6,420,517	647,486	20,759,167
2022	14,651,646	6,667,981	440,861	21,760,488
2023	17,504,589	7,291,385	446,932	25,242,906
2024	17,882,517	8,571,603	481,834	26,935,954

Source: Dakota County, Official statements for the City of South St. Paul

Table 5

Net Fiscal Disparity Contribution	Adjusted Tax Capacity Value	Total Direct Tax Rate	Estimated Market Value	Tax Capacity as a Percent of EMV
\$ 1,009,829	\$ 15,329,569	60.405%	\$ 1,339,658,600	1.14%
854,974	15,430,937	64.693%	1,350,626,300	1.14%
1,031,732	16,339,126	63.853%	1,411,151,100	1.16%
1,012,284	17,866,427	64.041%	1,546,887,300	1.15%
942,941	18,946,462	64.582%	1,638,979,500	1.16%
1,269,182	21,041,890	60.847%	1,807,639,800	1.16%
789,591	21,548,758	63.388%	1,875,807,300	1.15%
1,017,557	22,778,045	64.411%	1,969,557,100	1.16%
445,918	25,688,824	60.180%	2,273,697,200	1.13%
(347,385)	26,588,569	59.453%	2,371,546,250	1.12%

CITY OF SOUTH ST. PAUL, MINNESOTA
DIRECT AND OVERLAPPING PROPERTY TAX CAPACITY RATES
 Last Ten Fiscal Years
 (Unaudited)

Fiscal Year	City of South St. Paul				Total Direct Rate
	Operating Rate	Debt Service Rate	Library Rate		
2015	48.816%	6.983%	4.606%		60.405%
2016	51.534%	8.464%	4.700%		64.693%
2017	51.357%	7.954%	4.542%		63.853%
2018	52.268%	7.564%	4.209%		64.041%
2019	53.454%	7.068%	4.060%		64.582%
2020	49.683%	7.345%	3.819%		60.847%
2021	52.574%	6.976%	3.838%		63.388%
2022	54.015%	6.658%	3.738%		64.411%
2023	51.117%	5.818%	3.245%		60.180%
2024	53.516%	5.937%	0.000%		59.453%

Source: Official statements for the City of South St. Paul and Dakota County Final Tax Rate Report.

Table 6

Overlapping Rates				Total School District #6	Total School District #199
School District		Other Districts	County		
#6	#199				
35.881%	34.864%	7.299%	26.902%	130.487%	129.470%
36.719%	30.272%	9.410%	25.966%	136.788%	130.341%
35.868%	28.572%	9.176%	25.434%	134.331%	127.035%
31.367%	26.680%	8.091%	24.105%	127.604%	122.917%
29.622%	26.537%	8.200%	23.015%	125.419%	122.334%
28.878%	22.896%	7.631%	21.833%	119.189%	113.207%
30.270%	23.368%	7.740%	20.553%	121.951%	115.049%
29.116%	22.296%	8.162%	19.546%	121.235%	114.415%
25.628%	20.009%	7.973%	16.981%	110.762%	105.143%
24.175%	20.100%	9.708%	18.323%	111.659%	107.584%

CITY OF SOUTH ST. PAUL, MINNESOTA
PRINCIPAL PROPERTY TAXPAYERS
Current Year and Nine Years Ago
(Unaudited)

Table 7

Taxpayer	2024			2015		
	Taxable Capacity Value	Rank	Percentage of Total City Capacity Value	Taxable Capacity Value	Rank	Percentage of Total City Capacity Value
Chicago & NW Trans. Co	\$ 395,214	1	1.47%	\$ 190,870	3	1.33%
SSP SPE I LLC (The Yards)	389,291	2	1.45%			
Stag South Saint Paul LLC	357,554	3	1.33%			
Dakota Bulk Property LLC	242,410	4	0.90%	125,580	6	0.88%
Xcel Energy	239,424	5	0.89%	349,123	1	2.44%
Waterford Green Limited Partnership	200,000	6	0.74%	103,750	8	0.72%
Bridgepoint Business Center	179,352	7	0.67%	135,806	4	0.95%
Waterous Co	172,554	8	0.64%	119,122	7	0.83%
Leonard Investment Co.	164,432	9	0.61%	135,097	5	0.94%
CARS-DB4 LP	164,364	10	0.61%			
Blue Dog Properties Trust				199,956	2	1.40%
270 Bridgepoint LLC				93,674	9	0.65%
Sanimax USA Inc.				82,052	10	0.57%
Total	\$ 2,504,595		9.31%	\$ 1,535,030		10.71%
Total All Property	\$ 26,935,954			\$ 14,319,740		

Source: Official statements for the City of South St. Paul, Dakota County

CITY OF SOUTH ST. PAUL, MINNESOTA
PROPERTY TAX LEVIES AND COLLECTIONS
 Last Ten Fiscal Years
 (Unaudited)

Table 8

Fiscal Year Ended December 31,	Taxes Levied For The Fiscal Year *	Collected Within The Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2015	\$ 9,278,064	\$ 9,189,897	99.05%	\$ 88,167	\$ 9,278,064	100.00%
2016	10,236,411	10,132,792	98.99%	103,619	10,236,411	100.00%
2017	10,924,802	10,827,561	99.11%	97,241	10,924,802	100.00%
2018	11,951,006	11,824,359	98.94%	126,647	11,951,006	100.00%
2019	12,803,995	12,718,851	99.34%	85,144	12,803,995	100.00%
2020	13,577,330	13,441,399	99.00%	135,931	13,577,330	100.00%
2021	14,206,445	14,102,938	99.27%	103,507	14,206,445	100.00%
2022	15,324,339	15,186,700	99.10%	137,639	15,324,339	100.00%
2023	16,391,169	16,216,789	98.94%	174,380	16,391,169	100.00%
2024	16,678,569	16,466,879	98.73%	-	16,466,879	98.73%

* Starting in 2016, includes EDA and HRA levies

Sources: City financial records

CITY OF SOUTH ST. PAUL, MINNESOTA
RATIOS OF OUTSTANDING DEBT BY TYPE
 Last Ten Fiscal Years
 (Unaudited)

Fiscal Year	Governmental Activities						Total Governmental Activities
	General Obligation Bonds	Improvement Bonds	Tax Increment Bonds	Note Payable	Lease	Lease Revenue	
2015	\$ 16,976,376	\$ 1,285,000	\$ 1,819,087	\$ 40,678	\$ 936,253	\$ -	\$ 21,057,394
2016	16,072,074	-	1,653,682	3,129	11,630	1,855,000	19,595,515
2017	19,495,441	-	1,483,277	-	5,632	445,000	21,429,350
2018	18,178,576	-	1,307,872	-	-	300,000	19,786,448
2019	24,075,288	-	1,132,467	-	-	150,000	25,357,755
2020	22,586,180	-	952,062	-	-	-	23,538,242
2021	20,997,072	-	771,657	-	-	-	21,768,729
2022	19,267,964	-	586,252	-	-	-	19,854,216
2023	17,484,702	-	-	-	-	-	17,484,702
2024	15,754,747	-	-	-	-	-	15,754,747

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

^(a)See Table 14 for personal income and population data.

The decline in the Lease in 2016 relates to the transfer of a lease from the HRA to the EDA.

The City's reporting entity changed in 2017 to include the HRA as a blended component unit. The data for years prior to 2017 have not been restated to reflect this change.

N/A - information is not available

Table 9

Business-Type Activities			Per Customer	Total Primary Government	Percentage of Personal Income ^(a)	Per Capita ^(a)
Sewer/Water/ Storm Revenue Bonds	Low Rent Housing Notes	Total Business-Type Activities				
\$ 4,840,373	\$ -	\$ 4,840,373	\$ 693	\$ 25,897,767	2.39%	\$ 1,286
4,587,294	-	4,587,294	657	24,182,809	2.15%	1,180
4,287,215	2,129,853	6,417,068	919	27,846,418	2.37%	1,365
3,984,136	2,025,063	6,009,199	859	25,795,647	2.06%	1,252
3,679,057	1,912,808	5,591,865	799	30,949,620	2.44%	1,511
3,361,978	2,144,880	5,506,858	785	29,045,100	2.21%	1,398
3,042,898	2,016,593	5,059,491	720	26,828,220	1.90%	1,290
2,715,820	1,879,706	4,595,526	653	24,449,742	1.73%	1,193
3,705,022	1,733,809	5,438,831	774	22,923,533	1.49%	1,116
9,223,692	5,917,543	15,141,235	2,152	30,895,982	N/A	1,504

CITY OF SOUTH ST. PAUL, MINNESOTA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Governmental Activities					Total General Bonded Debt
	General Obligation Bonds	Improvement Bonds	Tax Increment Bonds	Lease Revenue Bonds		
2015	\$ 16,976,376	\$ 1,285,000	\$ 1,819,087	\$ -	\$	20,080,463
2016	16,072,074	-	1,653,682	1,855,000		19,580,756
2017	19,495,441	-	1,483,277	445,000		21,423,718
2018	18,178,576	-	1,307,872	300,000		19,786,448
2019	24,075,288	-	1,132,467	150,000		25,357,755
2020	22,586,180	-	952,062	-		23,538,242
2021	20,997,072	-	771,657	-		21,768,729
2022	19,267,964	-	586,252	-		19,854,216
2023	17,484,702	-	-	-		17,484,702
2024	15,754,747	-	-	-		15,754,747

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

^(a)See Table 14 for population data.

^(b)See Table 5 for Total Tax Capacity Value.

Table 10

Less: Amounts Restricted for Debt Service	Business-type Activities General Obligation Bonds	Net Bonded Debt Total	Percentage of Total Tax Capacity ^(b)	Per Capita ^(a)
\$ 3,091,062	\$ 4,840,373	\$ 21,829,774	152.45%	\$ 1,084
3,226,485	4,587,294	20,941,565	143.67%	1,022
4,673,069	4,287,215	21,037,864	137.44%	1,031
4,523,055	3,984,136	19,247,529	114.20%	934
4,872,047	3,679,057	24,164,765	134.22%	1,180
4,435,256	3,361,978	22,464,964	113.62%	1,081
4,274,251	3,042,898	20,537,376	98.93%	987
3,988,351	2,715,820	18,581,685	85.39%	907
3,804,468	3,705,022	17,385,256	68.87%	846
3,665,048	9,223,692	21,313,391	79.13%	1,038

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CITY OF SOUTH ST. PAUL, MINNESOTA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 December 31, 2024
 (Unaudited)

Table 11

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable*	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
School Districts:			
Special School District No. 6	\$ 25,055,000	100.0000%	\$ 25,055,000
ISD No. 199	47,530,000	0.0035%	1,649
Special Districts:			
Dakota County	-	0.0300%	-
Metropolitan Council	1,558,153,207	0.0300%	467,446
Subtotal - overlapping debt			25,524,095
City direct debt			15,754,747
Total direct and overlapping debt			\$ 41,278,842

Source: Annual Report for continuing disclosure prepared by Ehlers & Associates, Inc.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

*For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.

Source: Annual Report for continuing disclosure prepared by Ehlers & Associates, Inc.

Source: 2019A General Obligation Bonds Official Statement

CITY OF SOUTH ST. PAUL, MINNESOTA
LEGAL DEBT MARGIN INFORMATION - PRIMARY GOVERNMENT
 Last Ten Fiscal Years
 (Unaudited)

Legal Debt Margin Calculation for Fiscal Year 2024

Estimated Market Value	<u>\$ 2,371,546,250</u>
Debt limit (3% of market value)	<u>71,146,388</u>
Debt applicable to limit:	
General obligation bonds paid solely from Taxes	13,770,000
Less: amount available for payment on principal and interest	<u>(2,381,499)</u>
Total net debt applicable to limit	<u>11,388,501</u>
Legal debt margin	<u><u>\$ 59,757,887</u></u>

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Debt limit	\$ 40,189,758	\$ 40,518,789	\$ 42,334,533	\$ 46,406,619
Total net debt applicable to limit	<u>11,132,869</u>	<u>9,968,365</u>	<u>12,964,855</u>	<u>11,864,021</u>
Legal debt margin	<u><u>\$ 29,056,889</u></u>	<u><u>\$ 30,550,424</u></u>	<u><u>\$ 29,369,678</u></u>	<u><u>\$ 34,542,598</u></u>
 Total net debt applicable to the limit as a percentage of debt limit	 27.70%	 24.60%	 30.62%	 25.57%

Table 12

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
\$ 49,169,385	\$ 54,229,194	\$ 56,274,219	\$ 59,086,713	\$ 68,210,916	\$ 71,146,388
<u>17,409,377</u>	<u>16,567,484</u>	<u>15,310,162</u>	<u>14,092,859</u>	<u>14,049,575</u>	<u>11,388,501</u>
<u>\$ 31,760,008</u>	<u>\$ 37,661,710</u>	<u>\$ 40,964,057</u>	<u>\$ 44,993,854</u>	<u>\$ 54,161,341</u>	<u>\$ 59,757,887</u>
35.41%	30.55%	27.21%	23.85%	20.60%	16.01%

CITY OF SOUTH ST. PAUL, MINNESOTA

PLEDGED-REVENUE COVERAGE

Last Ten Fiscal Years

(Unaudited)

Water Revenue Bonds						
Fiscal Year	Utility Service Charges	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2015	\$ 1,911,709	\$ 1,123,471	\$ 788,238	\$ 123,000	\$ 64,960	4.19
2016	1,954,544	992,520	962,024	190,000	75,446	3.62
2017	2,049,669	1,041,977	1,007,692	217,000	64,640	3.58
2018	2,038,749	1,165,734	873,015	220,000	60,648	3.11
2019	2,197,027	897,552	1,299,475	222,000	56,612	4.66
2020	2,410,095	897,905	1,512,190	229,000	52,450	5.37
2021	2,836,673	1,051,500	1,785,173	231,000	48,245	6.39
2022	2,902,801	1,073,116	1,829,685	234,000	44,002	6.58
2023	3,076,983	1,209,888	1,867,095	241,000	41,407	6.61
2024	3,678,485	1,203,470	2,475,015	446,235	66,409	4.83

Storm Water Revenue Bonds						
Fiscal Year	Utility Service Charges	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2015	\$ 434,623	\$ 195,822	\$ 238,801	\$ -	\$ 27,264	8.76
2016	452,255	267,318	184,937	60,000	38,616	1.88
2017	474,271	371,387	102,884	80,000	30,824	0.93
2018	469,110	664,776	(195,666)	80,000	29,223	(1.79)
2019	538,330	278,112	260,218	80,000	27,623	2.42
2020	581,229	290,689	290,540	85,000	25,932	2.62
2021	640,596	228,105	412,491	85,000	24,232	3.78
2022	692,515	220,274	472,241	90,000	22,440	4.20
2023	762,820	447,730	315,090	90,000	21,345	2.83
2024	901,224	1,050,979	(149,755)	90,000	19,275	(1.37)

Water Revenue Bonds includes the Drinking Water Revolving Fund Loan and the water utility portion of the 2014A GO Bonds.

Storm Water Revenue Bonds includes the storm water utility portion of the 2014A GO Bonds.

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Operating expenses do not include interest, depreciation, or amortization expenses.

Table 13

Improvement Bonds				Lease Revenue Bonds			
Special Assessment Collections	Debt Service		Coverage	Lease Payments	Debt Service		Coverage
	Principal	Interest			Principal	Interest	
\$ 914,291	\$ 110,000	\$ 58,808	5.42	\$ -	\$ -	\$ -	-
943,427	1,285,000	27,960	0.72	303,553	205,000	83,712	1.05
-	-	-	-	1,364,827	1,410,000	49,878	0.93
-	-	-	-	157,333	145,000	11,480	1.01
-	-	-	-	158,064	150,000	7,125	1.01
-	-	-	-	152,822	150,000	2,400	1.00
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-

Tax Increment Bonds			
Tax Increment Collections	Debt Service		Coverage
	Principal	Interest	
\$ -	\$ -	\$ -	-
1,486,133	165,000	39,023	7.28
1,592,936	170,000	36,510	7.71
1,669,381	175,000	33,923	7.99
1,814,119	175,000	31,079	8.80
1,879,470	180,000	27,748	9.05
2,200,172	180,000	23,922	10.79
2,209,934	185,000	19,539	10.80
2,432,338	585,000	17,627	4.04
3,387,150	-	-	-

CITY OF SOUTH ST. PAUL, MINNESOTA
DEMOGRAPHIC AND ECONOMIC STATISTICS
 Last Ten Fiscal Years
 (Unaudited)

Table 14

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income *</u>	<u>Per Capita Personal Income*</u>	<u>Dakota Unemployment Rate*</u>
2015	20,146	1,082,041,660	53,710	3.30%
2016	20,487	1,126,272,825	54,975	2.90%
2017	20,407	1,176,218,666	57,638	2.20%
2018	20,598	1,249,289,298	60,651	2.60%
2019	20,487	1,268,432,118	61,914	2.90%
2020	20,759	1,312,051,836	63,204	4.30%
2021	20,800	1,412,881,600	67,927	2.30%
2022	20,489	1,410,462,760	68,840	2.70%
2023	20,541	1,540,965,279	75,019	2.60%
2024	20,541	N/A	N/A	2.20%

Amounts noted as N/A were not available

Sources:

Population: Metropolitan Council or city-data.com

Unemployment: The State of Minnesota, Department of Employment and Economic Development

Personal Income: Bureau of Economic Analysis

* This data is not tracked for individual cities, data for Dakota County was used.

CITY OF SOUTH ST. PAUL, MINNESOTA
PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago
(Unaudited)

Table 15

Employer	2024			2015		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Sportsmans' Guide	500	1	8.15%	500	2	7.42%
Special School District No 6	350	2	5.70%	561	1	8.32%
American Bottling	250	3	4.07%	250	6	3.71%
Wipaire, Inc.	180	4	2.93%	130	9	1.93%
City of South St. Paul	100	5	1.63%	176	8	2.61%
Sanimax	100	5	1.63%			
Sojos	100	5	1.63%			
Rihm Kenworth	100	5	1.63%			
Twin City Tanning	80	9	1.30%			
Fury Motors	75	10	1.22%	200	7	2.97%
Bremer Bank				450	3	6.68%
Twin City Bagel				287	4	4.26%
Waterous Company				269	5	3.99%
Schadegg Mechanical, Inc.				100	10	1.48%
Total	<u>1,835</u>		<u>29.90%</u>	<u>2,923</u>		<u>43.36%</u>
Total city employment	<u>6,137</u>			<u>6,741</u>		

Source: Reference USA Database Business Data
Total City employment from the Minnesota Department of Employment & Economic Development.

CITY OF SOUTH ST. PAUL, MINNESOTA

FULL-TIME EQUIVALENT CITY EMPLOYEES BY FUNCTION/PROGRAM

Last Ten Fiscal Years

(Unaudited)

Function/Program	2015	2016 *	2017	Full-Time 2018
General government:				
Management services	5.95	5.25	5.35	6.10
Finance	3.65	3.45	3.20	3.20
Planning	1.00	-	-	-
Building	1.05	1.00	1.10	1.20
Police:				
Officers	28.00	28.00	28.00	28.00
Civilians	4.50	4.50	4.50	7.50
Community Development:				
Licensing & Code Enforcement	-	3.25	2.75	2.90
Planning & Zoning Administration	-	2.00	2.00	1.50
Economic Development	-	1.75	2.00	1.50
Housing Division	-	1.75	5.50	6.50
Other public works:				
Engineering	3.09	4.70	4.70	4.00
Code enforcement	2.25	-	-	-
Public works	11.66	12.10	11.90	14.90
Parks and recreation	6.18	6.68	6.67	6.67
Library (a)	6.70	6.82	7.55	7.35
Arena	2.05	3.05	3.05	3.05
Airport	2.10	2.60	2.60	2.60
Water and Sewer	7.05	6.80	6.80	6.50
Central Garage	2.20	2.20	2.20	2.20
Total	87.43	95.90	99.87	105.67

Source: City Budget Office - excludes seasonal employees

(a) The Library was moved to the Dakota County system

* = In 2016 a reorganization occurred creating the Community Development Department- includes new/transferred staff from the EDA & HRA, and moved Planning & Zoning and Licensing & Code Enforcement functions from General Government and other public works areas.

Table 16

Equivalent Employees as of December 31,						
2019	2020	2021	2022	2023	2024	
6.10	6.10	6.10	8.10	8.95	8.44	
3.20	3.20	3.20	2.40	2.40	2.71	
-	-	-	-	-	-	
1.20	1.20	1.20	1.20	1.20	1.50	
30.00	31.00	31.00	33.00	34.00	37.00	
6.50	7.00	7.00	7.00	7.00	7.00	
3.90	3.90	2.40	1.90	1.40	1.40	
1.50	1.50	3.00	3.50	3.10	3.60	
1.50	1.55	1.50	1.50	0.66	0.66	
2.50	0.95	2.00	2.00	5.90	7.90	
4.00	3.00	3.00	3.17	3.50	4.50	
-	-	-	-	-	-	
13.90	13.90	14.60	14.10	14.73	14.23	
6.67	6.67	6.67	3.63	4.63	4.50	
6.80	6.71	6.71	7.26	8.26	-	
4.15	4.15	6.15	5.60	5.40	5.90	
2.60	2.60	2.60	2.73	2.73	3.00	
6.50	7.50	6.80	6.60	6.60	6.91	
2.20	2.20	2.20	2.20	2.20	2.20	
<u>103.22</u>	<u>103.13</u>	<u>106.13</u>	<u>105.89</u>	<u>112.66</u>	<u>111.45</u>	

CITY OF SOUTH ST. PAUL, MINNESOTA
OPERATING INDICATORS BY FUNCTION/PROGRAM
 Last Ten Fiscal Years
 (Unaudited)

Function/Program	2015	2016	2017	2018
Police:				
Calls for Service	20,639	22,659	26,876	26,671
Group A Offenses	625	736	585	572
Group B Arrests	3,029	3,326	3,106	3,440
Felony charges	187	226	259	223
DUI	229	128	113	199
Traffic Accidents	299	272	264	306
Traffic Violations	1,449	1,211	1,229	1,310
Recycling				
Appliances collected	92	80	N/A	N/A
Appliances (pounds) *	N/A	N/A	5,400	4,000
Scrap metal recycled	6,000	6,609	7,060	6,080
Electronics (pounds)	7,811	5,500	2,640	8,030
City Planner				
Site Plan reviews	3	4	3	5
Planning/zoning cases reviewed	33	33	40	30
Other public works:				
Segments of streets/alleys rehabbed	34	22	14	6
Parks and recreation:				
Splash pool users**	10,847	9,460	8,553	9,928
Northview pool users**	7,039	6,111	5,995	7,426
Library:				
Charged circulation (usage)***	125,775	119,492	118,322	112,997
Arena:				
Ice rented (hours)	2,983	3,302	3,928	3,019
Transportation:				
Fuel sold (gallons)	133,957	142,074	137,737	136,454
Aircraft operations	55,250	55,000	56,650	58,350
Water:				
Utility customers	6,987	6,989	6,984	6,992
Pumpage/year (millions of gallons)	841	783	735	728
Wastewater:				
Sewage treatment (millions of gallons)	1,092	1,104	1,055	1,044

Sources: City Budgets - Departments

Note: Indicators are not available for the general government function.

* - Reporting for appliances changed to weight in 2017

** - City pools were closed for 2020; Northview pool was closed in 2021

*** - Library was moved to Dakota County system

N/A - information is not available

Table 17

2019	2020	2021	2022	2023	2024
29,852	31,560	29,247	28,791	32,461	34,497
536	572	606	512	1,001	347
3,974	839	762	712	939	974
279	284	163	228	194	190
133	97	180	106	153	152
325	251	221	280	218	169
1,204	885	845	878	1,025	1,241
N/A	N/A	N/A	N/A	39	47
4,800	4,500	4,034	4,067	N/A	N/A
6,540	6,200	4,200	3,980	4,660	4,026
5,648	7,626	6,000	7,240	5,385	4,289
6	7	5	9	5	1
29	38	39	29	32	25
8	-	5	5	2	20
7,840	-	4,759	4,415	4,521	4,302
6,720	-	-	5,388	5,600	4,151
116,377	68,100	86,512	105,537	101,378	N/A
3,477	3,150	4,111	4,634	4,940	5,048
143,148	167,365	219,406	169,444	177,777	173,612
60,100	61,903	63,760	64,397	64,397	66,328
6,999	7,017	7,027	7,033	7,030	7,035
707	724	718	1,046	735	690
1,009	1,192	1,093	1,046	1,061	1,047

CITY OF SOUTH ST. PAUL, MINNESOTA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
 Last Ten Fiscal Years
 (Unaudited)

Function/Program	2015	2016	2017	2018
Police:				
Stations	1	1	1	1
Patrol units	17	17	17	18
Other public works:				
Streets (miles)	73.1	73.1	73.1	73.1
Highways (miles) ^(a)	13.9	13.9	13.9	13.9
Streetlights ^(b)	1,112	1,112	1,112	1,365
Traffic signals ^(a)	15.0	15.0	15.0	15.0
Parks and recreation:				
Parks	15	15	15	15
Acreage	245	245	245	245
Swimming pools	3	3	3	3
Ice arena rinks	2	2	2	2
Water:				
Water mains (miles)	87.6	87.6	87.6	87.6
Wells	7.0	7.0	7.0	7.0
Wastewater:				
Sanitary sewers (miles)	77.8	77.8	77.8	77.8
Storm sewers (miles)	46.9	46.9	46.9	46.9
Airport:				
T-Hangars	32	32	32	32
Acres	270	270	270	270

Sources: Various City departments.

Note: No capital asset indicators are available for the general government function.

^(a) not under City jurisdiction

^(b) not all under City jurisdiction

Table 18

2019	2020	2021	2022	2023	2024
1	1	1	1	1	1
19	19	19	19	20	22
73.1	73.1	73.1	73.1	73.1	73.1
13.9	13.9	13.9	13.9	13.9	13.9
1,407	1,407	1,407	1,407	1,407	1,415
13.0	13.0	13.0	13.0	13.0	13.0
15	15	15	15	15	15
245	245	245	245	245	245
3	3	3	2	2	2
2	2	2	2	2	2
87.6	87.6	87.6	87.6	87.6	87.6
7.0	7.0	7.0	7.0	7.0	7.0
77.8	77.8	77.8	77.8	77.8	77.8
46.9	46.9	46.9	46.9	46.9	47.3
32	32	32	32	32	32
270	270	270	270	270	270

Management Report
for
City of South St. Paul, Minnesota
December 31, 2024



Certified Public Accountants Business Consultants

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To the City Council and Management
City of South St. Paul, Minnesota

We have prepared this management report in conjunction with our audit of the City of South St. Paul, Minnesota's (the City) financial statements for the year ended December 31, 2024. We have organized this report into the following sections:

- Audit Summary
- Governmental Funds Overview
- Enterprise Funds Overview
- Government-Wide Financial Statements
- Accounting and Auditing Updates

We would be pleased to further discuss any of the information contained in this report or any other concerns that you would like us to address. We would also like to express our thanks for the courtesy and assistance extended to us during the course of our audit.

The purpose of this report is solely to provide those charged with governance of the City, management, and those who have responsibility for oversight of the financial reporting process comments resulting from our audit process and information relevant to city finances in Minnesota. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

A handwritten signature in black ink that reads 'LB Carlson, LLP'.

LB CARLSON, LLP
Minneapolis, Minnesota

June 25, 2025

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AUDIT SUMMARY

The following is a summary of our audit work, key conclusions, and other information that we consider important or that is required to be communicated to the City Council, administration, or those charged with governance of the City.

OUR RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA, *GOVERNMENT AUDITING STANDARDS*, AND TITLE 2 U.S. CODE OF FEDERAL REGULATIONS PART 200, *UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS* (UNIFORM GUIDANCE)

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended December 31, 2024. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information to you verbally and in our audit engagement letter. Professional standards also require that we communicate the following information related to our audit.

PLANNED SCOPE AND TIMING OF THE AUDIT

We performed the audit according to the planned scope and timing previously discussed and coordinated in order to obtain sufficient audit evidence and complete an effective audit.

AUDIT OPINIONS AND FINDINGS

Based on our audit of the City's financial statements for the year ended December 31, 2024:

- We have issued unmodified opinions on the City's basic financial statements. Our report included a paragraph emphasizing the City's implementation of new Governmental Accounting Standards Board (GASB) authoritative literature which changed the requirements for accounting for groups of similar capital assets this year. Our opinion was not modified with respect to this matter.
- We reported no deficiencies in the City's internal control over financial reporting that we considered to be material weaknesses.
- The results of our testing disclosed no instances of noncompliance required to be reported under *Government Auditing Standards*.
- We reported that the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements.
- The results of our tests indicate that the City has complied, in all material respects, with the types of compliance requirements that could have a direct and material effect on each of its major federal programs.
- We reported no deficiencies in the City's internal controls over compliance that we considered to be material weaknesses with the types of compliance requirements that could have a direct and material effect on each of its major federal programs.
- We reported no findings based on our testing of the City's compliance with Minnesota laws and regulations.

SIGNIFICANT ACCOUNTING POLICIES

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 of the notes to basic financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during the year ended December 31, 2024. However, the City implemented the following governmental accounting standard during the fiscal year:

- As described in Note 1 of the notes to basic financial statements, the City implemented new GASB guidance related to capital assets during the year ended December 31, 2024. This new guidance requires governments to capitalize groups of similar assets if significant, even when individually they are below the government's capitalization threshold. This change resulted in a restatement, which increased beginning net position in the government-wide Statement of Activities and Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Position by \$170,200.

We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

ACCOUNTING ESTIMATES AND MANAGEMENT JUDGMENTS

Accounting estimates are an integral part of the basic financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements, and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- **OPEB and Pension Benefits** – The City has recorded liabilities and activity for other post-employment benefits (OPEB) and pension benefits. Actuarial estimates of these obligations are calculated using actuarial methodologies described in GASB Statement Nos. 68 and 75. The actuarial calculations include significant assumptions, including projected changes, healthcare insurance costs, investment returns, retirement ages, proportionate share, and employee turnover.
- **Depreciation** – Management's estimates of depreciation expense are based on the estimated useful lives of the assets.
- **Value of Land Held for Resale** – These assets are stated at net realizable value based on management's estimates.
- **Compensated Absences** – Management's estimate is based on current rates of pay and unused compensated absence balances, and the likelihood compensated absences will be paid out over the course of employment or at termination.
- **Self-Insurance** – Management's estimates of self-insurance reserves are based on the estimated liability for incurred but not reported claims.
- **Unbilled Utilities** – Management's estimates of unbilled utilities are based on the portion of the first billing cycle in the subsequent year applicable to the current year.

We evaluated the key factors and assumptions used by management to develop these accounting estimates in determining that they are reasonable in relation to the basic financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The disclosures included in the notes to the basic financial statements related to OPEB and pension benefits are particularly sensitive, due to the materiality of the liabilities, and the large and complex estimates involved in determining the disclosures.

The financial statement disclosures are neutral, consistent, and clear.

DISAGREEMENTS WITH MANAGEMENT

For purposes of this report, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

We encountered no significant difficulties in dealing with management in performing and completing our audit.

MANAGEMENT REPRESENTATIONS

We have requested certain representations from management that are included in the management representation letter dated June 25, 2025.

CORRECTED AND UNCORRECTED MISSTATEMENTS

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statement taken as a whole.

MANAGEMENT CONSULTATIONS WITH OTHER INDEPENDENT ACCOUNTANTS

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

OTHER AUDIT FINDINGS OR ISSUES

We generally discuss a variety of matters, including the application of accounting principles and auditing standards with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

OTHER MATTERS

We applied certain limited procedures to the management's discussion and analysis (MD&A), budgetary comparison schedules for the General Fund and major special revenue funds, and the pension and OPEB-related required supplementary information (RSI) that supplement the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplementary information accompanying the financial statements and the separately issued Schedule of Expenditures of Federal Awards, which are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory and statistical sections, which accompany the financial statements, but are not RSI. Such information 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.

GOVERNMENTAL FUNDS OVERVIEW

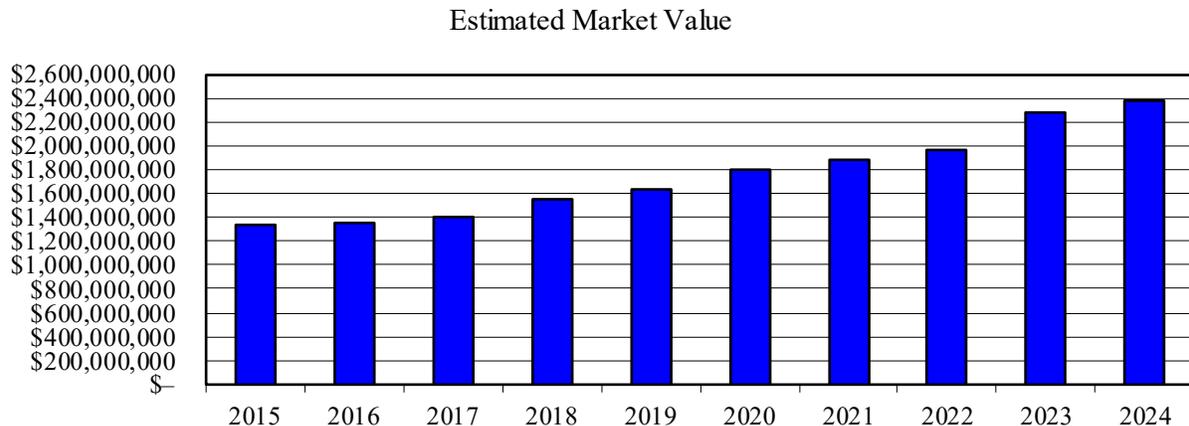
This section of the report provides you with an overview of the financial trends and activities of the City’s governmental funds, which includes the General, special revenue, debt service, and capital project funds. These funds are used to account for the basic services the City provides to all of its citizens, which are financed primarily with property taxes. The governmental fund information in the City’s financial statements focuses on budgetary compliance and the sufficiency of each governmental fund’s current assets to finance its current liabilities.

PROPERTY TAXES

Minnesota cities rely heavily on local property tax levies to support their governmental fund activities. For the 2022 fiscal year (the most recent comparative state-wide data available), local and valorem property tax levies provided 44.1 percent of the total governmental fund revenues for cities over 2,500 in population, and 35.2 percent for cities under 2,500 in population. Total property taxes levied by all Minnesota cities for taxes payable in 2024 increased 7.5 percent compared to the prior year, and 7.7 percent for taxes payable in 2025.

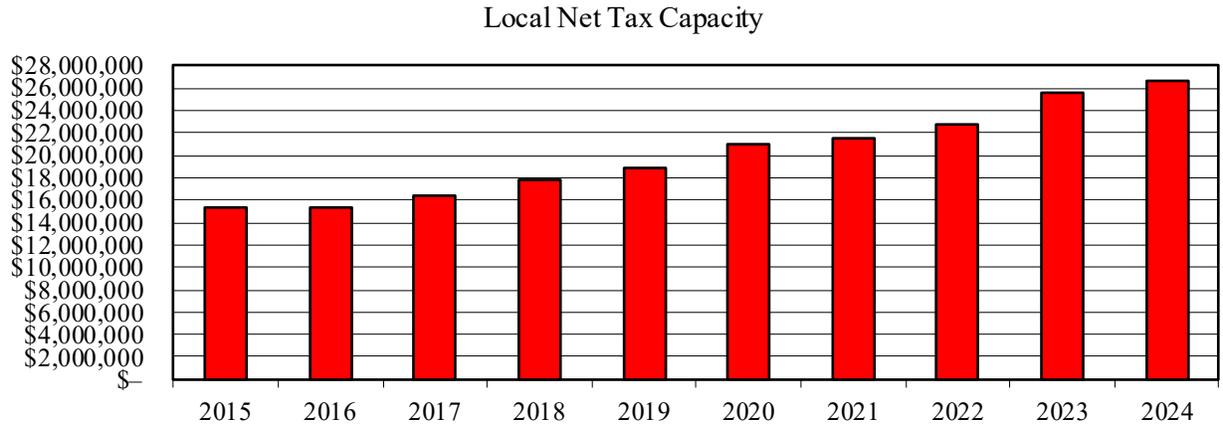
The taxable net tax capacity value of property in Minnesota cities increased about 8.4 percent for the 2024 levy year. The tax capacity values used for levying property taxes are based on the assessed market values for the previous fiscal year (e.g., tax capacity values for taxes levied in 2024 were based on assessed market values as of January 1, 2023), so the trend of change in these tax capacity values lags somewhat behind the housing market and economy in general.

The City’s estimated market value increased 15.4 percent in 2023 and 4.3 percent in 2024. The following graph shows the City’s changes in estimated market value over the past 10 years:



Tax capacity is considered the actual base available for taxation. It is calculated by applying the state’s property classification system to each property’s market value. Each property classification, such as commercial or residential, has a different calculation and uses different rates. Consequently, a city’s total tax capacity will change at a different rate than its total market value, as tax capacity is affected by the proportion of its tax base that is in each property classification from year-to-year, as well as legislative changes to tax rates. The City’s tax capacity increased 12.8 percent for taxes payable in 2023 and increased 3.5 percent for taxes payable in 2024.

The following graph shows the City’s change in tax capacities over the past 10 years:



The following table presents the average tax rates applied to city residents for each of the last three levy years:

Rates Expressed as a Percentage of Net Tax Capacity			
	City of South St. Paul		
	2022	2023	2024
Average tax rate			
City	64.4	60.2	59.5
County	19.5	17.0	18.3
School	29.1	25.6	24.2
Special taxing	8.2	8.0	9.7
Total	<u>121.2</u>	<u>110.8</u>	<u>111.7</u>

The total average tax rate slightly increased from the prior year with increases in the county and special taxing rates offset by a decrease in the city and school rates.

GOVERNMENTAL FUNDS REVENUE

The following table presents the per capita revenue of the City’s governmental funds for the past three years, along with state-wide averages.

We have included the most recent comparative state-wide averages available from the Office of the State Auditor to provide a benchmark for interpreting the City’s data. The amounts received from the typical major sources of governmental fund revenue will naturally vary between cities based on factors such as a city’s stage of development, location, size and density of its population, property values, services it provides, and other attributes. It will also differ from year-to-year, due to the effect of inflation and changes in its operation. Also, certain data on these tables may be classified differently than how they appear in the City’s financial statements in order to be more comparable to the state-wide information, particularly in separating capital expenditures from current expenditures.

We have designed this section of our management report using per capita data in order to better identify unique or unusual trends and activities of the City. We intend for this type of comparative and trend information to complement, rather than duplicate, information in the MD&A. An inherent difficulty in presenting per capita information is the accuracy of the population count, which for most years is based on estimates.

Governmental Funds Revenue per Capita							
With State-Wide Averages by Population Class							
Year	State-Wide			City of South St. Paul			
	December 31, 2022			2022	2023	2024	
Population	2,500–10,000	10,000–20,000	20,000–100,000	20,489	20,541	20,541	
Property taxes	\$ 586	\$ 549	\$ 584	\$ 780	\$ 818	\$ 842	
Tax increments	37	38	46	108	118	165	
Franchise and other taxes	56	72	58	81	75	66	
Special assessments	51	34	50	28	38	37	
Licenses and permits	43	47	55	33	28	26	
Intergovernmental revenues	400	381	223	912	425	523	
Charges for services	154	116	137	227	252	265	
Other	32	7	(21)	10	74	108	
Total revenue	\$ 1,359	\$ 1,244	\$ 1,132	\$ 2,179	\$ 1,828	\$ 2,032	

The City’s governmental fund revenues for 2024 were \$41,729,569, an increase of \$4,162,066 (11.1 percent) from the prior year. On a per capita basis, the City received \$2,032 in governmental fund revenue for 2024, which is an increase of \$204 from the prior year. The largest increases were in intergovernmental revenues, tax increments, other, and property taxes. Intergovernmental revenues, which increased \$98 per capita, is due to federal and state funds received for street projects and the taxiway reconstruction project at the airport in fiscal 2024. Tax increments increased \$47 per capita, due to increased valuations and the city receiving tax increment on a district for the first time. Other revenues increased \$34 per capita, due to improved investment returns and contributions received from a developer for an improvement project. The increase in property taxes of \$24 per capita was due to the increased property tax levy approved by the City Council.

GOVERNMENTAL FUNDS EXPENDITURES

The expenditures of governmental funds will also vary from state-wide averages and from year-to-year, based on the City's circumstances. Expenditures are classified into three types as follows:

- **Current** – These are typically the general operating type expenditures occurring on an annual basis, and are primarily funded by general sources, such as taxes and intergovernmental revenues.
- **Capital Outlay and Construction** – These expenditures do not occur on a consistent basis, more typically fluctuating significantly from year-to-year. Many of these expenditures are project-oriented and are often funded by specific sources that have benefited from the expenditure, such as special assessment improvement projects.
- **Debt Service** – Although the expenditures for debt service may be relatively consistent over the term of the respective debt, the funding source is the important factor. Some debt may be repaid through specific sources, such as special assessments or redevelopment funding, while other debt may be repaid with general property taxes.

The City's expenditures per capita of its governmental funds for the past three years, together with comparative state-wide averages, are presented in the following table:

Governmental Funds Expenditures per Capita						
With State-Wide Averages by Population Class						
Year	State-Wide			City of South St. Paul		
	December 31, 2022			2022	2023	2024
Population	2,500–10,000	10,000–20,000	20,000–100,000	20,489	20,541	20,541
Current						
General government	\$ 172	\$ 145	\$ 126	\$ 121	\$ 135	\$ 170
Public safety	343	312	347	459	500	537
Public works	163	167	120	216	383	346
Parks and recreation	121	137	117	133	150	113
All other	86	88	92	205	234	227
Total current	<u>885</u>	<u>849</u>	<u>802</u>	<u>1,134</u>	<u>1,402</u>	<u>1,393</u>
Capital outlay and construction	509	446	346	942	474	705
Debt service						
Principal	163	133	117	90	112	81
Interest and fiscal charges	43	40	32	38	39	46
Total debt service	<u>206</u>	<u>173</u>	<u>149</u>	<u>128</u>	<u>151</u>	<u>127</u>
Total expenditures	<u>\$ 1,600</u>	<u>\$ 1,468</u>	<u>\$ 1,297</u>	<u>\$ 2,204</u>	<u>\$ 2,027</u>	<u>\$ 2,225</u>

Total expenditures in the City's governmental funds for 2024 were \$45,713,851, an increase of \$4,083,732 (9.8 percent) from the prior year. On a per capita basis, the City expended a total of \$2,225 in 2024, an increase of \$198. Capital outlay and construction increased \$231 per capita, primarily due to increased tax increment financing activity related to the Concord Exchange project and the taxiway reconstruction project at the airport. Debt service expenditures were \$24 lower than last year, due to the early pay off of a bond in the prior year with city funds. The City's current operating costs are higher than average, due to above average costs in most functions noted above.

GOVERNMENTAL FUND BALANCES

The following table summarizes the changes in the fund balances of the City's governmental funds during the year ended December 31, 2024, presented both by fund balance classification and by fund:

Governmental Funds Change in Fund Balance			
	Fund Balance as of December 31,		Change
	2023	2024	
Fund balances of governmental funds			
Total by classification			
Nonspendable	\$ 205,771	\$ 297,924	\$ 92,153
Restricted	19,220,766	17,699,838	(1,520,928)
Committed	5,501,708	4,632,656	(869,052)
Assigned	3,287,232	4,554,551	1,267,319
Unassigned	9,309,811	6,724,719	(2,585,092)
	<u>\$ 37,525,288</u>	<u>\$ 33,909,688</u>	<u>\$ (3,615,600)</u>
Total governmental funds			
Total by fund			
General	\$ 15,638,442	\$ 15,900,960	\$ 262,518
Doug Woog Arena	(532,796)	(507,808)	24,988
Airport	156,670	(38,246)	(194,916)
Capital Programs	2,327,143	3,670,519	1,343,376
Local Improvements	869,442	(1,870,316)	(2,739,758)
Tax Increment	8,644,029	6,851,549	(1,792,480)
Airport Improvements	(1,075,964)	(1,871,467)	(795,503)
Other governmental funds	11,498,322	11,774,497	276,175
	<u>\$ 37,525,288</u>	<u>\$ 33,909,688</u>	<u>\$ (3,615,600)</u>
Total governmental funds			

In total, the fund balances of the City's governmental funds decreased by \$3,615,600 during the year ended December 31, 2024. Unassigned fund balance decreased \$2,585,092 in unassigned balances for local improvements and airport improvements. Restricted fund balance decreased \$1,520,928, mainly in restricted balances for tax increment financing. These decreases were offset by an increase in assigned fund balance. Assigned fund balance increased \$1,267,319, mainly in assigned balances for working capital in the Capital Programs Fund.

Doug Woog Arena Fund – This fund had an increase in fund balance of \$24,988 and has had to consistently borrow from other funds to fund cash flow needs. The interfund borrowing totals \$581,886 at December 31, 2024.

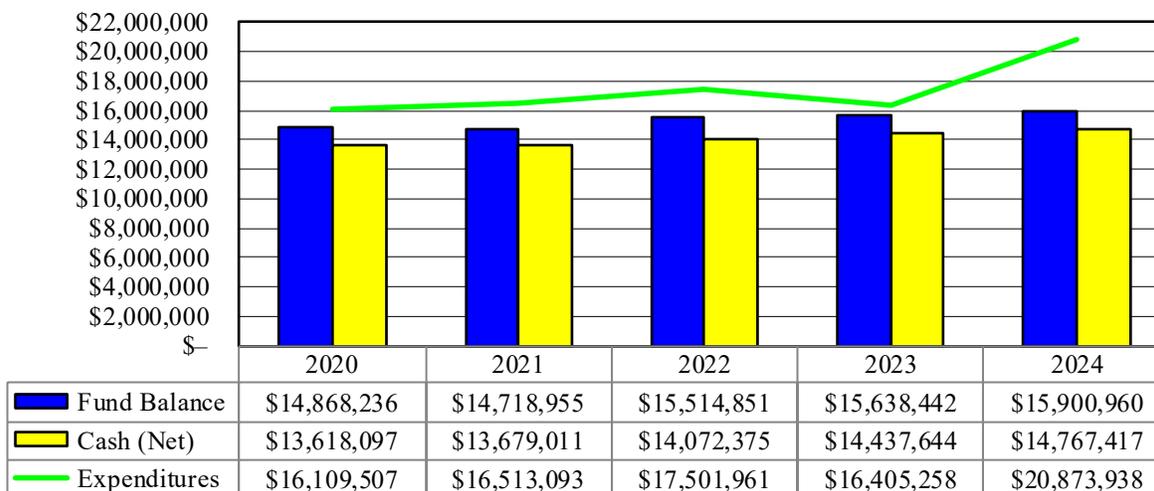
Airport Fund – This fund had a decrease in fund balance of \$194,916 and has had to borrow from other funds to fund cash flow needs. The interfund borrowing totals \$75,137 at December 31, 2024.

We recommend that the City continue to monitor the financial results in these funds. We also recommend that the City continue to update the long-range financial plan for these funds, including considering plans for financing the payback of the interfund borrowing in these funds.

GENERAL FUND

The City's General Fund accounts for the financial activity of the basic services provided to the community. The primary services included within this fund are the administration of the municipal operation, police, and fire protection, building inspection, streets and highway maintenance, and parks and recreation. The graph below illustrates the change in the General Fund financial position over the last five years. We have also included a line representing annual expenditures to reflect the change in the size of the General Fund operation over the same period.

General Fund Financial Position
Year Ended December 31,



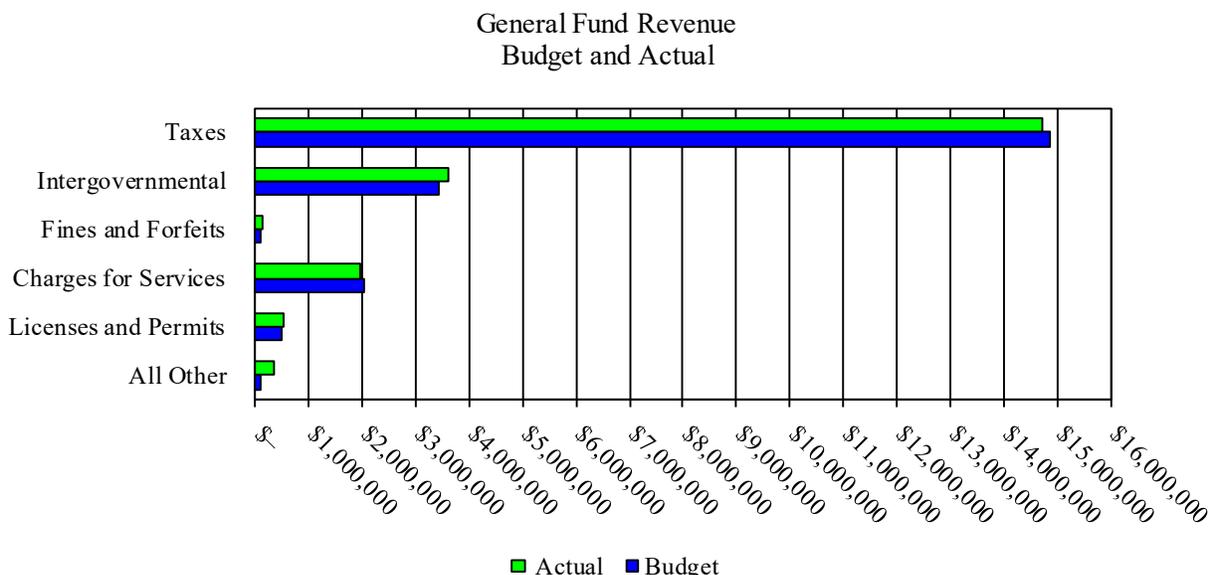
The City's General Fund cash and investments balance (net of borrowing) at December 31, 2024, was \$14,767,417, an increase of \$329,773. Total fund balance at December 31, 2024, was \$15,900,960, which is an increase of \$262,518 from the prior year.

As the graph illustrates, the City has generally been able to maintain stable cash and fund balance levels as the volume of financial activity has fluctuated. This is an important factor because governments, like any organization, requires a certain amount of equity to operate. A healthy financial position allows the City to avoid volatility in tax rates; helps minimize the impact of state funding changes; allows for the adequate and consistent funding of services, repairs, and unexpected costs; and is a factor in determining the City's bond rating and resulting interest costs.

A trend that is typical to Minnesota local governments, especially the General Fund of cities, is the unusual cash flow experienced throughout the year. The City's General Fund cash disbursements are made fairly evenly during the year other than the impact of seasonal services, such as snowplowing, street maintenance, and park activities. Cash receipts of the General Fund are quite a different story. Property taxes comprise approximately 68.9 percent of the fund's total annual revenue. Approximately half of these revenues are received by the City in July and the rest in December. Consequently, the City needs to have adequate cash reserves to finance its everyday operations between these payments.

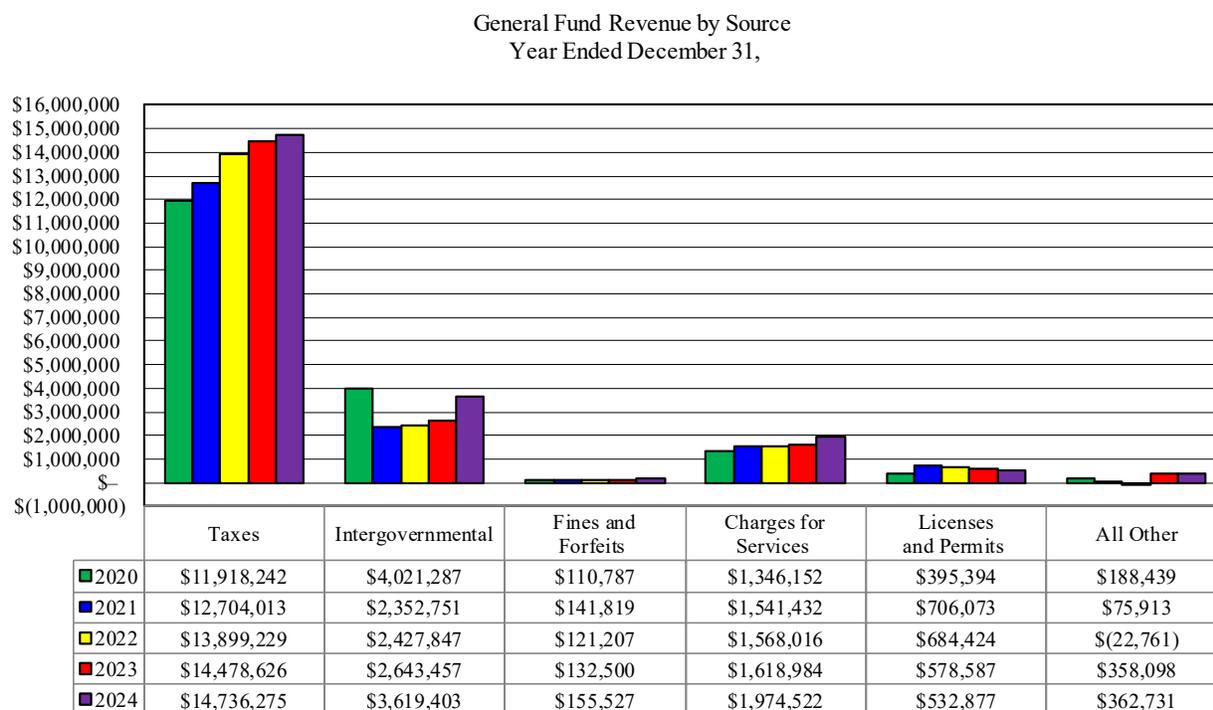
The City has an approved fund balance policy that states the General Fund will maintain a minimum unassigned fund balance of 35.0 to 50.0 percent of the subsequent year's budgeted expenditures. At December 31, 2024, the City's General Fund unassigned fund balance was 50.7 percent of the subsequent year's budgeted expenditures.

The following graph reflects the City’s General Fund revenue sources for 2024 compared to budget:



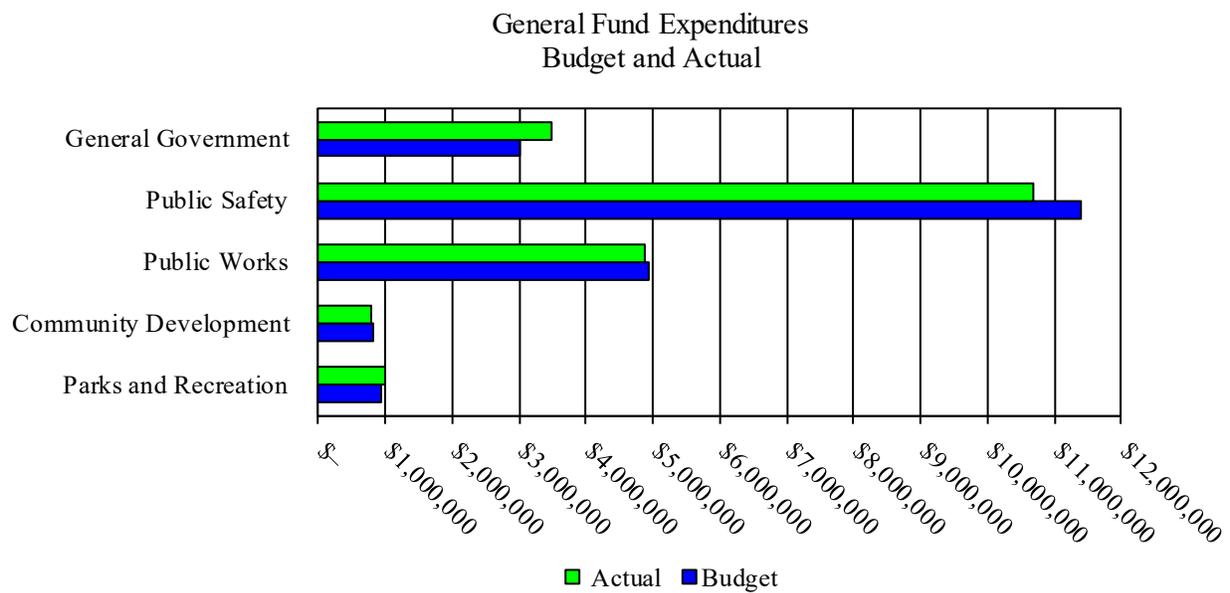
General Fund revenue for 2024 was \$21,381,335, which was \$346,149 (1.6 percent) more than budget. The largest variance was in all other, which includes investment earnings and was \$268,521 more than anticipated, due to improved interest rates and fair value changes. Intergovernmental was over budget by \$180,553, mainly due to the City’s conservative budgeting for state and local grants. These variances were offset by taxes, which were \$133,790 under budget.

The following graph presents the City’s General Fund revenues by source for the last five years:



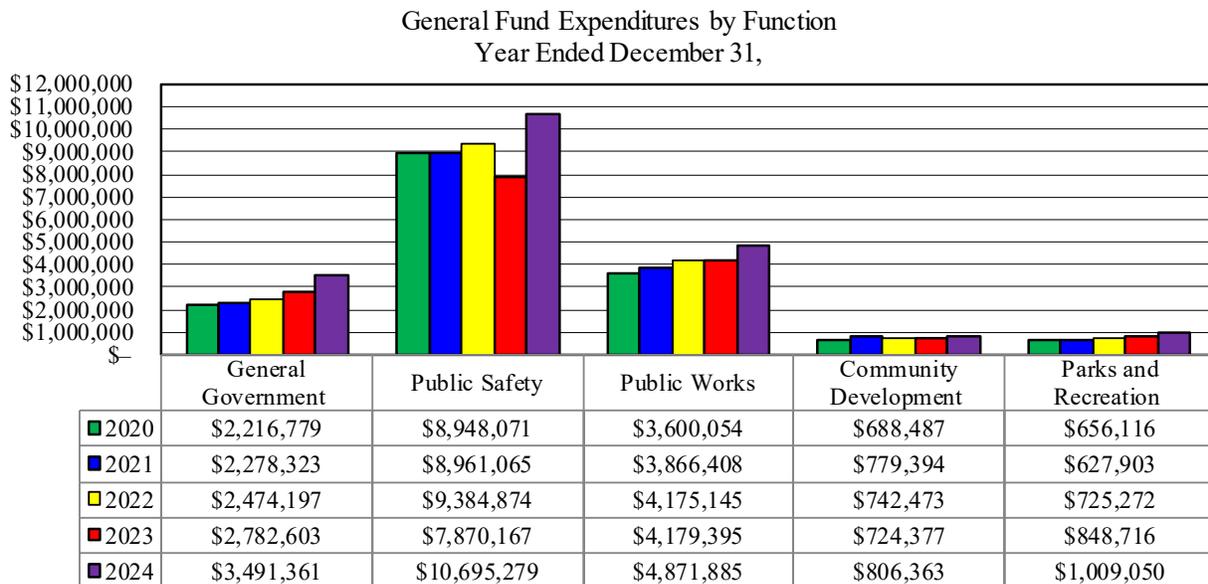
Total General Fund revenue for 2024 was \$1,571,083 (7.9 percent) higher than last year, mainly in intergovernmental and charges for services. Intergovernmental revenues increased \$975,946, due to increased local government aid received in the current year. Charges for services increased \$355,538, mainly due to increased engineering charges.

The following graph illustrates the components of General Fund spending for 2024 compared to budget, excluding the contingency category:



General Fund expenditures for 2024 were \$20,873,938, which was \$351,248 (1.7 percent) under budget. Public safety expenditures were \$711,273 under budget, mainly in police personal services costs due to vacant positions during the year. This variance was offset by general government expenditures, which were \$468,950 over budget, due to higher than anticipated costs for the city attorney.

The following graph presents the City’s General Fund expenditures by function for the last five years:



Total General Fund expenditures for 2024 were \$4,468,680 (27.2 percent) higher than the previous year, mainly due to the increase in the public safety function. Public safety expenditures increased \$2,825,112, due to the City recognizing public safety expenditures in the General Fund in the current year, but were funded by the coronavirus state and local fiscal recovery funds in the ARPA Special Revenue Fund in the prior year. General government expenditures increased \$708,758, mainly in higher costs for the city attorney. Public works expenditures increased \$692,490, mainly in the public works and parks facilities and maintenance departments.

ENTERPRISE FUNDS OVERVIEW

The City maintains several enterprise funds to account for services the City provides that are financed primarily through fees charged to those utilizing the service. This section of the report provides you with an overview of the financial trends and activities of the City’s enterprise funds, which include the Water and Sewer Utility, Storm Water Utility, Street Light Utility, and Low Rent Housing Funds.

ENTERPRISE FUNDS FINANCIAL POSITION

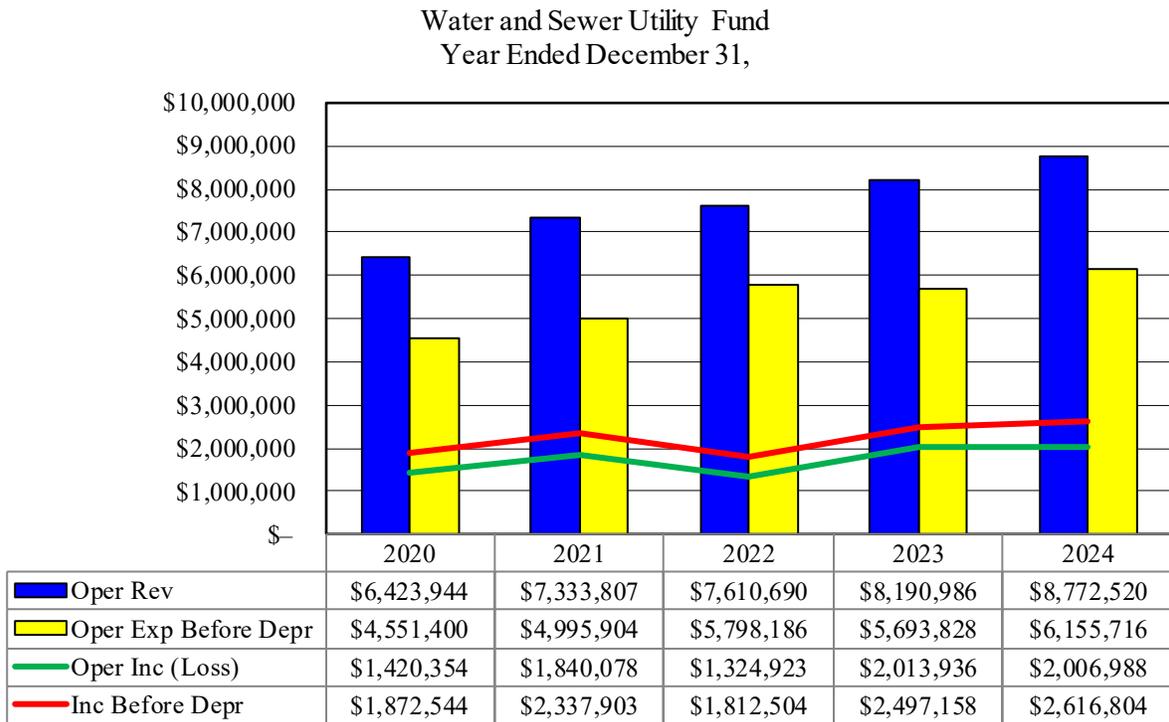
The following table summarizes the changes in the financial position of the City’s enterprise funds during the year ended December 31, 2024, presented both by classification and by fund:

Enterprise Funds Change in Financial Position			
	Net Position as of December 31,		Change
	2023	2024	
Net position of enterprise funds			
Total by classification			
Net investment in capital assets	\$ 34,261,751	\$ 35,064,701	\$ 802,950
Unrestricted	<u>15,336,900</u>	<u>18,429,196</u>	<u>3,092,296</u>
Total enterprise funds	<u>\$ 49,598,651</u>	<u>\$ 53,493,897</u>	<u>\$ 3,895,246</u>
Total by fund			
Water and Sewer Utility	\$ 30,523,499	\$ 32,497,150	\$ 1,973,651
Storm Water Utility	11,754,791	11,539,134	(215,657)
Street Light Utility	568,297	672,433	104,136
Low Rent Housing	<u>6,752,064</u>	<u>8,785,180</u>	<u>2,033,116</u>
Total enterprise funds	<u>\$ 49,598,651</u>	<u>\$ 53,493,897</u>	<u>\$ 3,895,246</u>

In total, the net position of the City’s enterprise funds increased \$3,895,246 during the year ended December 31, 2024, including a \$170,200 increase to beginning net position for the change in accounting principle discussed previously, and an increase of \$3,725,046 from current year operations. Unrestricted net position increased \$3,092,296, due to positive operating results in the current year.

WATER AND SEWER UTILITY FUND

The following graph presents five years of comparative operating results for the City's Water and Sewer Utility Fund:



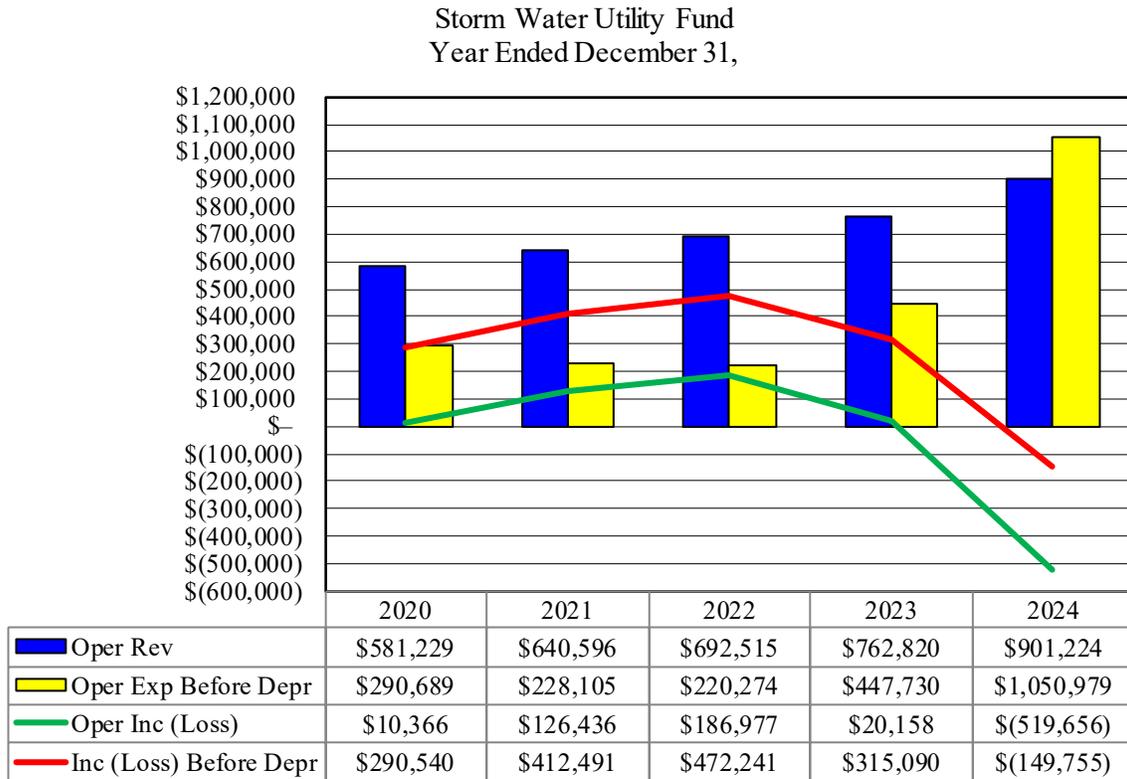
The Water and Sewer Utility Fund ended 2024 with a total net position of \$32,497,150, an increase of \$1,973,651 from the prior year. Of this, \$18,379,502 represents the net investment in utility distribution system capital assets, leaving \$14,117,648 of unrestricted net position.

Operating revenue in the Water and Sewer Utility Fund was \$8,772,520, an increase of \$581,534 (7.1 percent) from the prior year, due to an approved rate increase in the current year.

Water and Sewer Utility Fund operating expenses before depreciation for 2024 were \$6,155,716, an increase of \$461,888 (8.1 percent) from the previous year. The largest factor contributing to the change was due to an increase in contractual services in the current year.

STORM WATER UTILITY FUND

The following graph presents five years of comparative operating results for the City's Storm Water Utility Fund:



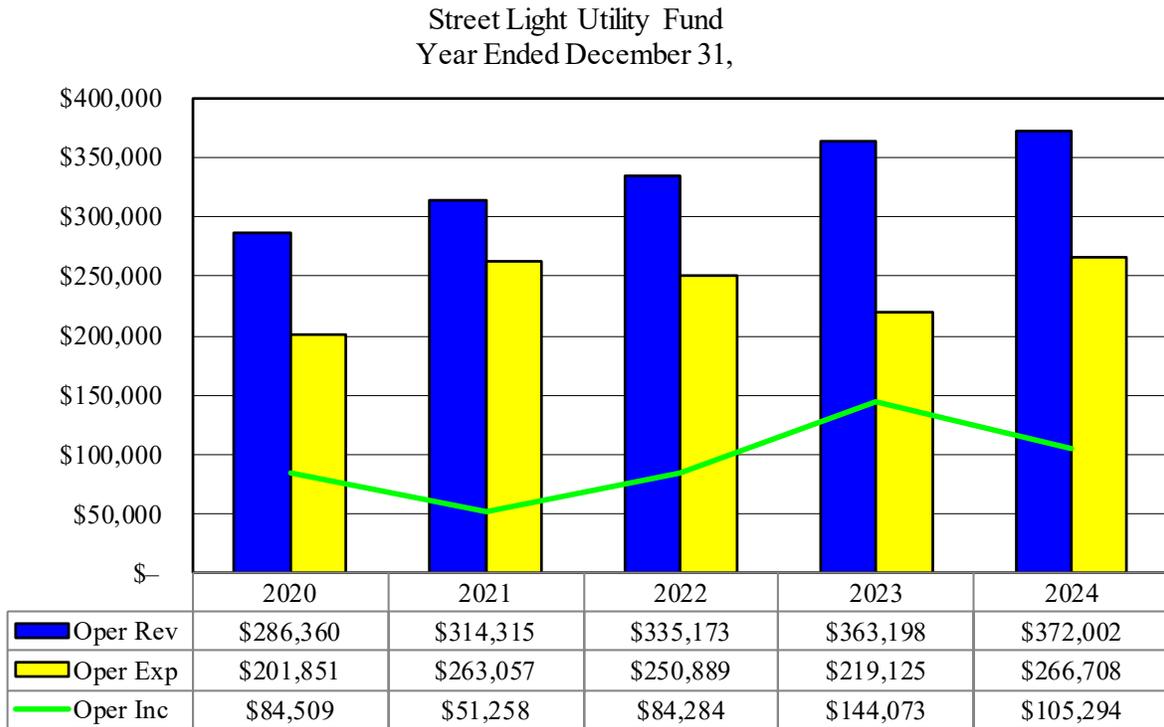
The Storm Water Utility Fund ended 2024 with a total net position of \$11,539,134, a decrease of \$215,657 from the prior year. Of this, \$10,949,664 represents the City's net investment in its storm water collection system capital assets, leaving an unrestricted net position of \$589,470.

Operating revenue in the Storm Water Utility Fund was \$901,224, an increase of \$138,404 (18.1 percent) from the prior year, due to a rate increase. Storm Water Utility Fund operating expenses before depreciation for 2024 were \$1,050,979, an increase of \$603,249 (134.7 percent), mainly in materials and supplies due to increased repairs and maintenance projects.

During the current year, this utility operation recognized capital contributions of \$245,310.

STREET LIGHT UTILITY FUND

The following graph presents five years of comparative operating results for the City’s Street Light Utility Fund:

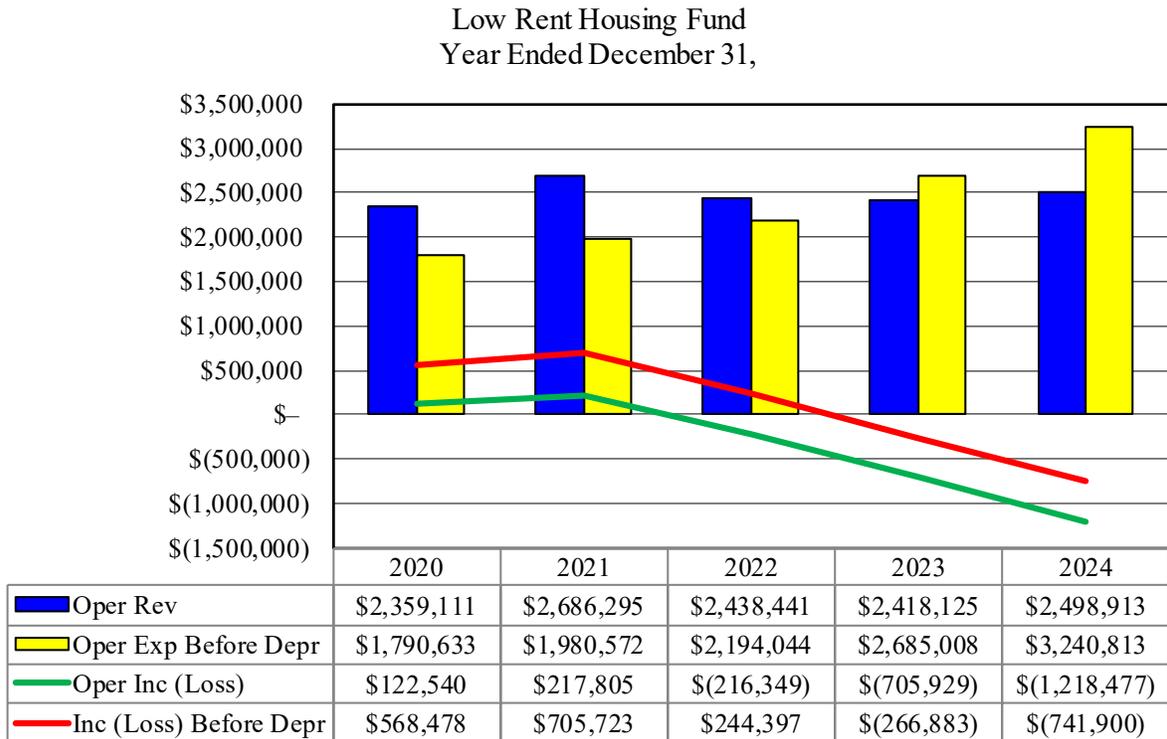


The Street Light Utility Fund ended 2024 with a total net position of \$672,433, an increase of \$104,136 from the prior year. This entire balance represents unrestricted net position.

Street Light Utility Fund operating revenue for fiscal 2024 was \$372,002, an increase of \$8,804 (2.4 percent) from the prior year. Operating expenses for 2024 were \$266,708, an increase of \$47,583 (21.7 percent), mainly due to increased materials and supplies.

LOW RENT HOUSING FUND

The following graph presents five years of comparative operating results for the City's Low Rent Housing Fund:



The Low Rent Housing Fund ended 2024 with a total net position of \$8,785,180, an increase of \$1,862,916 from the prior year, excluding the change in accounting principle. Of this, \$5,735,535 represents the investment in low rent housing capital assets, leaving \$3,049,645 of unrestricted net position.

Operating revenue (including intergovernmental revenue) in the Low Rent Housing Fund was \$2,498,913, an increase of \$80,788 (3.3 percent) from the prior year, mainly due to an increase in operating grants and intergovernmental revenue received in the current year.

Low Rent Housing Fund operating expenses before depreciation for 2024 were \$3,240,813, an increase of \$555,805 (20.7 percent) from the previous year, mainly in increased contractual service costs for the John Carroll remodel.

During the current year, this utility operation recognized capital contributions of \$2,963,130.

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

In addition to fund-based information, the current reporting model for governmental entities also requires the inclusion of two government-wide financial statements designed to present a clear picture of the City as a single, unified entity. These government-wide financial statements provide information on the total cost of delivering services, including capital assets and long-term liabilities.

STATEMENT OF NET POSITION

The Statement of Net Position essentially tells you what the City owns and owes at a given point in time, the last day of the fiscal year. Theoretically, net position represents the resources the City has leftover to use for providing services after its debts are settled. However, those resources are not always in spendable form, or there may be restrictions on how some of those resources can be used. Therefore, net position is divided into three components: net investment in capital assets, restricted, and unrestricted.

The following table presents the components of the City's net position as of December 31, 2023, and 2024, for governmental activities and business-type activities:

	As of December 31,		Change
	2023	2024	
Net position			
Governmental activities			
Net investment in capital assets	\$ 72,179,718	\$ 82,267,766	\$ 10,088,048
Restricted	20,343,566	18,491,139	(1,852,427)
Unrestricted	6,701,776	7,362,578	660,802
Total governmental activities	<u>99,225,060</u>	<u>108,121,483</u>	<u>8,896,423</u>
Business-type activities			
Net investment in capital assets	34,261,751	35,064,701	802,950
Unrestricted	14,968,654	18,150,678	3,182,024
Total business-type activities	<u>49,230,405</u>	<u>53,215,379</u>	<u>3,984,974</u>
Total net position	<u>\$ 148,455,465</u>	<u>\$ 161,336,862</u>	<u>\$ 12,881,397</u>

Net position for governmental activities increased by \$8,896,423 in 2024, as presented above. The net investment in capital assets increased \$10,088,048 this year, mainly due to the significant amount of construction activity in the current year. The remaining change in this category of net position typically depends on the relationship of the rate at which the City is adding capital assets, the rate capital assets are being depreciated, and how the City finances the purchase and construction of capital assets. The restricted portion of net position decreased \$1,852,427, mainly due to the decrease in restricted balances for tax increment financing.

The change in net position for business-type activities is consistent with our earlier discussion for enterprise fund operations, which are presented under the same full accrual basis of accounting. This change in net position includes a \$170,200 increase to beginning net position for the change in accounting principle discussed previously.

STATEMENT OF ACTIVITIES

The Statement of Activities tracks the City's yearly revenues and expenses, as well as any other transactions that increase or reduce total net position. These amounts represent the full cost of providing services. The Statement of Activities provides a more comprehensive measure than just the amount of cash that changed hands, as reflected in the fund-based financial statements. This statement includes the cost of supplies used, depreciation of long-lived capital assets, and other accrual-based expenses.

The following table presents the change in the net position of the City for the years ended December 31, 2023, and 2024:

	Net Revenue (Expense)	
	2023	2024
Net (expense) revenue		
Governmental activities		
General government	\$ (1,804,540)	\$ (2,127,716)
Public safety	(9,024,774)	(9,743,384)
Public works	(9,855,225)	(2,828,878)
Community development	(969,934)	(1,470,274)
Parks, arena	164,105	(1,376,733)
Economic development	(164,244)	(3,184,020)
Transportation	1,034,715	2,914,302
Interest on long-term debt	(707,790)	(864,592)
Business-type activities		
Water and sewer utility	2,231,789	2,032,538
Storm water utility	39,587	(163,542)
Street light utility	148,103	105,294
Low rent housing	(228,411)	1,757,950
Total net (expense) revenue	(19,136,619)	(14,949,055)
General revenues		
General property taxes	16,838,976	17,368,768
Tax increments	2,468,456	3,390,691
Franchise tax	1,546,224	1,346,855
Unrestricted grants and contributions	5,038,648	3,740,833
Investment income	1,316,963	1,682,799
Gain on sale of capital assets	66,804	130,306
Total general revenues	27,276,071	27,660,252
Change in net position	\$ 8,139,452	\$ 12,711,197

One of the goals of this statement is to provide a side-by-side comparison to illustrate the difference in the way the City's governmental and business-type operations are financed. The table clearly illustrates the dependence of the City's governmental operations on general revenues, such as property taxes and unrestricted grants. It also shows if the City's business-type activities are generating sufficient program revenues (service charges and program-specific grants) to cover expenses. This is critical given the current downward pressures on the general revenue sources. The change in public works is due to increased capital grants and contributions received for street improvement projects. The change in economic development is due to increased tax increment financing activity in the current year. Unrestricted grants and contributions decreased with the recognition of coronavirus state and local fiscal recovery funds in the prior year.

ACCOUNTING AND AUDITING UPDATES

The following is a summary of Governmental Accounting Standards Board (GASB) standards expected to be implemented in the next few years.

GASB STATEMENT NO. 102, *CERTAIN RISK DISCLOSURES*

The objective of this statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints.

This statement defines a *concentration* as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A *constraint* is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. Concentrations and constraints may limit a government's ability to acquire resources or control spending.

A government will be required to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, a government must assess whether an event or events associated with a concentration or constraint that could cause the substantial impact to have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information (as outlined in the standard) in the notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. The disclosures should also include any actions taken by the government to mitigate the risk.

The requirements of this statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Earlier application is encouraged.

GASB STATEMENT NO. 103, *FINANCIAL REPORTING MODEL IMPROVEMENTS*

The objective of this statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This statement also addresses certain application issues.

This statement continues the requirement that the basic financial statements be preceded by management's discussion and analysis (MD&A), which is presented as required supplementary information (RSI). This statement requires that the information presented in MD&A be limited to the related topics discussed in five sections: (1) Overview of the Financial Statements, (2) Financial Summary, (3) Detailed Analyses, (4) Significant Capital Asset and Long-Term Financing Activity, and (5) Currently Known Facts, Decisions, or Conditions. Furthermore, this statement stresses that the detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed. In addition, this statement continues the requirement that information included in MD&A distinguish between that of the primary government and its discretely presented component units.

This statement defines unusual or infrequent items as transactions and other events that are either unusual in nature or infrequent in occurrence and requires governments to display the inflows and outflows related to each unusual or infrequent item separately.

This statement requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses. In addition to the subtotals currently required in a proprietary fund statement of revenues, expenses, and changes in fund net position, this statement requires that a subtotal for operating income (loss) and noncapital subsidies be presented before reporting other nonoperating revenues and expenses.

This statement requires governments to present each major component unit separately in the reporting entity's statement of net position and statement of activities if it does not reduce the readability of the statements. If the readability of those statements would be reduced, combining statements of major component units should be presented after the fund financial statements.

This statement requires governments to present budgetary comparison information using a single method of communication—RSI. Governments also are required to present (1) variances between original and final budget amounts and (2) variances between final budget and actual amounts. An explanation of significant variances is required to be presented in notes to RSI.

The requirements of this statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.

GASB STATEMENT NO. 104, *DISCLOSURE OF CERTAIN CAPITAL ASSETS*

The objective of this statement is to provide users of government financial statements with essential information about certain types of capital assets.

This statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by GASB Statement No. 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this statement requires intangible assets other than those three types to be disclosed separately by major class.

This statement also requires additional disclosures for capital assets held for sale. A capital asset is considered held for sale if (a) the government has decided to pursue the sale of the capital asset and (b) it is probable that the sale will be finalized within one year of the financial statement date. Governments should consider relevant factors to evaluate the likelihood of the capital asset being sold within the established time frame. Capital assets held for sale are required to be evaluated each reporting period. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset.

The requirements of this statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.

CITY OF SOUTH ST. PAUL
DAKOTA COUNTY, MINNESOTA

Special Purpose Audit Reports

Year Ended
December 31, 2024



Certified Public Accountants Business Consultants

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CITY OF SOUTH ST. PAUL
DAKOTA COUNTY, MINNESOTA

Table of Contents

	Page
Schedule of Expenditures of Federal Awards	1
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 <i>Government Auditing Standards</i>	2–3
Independent Auditor’s Report on Compliance for Each Major Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	4–6
Independent Auditor’s Report on Minnesota Legal Compliance	7
Schedule of Findings and Questioned Costs	8–9

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CITY OF SOUTH ST. PAUL

Schedule of Expenditures of Federal Awards
Year Ended December 31, 2024

Federal Grantor/Pass-Through Grantor/Program Title	Federal ALN	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Housing and Urban Development			
Direct program			
Public Housing Operating Fund	14.850	\$ 1,157,693	
Direct program			
Public Housing Capital Fund	14.872	2,984,703	
U.S. Department of Justice			
Direct program			
Bulletproof Vest Partnership Program	16.607	7,916	
Direct program			
Public Safety Partnership and Community Policing Grants	16.710	85,000	
U.S. Department of Transportation			
Passed through the Minnesota Department of Transportation			
Airport Improvement Program	20.106	1,694,869	
Passed through the Minnesota Department of Public Safety			
Highway Safety Cluster			
State and Community Highway Safety	20.600	\$ 69,883	\$ 68,570
National Priority Safety Programs	20.616	<u>6,881</u>	6,881
Total for Highway Safety Cluster		76,764	
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	85,103	83,047
U.S. Environmental Protection Agency			
Passed through the Minnesota Public Facilities Authority			
Drinking Water State Revolving Fund	66.468	<u>6,057,984</u>	
Total federal awards		<u>\$ 12,150,032</u>	

Note 1: The Schedule of Expenditures of Federal Awards is prepared on the accrual basis of accounting. The information in this schedule is presented in accordance with the OMB's *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from the amounts presented in, or used in the preparation of, the City's basic financial statements.

Note 2: Unless noted in the table above, the pass-through entities use the same federal assistance listing numbers (ALN) as the federal grantors to identify these grants, and have not assigned any additional identifying numbers.

Note 3: The City did not elect to use the 10 percent de minimis indirect cost rate.

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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 City Council and Management
City of South St. Paul, 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, each major fund, and the aggregate remaining fund information of the City of South St. Paul, Minnesota (the City) as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated June 25, 2025.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

(continued)

REPORT ON COMPLIANCE AND OTHER MATTERS

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

PURPOSE OF THIS REPORT

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

Respectfully submitted,

A handwritten signature in black ink that reads "LB Carlson, LLP". The signature is written in a cursive, flowing style.

LB CARLSON, LLP
Minneapolis, Minnesota

June 25, 2025



INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM; REPORT ON INTERNAL CONTROL
OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

To the City Council and Management
City of South St. Paul, Minnesota

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

OPINION ON EACH MAJOR FEDERAL PROGRAM

We have audited the City of South St. Paul, Minnesota’s (the City) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget *Compliance Supplement* that could have a direct and material effect on each of the City’s major federal programs for the year ended December 31, 2024. The City’s major federal programs are identified in the Summary of Audit Results section of the accompanying Schedule of Findings and Questioned Costs.

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

BASIS FOR OPINION ON EACH MAJOR FEDERAL PROGRAM

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

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City’s compliance requirements referred to above.

(continued)

RESPONSIBILITIES OF MANAGEMENT FOR COMPLIANCE

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF COMPLIANCE

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to on the previous page and performing such other procedures as we consider necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

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

(continued)

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

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

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

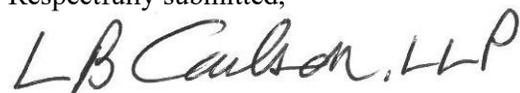
Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated June 25, 2025, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Respectfully submitted,



LB CARLSON, LLP
Minneapolis, Minnesota

June 25, 2025

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INDEPENDENT AUDITOR'S REPORT

ON MINNESOTA LEGAL COMPLIANCE

To the City Council and Management
City of South St. Paul, 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, each major fund, and the aggregate remaining fund information of the City of South St. Paul, Minnesota (the City) as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 25, 2025.

MINNESOTA LEGAL COMPLIANCE

In connection with our audit, nothing came to our attention that caused us to believe that the City failed to comply with the provisions of the contracting – 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 Minnesota Statutes § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

A handwritten signature in black ink that reads 'LB Carlson, LLP'.

LB CARLSON, LLP
Minneapolis, Minnesota

June 25, 2025

CITY OF SOUTH ST. PAUL

Schedule of Findings and Questioned Costs
Year Ended December 31, 2024

A. SUMMARY OF AUDIT RESULTS

This summary is formatted to provide federal granting agencies and pass-through agencies answers to specific questions regarding the audit of federal awards.

Financial Statements

What type of auditor’s report is issued? X Unmodified
 Qualified
 Adverse
 Disclaimer

Internal control over financial reporting:

Material weakness(es) identified? Yes X No
Significant deficiency(ies) identified? Yes X None reported
Noncompliance material to the financial statements noted? Yes X No

Federal Awards

Internal controls over major federal award programs:

Material weakness(es) identified? Yes X No
Significant deficiency(ies) identified? Yes X None reported

Type of auditor’s report issued on compliance for major programs?

U.S. Department of Housing and Urban Development
Public Housing Capital Fund Unmodified
U.S. Environmental Protection Agency
Drinking Water State Revolving Fund Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes X No

Programs tested as major programs:

Program or Cluster	Federal ALN
U.S. Department of Housing and Urban Development Public Housing Capital Fund	14.872
U.S. Environmental Protection Agency Drinking Water State Revolving Fund	66.468

Threshold for distinguishing type A and B programs: \$ 750,000

Does the auditee qualify as a low-risk auditee? Yes X No

CITY OF SOUTH ST. PAUL

Schedule of Findings and Questioned Costs (continued)
Year Ended December 31, 2024

B. FINANCIAL STATEMENT FINDINGS

None.

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

D. MINNESOTA LEGAL COMPLIANCE FINDINGS

None.

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Corrective Action Plans and
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2024

A. FINANCIAL STATEMENT FINDINGS

None.

B. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

C. MINNESOTA LEGAL COMPLIANCE FINDINGS

None.

D. SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No audit findings were reported for the year ended December 31, 2023.