City of North St. Paul
City Council
Workshop Meeting Agenda

May 20, 2025
5:15 PM

The City Council Workshop Meeting will be conducted on **May 20, 2025** at 5:15 p.m. in the Council Chambers at City Hall, located at 2400 Margaret St., North St. Paul.

You can watch the meeting on our YouTube channel here: **tinyurl.com/NSPYouTube**

I. Call to Order

II. Roll Call
Council Member McKenzie
Council Member Schweer
Council Member Woods
Council Member Nordby
Mayor Monge

III. Adopt Agenda

IV. Topic(s)
A. Review of the 2024 Financial Report with the City's Audit Firm of LB Carlson, LLP

V. Other Business

VI. Adjournment

The next regularly scheduled City Council Workshop meeting is June 3, 2025.

NORTH ST. PAUL
extraordinary.

Agenda Information Memorandum

To	Date
Honorable Mayor Monge and City Council	May 20, 2025

Agenda Placement # IV.A

Topic(s)

Subject

Review of the 2024 Financial Report with the City's Audit Firm of LB Carlson, LLP

Background/Facts

Each year at the conclusion of their audit, the city's auditors review the Comprehensive Annual Financial Report (ACFR) with the city council. Jackie Huegel, Partner, with the City's auditing firm, LB Carlson, LLP will present the 2024 Annual Comprehensive Finance Report (ACFR) and review their Management Report at the City Council Workshop on May 20, 2025.

Included with the council packet are five separate documents; the first document, and largest, is a copy of the Annual Comprehensive Financial Report, the second is auditor's Management Report, the third is the Report on Compliance for the U.S. Department of Treasury Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) ,the fourth is the Special Purpose Audit Report including opinions on compliance with Government Auditing Standards and Legal Compliance, and the five is the Corrective Action Plan and Summary Schedule of Prior Audit Findings. The Annual Comprehensive Financial Report will also be posted on the City's website. Last year was the 37th consecutive year that the City of North St. Paul participated in and was awarded the Certificate of Achievement for Excellence in Financial Reporting program administered by the Governmental Finance Officers Association (GFOA). Staff believes that the current year's submission will also meet the requirements to receive the award.

Recommended Action

For City Council review.

Attachments

1. 6340 2024 NSP Fin Stmts
2. 6340 2024 NSP Mgmt Rpt
3. 6340 2024 NSP Unmodified Compliance Opinion
4. 6340 2024 NSP Spec Purp
5. 2024 Corrective Action Plan and Summary Schedule of Prior Audit Findings

Respectfully submitted,

Daniel Winek, Finance Director

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2024

City of North St. Paul, Minnesota

extraordinary.

CITY OF NORTH ST. PAUL
RAMSEY COUNTY, MINNESOTA

Annual Comprehensive Financial Report

for the Fiscal Year Ended
December 31, 2024

Brian Frandle
City Manager

Report Prepared by
Department of Finance

Member of Government Finance Officers Association
of the United States and Canada

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CITY OF NORTH ST. PAUL

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INTRODUCTORY SECTION

NORTH ST.PAUL

May 14, 2025

To the Honorable Mayor, Council Members, and Citizens
City of North St. Paul
North St. Paul, Minnesota 55109

INTRODUCTION

The Annual Comprehensive Financial Report (ACFR) of the City of North St. Paul, Minnesota (the City) for the fiscal year ended December 31, 2024 is hereby submitted. The report was prepared in accordance with accounting principles generally accepted in the United States of America as established by the Governmental Accounting Standards Board.

The report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse, and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with accounting principles generally accepted in the United States of America. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that to the best of our knowledge and belief, this ACFR is complete and reliable, in all material respects.

The City's financial statements have been audited by LB Carlson, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended December 31, 2024, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended December 31, 2024 are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

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Accounting principles generally accepted in the United States of America 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's MD&A can be found immediately following the report of the independent auditors.

Accounting for all of the City's activities is centralized under the finance department. The finance department has been delegated the responsibility for maintaining the integrity of city financial data reported. In fulfilling this responsibility, the finance department has prepared the accompanying financial statements.

Providing reliable financial information requires the establishment of accounting records adequately supported by internal controls. City administration believes the existing internal controls are adequate to provide reasonable assurance that city assets are safeguarded against loss and that financial records are reliable for preparing financial statements and maintaining accountability for assets.

PROFILE OF THE GOVERNMENT

The City, incorporated in 1887, is located in northeastern Ramsey County, and is a first ring northern suburb of the Minneapolis-St. Paul metropolitan area. This area is considered the major population and economic growth area in the state, and among the highly ranked economic growth areas in the country. The City encompasses an area of 3 square miles and serves an estimated population of 12,574. The City is empowered to levy a property tax on both real and certain personal properties located within its borders.

The City operates as a Statutory Plan B City, the council-manager form of government, under Minnesota law. Policymaking is vested in a City Council consisting of the mayor and four councilmembers. The City Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring both the city manager and the city attorney. The city manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City, for hiring staff, and appointing the heads to various departments. The mayor and councilmembers each serve four-year terms.

The City provides a full complement of municipal services. This includes public safety (police, fire, and code enforcement), public works (engineering and streets), parks and recreation, community development, and general government. The City also operates a number of enterprise activities including electric, water, surface water, waste water, fiber optic, and solid waste. Further information regarding city services can be obtained from the City's website at www.northstpaul.org.

The North St. Paul Housing and Redevelopment Authority (HRA) is a separate legal entity organized pursuant to Minnesota Statutes, Section 469, and is included as a blended component unit. The HRA is considered a component unit because the governing body is comprised of the City Council. Also, the HRA is in a relationship of financial benefit or burden with the City.

The North St. Paul Economic Development Authority (EDA) is a separate legal entity organized pursuant to Minnesota Statutes, Section 469, and is included as a discretely presented component unit. The EDA is considered a component unit because the governing body is comprised of two City Council members with all other members being appointed by the City Council. Also, the EDA is in a relationship of financial benefit or burden with the City.

The North St. Paul Fire Department Relief Association is a separate legal entity, and is included only in the government-wide financial statements. Additional information on this legally separate entity can be found in Note 9 of the notes to basic financial statements.

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The annual budget serves as the foundation for the City's financial planning and control. All departments of the City submit requests for appropriations to the city manager in May of each year. The city manager uses these requests as the starting point for developing their recommended budget. The city manager then presents the recommended budget to the City Council for review. The City will adopt a proposed preliminary tax levy prior to September 30. According to Minnesota Statutes, this proposed preliminary tax levy can be subsequently decreased, but not increased (the state does allow a few exceptions) when it is adopted as a final tax levy in December. The City Council is required to hold a public hearing on the proposed budget and to adopt a final budget by December 31, the close of the City's fiscal year.

The appropriated budget is prepared by fund, department, and activity. The city manager may make transfers between departments or activities. Transfers between funds must be approved by the City Council. Budget-to-actual comparisons are formally prepared quarterly for the City Council and management. For the General Fund, this comparison is presented in Statement 7 as part of the basic financial statements for governmental funds.

LOCAL ECONOMY

The City is located within Ramsey County and is part of the Minneapolis-St. Paul seven county metropolitan area; an economically diverse environment with an equally diverse labor force. In December 2024, the unemployment rate for Ramsey County was 2.6 percent, compared to the national rate of 4.1 percent. The Minneapolis-St. Paul-Bloomington area consumer price index was up 2.5 percent for 2024, compared to 2.9 percent nationally. These figures display the strength of the local economy compared to the national average.

The City's tax base is comprised mainly of residential property. The 10 largest taxpayers make up about 12.9 percent of the City's taxable net tax capacity. This provides the City with a stable source of property tax revenue. The City's largest private employers are Berwald Roofing and Target Stores, Inc. Berwald Roofing employs approximately 177 people. Target Stores, Inc. employs approximately 172 people and is part of a large national chain of stores.

Because of the fully developed nature of the community, the opportunity for expanding the tax base is limited. As the development of the former Anchor Block site is completed, the City's focus is on the redevelopment of underutilized properties, both residential and commercial. Specific focus is directed at the redevelopment of the City's historical downtown district, with additional residential units and a restaurant.

LONG-TERM PLANNING AND MAJOR INITIATIVES

Factors Affecting Financial Condition

The City is committed to maintaining a strong financial condition, while continuing to provide public services to its residents and businesses. The City's financial position, as reflected in the financial statements presented in the reports, is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

Financial Planning

The City places a high priority on planning for future growth. Staff uses 10-year financial revenue and expenditure models during the annual preparation of the budget for the General Fund, Housing Redevelopment Authority, Community Center, Park, Economic Development Authority, and enterprise funds. Furthermore, the City Council and staff compile a 10-year Capital Improvement Plan (CIP), which addresses the future building and infrastructure projects necessary to address the new residential and commercial property outlined in the City's 2040 Comprehensive Plan.

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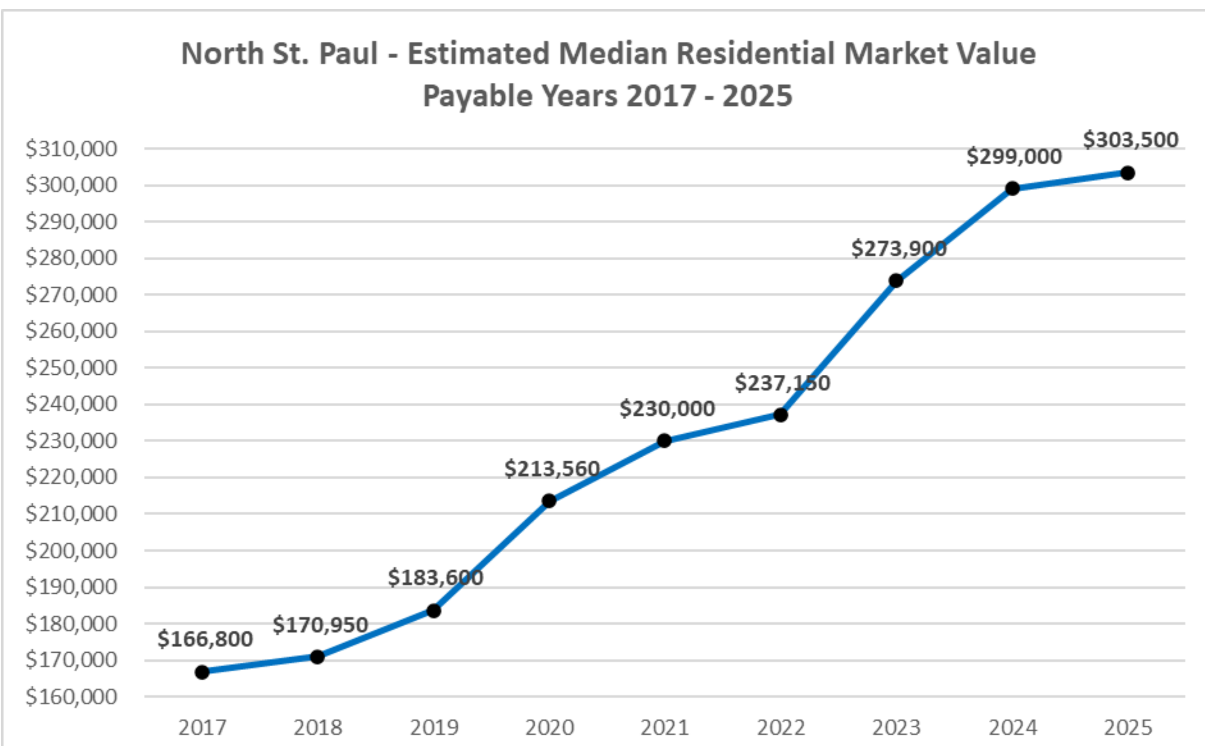
The City maintains several internal service funds, including equipment, city mechanic, insurance, information technology, and building maintenance. The funding for these programs is through the internal service fund rate charges, which are determined by departmental use, replacement plans, and determination of the remaining life. The internal service funds continue to be reviewed and updated as community needs and City Council directives are considered during each budget cycle.

Related to the establishment of multiple tax increment financing (TIF) districts, the City has entered into several pay-as-you-go notes (the "tax abatements") (see Note 14) with private developers to facilitate certain development and redevelopment projects within the City, but for the use of tax increment financing and the City financing of a portion of the extraordinary costs related to the projects, the development/redevelopment activities would not have occurred. The tax abatements have resulted in substantial taxable value increases for the City that will assist with long-term financial planning of financing required capital improvements, while maintaining level annual levies and tax rate. Once decertified, the captured tax capacity of the TIF districts have resulted (and will continue in the future as newer districts are decertified) to enhance and diversify the City's tax base.

Housing Values

Home values in the City are continuing on a positive trend, reflecting the recovery of the housing market. The assessor's estimated residential market values increased on the median valued home approximately 9.2 percent for 2024 taxes payable. Since 2013, the City has the largest cumulative increase in residential market values of any city/township within Ramsey County. Preliminary assessor values for 2025 continue this positive trend with an increase of 1.5 percent.

Increase (Decline) in Median Residential Value	
2018	2.5%
2019	7.4%
2020	16.3%
2021	7.7%
2022	3.1%
2023	15.5%
2024	9.2%
2025 Prelim	1.5%



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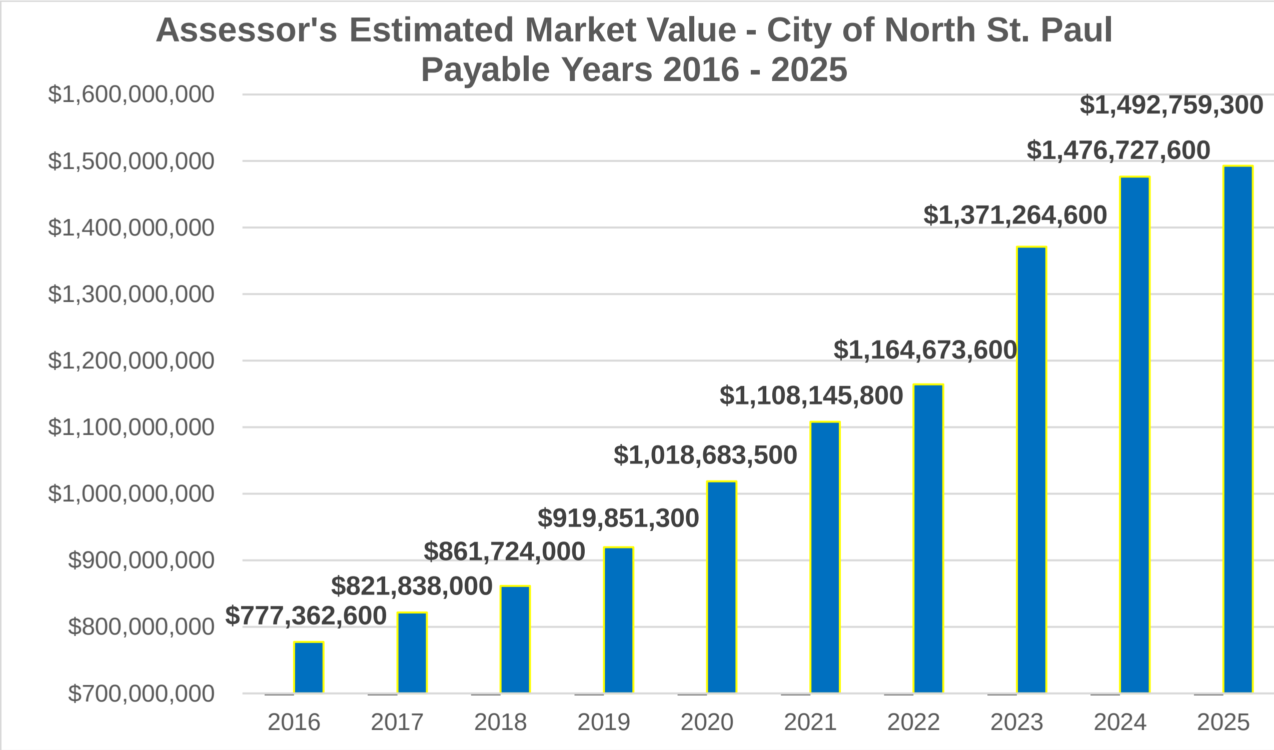
Market Values

Total market value increased by $105.5 million in payable year 2024, resulting from improved market conditions. Conditions are expected to continue improving at a slower rate, with preliminary county assessor data for payable 2025 assessed values showing an estimated market value of $1.5 billion. Total market value increased by $16.0 million.



Major Initiatives

<u>Development Projects</u>

Lillie Redevelopment
The Lillie Redevelopment Project is an 82-unit apartment complex, Article 7, is located at the northeast corner of 7th Avenue East and Helen Street. The project received four grant awards, as well as the creation of a tax increment district. The project was completed November 2024 and residents started moving in December 2024.

17th Avenue and Delaware Street Townhomes
The 17th Avenue and Delaware Street development is nearing the halfway point of completion. The development includes five twin homes with three buildings facing 17th Avenue and two buildings facing Delaware Avenue.

Student-Built Housing
The City purchased and demolished a dilapidated home at 2172 Eldridge Avenue East. The City Council approved a lot split on the property allowing the Student-Built Home program to construct one home in 2023 and another home in 2024. Both homes have sold and the City has started another home at 2007 6th Street North.

Taco Bell
A new Taco Bell was built and opened on McKnight Road. The project included work with Ramsey County on driveway access to McKnight Road for the development.

Infrastructure Improvements

Electric Utility Improvements
The Electric Utility has completed an improvement project to move the City's conduits underground in the neighborhoods of Hazel Street, Craig Place, German Street, Standish and Jennifer Lane.

Downtown Street Improvement Project
The City's downtown street improvement plans were completed in the fall of 2023. The City is completing the final installation of park benches, bike racks and landscaping.

Sanitary Sewer Cleaning / Televising
The City continues its sanitary sewer cleaning and televising on large sections of the City's system. Contractors are making simple repairs and collecting data on the health of the system for future infrastructure projects.

Flood Resiliency Study
The City worked with WSB to conduct a flood resiliency study. City staff, along with representatives from the Ramsey Washington Watershed District worked together to make residents aware of flooding hazards and to update the City's mapping tools.

Pavement Rehabilitation
The pavement rehabilitation street and alley areas include regular bituminous mill and overlay or full depth bituminous reclamation/pavement replacement. The rehabilitation of bituminous roadway areas is based on need and pavement distress, which includes milling or reclamation of the pavement surface, spot curb and gutter repair, ADA improvements, and a bituminous asphalt pavement overlay or replacement. Sanitary sewer mainline lining and manhole structure rehabilitation or replacement, water valve manhole structure rehabilitation or replacement, and storm sewer catch basin and manhole structure rehabilitation or replacement will also be conducted within the project areas.

This is a continuation of ongoing pavement rehabilitation to maintain existing infrastructure conditions. Utility manhole structure rehabilitation or replacement will protect the investment in roadway improvements by addressing needed deficiencies in underground utility infrastructure systems under and embedded within the roadway areas to be improved. Sanitary sewer mainlines lining and point repairs will likewise protect roadway improvements, and also address inflow and infiltration (I/I) caused by cracked or separated pipes.

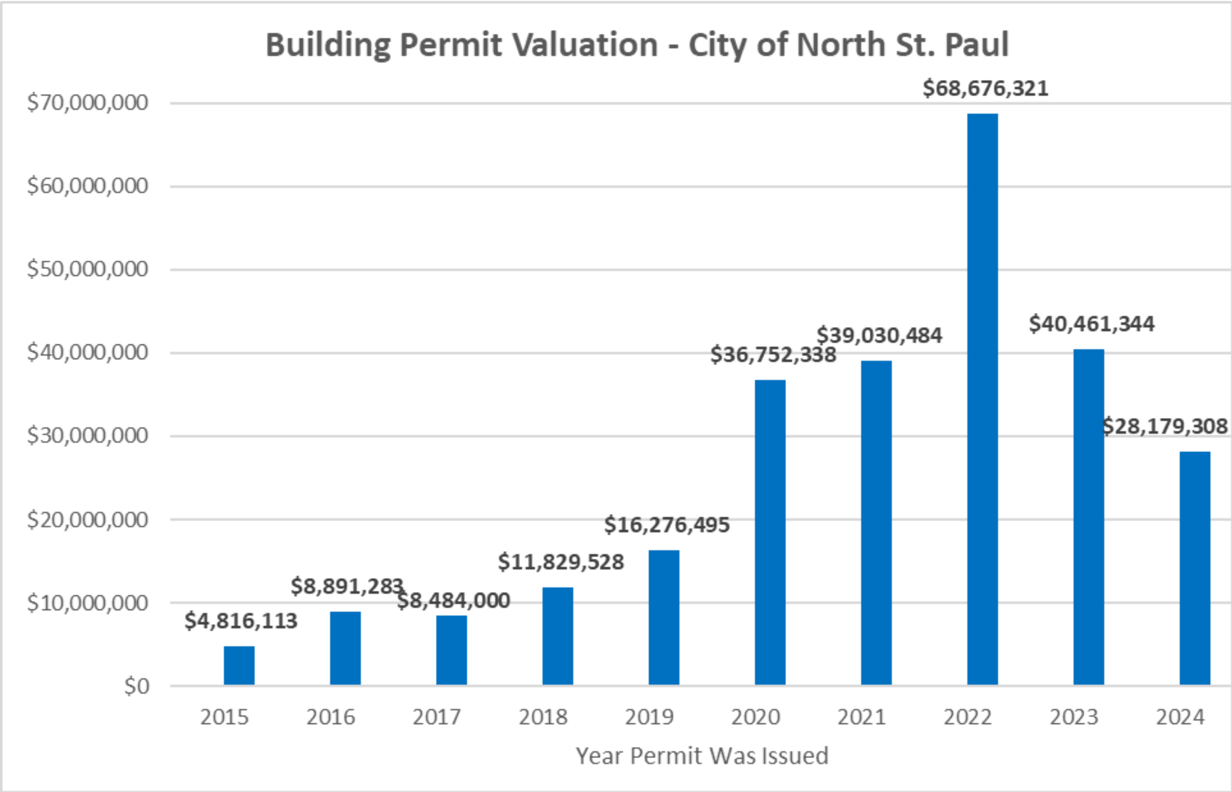
Capital Improvement Plan Update

City staff has updated the current CIP to span 10 years in 2021, an update to the five-year view that had historically been presented. The 10-year CIP identifies immediate needs, but also seeks to capture long-term capital needs throughout the City.

These initiatives will enhance the tax base, increase job opportunities, and provide amenities desired by the residents.

Building Permit Valuation

In 2021, the building permit valuation was $39.0 million, mainly as a result of the mixed-use redevelopment project on the former City Hall site, an indoor climate-controlled storage facility on the north side of the former Anchor Block site, and continuation of the townhome project that began in 2019. The 2022 building permit valuation remained strong at $68.7 million, with permits for an addition to the North St. Paul High School and city-wide roof and siding replacements, due to the major hailstorm in May of 2022. The 2023 building permit valuation continued the strong trend since 2020 with $40.5 million, with permits for the Webster Education Center Renovation and the Article 7 Apartments. The 2024 building permit valuation was $28.2 million and the City expects future permit valuations to be similar to the 2015 to 2019 average, as the remaining development projects will be completed.



Long-Term Financial Planning

In developing the annual budget, the City follows five core fiscal principals. These include:

- Focus on the provision of basic city services and fund their provision at adequate levels.
- Estimate anticipated revenues at realistic levels.
- Retain adequate reserves to protect against fiscal uncertainty.
- Anticipate continued community growth and program capital improvements to serve our growing community.
- Demonstrate strong stewardship of existing infrastructure and plan for its repair/replacement in a proactive manner.

Each year, the City updates a 10-year Pavement Management Plan (PMP). The PMP identifies the City's infrastructure that is in need of repair or reconstruction and the estimated costs associated with each project. The City also maintains internal service funds for the replacement of various capital assets. The Equipment Fund maintains reserves for the replacement of the City's fleet and heavy equipment. The Building Maintenance Fund was established for maintenance and upkeep of city-owned properties. All is incorporated into the City's 10-year CIP.

Relevant Financial Policies

In 2022, to strengthen the City's overall financial position, the City Council adopted a fund balance policy that will strive to maintain a minimum unassigned General Fund balance of 50 percent of the subsequent year's budgeted expenditures for working capital. At December 31, 2024, the unassigned fund balance for the General Fund was over 50 percent of the subsequent year's budgeted expenditures.

BOND RATING UPGRADE

S&P Global Ratings raised its long-term rating to 'AA+' from 'AA' on North St. Paul, Minnesota's general obligation (G.O.) bonds outstanding and assigned its 'AA+' long-term rating to the City's anticipated $6.5 million series 2025 G.O. street reconstruction and utility bonds.

Credit Overview

North St. Paul's credit profile benefits from the revenue stream stability and predictability derived from a primarily residential property tax base. A prudent approach to financial management, including annually updated 10-year financial and capital plans, an adopted fund balance policy, and routine budget amendments enabling the budget to track changing conditions further support credit quality. Incomes that are just average, and therefore low relative to similarly rated peers, and higher debt service carrying charges serve as the primary offsetting credit factors.

North St. Paul is a built-out residential suburb in Ramsey County. Residential properties represent 84 percent of net tax capacity, and property taxes represent two-thirds of general fund revenue. Similar to many municipalities in the Twin Cities area, North St. Paul has seen rapid property value growth in recent years as revaluations and relative scarcity in housing supply have boosted values. Management expects this to slow and is assuming roughly 2 percent annual net tax capacity increases over its 10-year forecast period.

Several years of operating surpluses have brought the available fund balance to above the 50 percent of expenditures targeted in the City's fund balance policy, adopted in 2022. Given its estimated 10 percent operating surplus in fiscal 2024 and management indicating the City is on track to likely meet or exceed its balanced fiscal 2025 budget, we expect both performance and reserves to remain credit strengths, even in the event of a broader economic slowdown. Moving forward, slower national and state-wide economic growth could somewhat pressure the City's ability to sustain recent years' stronger performance. S&P Global Ratings forecasts declining GDP growth and somewhat higher unemployment in 2025 (see "Economic Outlook U.S. Q2 2025: Losing Steam Amid Shifting Policies," published March 25, 2025 on RatingsDirect).

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its ACFR for the fiscal year ended December 31, 2023. This certificate is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a certificate, a governmental unit must publish an easily readable and efficiently organized ACFR, whose contents comply with rigorous standards of the program. Such reports must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements. The certificate is valid for a period of one year only. The City has received this certificate for the last 37 consecutive years. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report on a timely basis could not have been accomplished without the efficient services of the entire staff of the finance department and the assistance of the independent auditors.

We want to express our appreciation to the mayor and the members of the City Council for their continued interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

Brian Frandle

Brian Frandle
City Manager

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Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of North Saint Paul
Minnesota

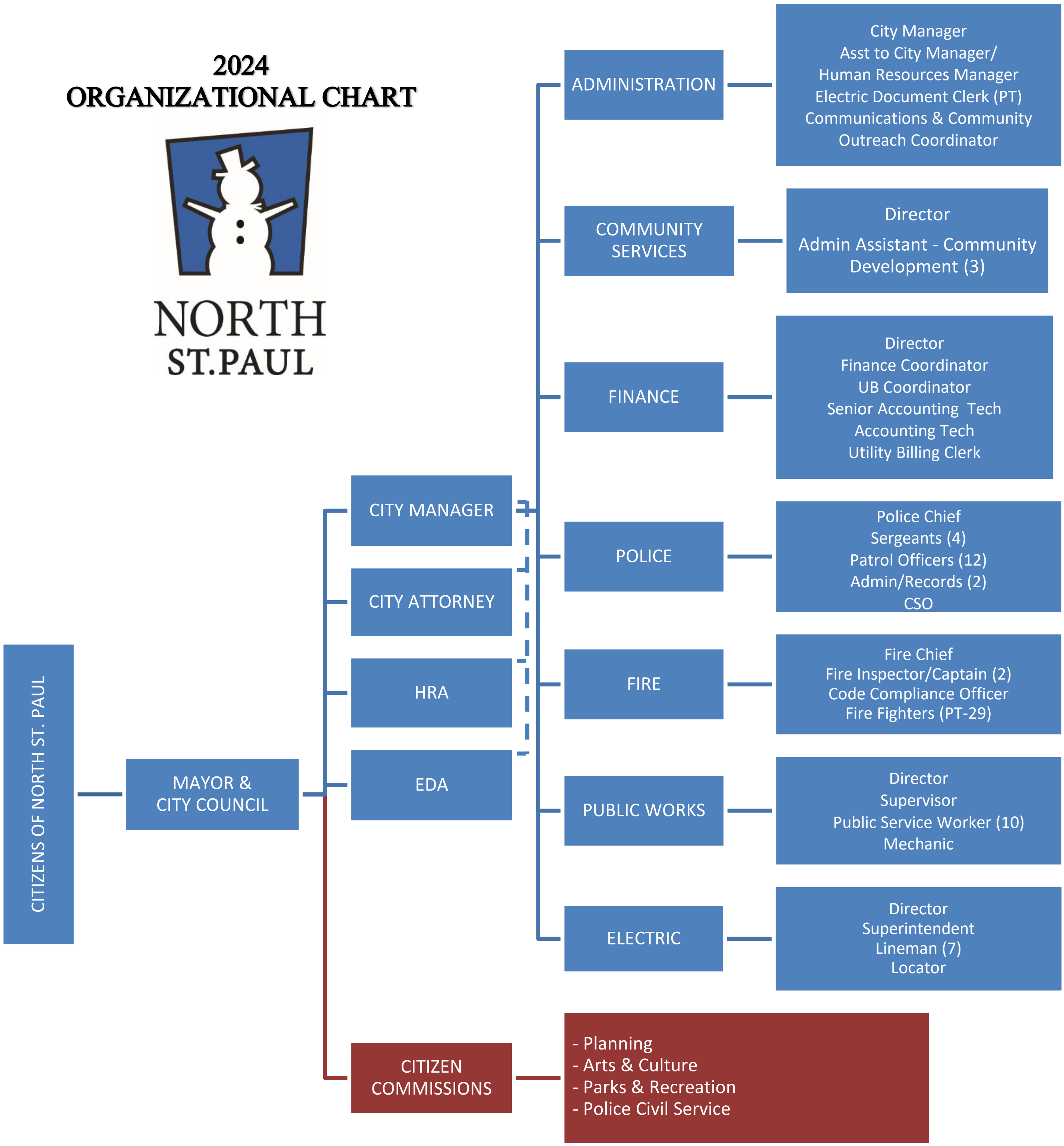
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2023

Christopher P. Morrill

Executive Director/CEO

2024
ORGANIZATIONAL CHART



CITY OF NORTH ST. PAUL

Elected Officials and Appointed Personnel
December 31, 2024

ELECTED OFFICIALS

		Term Expires
John Monge	Mayor	December 31, 2026
Tim Cole	Councilmember	December 31, 2024
Jason Nordby	Councilmember	December 31, 2026
Cassidy Schweer	Councilmember	December 31, 2026
Lisa Wong	Councilmember	December 31, 2024

APPOINTED PERSONNEL

Brian Frandle	City Manager
Dan Winek	Finance Director
Raymond Rozales	Police Chief
Jason Mallinger	Fire Chief
Ron Ritchie	Public Works Director
John Wick	Electric Director
Riley Grams	Community Development Director

FINANCIAL SECTION

LB | CARLSON

INDEPENDENT AUDITOR'S REPORT

To the City Council and Management
City of North 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of North 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of December 31, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

BASIS FOR OPINIONS

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

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.

(continued)

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763.535.8150 I www.lbcarlson.com

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.

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.

(continued)

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.

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 supplementary information section includes financial statements and schedules, as listed in the table of contents, which are presented for 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 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.

(continued)

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 14, 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

LB CARLSON, LLP
Minneapolis, Minnesota

May 14, 2025

As management of the City of North St. Paul, Minnesota (the City), we have provided readers of the City's financial statements with this narrative overview and analysis of 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, located earlier in 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 $69,925,432 (*net position*). Of this amount, $24,004,146 (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors; $6,728,122 is restricted for specific purposes (*restricted net position*); and $39,193,164 represents the net investment in capital assets. The City's total net position increased $6,232,167 during the year ended December 31, 2024.

- The City adopted new accounting guidance for capital assets in the current year, which increased beginning net position by $18,509. This change is further described in Note 1 of the notes to basic financial statements.

- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $15,412,549, an increase of $2,720,854.

- At the end of the current fiscal year, unassigned fund balance for the General Fund was $5,886,178, or 57 percent, of total General Fund expenditures based on 2025 budgeted expenditure levels.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to basic financial statements. This report also contains other supplementary information, in addition to the basic financial statements.

These financial statements include not only the City itself (known as the primary government), but also the North St. Paul Housing and Redevelopment Authority (HRA) and the North St. Paul Economic Development Authority (EDA). The HRA has been presented as a blended component unit on the City's financial statements and the EDA has been presented as a discretely presented component unit on the City's financial statements in accordance with accounting principles generally accepted in the United States of America.

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 of resources with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by property 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, parks and recreation, and economic development. The business-type activities of the City include electric, water, surface water, waste water, fiber optic, and solid waste operations.

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 two categories: governmental funds and proprietary funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds Balance Sheet and 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 several individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Anchor Block North – Housing Tax Increment Special Revenue Fund, and the Street Improvement Revolving Capital Projects Fund, each of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund, Housing Redevelopment Authority Fund, Community Center Fund, Park Fund, and the discretely presented component unit – the EDA. A budgetary comparison statement has been provided for these funds to demonstrate compliance with these budgets.

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 government-wide financial statements. The City uses enterprise funds to account for its electric, water, surface water, waste water, fiber optic, and solid waste operations. Internal service funds are accounting devices used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its equipment, city mechanic, insurance, information technology, and building maintenance. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary funds financial statements provide separate information for the electric, water, surface water, waste water, fiber optic, and solid waste operations, all of which are considered to be major funds of the City. Conversely, the internal service funds are combined into a single, aggregated presentation in the proprietary funds financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

Notes to Basic Financial Statements – The notes to basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information – In addition to the basic financial statements, the financial section also presents required supplementary information, and the combining and individual fund statements and schedules (presented as supplementary information) referred to earlier in connection with nonmajor governmental funds, internal service funds, and the funds of the discretely presented component unit, which are presented immediately following the basic financial statements.

Further, a statistical section has been included as part of the Annual Comprehensive Financial Report (ACFR) to facilitate additional analysis, and is the third and final section of the report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $69,925,432 at the close of the most recent fiscal year.

By far, the largest portion of the City's net position reflects its net investment in capital assets (e.g., land, buildings and structures, furniture and equipment, and infrastructure) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investments in its capital assets are 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 North St. Paul's Net Position

Table 1
Summary of Net Position
as of December 31, 2024 and 2023

	Governmental Activities		Business-Type Activities		Totals – Primary Government	
	2024	2023	2024	2023	2024	2023
Assets						
Current and other assets	$ 24,711,742	$ 23,555,423	$ 27,168,124	$ 27,259,969	$ 51,879,866	$ 50,815,392
Capital assets, net	41,402,932	40,952,464	22,167,341	21,457,952	63,570,273	62,410,416
Total assets	$ 66,114,674	$ 64,507,887	$ 49,335,465	$ 48,717,921	$ 115,450,139	$ 113,225,808
Deferred outflows of resources						
Pension plan deferments	$ 3,790,425	$ 4,894,819	$ 241,132	$ 438,488	$ 4,031,557	$ 5,333,307
OPEB plan deferments	76,061	73,754	28,778	35,918	104,839	109,672
Total deferred outflows of resources	$ 3,866,486	$ 4,968,573	$ 269,910	$ 474,406	$ 4,136,396	$ 5,442,979
Total assets and deferred outflows of resources	$ 69,981,160	$ 69,476,460	$ 49,605,375	$ 49,192,327	$ 119,586,535	$ 118,668,787
Liabilities						
Other liabilities	$ 1,733,399	$ 2,774,403	$ 1,686,409	$ 1,561,420	$ 3,419,808	$ 4,335,823
Noncurrent liabilities	22,947,219	24,921,977	15,497,029	17,397,537	38,444,248	42,319,514
Total liabilities	$ 24,680,618	$ 27,696,380	$ 17,183,438	$ 18,958,957	$ 41,864,056	$ 46,655,337
Deferred inflows of resources						
Lease revenue for subsequent years	$ 2,112,796	$ 2,203,719	$ –	$ –	$ 2,112,796	$ 2,203,719
Pension plan deferments	4,648,561	4,786,429	661,163	476,562	5,309,724	5,262,991
State aid received for subsequent years	374,527	853,475	–	–	374,527	853,475
Total deferred inflows of resources	$ 7,135,884	$ 7,843,623	$ 661,163	$ 476,562	$ 7,797,047	$ 8,320,185
Net position						
Net investment in capital assets	$ 29,794,782	$ 28,319,939	$ 9,398,382	$ 7,752,067	$ 39,193,164	$ 36,072,006
Restricted	6,728,122	7,519,972	–	–	6,728,122	7,519,972
Unrestricted	1,641,754	(1,903,454)	22,362,392	22,004,741	24,004,146	20,101,287
Total net position	$ 38,164,658	$ 33,936,457	$ 31,760,774	$ 29,756,808	$ 69,925,432	$ 63,693,265
Total liabilities, deferred inflows of resources, and net position	$ 69,981,160	$ 69,476,460	$ 49,605,375	$ 49,192,327	$ 119,586,535	$ 118,668,787

An additional portion of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of $24,004,146 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 for the City as a whole.

There was an increase in net position in the governmental activities of $4,228,201 and an increase in the business-type activities of $2,003,966, for a total increase of $6,232,167 in net position. The change in the City's share of the Public Employees Retirement Association (PERA) pension plan contributed to the change in deferred outflows of resources, noncurrent liabilities, and deferred inflows of resources.

City of North St. Paul's Change in Net Position

Table 2
Change in Net Position
for the Years Ended December 31, 2024 and 2023

	Governmental Activities		Business-Type Activities		Total – Primary Government	
	2024	2023	2024	2023	2024	2023
Revenues						
Program revenues						
Charges for services	$ 1,155,150	$ 1,308,573	$ 18,009,316	$ 18,589,496	$ 19,164,466	$ 19,898,069
Operating grants and contributions	1,132,647	1,161,987	172,340	187,708	1,304,987	1,349,695
Capital grants and contributions	514,617	480,707	–	–	514,617	480,707
General revenues						
Property taxes	9,185,108	8,296,412	–	–	9,185,108	8,296,412
Franchise taxes	491,346	531,239	–	–	491,346	531,239
Grants and contributions not restricted to specific programs	3,490,093	1,570,639	–	–	3,490,093	1,570,639
Other	61,416	148,378	–	–	61,416	148,378
Investment earnings	908,608	813,758	1,134,881	1,121,633	2,043,489	1,935,391
Total revenues	16,938,985	14,311,693	19,316,537	19,898,837	36,255,522	34,210,530
Expenses						
General government	1,741,946	1,822,939	–	–	1,741,946	1,822,939
Public safety	6,139,013	5,852,635	–	–	6,139,013	5,852,635
Public works	3,348,805	2,866,024	–	–	3,348,805	2,866,024
Parks and recreation	675,368	647,156	–	–	675,368	647,156
Economic development	2,077,429	765,731	–	–	2,077,429	765,731
Interest and fiscal charges	618,223	681,499	–	–	618,223	681,499
Electric	–	–	9,662,344	10,140,345	9,662,344	10,140,345
Water	–	–	1,468,051	1,245,077	1,468,051	1,245,077
Surface water	–	–	823,637	768,449	823,637	768,449
Waste water	–	–	2,189,689	2,079,731	2,189,689	2,079,731
Fiber optic	–	–	152,188	160,177	152,188	160,177
Solid waste	–	–	1,145,171	1,053,052	1,145,171	1,053,052
Total expenses	14,600,784	12,635,984	15,441,080	15,446,831	30,041,864	28,082,815
Increase in net position before transfers	2,338,201	1,675,709	3,875,457	4,452,006	6,213,658	6,127,715
Transfers	1,890,000	790,000	(1,890,000)	(790,000)	–	–
Change in net position	4,228,201	2,465,709	1,985,457	3,662,006	6,213,658	6,127,715
Net position – beginning, as previously reported	33,936,457	31,470,748	29,756,808	26,094,802	63,693,265	57,565,550
Change in accounting principle	–	–	18,509	–	18,509	–
Net position – beginning, as restated	33,936,457	31,470,748	29,775,317	26,094,802	63,711,774	57,565,550
Net position – ending	$ 38,164,658	$ 33,936,457	$ 31,760,774	$ 29,756,808	$ 69,925,432	$ 63,693,265

Governmental Activities – The City's net position for governmental activities increased by $4,228,201, or 12.5 percent, after $1,890,000 of net transfers from business-type activities. Key elements of this increase are seen in the table above.

Revenues increased overall by $2,627,292, or 18.4 percent.

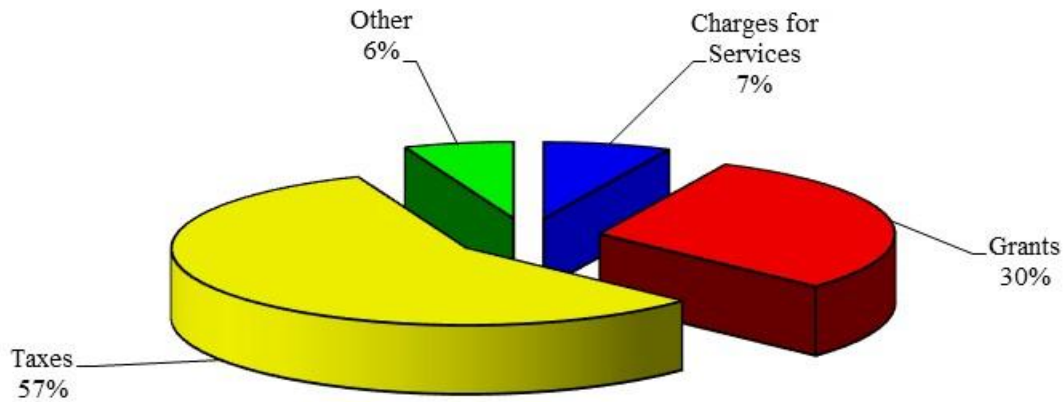
- The largest change occurred in grants and contributions not restricted to specific programs, due to the recognition of coronavirus state and local fiscal recovery funds in the current year. Property taxes also increased, due to the increase in the levied amount approved by the City Council.

Expenses increased overall by $1,964,800, or 15.6 percent.

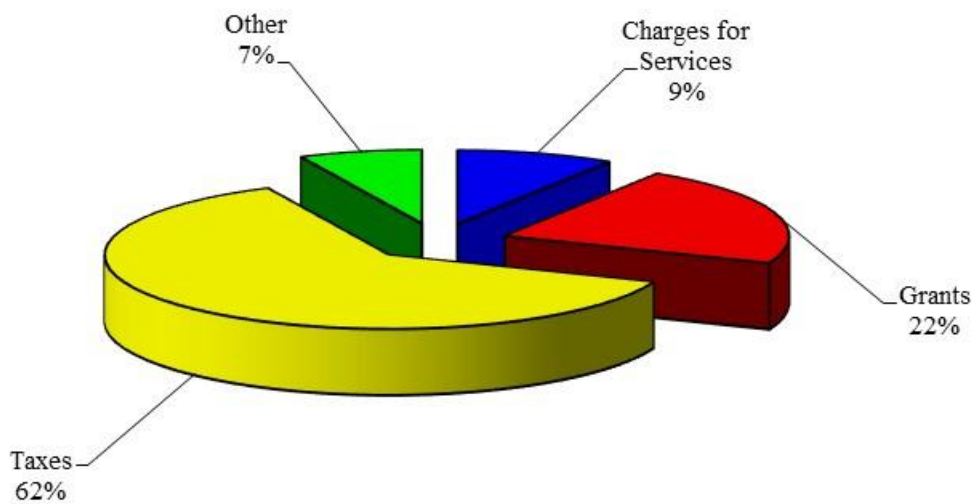
- The City experienced an increase in economic development payments and natural inflationary increases in the current year.

As seen in the following graph, taxes make up about 57 percent of the total revenues for 2024. Grants (operating, capital, and unrestricted grants, and contributions), including state aids, such as local government aid, make up about 30 percent of the total and are followed by charges for services at 7 percent, and other at 6 percent of the total.

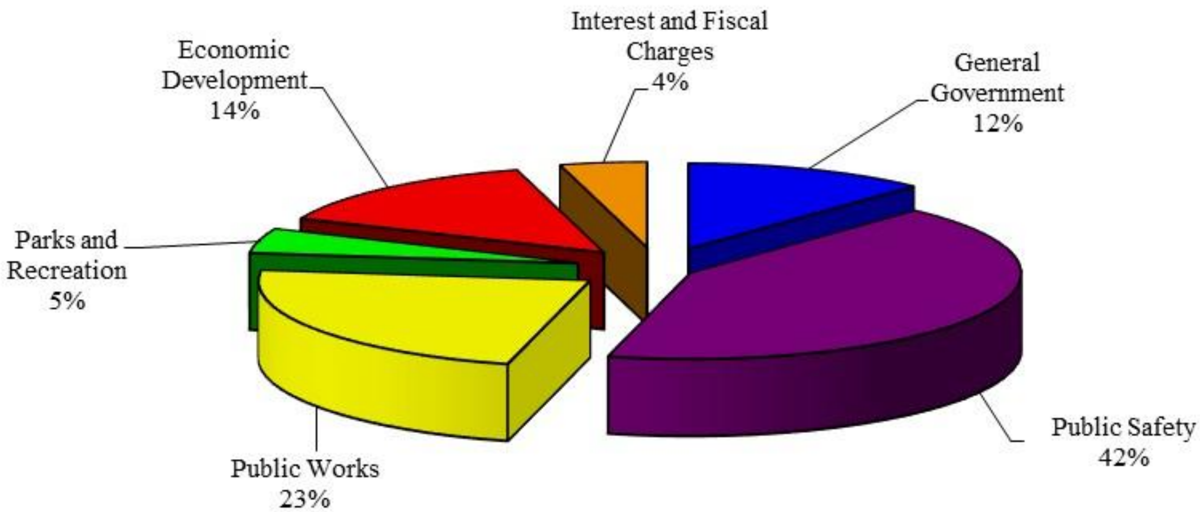
2024 Revenues by Source – Governmental Activities



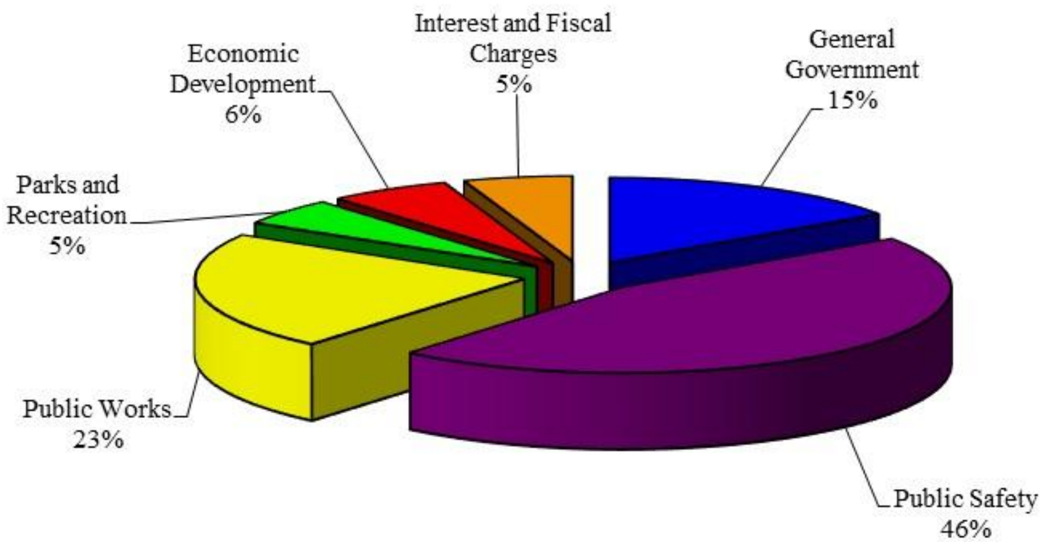
2023 Revenues by Source – Governmental Activities



2024 Expenses – Governmental Activities



2023 Expenses – Governmental Activities



The expenses in the graphs above for governmental activities show the amounts spent on different activities for 2024 and 2023.

Business-Type Activities – Business-type activities increased the City's total net position by $2,003,966. Key elements of the business-type activities are as follows:

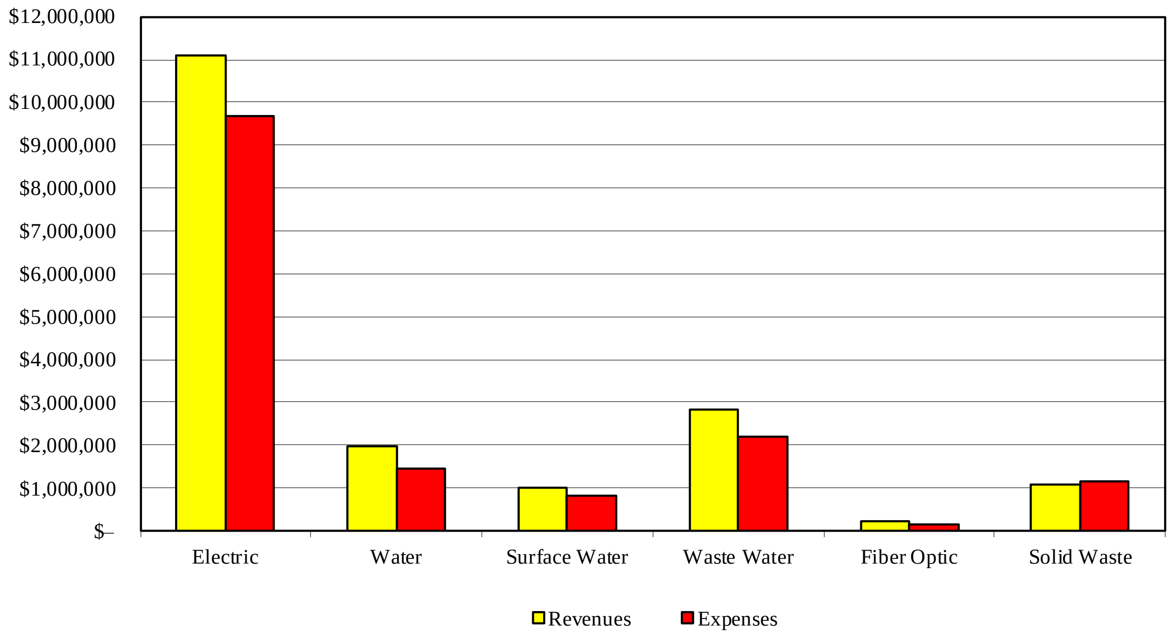
- Charges for services for business-type activities include charges for electric, water, surface water, waste water, fiber optic, and solid waste. The graph below shows the relationship between the program revenues and expenses for the various activities. Charges for services decreased in the current year due to the decrease in consumption.

- Expenses decreased $5,751, mainly in electric purchased utilities due to a decrease in consumption. This was offset by inflationary increases in the current year.

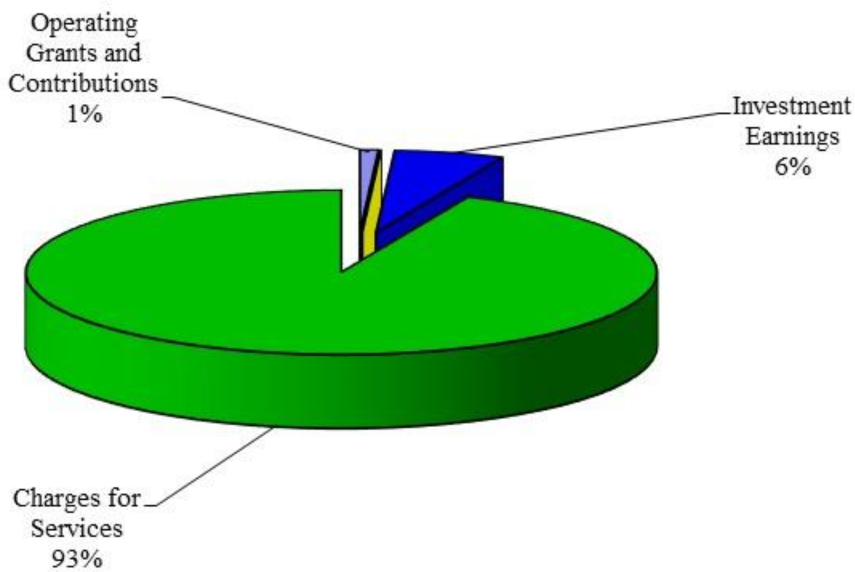
- About 63 percent of all business-type activity expenses are from the electric operations.

- Overall, business-type activities generated an increase in net position before transfers of $3,875,457. After considering transfers to governmental activities totaling $1,890,000, net position increased by $1,985,457.

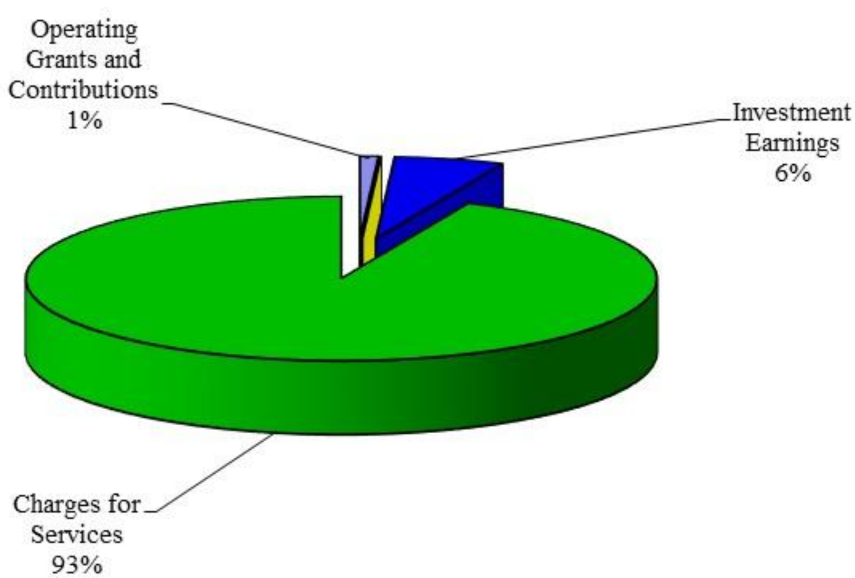
Revenues and Expenses – Business-Type Activities



2024 Revenues by Source – Business-Type Activities



2023 Revenues by Source – Business-Type Activities



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $15,412,549, an increase of $2,720,854 in comparison with the prior year.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, total fund balance of the General Fund was $6,048,406. As a measure of the General Fund's liquidity, it may be useful to compare the unassigned fund balance to total fund expenditures. Unassigned fund balance represents 57 percent of the subsequent year budgeted expenditures.

Total fund balance for the City's General Fund increased by $1,006,821 during 2024. Key factors in this increase are as follows:

- The City adopted a balanced budget prior to the start of the current year.
- The City experienced favorable variances in both revenues and expenditures in the current year. These variances were spread across all revenue categories and expenditure functions with the largest variance in public safety expenditures. This function was under budget due to a shift of expenditures to the Pandemic Response Special Revenue Fund to recognize the coronavirus state and local fiscal recovery funds in the current year.
- The City has a fund balance policy that will strive to maintain a minimum unassigned General Fund balance of 50 percent of the subsequent year's budgeted expenditures for working capital.

The fund balance in the Anchor Block North – Housing Tax Increment Special Revenue Fund increased $195,218, ending the year with a deficit fund balance of $2,633,518. The increase was mainly due to tax increment received offset by economic development payments and interest paid on the interfund loan in the current year. The remaining deficit will be eliminated as tax increment funds are received as a result of development.

The fund balance in the Street Improvement Revolving Capital Project Fund decreased $207,168, ending the year with a fund balance of $1,146,567. The decrease was mainly due to spending down bond proceeds issued in prior years.

Proprietary Funds – The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Factors concerning the finances of these funds have been addressed in the discussion of the City's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City is required to adopt a budget for the General Fund prior to the beginning of its fiscal year. During the year, the City amended the budget, increasing revenues by $323,256, transfers in by $145,553, and expenditures by $468,809.

Revenues were over budget by $156,941, mainly in investment earnings and intergovernmental. Conservative budgeting in these areas contributed to the favorable revenue variance. General Fund expenditures recognized favorable budget variances in each function, with total expenditures ending the year $2,209,532, or 22.1 percent, under budget. Public safety expenditures were under budget, mainly due to a shift of expenditures to the Pandemic Response Special Revenue Fund to recognize the coronavirus state and local fiscal recovery funds in the current year. After the recognition of net transfers, the City's General Fund ended the year $1,006,821 more than anticipated in the budget.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets – The City's investment in capital assets for its governmental and business-type activities as of December 31, 2024 amounts to $63,570,273 (net of accumulated depreciation/amortization). This investment in capital assets includes land, construction in progress, buildings and structures, furniture and equipment, infrastructure, and subscriptions.

City of North St. Paul's Capital Assets

Table 3
Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Capital assets						
Land	$ 3,926,167	$ 3,926,167	$ 331,728	$ 331,728	$ 4,257,895	$ 4,257,895
Construction in progress	448,697	59,307	–	136,801	448,697	196,108
Buildings and structures	21,028,663	21,028,663	5,069,632	5,069,632	26,098,295	26,098,295
Furniture and equipment	6,528,008	5,993,097	4,142,033	3,105,184	10,670,041	9,098,281
Infrastructure	38,550,219	36,621,636	31,676,508	31,077,009	70,226,727	67,698,645
Subscriptions	214,417	214,417	181,655	181,655	396,072	396,072
Less accumulated depreciation/amortization	(29,293,239)	(26,890,823)	(19,234,215)	(18,444,057)	(48,527,454)	(45,334,880)
Total capital assets, net of depreciation/amortization	$ 41,402,932	$ 40,952,464	$ 22,167,341	$ 21,457,952	$ 63,570,273	$ 62,410,416

The changes presented in the table above reflect the ongoing activity and completion of projects within the City during fiscal year 2024. The majority of the activity in construction in progress is for street and utility improvements in recent years.

Additional information on the City's capital assets can be found in Note 5 of the notes to basic financial statements.

Long-Term Debt – At the end of the current fiscal year, the City had total bonded debt outstanding of $30,950,000. A portion of this comprises general obligation debt backed solely by the full faith and credit of the City. The remainder of the City's bonded debt represents bonds secured by special assessments, tax increment, specified revenue sources, and general obligation levy, if necessary.

City of North St. Paul's Long-Term Debt

Table 4
Long-Term Debt

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
G.O. tax increment bonds	$ 6,770,000	$ 7,065,000	$ –	$ –	$ 6,770,000	$ 7,065,000
General obligation bonds	10,844,400	12,069,438	–	–	10,844,400	12,069,438
Utility revenue bonds	–	–	13,335,600	14,890,562	13,335,600	14,890,562
Premium	461,313	516,699	418,298	470,261	879,611	986,960
Subscription liability	42,982	126,610	167,847	177,192	210,829	303,802
Total OPEB liability	1,158,888	584,617	438,476	284,701	1,597,364	869,318
Net pension liability	2,818,341	3,858,629	898,174	1,383,952	3,716,515	5,242,581
Compensated absences	851,295	700,984	238,634	190,869	1,089,929	891,853
Total	$22,947,219	$24,921,977	$15,497,029	$17,397,537	$38,444,248	$42,319,514

The City's total bonded debt decreased by $3,075,000, or 9.0 percent, during 2024. This decrease was due to scheduled debt service payments in the current year. The City's most recent bond rating by Standard & Poor's was AA+.

The increase in the total other post-employment benefits (OPEB) liability in the current year is mainly due to differences between expected and actual experience and changes of assumptions as calculated in the actuarial valuation.

The difference in the net pension liability reflects the change in the City's proportionate share of the state-wide pension obligations for the PERA.

State statutes limit the amount of general obligation debt a governmental entity may issue to 3.0 percent of its total market valuation. A complete calculation of the City's legal debt margin can be found in the statistical section of this report.

Additional information on the City's long-term debt can be found in Note 6 of the notes to basic financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- December 2024, the unemployment rate for Ramsey County (which includes the City) was 2.6 percent, compared to the national rate of 4.1 percent.
- The Minneapolis-St. Paul-Bloomington area consumer price index was up 2.5 percent for 2024, compared to 2.9 percent nationally.
- The state projects a $456.0 million surplus for the 2026–2027 biennium and a $5.995 billion deficit for the 2028–2029 biennium. It is unlikely that the City will see a reduction in anticipated aid payments in the next budget cycle. However, the likelihood of a reduction in anticipated aid payments rises in the future budget cycles.
- Preliminary assessor values for taxes payable in 2025 increased 1.5 percent.
- The City increased its levy 9.37 percent for taxes payable in 2025, while keeping the EDA and HRA levy the same.
- The City tax rate for taxes payable in 2025 is 48.982 percent.

REQUESTS FOR INFORMATION

This ACFR is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this ACFR, or requests for additional financial information, should be addressed to the Finance Department, City of North St. Paul, 2400 Margaret Street, North St. Paul, Minnesota 55109.

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BASIC FINANCIAL STATEMENTS

The basic financial statements, including the accompanying notes, constitute the core of the Annual Comprehensive Financial Report's financial section. This section presents the minimum combination of financial statements and note disclosures required for fair presentation in conformity with accounting principles generally accepted in the United States of America.

The following statements are presented:

Government-Wide Financial Statements
- Statement of Net Position
- Statement of Activities

Fund Financial Statements
- Balance Sheet – Governmental Funds
- Reconciliation of the Balance Sheet to the Statement of Net Position – Governmental Funds
- Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
- Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities – Governmental Funds
- Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund

Proprietary Funds
- Statement of Net Position
- Statement of Revenues, Expenses, and Changes in Net Position
- Statement of Cash Flows

Notes to Basic Financial Statements

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CITY OF NORTH ST. PAUL

Statement 1

Statement of Net Position
as of December 31, 2024

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Economic Development Authority
Assets				
Cash and investments	$ 24,088,247	$ 18,727,259	$ 42,815,506	$ 558,924
Receivables				
Interest	121,256	133,233	254,489	2,746
Accounts	464,504	2,874,273	3,338,777	–
Loan	38,108	–	38,108	–
Taxes	154,061	–	154,061	–
Special assessments	610,735	58,242	668,977	–
Lease	2,112,796	–	2,112,796	–
Internal balances	(4,397,076)	4,397,076	–	–
Inventory	–	677,673	677,673	–
Prepaid items	36,858	106,868	143,726	–
Assets held for resale	652,626	–	652,626	49,248
Net pension asset	829,627	–	829,627	–
Restricted assets – temporarily restricted				
Cash and investments for debt service	–	193,500	193,500	–
Capital assets				
Not depreciated/amortized	4,374,864	331,728	4,706,592	–
Depreciated/amortized	37,028,068	21,835,613	58,863,681	–
Total capital assets, net of depreciation/amortization	41,402,932	22,167,341	63,570,273	–
Total assets	66,114,674	49,335,465	115,450,139	610,918
Deferred outflows of resources				
Pension plan deferments	3,790,425	241,132	4,031,557	–
OPEB plan deferments	76,061	28,778	104,839	–
Total deferred outflows of resources	3,866,486	269,910	4,136,396	–
Total assets and deferred outflows of resources	$ 69,981,160	$ 49,605,375	$ 119,586,535	$ 610,918
Liabilities				
Accounts and contracts payable	$ 835,935	$ 859,466	$ 1,695,401	$ –
Accrued salaries and employee benefits payable	193,487	64,806	258,293	1,180
Accrued interest payable	210,832	165,793	376,625	–
Due to other governments	56,693	254,322	311,015	–
Customer deposits	262,456	220,429	482,885	–
Unearned revenue	173,996	121,593	295,589	–
Net pension liability				
Due in more than one year	2,818,341	898,174	3,716,515	–
Total OPEB liability				
Due within one year	76,061	28,778	104,839	–
Due in more than one year	1,082,827	409,698	1,492,525	–
Bonds, subscriptions, and compensated absences payable				
Due within one year	1,954,059	1,761,405	3,715,464	–
Due in more than one year	17,015,931	12,398,974	29,414,905	–
Total liabilities	24,680,618	17,183,438	41,864,056	1,180
Deferred inflows of resources				
Lease revenue for subsequent years	2,112,796	–	2,112,796	–
Pension plan deferments	4,648,561	661,163	5,309,724	–
State aid received for subsequent years	374,527	–	374,527	–
Total deferred inflows of resources	7,135,884	661,163	7,797,047	–
Net position				
Net investment in capital assets	29,794,782	9,398,382	39,193,164	–
Restricted for				
Housing Redevelopment Authority	1,545,511	–	1,545,511	–
Tax increment	1,024,698	–	1,024,698	–
Police forfeiture	12,452	–	12,452	–
Public safety	252,751	–	252,751	–
Cable PEG fees	67,885	–	67,885	–
Debt service	2,995,198	–	2,995,198	–
Pension benefits	829,627	–	829,627	–
Economic Development Authority	–	–	–	609,738
Unrestricted	1,641,754	22,362,392	24,004,146	–
Total net position	38,164,658	31,760,774	69,925,432	609,738
Total liabilities, deferred inflows of resources, and net position	$ 69,981,160	$ 49,605,375	$ 119,586,535	$ 610,918

See notes to basic financial statements

CITY OF NORTH ST. PAUL

Statement of Activities
Year Ended December 31, 2024

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government				
Governmental activities				
General government	$ 1,741,946	$ 393,175	$ –	$ –
Public safety	6,139,013	92,865	586,047	–
Public works	3,348,805	373,374	159,650	514,617
Parks and recreation	675,368	295,736	–	–
Economic development	2,077,429	–	386,950	–
Interest and fiscal charges	618,223	–	–	–
Total governmental activities	14,600,784	1,155,150	1,132,647	514,617
Business-type activities				
Electric	9,662,344	10,996,569	78,222	–
Water	1,468,051	1,944,601	24,044	–
Surface water	823,637	1,006,697	3,695	–
Waste water	2,189,689	2,803,361	29,552	–
Fiber optic	152,188	214,424	–	–
Solid waste	1,145,171	1,043,664	36,827	–
Total business-type activities	15,441,080	18,009,316	172,340	–
Total primary government	$ 30,041,864	$ 19,164,466	$ 1,304,987	$ 514,617
Component unit				
Economic development authority	$ 140,182	$ –	$ –	$ –

General revenues
Property taxes
Franchise taxes
Grants and contributions not restricted to specific programs
Other general revenues
Investment earnings
Gain on disposal 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

Statement 2

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Economic Development Authority
$ (1,348,771)	$ –	$ (1,348,771)	$ –
(5,460,101)	–	(5,460,101)	–
(2,301,164)	–	(2,301,164)	–
(379,632)	–	(379,632)	–
(1,690,479)	–	(1,690,479)	–
(618,223)	–	(618,223)	–
(11,798,370)	–	(11,798,370)	–
–	1,412,447	1,412,447	–
–	500,594	500,594	–
–	186,755	186,755	–
–	643,224	643,224	–
–	62,236	62,236	–
–	(64,680)	(64,680)	–
–	2,740,576	2,740,576	–
(11,798,370)	2,740,576	(9,057,794)	–
–	–	–	(140,182)
9,185,108	–	9,185,108	200,907
491,346	–	491,346	–
3,490,093	–	3,490,093	–
37,594	–	37,594	36
908,608	1,134,881	2,043,489	20,246
23,822	–	23,822	–
1,890,000	(1,890,000)	–	–
16,026,571	(755,119)	15,271,452	221,189
4,228,201	1,985,457	6,213,658	81,007
33,936,457	29,756,808	63,693,265	528,731
–	18,509	18,509	–
33,936,457	29,775,317	63,711,774	528,731
$ 38,164,658	$ 31,760,774	$ 69,925,432	$ 609,738

CITY OF NORTH ST. PAUL

Balance Sheet
Governmental Funds
as of December 31, 2024

	001 General	210 Special Revenue – TIF 4-10 Anchor Block North – Housing Tax Increment	022 Capital Projects – Street Improvement Revolving
Assets			
Cash and investments	$ 6,283,133	$ –	$ 1,316,206
Receivables			
Interest	26,539	–	6,918
Accounts	451,917	–	–
Loan	–	–	–
Taxes	84,830	–	–
Special assessments	3,142	–	81,970
Lease	2,112,796	–	–
Prepaid items	20,178	–	–
Assets held for resale	–	–	–
Advance to other funds	50,132	–	–
Total assets	$ 9,032,667	$ –	$ 1,405,094
Liabilities			
Accounts and contracts payable	$ 194,549	$ –	$ 176,922
Accrued salaries and employee benefits payable	186,488	–	–
Due to other governments	49,368	–	–
Customer deposits	262,456	–	–
Unearned revenue	105,009	–	–
Advance from other funds	–	2,633,518	–
Total liabilities	797,870	2,633,518	176,922
Deferred inflows of resources			
Lease revenue for subsequent years	2,112,796	–	–
Unavailable revenue – loan receivable	–	–	–
Unavailable revenue – property taxes	70,526	–	–
Unavailable revenue – special assessments	3,069	–	81,605
State aid received for subsequent years	–	–	–
Total deferred inflows of resources	2,186,391	–	81,605
Fund balances (deficits)			
Nonspendable	70,310	–	–
Restricted	–	–	–
Committed	–	–	–
Assigned	91,918	–	1,146,567
Unassigned	5,886,178	(2,633,518)	–
Total fund balances (deficits)	6,048,406	(2,633,518)	1,146,567
Total liabilities, deferred inflows of resources, and fund balances	$ 9,032,667	$ –	$ 1,405,094

See notes to basic financial statements

Nonmajor	Total
$ 12,075,314	$ 19,674,653
60,337	93,794
12,587	464,504
38,108	38,108
69,231	154,061
525,623	610,735
–	2,112,796
–	20,178
652,626	652,626
–	50,132
$ 13,433,826	$ 23,871,587
$ 440,401	$ 811,872
894	187,382
7,305	56,673
–	262,456
68,987	173,996
1,071,499	3,705,017
1,589,086	5,197,396
–	2,112,796
38,108	38,108
59,150	129,676
521,861	606,535
374,527	374,527
993,646	3,261,642
–	70,310
5,241,033	5,241,033
5,210,625	5,210,625
1,807,676	3,046,161
(1,408,240)	1,844,420
10,851,094	15,412,549
$ 13,433,826	$ 23,871,587

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Statement 4

Reconciliation of the Balance Sheet to the Statement of Net Position Governmental Funds as of December 31, 2024

Total fund balances – governmental funds	$ 15,412,549
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	
Cost of capital assets	65,619,528
Less accumulated depreciation	(26,526,026)
Net pension assets are included in net position, but are excluded from fund balances because they do not represent financial resources.	829,627
Long-term liabilities are not payable with current financial resources and, therefore, are not reported in governmental funds.	
Bonds	(17,614,400)
Unamortized premiums	(461,313)
Compensated absences	(851,295)
Total OPEB liability	(1,158,888)
Net pension liability	(2,818,341)
Interest on long-term debt is included in the change in net position as it accrues, regardless of when payment is due. However, it is included in the change in fund balances when due.	(210,832)
Internal service funds are used by management to charge certain costs to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.	
Internal service fund net position	6,693,996
Internal balances for internal services used by business-type activities	(742,191)
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.	
Deferred outflows of resources – pension plan deferments	3,790,425
Deferred outflows of resources – OPEB plan deferments	76,061
Deferred inflows of resources – pension plan deferments	(4,648,561)
Deferred inflows of resources – unavailable revenues	774,319
Total net position – governmental activities	$ 38,164,658

See notes to basic financial statements

CITY OF NORTH ST. PAUL

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2024

	001 General	210 Special Revenue – TIF 4-10 Anchor Block North – Housing Tax Increment	022 Capital Projects – Street Improvement Revolving
Revenues			
Taxes	$ 5,965,490	$ 496,083	$ –
Special assessments	1,456	–	28,350
Licenses and permits	492,011	–	–
Intergovernmental	2,322,743	–	–
Charges for services	86,212	–	–
Fines and forfeits	16,990	–	–
Investment earnings	206,180	–	56,829
Other	255,674	–	–
Total revenues	9,346,756	496,083	85,179
Expenditures			
Current			
General government	1,330,180	–	–
Public safety	4,411,460	–	–
Public works	1,580,449	–	–
Parks and recreation	459,282	–	–
Economic development	–	188,795	–
Capital outlay	–	–	292,347
Debt service			
Principal	–	–	–
Interest and fiscal charges	–	112,070	–
Total expenditures	7,781,371	300,865	292,347
Excess (deficiency) of revenues over expenditures	1,565,385	195,218	(207,168)
Other financing sources (uses)			
Transfers in	962,585	–	–
Transfers out	(1,521,149)	–	–
Total other financing sources (uses)	(558,564)	–	–
Net change in fund balances	1,006,821	195,218	(207,168)
Fund balances (deficits)			
Beginning of year	5,041,585	(2,828,736)	1,353,735
End of year	$ 6,048,406	$ (2,633,518)	$ 1,146,567

See notes to basic financial statements

Statement 5

Nonmajor	Total
$ 3,247,043	$ 9,708,616
114,635	144,441
–	492,011
2,708,988	5,031,731
–	86,212
–	16,990
445,948	708,957
282,892	538,566
6,799,506	16,727,524
35,256	1,365,436
1,369,024	5,780,484
–	1,580,449
81,773	541,055
1,867,861	2,056,656
1,914,281	2,206,628
1,520,038	1,520,038
579,389	691,459
7,367,622	15,742,205
(568,116)	985,319
2,581,969	3,544,554
(287,870)	(1,809,019)
2,294,099	1,735,535
1,725,983	2,720,854
9,125,111	12,691,695
$ 10,851,094	$ 15,412,549

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CITY OF NORTH ST. PAUL

Statement 6

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

Total net change in fund balances – governmental funds	$ 2,720,854
Amounts reported for governmental activities in the Statement of Activities are different because:	
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.	
Capital outlay	2,077,918
Depreciation expense	(2,005,442)
Net pension assets are only recorded in the government-wide financial statements as they are not current financial resources to governmental funds.	207,490
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any affect on net position. Other long-term adjustments are also made between the governmental funds and the Statement of Activities for debt premiums, compensated absences, pension liabilities, and OPEB obligations.	
Principal payments for debt	1,520,038
Debt premiums	55,386
Compensated absences	(150,311)
Total OPEB liability	(574,271)
Net pension liability	1,040,288
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	17,850
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.	
Deferred outflows of resources – pension plan deferments	(1,104,394)
Deferred outflows of resources – OPEB plan deferments	2,307
Deferred inflows of resources – pension plan deferments	137,868
Deferred inflows of resources – unavailable revenues	(107,084)
Internal service funds are used by management to charge certain costs to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities in the government-wide financial statements.	
Internal service fund activity	387,651
Internal balances for internal service activity for business-type activities	2,053
Change in net position – governmental activities	$ 4,228,201

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CITY OF NORTH ST. PAUL

Statement 7

Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
General Fund
Year Ended December 31, 2024

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Revenues				
Taxes	$ 6,016,005	$ 6,016,005	$ 5,965,490	$ (50,515)
Special assessments	–	–	1,456	1,456
Licenses and permits	722,840	722,840	492,011	(230,829)
Intergovernmental	1,838,616	2,161,872	2,322,743	160,871
Charges for services	47,500	47,500	86,212	38,712
Fines and forfeits	30,000	30,000	16,990	(13,010)
Investment earnings	29,971	29,971	206,180	176,209
Other	181,627	181,627	255,674	74,047
Total revenues	8,866,559	9,189,815	9,346,756	156,941
Expenditures				
Current				
General government	1,498,448	1,498,448	1,330,180	(168,268)
Public safety	5,999,521	6,260,421	4,411,460	(1,848,961)
Public works	1,485,318	1,693,227	1,580,449	(112,778)
Parks and recreation	538,807	538,807	459,282	(79,525)
Total expenditures	9,522,094	9,990,903	7,781,371	(2,209,532)
Excess (deficiency) of revenues over expenditures	(655,535)	(801,088)	1,565,385	2,366,473
Other financing sources (uses)				
Transfers in	810,000	955,553	962,585	7,032
Transfers out	(154,465)	(154,465)	(1,521,149)	(1,366,684)
Total other financing sources (uses)	655,535	801,088	(558,564)	(1,359,652)
Net change in fund balances	$ –	$ –	1,006,821	$ 1,006,821
Fund balances				
Beginning of year			5,041,585	
End of year			$ 6,048,406	

See notes to basic financial statements

CITY OF NORTH ST. PAUL

Statement of Net Position
Proprietary Funds
as of December 31, 2024

	Business-Type Activities – Enterprise Funds			
	Major Funds			
	050 Electric	048 Water	052 Surface Water	049 Waste Water
Assets				
Current assets				
Cash and investments	$ 6,515,206	$ 6,318,291	$ 3,013,348	$ 2,273,786
Receivables				
Interest	58,747	34,036	20,659	16,155
Accounts	1,661,264	292,946	169,769	470,270
Special assessments	275	25,912	3,092	23,646
Inventory	677,673	–	–	–
Prepaid items	2,710	3,340	–	100,818
Total current assets	8,915,875	6,674,525	3,206,868	2,884,675
Noncurrent assets				
Cash and investments restricted for debt service	193,500	–	–	–
Advances to other funds	3,654,885	–	944,873	944,873
Capital assets				
Land	154,948	–	176,780	–
Construction in progress	–	–	–	–
Buildings and structures	2,490,117	1,221,714	–	1,357,801
Furniture and equipment	2,088,213	349,802	335,551	1,328,346
Infrastructure	1,991,958	11,917,477	7,121,875	8,414,466
Subscriptions	181,655	–	–	–
Less accumulated depreciation/amortization	(4,978,426)	(6,090,518)	(2,593,551)	(4,835,576)
Total capital assets (net of accumulated depreciation/amortization)	1,928,465	7,398,475	5,040,655	6,265,037
Total noncurrent assets	5,776,850	7,398,475	5,985,528	7,209,910
Total assets	14,692,725	14,073,000	9,192,396	10,094,585
Deferred outflows of resources				
Pension plan deferments	170,684	26,055	21,242	23,151
OPEB plan deferments	18,609	3,848	2,998	3,323
Total deferred outflows of resources	189,293	29,903	24,240	26,474
Total assets and deferred outflows of resources	$ 14,882,018	$ 14,102,903	$ 9,216,636	$ 10,121,059
Current liabilities				
Accounts and contracts payable	$ 573,249	$ 114,832	$ 47,978	$ 17,392
Accrued salaries and employee benefits payable	44,135	7,156	5,829	6,331
Accrued interest payable	4,000	62,389	48,795	50,125
Due to other governments	78,954	28,197	12,700	30,737
Customer deposits	206,669	–	–	13,760
Unearned revenue	–	–	–	–
Compensated absences payable – current	145,205	6,355	6,355	–
Total OPEB liability – current	18,609	3,848	2,998	3,323
Bonds payable – current	160,000	470,047	341,341	567,098
Subscription liability – current	13,404	–	–	–
Total current liabilities	1,244,225	692,824	465,996	688,766
Noncurrent liabilities				
Advances from other funds	–	–	–	–
Compensated absences payable	35,827	22,446	22,446	–
Total OPEB liability	264,923	54,775	42,687	47,313
Net pension liability	635,769	97,050	79,123	86,232
Bonds payable	–	4,609,384	3,587,666	3,965,508
Subscription liability	154,443	–	–	–
Total noncurrent liabilities	1,090,962	4,783,655	3,731,922	4,099,053
Total liabilities	2,335,187	5,476,479	4,197,918	4,787,819
Deferred inflows of resources				
Pension plan deferments	468,002	71,440	58,244	63,477
Net position				
Net investment in capital assets	1,760,618	2,306,005	1,472,458	2,324,592
Restricted for public safety	–	–	–	–
Unrestricted	10,318,211	6,248,979	3,488,016	2,945,171
Total net position	12,078,829	8,554,984	4,960,474	5,269,763
Total liabilities, deferred inflows of resources, and net position	$ 14,882,018	$ 14,102,903	$ 9,216,636	$ 10,121,059

Net position – total enterprise funds

Adjustment to reflect the consolidation of the internal service fund activities related to enterprise funds

Net position – business-type activities

See notes to basic financial statements

054 Fiber Optic	053 Solid Waste	Total	Governmental Activities – Internal Service
$ –	$ 606,628	$ 18,727,259	$ 4,413,594
–	3,636	133,233	27,462
21,726	258,298	2,874,273	–
–	5,317	58,242	–
–	–	677,673	–
–	–	106,868	16,680
21,726	873,879	22,577,548	4,457,736
–	–	193,500	–
–	–	5,544,631	–
–	–	331,728	–
–	–	–	289,745
–	–	5,069,632	40,920
–	40,121	4,142,033	4,531,561
2,230,732	–	31,676,508	–
–	–	181,655	214,417
(723,493)	(12,651)	(19,234,215)	(2,767,213)
1,507,239	27,470	22,167,341	2,309,430
1,507,239	27,470	27,905,472	2,309,430
1,528,965	901,349	50,483,020	6,767,166
–	–	241,132	–
–	–	28,778	–
–	–	269,910	–
$ 1,528,965	$ 901,349	$ 50,752,930	$ 6,767,166
$ –	$ 106,015	$ 859,466	$ 24,063
–	1,355	64,806	6,105
–	484	165,793	–
–	103,734	254,322	20
–	–	220,429	–
121,593	–	121,593	–
–	–	157,915	–
–	–	28,778	–
–	51,600	1,590,086	–
–	–	13,404	42,982
121,593	263,188	3,476,592	73,170
1,889,746	–	1,889,746	–
–	–	80,719	–
–	–	409,698	–
–	–	898,174	–
–	1,254	12,163,812	–
–	–	154,443	–
1,889,746	1,254	15,596,592	–
2,011,339	264,442	19,073,184	73,170
–	–	661,163	–
1,507,239	27,470	9,398,382	2,266,448
–	–	–	252,751
(1,989,613)	609,437	21,620,201	4,174,797
(482,374)	636,907	31,018,583	6,693,996
$ 1,528,965	$ 901,349	$ 50,752,930	$ 6,767,166
		$ 31,018,583	
		742,191	
		$ 31,760,774	

CITY OF NORTH ST. PAUL

Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
Year Ended December 31, 2024

	Business-Type Activities – Enterprise Funds			
	Major Funds			
	050 Electric	**048** Water	**052** Surface Water	**049** Waste Water
Operating revenue				
Charges for services	$ 10,785,976	$ 1,912,475	$ 998,970	$ 2,648,275
Other services	210,593	32,126	7,727	155,086
Total operating revenue	10,996,569	1,944,601	1,006,697	2,803,361
Operating expenses				
Personal services	1,923,529	330,286	270,057	284,754
Professional services	525,904	484,944	154,828	180,166
Purchased utilities	6,577,610	–	–	1,136,993
Materials and supplies	542,462	128,619	24,980	165,425
Insurance	–	–	–	–
Other	–	178	545	25,525
Total operating expenses	9,569,505	944,027	450,410	1,792,863
Operating income (loss) before depreciation	1,427,064	1,000,574	556,287	1,010,498
Depreciation/amortization	121,820	389,261	269,148	351,892
Operating income (loss)	1,305,244	611,313	287,139	658,606
Nonoperating revenues (expenses)				
Intergovernmental	78,222	24,044	3,695	29,552
Investment earnings	570,120	246,424	162,923	130,562
Franchise tax	–	–	–	–
Gain on disposal of capital assets	54,846	–	–	58,510
Other	–	–	–	–
Interest expense	(26,813)	(133,789)	(103,773)	(102,782)
Total nonoperating revenue (expenses)	676,375	136,679	62,845	115,842
Income (loss) before contributions and transfers	1,981,619	747,992	349,984	774,448
Transfers in	–	–	–	–
Transfers out	(1,400,000)	(205,000)	(80,000)	(145,000)
Change in net position	581,619	542,992	269,984	629,448
Net position – beginning, as previously reported	11,497,210	8,011,992	4,690,490	4,640,315
Change in accounting principle	–	–	–	–
Net position – beginning, as restated	11,497,210	8,011,992	4,690,490	4,640,315
End of year	$ 12,078,829	$ 8,554,984	$ 4,960,474	$ 5,269,763

Change in net position – total enterprise funds

Adjustment to reflect the consolidation of the internal service fund activities related to enterprise funds

Change in net position – business-type activities

See notes to basic financial statements

054 Fiber Optic	053 Solid Waste	Total	Governmental Activities – Internal Service
$ 214,424	$ 1,025,074	$ 17,585,194	$ 1,863,456
–	18,590	424,122	–
214,424	1,043,664	18,009,316	1,863,456
–	56,388	2,865,014	–
107,749	1,059,797	2,513,388	723,453
–	200	7,714,803	–
–	70	861,556	203,777
–	–	–	652,069
–	19,589	45,837	–
107,749	1,136,044	14,000,598	1,579,299
106,675	(92,380)	4,008,718	284,157
44,439	8,024	1,184,584	477,721
62,236	(100,404)	2,824,134	(193,564)
–	36,827	172,340	–
–	24,852	1,134,881	199,651
–	–	–	191,098
–	–	113,356	23,822
–	–	–	16,357
–	(44)	(367,201)	(4,178)
–	61,635	1,053,376	426,750
62,236	(38,769)	3,877,510	233,186
–	–	–	154,465
–	(60,000)	(1,890,000)	–
62,236	(98,769)	1,987,510	387,651
(544,610)	717,167	29,012,564	6,306,345
–	18,509	18,509	–
(544,610)	735,676	29,031,073	6,306,345
$ (482,374)	$ 636,907	$ 31,018,583	$ 6,693,996
		$ 1,987,510	
		(2,053)	
		$ 1,985,457	

CITY OF NORTH ST. PAUL

Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2024

	Business-Type Activities – Enterprise Funds			
	Major Funds			
	050 Electric	048 Water	052 Surface Water	049 Waste Water
Cash flows from operating activities				
Cash received from customers	$ 10,982,688	$ 1,934,265	$ 999,058	$ 2,767,215
Cash receipts on interfund services provided	–	–	–	–
Cash payments to suppliers	(7,731,813)	(673,463)	(187,137)	(1,526,475)
Cash payments to employees for services	(1,855,989)	(307,675)	(249,131)	(270,926)
Net cash flows from operating activities	1,394,886	953,127	562,790	969,814
Cash flows from noncapital financing activities				
Intergovernmental grants	78,222	24,044	3,695	29,552
Franchise tax received	–	–	–	–
Cash received from other funds	353,606	–	41,833	41,833
Cash paid to other funds	–	–	–	–
Transfers in	–	–	–	–
Transfers out	(1,400,000)	(205,000)	(80,000)	(145,000)
Net cash flows from noncapital financing activities	(968,172)	(180,956)	(34,472)	(73,615)
Cash flows from capital and related financing activities				
Acquisition and construction of capital assets	(920,372)	(195,346)	(85,918)	(617,627)
Proceeds from the disposal of capital assets	59,995	–	–	58,510
Payment on bonds	(155,000)	(456,601)	(338,265)	(553,496)
Payment on subscription liability	(9,345)	–	–	–
Interest paid	(30,688)	(157,632)	(121,457)	(128,421)
Net cash flows from capital and related financing activities	(1,055,410)	(809,579)	(545,640)	(1,241,034)
Cash flows from investing activities				
Interest received on investments	570,393	245,906	163,175	132,947
Net change in cash and cash equivalents	(58,303)	208,498	145,853	(211,888)
Cash and investments				
Beginning of year	6,767,009	6,109,793	2,867,495	2,485,674
End of year	$ 6,708,706	$ 6,318,291	$ 3,013,348	$ 2,273,786
Reconciliation of cash and cash equivalents				
Cash and investments	$ 6,515,206	$ 6,318,291	$ 3,013,348	$ 2,273,786
Cash and investments restricted for debt service	193,500	–	–	–
Cash and cash equivalents per Statement of Net Position	$ 6,708,706	$ 6,318,291	$ 3,013,348	$ 2,273,786
Reconciliation of operating income (loss) to net cash flows from operating activities				
Operating income (loss)	$ 1,305,244	$ 611,313	$ 287,139	$ 658,606
Adjustments to reconcile operating income (loss) to net cash flows from operating activities				
Depreciation/amortization	121,820	389,261	269,148	351,892
Other revenue	–	–	–	–
Change in assets, deferred outflows, liabilities, and deferred inflows				
Accounts receivable	(17,663)	(11,163)	(8,683)	(42,250)
Special assessments receivable	2	827	1,044	2,854
Inventory	(139,529)	–	–	–
Prepaid items	(623)	(3,340)	–	(5,088)
Deferred outflows	145,736	21,785	17,472	19,503
Accounts and contracts payable	49,552	(55,174)	(9,768)	(21,965)
Accrued salaries and employee benefits payable	13,149	2,595	2,068	2,234
Customer deposits	3,780	–	–	3,250
Due to other governments	4,763	(1,208)	2,984	8,687
Unearned revenue	–	–	–	–
Total OPEB liability	87,414	23,242	20,823	22,296
Net pension liability	(343,554)	(51,998)	(42,628)	(47,598)
Compensated absences	34,021	6,872	6,872	–
Deferred inflows	130,774	20,115	16,319	17,393
Net cash flows from operating activities	$ 1,394,886	$ 953,127	$ 562,790	$ 969,814
Noncash investing, capital, and financing activities				
Payments of capital assets on account	$ –	$ (13,040)	$ (23,694)	$ (7,631)
Amortization of bond premium	$ –	$ 17,918	$ 13,337	$ 19,454

See notes to basic financial statements

054 Fiber Optic	053 Solid Waste	Total	Governmental Activities – Internal Service
$ 191,415	$ 1,033,227	$ 17,907,868	$ –
–	–	–	1,885,754
(107,749)	(970,123)	(11,196,760)	(1,697,776)
–	(55,922)	(2,739,643)	–
83,666	7,182	3,971,465	187,978
–	36,827	172,340	–
–	–	–	191,098
–	–	437,272	–
(83,666)	–	(83,666)	–
–	–	–	154,465
–	(60,000)	(1,890,000)	–
(83,666)	(23,173)	(1,364,054)	345,563
–	(16,985)	(1,836,248)	(855,713)
–	–	118,505	23,822
–	(51,600)	(1,554,962)	–
–	–	(9,345)	(83,628)
–	(1,782)	(439,980)	(4,178)
–	(70,367)	(3,722,030)	(919,697)
–	25,110	1,137,531	195,354
–	(61,248)	22,912	(190,802)
–	667,876	18,897,847	4,604,396
$ –	$ 606,628	$ 18,920,759	$ 4,413,594
$ –	$ 606,628	$ 18,727,259	$ 4,413,594
–	–	193,500	–
$ –	$ 606,628	$ 18,920,759	$ 4,413,594
$ 62,236	$ (100,404)	$ 2,824,134	$ (193,564)
44,439	8,024	1,184,584	477,721
–	–	–	16,357
(9,503)	(10,451)	(99,713)	–
–	14	4,741	–
–	–	(139,529)	–
–	–	(9,051)	58,617
–	–	204,496	–
–	55,677	18,322	(176,885)
–	466	20,512	5,941
–	–	7,030	–
–	53,856	69,082	(209)
(13,506)	–	(13,506)	–
–	–	153,775	–
–	–	(485,778)	–
–	–	47,765	–
–	–	184,601	–
$ 83,666	$ 7,182	$ 3,971,465	$ 187,978
$ –	$ –	$ (44,365)	$ –
$ –	$ 1,254	$ 51,963	$ –

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Index to Notes

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The City of North St. Paul, Minnesota (the City) operates under "Optional Plan B" as defined in Minnesota Statutes, Chapter 412. Under this plan, the government of the City is run by a council composed of an elected mayor and four councilmembers. The City Council exercises legislative authority and determines all matters of policy. The city manager, who is appointed by the City Council, is responsible for the proper administration of all affairs relating to the City.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

As required by accounting principles generally accepted in the United States of America, these financial statements include the City (the primary government) and its component units. Component units are legally separate entities for which the primary government is financially accountable, or for which the exclusion of the component unit would render the financial statements of the primary government misleading. The criteria used to determine if the primary government is financially accountable for a component unit includes whether or not the primary government appoints the voting majority of the potential component unit's board, is able to impose its will on the potential component unit, is in a relationship of financial benefit or burden with the potential component unit, or is fiscally depended upon by the potential component unit.

The North St. Paul Housing and Redevelopment Authority (HRA) is a legally separate organization created in accordance with Minnesota Statutes § 469. The HRA is fiscally dependent upon the City for any funding shortfalls, and is governed by a Board consisting of the City Council members, with management of the City having operational responsibility for the component unit. Therefore, the HRA is included as a component unit of the City. The HRA's financial data has been blended with that of the City (i.e., reported as though its funds were funds of the City). The HRA does not issue separate financial statements.

The North St. Paul Economic Development Authority (EDA) is a legally separate organization and assists the City with economic development activities within the City. The purpose of the EDA is to support and benefit the City's ongoing activities of improvement and development. The governing body consists of seven members, two of which are City Council members. The mayor appoints all EDA commissioners with approval by the City Council. The City has the ability to impose its will on the EDA and periodically provides subsidies to support the EDA when it experiences operating deficits that are not financed by other means. Due to the EDA Governing Board not being substantively the same as the City's, the EDA is a discretely presented component unit in these financial statements. The EDA does not issue separate financial statements.

C. Service Area

The City's utilities service area includes parts of the cities of Maplewood and Oakdale. The utilities provided are electric, water, and waste water. All revenues received and expenses paid in relation to the services provided to this extended service area are included in the accompanying financial statements.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Government-Wide Financial Statement Presentation

The government-wide financial statements (Statement of Net Position and Statement of Activities) display information about the reporting government as a whole. These statements include all of the financial activities of the City. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which significantly rely upon sales, fees, and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other internally directed revenues are reported as general revenues.

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. However, charges between the City's enterprise funds and other functions are not eliminated, as that would distort the direct costs and program revenues reported in those functions. Depreciation/amortization expense is included in the direct expenses of each function. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

E. Fund Financial Statement Presentation

Separate fund financial statements are provided for governmental and proprietary funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements. Aggregated information for the remaining nonmajor governmental funds is reported in a single column in the fund financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this basis of accounting, transactions are recorded in the following manner:

1. **Revenue Recognition** – Revenue is recognized when it becomes measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days after year-end. 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. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met. Proceeds of long-term debt and acquisitions under leases and subscription-based information technology arrangements (SBITAs) are reported as other financing sources.

   Major revenue that is susceptible to accrual includes property taxes, special assessments, intergovernmental revenue, charges for services, and interest earned on investments. Major revenue that is not susceptible to accrual includes licenses and permits, fees, and miscellaneous revenue. Such revenue is recorded only when received because it is not measurable until collected.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. **Recording of Expenditures** – Expenditures are generally recorded when a liability is incurred, except for principal and interest on long-term debt and other long-term obligations, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as capital outlay expenditures in the governmental funds.

Proprietary fund financial statements are reported using the economic resources measurement focus and accrual basis of accounting, similar to the government-wide financial statements. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds and internal service funds are charges to customers for sales and services. The operating expenses for the enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation/amortization on capital assets. All revenues and expenses that do not meet this definition are reported as nonoperating revenues and expenses.

Aggregated information for the internal service funds is reported in a single column in the proprietary fund financial statements. Because the principal user of the internal services is the City's governmental activities, the financial statements of the internal service funds are consolidated into the governmental column when presented in the government-wide financial statements. The cost of these services is reported in the appropriate functional activity.

Description of Funds

The City reports the following major governmental funds:

General Fund – This fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

TIF 4-10 Anchor Block North – **Housing Tax Increment Special Revenue Fund** – This fund administers the resources for the development of this tax increment district.

Street Improvement Revolving Capital Projects Fund – This fund administers resources for street improvement projects.

The City reports the following major enterprise funds:

Electric Fund – The Electric Fund accounts for the activities of the City's electric distribution operations.

Water Fund – The Water Fund accounts for the activities of the City's water distribution operations.

Surface Water Fund – The Surface Water Fund accounts for the activities of the City's surface water management operations.

Waste Water Fund – The Waste Water Fund accounts for the activities of the City's waste water processing operations.

Fiber Optic Fund – The Fiber Optic Fund accounts for the activities of the City's telecommunication operations.

Solid Waste Fund – The Solid Waste Fund accounts for the activities of the City's solid waste collection operations.

Additionally, the City reports the following fund type:

Internal Service Funds – Internal service funds account for the financing of goods and services provided to other departments or agencies of the City on a cost-reimbursement basis. The City utilizes an Equipment Internal Service Fund, City Mechanic Internal Service Fund, Insurance Internal Service Fund, Information Technology Internal Service Fund, and Building Maintenance Internal Service Fund in managing city operations.

F. Cash and Investments

Cash and investments include balances that are combined and invested to the extent available in various securities as authorized by state law. Allocations of pooled investment earnings to the respective funds is based on participation by each fund. Restricted cash and investments for debt service in the Electric Fund include balances held in an account in accordance with debt agreements to subsidize potential deficiencies from the Electric Fund operation that could adversely affect debt service payments. Interest on restricted cash and investments is allocated directly to the applicable fund.

The City generally reports investments at fair value. The Minnesota Municipal Money Market (4M) Fund is an external investment pool regulated by Minnesota Statutes that is not registered with the Securities and Exchange Commission (SEC), but follows the same regulatory rules of the SEC. The fair value of the position in the pool is the same as the value of the pool shares, which is based on an amortized cost method that approximates fair value. The 4M Fund is sponsored by the League of Minnesota Cities. Investments are purchased and regulated according to Minnesota Statutes. For this investment pool, there are no unfunded commitments, redemption frequency is daily, and there is no redemption notice required for the Liquid Class; the redemption notice period is 14 days for the Plus Class.

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 for the City's recurring fair value measurements as of year-end.

G. Receivables

Utility and miscellaneous accounts receivable are reported at gross. Since the City is generally able to certify delinquent amounts to the county for collection as special assessments, no allowance for uncollectible accounts has been provided on current receivables. The City has recorded a $30,000 allowance for the amount of utility receivables that remain delinquent after having been certified to the county. The only receivables not expected to be collected within one year are lease receivable, property taxes receivable, and special assessments receivable.

H. Interfund Receivables and Payables

In the fund financial statements, activity between funds that is representative of lending or borrowing arrangements is reported as either “due to/from other funds” (current portion) or “advances to/from other funds.” All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

I. Property Taxes

Property tax levies are set by the City Council in December of each year and are certified to Ramsey County for collection in the following year. In Minnesota, counties act as collection agents for all property taxes. The county spreads the levies over all taxable property. Such taxes become a lien on January 1 and are recorded as receivables by the City on that date. Real property taxes may be paid by taxpayers in two equal installments on May 15 and October 15. Personal property taxes are due in full on May 15. The county provides tax settlements to cities and other taxing districts three times a year: in July, December, and January.

Property taxes are recognized as revenue in the year levied in the government-wide financial statements and proprietary fund financial statements. In the governmental fund financial statements, taxes are recognized as revenue when received in cash or within 60 days after year-end. Taxes which remain unpaid on December 31 are classified as delinquent taxes receivable and are offset by a deferred inflow of resources in the governmental fund financial statements.

J. Special Assessments

Special assessments primarily represent the financing for public improvements paid for by benefiting property owners. As previously mentioned under receivables, the City is also generally able to certify delinquent amounts to the county for collection as special assessments. Special assessments are recorded as receivables upon certification to the county. Special assessments are recognized as revenue in the year levied in the government-wide financial statements and proprietary fund financial statements. In the governmental fund financial statements, special assessments are recognized as revenue when received in cash or within 60 days after year-end. Governmental fund special assessments receivable, which remain unpaid on December 31, are offset by a deferred inflow of resources in the governmental fund financial statements. Delinquent assessments receivable at December 31, 2024 totaled $12,074.

K. Inventories

Inventories of the proprietary funds are stated at cost for supplies and at the lower of cost or acquisition value for inventory held for resale, cost being determined by the first-in, first-out method.

L. Prepaid Items

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

M. Subscription-Based Information Technology Arrangements (SBITAs)

A SBITA is a contract that conveys control of the right to use another party's information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. The City has entered into certain SBITAs for financial, permit, licensing, and infrastructure technology. Capital assets associated with SBITAs are presented separately from other capital assets in Note 5 and are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT assets. When applicable, a subscription liability is reported in Note 6 to include the terms and related disclosures associated with any subscription liability.

N. Capital Assets

Capital assets, which include property, buildings, improvements, equipment, and infrastructure assets (roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Such assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated acquisition value on the date of donation. SBITA capital assets are recorded based on the measurement of any subscription liability plus the payments due to a SBITA vendor at the commencement of the subscription term, including any applicable initial implementation costs as defined in the standard. The City defines capital assets as those with an initial, individual cost greater than $25,000 for real or personal property and $125,000 for infrastructure items. 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. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives is not capitalized.

Capital assets are recorded in the government-wide and proprietary fund financial statements, but are not reported in the governmental fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. SBITAs are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT assets. Capital assets not being depreciated include land and construction in progress.

The estimated useful lives are as follows:

Buildings and structures	10–40 years
Furniture and equipment	5–15 years
Infrastructure	20–50 years

O. 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 (for example paid in cash to the employee or payment to an employee flex spending account) 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.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Long-Term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts, if material, are deferred and amortized over the life of the bonds using the straight-line method. Bond issuance costs are expensed in the period incurred.

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

Q. Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, statements of financial position or balance sheets will sometimes report separate sections for deferred outflows or inflows of resources. These separate financial statement elements represent a consumption or acquisition of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) or an inflow of financial resources (revenue) until then.

The City reports deferred outflows and inflows of resources related to pensions and other post-employment benefits (OPEB) in the government-wide and enterprise funds Statement of Net Position. These deferred outflows and inflows result from differences between expected and actual economic experience, changes in actuarial assumptions, net collective difference between projected and actual investment earnings, changes in proportion, and contributions to the plan subsequent to the measurement date and before the end of the reporting period. These amounts are deferred and amortized as required under pension and OPEB standards.

The City reports deferred inflows of resources related to lease receivables in the government-wide Statement of Net Position and governmental funds Balance Sheet. This deferred inflow of resources related to lease receivables requires lessors to recognize deferred inflows of resources to correspond to lease receivables. These amounts are deferred and amortized in a systematic and rationale manner over the term of the lease.

Unavailable revenue from loans, property taxes, and special assessments arises under a modified accrual basis of accounting and is reported only in the governmental funds Balance Sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

The City also reports deferred inflows of resources related to state aid entitlements received for subsequent years in the government-wide and governmental funds Balance Sheet. This item is deferred and recognized as an inflow of resources in the period that the resources are appropriated.

R. State-Wide Pension Plans

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from the 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. Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the financial statements for the General Fund, Housing Redevelopment Authority Fund, Community Center Fund, Park Fund, and the Economic Development Authority Fund:

1. The city manager submits a proposed operating budget for the fiscal year commencing the following January 1 to the City Council. The operating budget includes proposed expenditures and the means of financing them.

2. Public hearings are conducted to obtain taxpayer comments.

3. The budgets are legally enacted through passage of a resolution by the City Council. Budgetary control is achieved in debt service funds through general obligation bond indenture provisions. Budgetary control for capital projects funds and special revenue funds are accomplished through the use of project controls, not legally enacted budgets.

4. The budgets are adopted using the modified accrual basis of accounting, a basis consistent with accounting principles generally accepted in the United States of America.

5. Budgetary control is maintained at the department level. Also, inherent in this controlling function is management's philosophy that the existence of a particular item or appropriation in the approved budget does not automatically mean that it will be spent. The budget process has flexibility in that, where need has been properly demonstrated, an adjustment can be made within the department budget by the city manager, or between departments by the City Council. Therefore, there is a constant review process and expenditures are not approved until it has been determined that: 1) adequate funds were appropriated, 2) the expenditure is still necessary, and 3) funds are available.

During the budget year, supplemental appropriations can be authorized by the City Council. The amounts shown in the financial statements as "final budgeted amounts" represent the original budgeted amount and all revisions made during the year. Budgeted expenditure appropriations lapse at year-end, but may be adopted in the subsequent year.

T. Assets Held for Resale

Assets held for resale represent various property purchases made by the City with the intent to sell in order to increase the tax base or to attract new businesses. These assets are stated at the lower of cost or acquisition value.

U. Statement of Cash Flows

For purposes of the Statement of Cash Flows, the City considers all highly liquid debt instruments with an original maturity from the time of purchase by the City of three months or less to be cash equivalents. The proprietary funds' portion in the government-wide cash and investment management pool is considered to be cash equivalent.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

V. Net Position Classifications and Flow Assumptions

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 is displayed in three components:

- **Net Investment in Capital Assets** – Consists of capital assets, net of accumulated depreciation and amortization, reduced by any outstanding debt attributable to acquire capital assets.

- **Restricted Net Position** – Consists of net position restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

- **Unrestricted Net Position** – All other elements of net position that do not meet the definition of "restricted" or "net investment in capital assets."

The City applies restricted resources first when an expense is incurred for which both restricted and unrestricted resources are available.

W. Fund Balance Classifications and Flow Assumptions

In the fund financial statements, governmental funds report fund balance in classifications that disclose constraints for which amounts in those funds can be spent. These classifications are as follows:

- **Nonspendable** – Consists of amounts that are not in spendable form, such as prepaid items, inventory, and other long-term assets.

- **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 that are established by resolution of the City Council. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

- **Assigned** – Consists of internally imposed constraints for amounts intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. Assigned amounts represent intended uses established by the City Council itself or by an official to which the City Council delegates the authority by resolution. Pursuant to City Council resolution, the city manager and/or finance director are authorized to establish assignments of fund balance. The City Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

- **Unassigned** – The residual classification for the General Fund, which also reflects negative residual amounts in other funds.

When both restricted and unrestricted resources are available for use, the City first uses restricted resources, then unrestricted resources as they are needed. When committed, assigned, or unassigned resources are available for use, the City uses resources in the following order: 1) committed, 2) assigned, and 3) unassigned.

X. Restricted Assets

Restricted assets are cash, investments, and interest accrued thereon, if applicable; the use of which is limited by external requirements, such as a bond indenture or trust agreement.

Y. 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; and natural disasters. The City participates in the League of Minnesota Cities Insurance Trust (LMCIT), a public entity risk pool for its general property and casualty, workers' compensation, and other miscellaneous insurance coverages. The LMCIT operates as a common risk management and insurance program for Minnesota cities. The City pays an annual premium to the LMCIT for insurance coverage. The LMCIT agreement provides that the trust will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of certain limits. The City also carries commercial insurance for certain other risks of loss. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years. There were no significant reductions in the City's insurance coverage in the current year.

Z. Use of Estimates

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

AA. 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 $18,509 in the government-wide Statement of Activities and Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Position financial statements in the current year. See Note 5 for additional details on this change in the current year.

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Components of Cash and Investments

Cash and investments at year-end consist of the following:

Deposits	$	7,197,437
Investments		36,368,693
Cash on hand		1,800
Total	$	43,567,930

Cash and investments are included on the basic financial statements as follows:

Statement of Net Position		
Primary government		
Cash and investments	$	42,815,506
Restricted assets – temporarily restricted		
Cash and investments for debt service		193,500
Component unit		
Cash and investments		558,924
Total	$	43,567,930

B. Deposits

In accordance with applicable Minnesota Statutes, the City maintains deposits at depository banks authorized by the City Council, including checking accounts and certificates of deposit.

The following is considered the most significant risk associated with deposits:

Custodial Credit Risk – In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may be lost.

Minnesota Statutes require that all deposits be protected by federal deposit insurance, corporate surety bond, or collateral. The fair value of collateral pledged must equal 110 percent of the deposits not covered by federal deposit insurance or corporate surety bonds. Authorized collateral includes treasury bills, notes, and bonds; issues of U.S. government agencies; general obligations rated "A" or better; revenue obligations rated "AA" or better; irrevocable standard letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota Statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral. The City has no additional deposit policies addressing custodial credit risk.

At year-end, the carrying amount of the City's deposits was $7,197,437, while the balance on the bank records was $7,211,675. At December 31, 2024, all deposits were fully covered by federal deposit insurance, surety bonds, or by collateral held by the City's agent in the City's name.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

C. Investments

The City has the following investments at year-end:

Investment Type	Credit Risk Rating	Credit Risk Agency	Fair Value Measurements Using	Interest Risk – Maturity Duration in Years: Less Than 1	1 to 5	6 to 10	Total
U.S. treasuries	AAA	Moody's	Level 1	$ –	$ 1,945,810	$ –	$ 1,945,810
U.S. agencies	AA	S&P	Level 2	1,998,080	986,100	1,121,880	4,106,060
Municipal securities	AAA	S&P	Level 2	1,685,497	352,839	–	2,038,336
Municipal securities	AA	S&P	Level 2	3,198,110	2,100,597	515,998	5,814,705
Municipal securities	AAA	Moody's	Level 2	148,206	101,644	–	249,850
Municipal securities	AA	Moody's	Level 2	–	1,896,044	171,960	2,068,004
Municipal securities	A	Moody's	Level 2	–	154,960	–	154,960
Negotiable certificates of deposit	N/R	N/A	Level 2	1,952,617	12,596,323	252,451	14,801,391
				$ 8,982,510	$ 20,134,317	$ 2,062,289	31,179,116
Investment pools/mutual funds							
First American Treasury Obligation Fund	AAA	S&P	Level 1	N/A	N/A		4,589,283
Minnesota Municipal Money Market Fund	AAA	S&P	Amortized Cost	N/A	N/A		600,294
Total investments							$ 36,368,693

N/A – Not Applicable
N/R – Not Rated

Investments are subject to various risks, the following of which are considered the most significant:

Custodial Credit Risk – For investments, this is the risk that in the event of a failure of the counterparty to an investment transaction (typically a broker-dealer) the City would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policies do not further address this risk, but typically limits its exposure by purchasing insured or registered investments, or by the control of who holds the securities.

Credit Risk – This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Minnesota Statutes limit the City's investments to direct obligations or obligations guaranteed by the United States or its agencies; shares of investment companies registered under the Federal Investment Company Act of 1940 that receive the highest credit rating, are rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of 13 months or less; general obligations rated "A" or better; revenue obligations rated "AA" or better; general obligations of the Minnesota Housing Finance Agency rated "A" or better; bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System; commercial paper issued by United States corporations or their Canadian subsidiaries, rated of the highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less; Guaranteed Investment Contracts guaranteed by a United States commercial bank, domestic branch of a foreign bank, or a United States insurance company, and with a credit quality in one of the top two highest categories; repurchase or reverse purchase agreements and securities lending agreements with financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding $10,000,000; that are a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York; or certain Minnesota securities broker-dealers. The City's investment policies do not further address credit risk.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

Concentration Risk – This is the risk associated with investing a significant portion of the City's investments (considered 5.0 percent or more) in the securities of a single issuer, excluding U.S. guaranteed investments (such as treasuries), investment pools, and mutual funds. At December 31, 2024, the City had 8.6 percent of its portfolio invested with Federal Home Loan Bank. The City's investment policies do not limit the concentration of investments.

Interest Rate Risk – This is the risk of potential variability in the fair value of fixed rate investments resulting from changes in interest rates (the longer the period for which an interest rate is fixed, the greater the risk). The City's investment policy notes the City will not directly invest in securities maturing more than 10 years from the date of purchase.

NOTE 3 – LEASE RECEIVABLE

The City has entered into lease receivable agreements for cell tower rental space on city property. These leases are reported using an incremental borrowing rate of 3.30 percent with a final maturity in fiscal 2046. During the current year, the City received principal and interest payments on these leases of $152,618.

NOTE 4 – INTERFUND TRANSACTIONS

A. Advances To and Advances From Other Funds

Advances to and from other funds at year-end were as follows:

	Advances From Other Funds			
	Governmental		Proprietary	
Advances To Other Funds	TIF 4-10 Anchor Block North – Housing Tax Increment	Nonmajor	Fiber Optic	Total
Governmental				
General	$ –	$ 50,132	$ –	$ 50,132
Proprietary				
Electric	2,633,518	1,021,367	–	3,654,885
Surface Water	–	–	944,873	944,873
Waste Water	–	–	944,873	944,873
Total	$ 2,633,518	$ 1,071,499	$ 1,889,746	$ 5,594,763

Advances to and from other funds are utilized for cash flow purposes to eliminate cash balance deficits.

Interfund balances reported in the fund financial statements are eliminated to the extent possible in the government-wide financial statements.

NOTE 4 – INTERFUND TRANSACTIONS (CONTINUED)

B. Interfund Transfers

Interfund transfers for the year were as follows:

	Transfers In			
	Governmental		Proprietary	
Transfers Out	General	Nonmajor	Internal Service	Total
Governmental				
General	$ –	$ 1,366,684	$ 154,465	$ 1,521,149
Nonmajor	172,585	115,285	–	287,870
Proprietary				
Electric	300,000	1,100,000	–	1,400,000
Water	205,000	–	–	205,000
Surface Water	80,000	–	–	80,000
Waste Water	145,000	–	–	145,000
Solid Waste	60,000	–	–	60,000
Total	$ 962,585	$ 2,581,969	$ 154,465	$ 3,699,019

Transfers were made in accordance with budget appropriations or as approved by the City Council for the following purposes:

- The General Fund transferred $1,366,684 to the nonmajor funds for street-related projects and $154,465 to the internal service fund to finance operations.
- The nonmajor fund transferred $172,585 to the General Fund to finance operations and close out funds and $115,285 to the nonmajor fund for debt service payments.
- The proprietary funds transferred $790,000 to the General Fund to finance operations and $1,100,000 to the nonmajor funds for street-related projects.

Transfers are reported in the fund financial statements but are eliminated in the government-wide financial statements, as applicable.

NOTE 5 – CAPITAL ASSETS

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

A. Changes in Capital Assets Used in Governmental Activities

	Beginning Balance	Additions	Deletions	Completed Construction	Ending Balance
Capital assets, not being depreciated/amortized					
Land	$ 3,926,167	$ –	$ –	$ –	$ 3,926,167
Construction in progress	59,307	2,044,196	–	(1,654,806)	448,697
Total capital assets, not being depreciated/amortized	3,985,474	2,044,196	–	(1,654,806)	4,374,864
Capital assets, depreciated/amortized					
Buildings and structures	21,028,663	–	–	–	21,028,663
Furniture and equipment	5,993,097	572,006	(80,747)	43,652	6,528,008
Infrastructure	36,621,636	317,429	–	1,611,154	38,550,219
Subscriptions	214,417	–	–	–	214,417
Total capital assets, depreciated/amortized	63,857,813	889,435	(80,747)	1,654,806	66,321,307
Less accumulated depreciation/amortization on					
Buildings and structures	9,222,421	523,754	–	–	9,746,175
Furniture and equipment	3,816,764	422,374	(80,747)	–	4,158,391
Infrastructure	13,765,928	1,451,325	–	–	15,217,253
Subscriptions	85,710	85,710	–	–	171,420
Total accumulated depreciation/amortization	26,890,823	2,483,163	(80,747)	–	29,293,239
Total capital assets, depreciated/amortized, net	36,966,990	(1,593,728)	–	1,654,806	37,028,068
Net capital assets	$ 40,952,464	$ 450,468	$ –	$ –	$ 41,402,932

B. Changes in Capital Assets Used in Business-Type Activities

	Beginning Balance	Change in Accounting Principle*	Additions	Deletions	Completed Construction	Ending Balance
Capital assets, not being depreciated/amortized						
Land	$ 331,728	$ –	$ –	$ –	$ –	$ 331,728
Construction in progress	136,801	–	332,465	–	(469,266)	–
Total capital assets, not being depreciated/amortized	468,529	–	332,465	–	(469,266)	331,728
Capital assets, depreciated/amortized						
Buildings and structures	5,069,632	–	–	–	–	5,069,632
Furniture and equipment	3,105,184	23,136	1,281,114	(404,202)	136,801	4,142,033
Infrastructure	31,077,009	–	267,034	–	332,465	31,676,508
Subscriptions	181,655	–	–	–	–	181,655
Total capital assets, depreciated/amortized	39,433,480	23,136	1,548,148	(404,202)	469,266	41,069,828
Less accumulated depreciation/amortization on						
Buildings and structures	3,709,800	–	69,322	–	–	3,779,122
Furniture and equipment	2,325,223	4,627	200,271	(399,053)	–	2,131,068
Infrastructure	12,392,887	–	898,844	–	–	13,291,731
Subscriptions	16,147	–	16,147	–	–	32,294
Total accumulated depreciation/amortization	18,444,057	4,627	1,184,584	(399,053)	–	19,234,215
Total capital assets, depreciated/amortized, net	20,989,423	18,509	363,564	(5,149)	469,266	21,835,613
Net capital assets	$ 21,457,952	$ 18,509	$ 696,029	$ (5,149)	$ –	$ 22,167,341

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

NOTE 5 – CAPITAL ASSETS (CONTINUED)

C. Depreciation/Amortization Expense by Function

Depreciation/amortization expense was charged to the following functions:

Governmental activities		
General government	$	293,193
Public safety		21,536
Public works		1,623,401
Parks and recreation		67,312
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets		477,721
Total depreciation/amortization expense – governmental activities	$	2,483,163
Business-type activities		
Electric	$	121,820
Water		389,261
Surface water		269,148
Waste water		351,892
Fiber optic		44,439
Solid waste		8,024
Total depreciation/amortization expense – business-type activities	$	1,184,584

NOTE 6 – LONG-TERM DEBT

A. Components of Long-Term Debt

	Original Issue	Interest Rate	Issue Date	Final Maturity Date	Balance – End of Year
Governmental activities					
General obligation bonds					
Tax Increment Refunding Bonds of 2015A	$ 1,595,000	2.000–3.000%	2015	2032	$ 665,000
Improvement Bonds of 2016A	$ 2,640,000	2.000–2.100%	2016	2032	1,455,000
Tax Abatement Bonds of 2016A	$ 1,240,000	2.000–2.500%	2016	2037	860,000
Capital Improvement Refunding Bonds of 2016B	$ 2,430,000	2.000%	2016	2025	425,000
Improvement Bonds of 2017A	$ 1,051,380	1.650–3.000%	2017	2033	639,400
Improvement Bonds of 2018A	$ 3,475,000	3.000–5.000%	2018	2034	2,525,000
Taxable Tax Increment Bonds of 2020A	$ 6,325,000	2.000–3.000%	2020	2048	6,105,000
Improvement Refunding Bonds of 2021A	$ 960,000	2.000%	2021	2030	730,000
Improvement Bonds of 2022A	$ 4,590,000	3.050–4.000%	2022	2042	4,210,000
Premium					461,313
Subscription liability					42,982
Compensated absences					851,295
Total governmental activities					$ 18,969,990
Business-type activities					
Electric Utility Revenue Bonds of 2009C	$ 1,935,000	2.750–6.000%	2009	2025	$ 160,000
General obligation bonds					
Utility Revenue Refunding Bonds of 2015A	$ 4,650,000	2.000–3.000%	2015	2027	1,030,000
Utility Revenue Bonds of 2016A	$ 3,605,000	2.000–2.100%	2016	2032	2,050,000
Utility Revenue Bonds of 2017A	$ 438,620	1.650–3.000%	2017	2033	50,600
Utility Revenue Bonds of 2018A	$ 3,465,000	3.000–5.000%	2018	2034	2,575,000
Utility Revenue Bonds of 2020B	$ 1,830,000	2.000–3.000%	2020	2035	1,405,000
Utility Revenue Refunding Bonds of 2021A	$ 1,435,000	2.000%	2021	2030	1,105,000
Utility Revenue Bonds of 2022A	$ 5,405,000	3.050–4.000%	2022	2042	4,960,000
Premium					418,298
Subscription liability					167,847
Compensated absences					238,634
Total business-type activities					$ 14,160,379
Total government-wide activities					$ 33,130,369

B. Changes in Long-Term Debt

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental activities					
General obligation tax increment bonds	$ 7,065,000	$ –	$ 295,000	$ 6,770,000	$ 300,000
General obligation bonds	12,069,438	–	1,225,038	10,844,400	1,239,915
Premium	516,699	–	55,386	461,313	–
Total bonds	19,651,137	–	1,575,424	18,075,713	1,539,915
Subscription liability	126,610	–	83,628	42,982	42,982
Compensated absences	700,984	521,473	371,162	851,295	371,162
Total governmental activities	20,478,731	521,473	2,030,214	18,969,990	1,954,059
Business-type activities					
Utility revenue bonds	14,890,562	–	1,554,962	13,335,600	1,590,086
Premium	470,261	–	51,963	418,298	–
Total bonds	15,360,823	–	1,606,925	13,753,898	1,590,086
Subscription liability	177,192	–	9,345	167,847	13,404
Compensated absences	190,869	205,679	157,914	238,634	157,915
Total business-type activities	15,728,884	205,679	1,774,184	14,160,379	1,761,405
Total government-wide	$ 36,207,615	$ 727,152	$ 3,804,398	$ 33,130,369	$ 3,715,464

NOTE 6 – LONG-TERM DEBT (CONTINUED)

C. Minimum Debt Payments

Minimum annual payments required to retire bonds are as follows:

	Governmental Activities						Business-Type Activities			
Year Ending	Tax Increment		General Obligation		Subscription Liability		Utility Revenue		Subscription Liability	
December 31,	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2025	$ 300,000	$ 174,979	$ 1,239,915	$ 310,384	$ 42,982	$ 1,418	$ 1,590,086	$ 370,984	$ 13,404	$ 5,346
2026	310,000	166,560	829,788	278,760	–	–	1,245,212	326,326	16,109	4,861
2027	320,000	157,723	859,658	250,490	–	–	1,280,342	287,309	17,173	4,307
2028	325,000	148,360	869,525	223,873	–	–	1,035,475	253,063	17,749	3,731
2029	255,000	139,660	889,389	199,160	–	–	1,075,610	224,252	18,343	3,137
2030–2034	1,265,000	599,120	3,751,125	641,868	–	–	4,388,875	721,562	85,069	6,222
2035–2039	1,265,000	457,258	1,520,000	269,869	–	–	1,670,000	310,471	–	–
2040–2044	1,430,000	283,453	885,000	46,799	–	–	1,050,000	55,393	–	–
2045–2048	1,300,000	75,370	–	–	–	–	–	–	–	–
Total	$ 6,770,000	$ 2,202,483	$ 10,844,400	$ 2,221,203	$ 42,982	$ 1,418	$ 13,335,600	$ 2,549,360	$ 167,847	$ 27,604

D. Descriptions of Long-Term Debt

- **General Obligation Tax Increment Bonds** – The City has established tax increment financing districts and has issued general obligation tax increment bonds in accordance with Minnesota Statutes. It is anticipated that the tax increment revenues, derived from the captured assessed value of property in the tax increment district, will provide substantially all funds necessary to retire the bond principal and interest. In addition, future tax levies may be placed on the tax rolls annually as scheduled for supplementary financing.

- **General Obligation Bonds** – These bonds were issued for the construction of municipal buildings and streets, which also benefit the City as a whole and, therefore, are repaid from ad valorem levies and other sources.

- **Utility Revenue Bonds** – Electric, Water, Surface Water, Waste Water, and Solid Waste Enterprise Fund revenues will be used to repay this debt. The liability is recorded in the applicable enterprise fund.

  During 2010, the City transferred an asset from the enterprise funds to the governmental funds totaling $4,274,827. The City issued utility revenue bonds and electric utility revenue bonds to fund part of this project. With the transfer of the asset, the City no longer includes the related debt in its calculation of net investment in capital assets, causing the City's unrestricted net position to decrease.

- **Subscription Liability** – The City entered into agreements to finance the use of software, which calls for annual principal and interest payments through March 2034. These agreements are paid by the Electric Enterprise and Information Technology Internal Service Funds. The total amount of the underlying subscription assets and the related accumulated amortization is presented in Note 5 of the notes to basic financial statements.

Subscription Description	Interest Rate	Date	Final Maturity	Principal Outstanding
Governmental activities				
Open Gov	3.30%	01/01/2023	12/31/2025	$ 29,223
Open Gov	3.30%	01/01/2023	12/31/2025	13,759
Business-Type activities				
Landis Gyr	3.30%	01/01/2023	03/31/2034	167,847
				$ 210,829

NOTE 6 – LONG-TERM DEBT (CONTINUED)

- **Other Long-Term Liabilities** – The City provides its employees with various benefits, including compensated absences, pension benefits, and OPEB as further described elsewhere in these notes. The General, Electric, Water, Surface Water, and Waste Water Funds will be used to liquidate these liabilities.

E. 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. In the opinion of management, any obligation would be immaterial.

F. Revenue Pledged

Future revenue pledged for the payment of long-term debt is as follows:

		Revenue Pledged				Current Year	
Debt Issue	Use of Proceeds	Type	Percent of Total Debt Service	Term of Pledge	Remaining Principal and Interest	Principal and Interest Paid	Pledged Revenue Received
Tax Increment Refunding Bonds of 2015A	Street and site improvements	Tax increment financing	100%	2015–2032	$ 724,731	$ 134,156	$ 318,314
Tax Increment Revenue Bonds of 2020A	Street and site improvements	Tax increment financing	100%	2020–2048	$ 8,247,750	$ 343,885	$ 372,135
Electric Utility Revenue Bonds of 2009C	Utility improvements	Utility charges	100%	2009–2025	$ 164,800	$ 169,250	$ 10,996,569
Utility Revenue Refunding Bonds of 2015A	Utility improvements	Utility charges	100%	2015–2027	$ 1,062,769	$ 504,881	$ 6,798,323
Utility Revenue Bonds of 2016A	Utility improvements	Utility charges	100%	2016–2032	$ 2,221,140	$ 278,760	$ 5,754,659
Utility Revenue Bonds of 2017A	Utility improvements	Utility charges	100%	2017–2033	$ 57,107	$ 6,345	$ 3,810,058
Utility Revenue Bonds of 2018A	Utility improvements	Utility charges	100%	2018–2034	$ 3,007,679	$ 306,369	$ 5,754,659
Utility Revenue Bonds of 2020B	Utility improvements	Utility charges	100%	2020–2035	$ 1,575,125	$ 144,500	$ 5,754,659
Utility Revenue Refunding Bonds of 2021A	Utility improvements	Utility charges	100%	2021–2030	$ 1,172,950	$ 193,800	$ 5,754,659
Utility Revenue Bonds of 2022A	Utility improvements	Utility charges	100%	2022–2042	$ 6,623,390	$ 372,414	$ 5,754,659

G. Bond Ratings

The City's most recent bond rating by Standard & Poor's was AA+.

NOTE 7 – DEFINED BENEFIT PENSION PLANS

Employees of the City participate in three defined benefit pension plans. Two of the plans are state-wide, cost-sharing, multiple-employer defined benefit pension plans administered by the PERA of Minnesota; the General Employees Retirement Fund (GERF) and the Public Employees Police and Fire Fund (PEPFF). The third is a single-employer defined benefit pension plan administered through the North St. Paul Fire Department Relief Association (the Association). The details of the City's participation in each of these plans are presented later in these notes. The following table summarizes the impact of these plans on the City's government-wide financial statements:

Pension Plans	Net Pension Asset	Net Pension Liabilities	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
PERA – GERF	$ –	$ 1,545,378	$ 414,885	$ 1,137,585	$ 129,986
PERA – PEPFF	–	2,171,137	3,541,649	3,901,305	423,006
Fire Relief	829,627	–	75,023	270,834	(30,426)
Total – all pensions	$ 829,627	$ 3,716,515	$ 4,031,557	$ 5,309,724	$ 522,566

NOTE 8 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

A. Plan Descriptions

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

1. General Employees Retirement Fund (GERF)

Membership in the GERF includes employees of counties, cities, townships, schools in noncertified 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 Fund (PEPFF)

Membership in the PEPFF 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 PEPFF coverage for part-time positions and certain other public safety positions by submitting a resolution adopted by the entity's governing body. The resolution must state that the position meets plan requirements.

B. Benefits Provided

The PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statutes 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. GERF Benefits

The GERF 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 GERF 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, GERF 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, GERF 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 GERF 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 post-retirement increase is equal to 50.0 percent of the cost of living adjustment (COLA) announced by the Social Security Administration, with a minimum increase of at least 1.0 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.

2. PEPFF Benefits

Benefits for PEPFF members first hired before July 1, 2010, are vested after three years of service. Members hired on or after July 1, 2010, are 50.0 percent vested after five years of service, and 100.0 percent vested after 10 years. After five years, vesting increases by 10.0 percent each full year of service until members are 100.0 percent vested after ten years. Police and Fire Plan members receive 3.0 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 post-retirement increase is fixed at 1.0 percent. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase, will receive the full increase. Recipients receiving the annuity or benefit for at least 25 months, but less than 36 months, as of the June 30 before the effective date of the increase, will receive a prorated increase.

C. Contributions

Minnesota Statutes, Chapter 353 and 356 set the rates for employer and employee contributions. Contribution rates can only be modified by the State Legislature.

1. GERF Contributions

General Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2024, and the City was required to contribute 7.50 percent for General Plan members. The City’s contributions to the GERF for the year ended December 31, 2024, were $271,547. The City’s contributions were equal to the required contributions as set by state statutes.

2. PEPFF Contributions

Police and Fire Plan members were required to contribute 11.80 percent of their annual covered salary in fiscal year 2024, and the City was required to contribute 17.70 percent for Police and Fire Plan members. The City’s contributions to the PEPFF for the year ended December 31, 2024, were $416,267. The City’s contributions were equal to the required contributions as set by state statutes.

NOTE 8 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

D. Pension Costs

1. GERF Pension Costs

At December 31, 2024, the City reported a liability of $1,545,378 for its proportionate share of the GERF's net pension liability. The City's net pension liability reflected a reduction, due to the state of Minnesota's contribution of $16.0 million. The state of Minnesota is considered a nonemployer 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 $39,960.

City's proportionate share of the net pension liability	$ 1,545,378
State's proportionate share of the net pension liability associated with the City	39,960
Total	$ 1,585,338

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by the 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 the PERA's participating employers. The City's proportionate share was 0.0418 percent at the end of the measurement period and 0.0432 percent for the beginning of the period.

For the year ended December 31, 2024, the City recognized pension expense of $128,915 for its proportionate share of the GERF's pension expense. In addition, the City recognized an additional $1,071 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota's contribution of $16.0 million to the GERF.

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 nonemployer 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 $71,102 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 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	$ 146,230	$ –
Changes in actuarial assumptions	7,238	599,188
Net difference between projected and actual earnings on pension plan investments	–	470,142
Changes in proportion	122,761	68,255
Employer contributions subsequent to the measurement date	138,656	–
Total	$ 414,885	$ 1,137,585

The $138,656 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 ending 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:

Year Ending December 31,	Pension Expense Amount
2025	$ (469,719)
2026	$ (62,606)
2027	$ (210,588)
2028	$ (118,443)

2. PEPFF Pension Costs

At December 31, 2024, the City reported a liability of $2,171,137 for its proportionate share of the PEPFF'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 the 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 the PERA's participating employers. The City's proportionate share was 0.1650 percent at the end of the measurement period and 0.1637 percent for the beginning of the period.

The state of Minnesota contributed $37.4 million to the PEPFF in the plan fiscal year ended June 30, 2024. The contribution consisted of $9.0 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 $9.0 million in supplemental state aid that does not meet the definition of a special funding situation. Additionally, the $9.0 million supplemental state aid was paid on October 1, 2024. Thereafter, by October 1 of each year, the state will pay $9.0 million to the PEPFF until full funding is reached or July 1, 2048, whichever is earlier. The $9.0 million in supplemental state aid will continue until the fund is 90.0 percent funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90.0 percent funded, whichever occurs later. The state of Minnesota's proportionate share of the net pension liability associated with the City totaled $82,763.

City's proportionate share of the net pension liability	$ 2,171,137
State's proportionate share of the net pension liability associated with the City	82,763
Total	$ 2,253,900

NOTE 8 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

For the year ended December 31, 2024, the City recognized pension expense of $413,749 for its proportionate share of the Police and Fire Plan's pension expense. The City recognized $9,257 as grant revenue and pension expense for its proportionate share of the state of Minnesota's pension expense for the contribution of $9.0 million to the PEPFF special funding situation.

The state of Minnesota is not included as a nonemployer 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 $46,863 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 PEPFF.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 824,820	$ –
Changes in actuarial assumptions	2,198,860	3,170,856
Net difference between projected and actual earnings on pension plan investments	–	684,774
Changes in proportion	309,543	45,675
Employer contributions subsequent to the measurement date	208,426	–
Total	$ 3,541,649	$ 3,901,305

The $208,426 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 ending 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:

Year Ending December 31,	Pension Expense Amount
2025	$ (86,632)
2026	$ 512,735
2027	$ (277,840)
2028	$ (770,200)
2029	$ 53,855

E. Long-Term Expected Return on Investments

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	33.50 %	5.10 %
International equity	16.50	5.30 %
Fixed income	25.00	0.75 %
Private markets	25.00	5.90 %
Total	100.00 %	

F. Actuarial Methods and Assumptions

The total pension liability for each of the cost-sharing defined benefit plans was determined by an actuarial valuation as of June 30, 2024, using the entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 7.00 percent. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of investment return rates considered reasonable by the actuary. An investment return of 7.00 percent is within that range.

Inflation is assumed to be 2.25 percent for the General Employees Plan and the Police and Fire Plan. Benefit increases after retirement are assumed to be 1.25 percent for the General Employees Plan and 1.00 percent for the Police and Fire Plan.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25 percent after one year of service to 3.00 percent after 27 years of service. In the Police and Fire Plan, salary growth assumptions range in annual increments from 11.75 percent after one year of service to 3.00 percent after 24 years of service.

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

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

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

1. **GERF**

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.

2. **PEPFF**

CHANGES IN PLAN PROVISIONS

- The state contribution of $9.0 million per year will continue until the earlier of 1) both the Police and Fire Plan and the State Patrol Retirement Fund attain 90.00 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 90.00 percent funded status for one year.
- The additional $9.0 million contribution will continue until the Police and Fire Plan is fully funded for a minimum of three consecutive years on an actuarial value of assets basis, or July 1, 2048, whichever is earlier. 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).

G. Discount Rate

The discount rate used to measure the total pension liability in 2024 was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund and the 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.

NOTE 8 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

H. Pension Liability Sensitivity

The following table 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 section, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease in Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
The City's proportionate share of the GERF net pension liability	$ 3,375,354	$ 1,545,378	$ 40,056
The City's proportionate share of the PEPFF net pension liability (asset)	$ 5,130,822	$ 2,171,137	$ (259,383)

I. Pension Plan Fiduciary Net Position

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

NOTE 9 – DEFINED BENEFIT PENSION PLANS – FIRE RELIEF ASSOCIATION

A. Plan Description

All members of the North St. Paul Fire Department (the Department) are covered by a defined benefit plan administered by the North St. Paul Fire Department Relief Association (the Association). As of the most recent valuation, the plan covered 32 active firefighters and 8 vested terminated firefighters whose pension benefits are deferred. The plan is a single-employer retirement plan and is established and administered in accordance with Minnesota Statutes, Chapter 69.

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

B. Benefits Provided

A firefighter who completes at least 20 years as an active member of the Department is entitled, after age 50, to a full service pension upon retirement.

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

C. Contributions

Minnesota Statutes, Chapters 424 and 424A authorize pension benefits for volunteer fire relief associations. The plan is funded by fire state aid, investment earnings, and, if necessary, employer contributions as specified in Minnesota Statutes and voluntary city contributions (if applicable). Required employer contributions are calculated annually based on statutory provisions. The City had no required contribution as set by state statutes. The City made a voluntary contribution to the plan for the year ended December 31, 2024 totaling $5,578. The City also passed through $98,256 of on-behalf contributions from the state of Minnesota. Furthermore, the firefighter has no obligation to contribute to the plan.

D. Pension Costs

At December 31, 2024, the City reported a net pension asset of $829,627 for the plan. The net pension asset was measured as of December 31, 2023. The total pension liability used to calculate the net pension asset in accordance with GASB Statement No. 68 was determined by applying an actuarial formula to specific census data certified by the Department as of December 31, 2022.

For the year ended December 31, 2024, the City recognized negative pension expense of $30,426.

The following table presents the changes in net pension liability (asset) during the year:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a-b)
Beginning balance	$ 760,884	$ 1,383,021	$ (622,137)
Changes for the year			
Service cost	65,136	–	65,136
Interest	47,496	–	47,496
Contributions (state and local)	–	91,000	(91,000)
Contributions (donations and other income)	–	2,159	(2,159)
Net investment income	–	239,263	(239,263)
Administrative expense	–	(12,300)	12,300
Total net changes	112,632	320,122	(207,490)
Ending balance	$ 873,516	$ 1,703,143	$ (829,627)

NOTE 9 – DEFINED BENEFIT PENSION PLANS – FIRE RELIEF ASSOCIATION (CONTINUED)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 14,411	$ 235,470
Changes in actuarial assumptions	45,016	35,364
Net collective difference between projected and actual investment earnings	10,018	–
Contributions paid subsequent to the measurement date	5,578	–
Total	$ 75,023	$ 270,834

A total of $5,578 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 ending December 31, 2025. Other amounts reported as deferred outflows and inflows of resources related to the plan will be recognized in pension expense as follows:

Year Ending December 31,	Pension Expense Amount
2025	$ (30,592)
2026	$ (17,760)
2027	$ 9,144
2028	$ (58,277)
2029	$ (26,439)
Thereafter	$ (77,465)

E. Actuarial Methods and Assumptions

The total pension liability at December 31, 2023 was determined using the entry-age normal actuarial cost method and the following actuarial assumptions:

Retirement eligibility at 100.00 percent service pension at age 50 with 20 years of service, early vested retirement at age 50 with 10 years of service reduced by 4.00 percent for each year of service less than 20 years and eligibility for deferred service pension payable at age 50 with 20 years of service
Inflation rate – 2.50 percent per year
Cost of living increases – zero percent per year
Investment rate of return – 5.75 percent
20-year municipal bond yield – 4.05 percent

The 5.75 percent long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates for expected future real rates of return (expected returns, net of inflation) were developed for each asset class using the plan's target investment allocation, along with long-term return expectations by asset class. Inflation expectations were applied to derive the nominal rate of return for the portfolio.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Long-Term Expected Nominal Rate of Return
Domestic equity	56.00 %	4.10 %	6.60 %
International equity	17.00	4.64 %	7.14 %
Fixed income	24.00	1.05 %	3.55 %
Real estate and alternatives	1.00	3.54 %	6.04 %
Cash and equivalents	2.00	(0.45) %	2.05 %
Total	100.00 %		5.75 %

F. Discount Rate

The discount rate used to measure the total pension liability was 5.75 percent. The projection of cash flows used to determine the discount rate assumed that contributions to the plan will be made as specified in state statutes. Based on that assumption and considering the funding ratio of the plan, the fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. Pension Liability (Asset) Sensitivity

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

	1% Decrease in Discount Rate (4.75%)	Current Discount Rate (5.75%)	1% Increase in Discount Rate (6.75%)
Net pension liability (asset)	$ (777,195)	$ (829,627)	$ (878,020)

H. Pension Plan Fiduciary Net Position

The Association issues a publicly available financial report. This report may be obtained by writing to the North St. Paul Fire Department Relief Association, 2400 Margaret Street, North St. Paul, Minnesota 55109.

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN

A. Plan Description

The City provides post-employment benefits to certain eligible employees through the City's OPEB Plan, a single-employer defined benefit plan administered by the City. All post-employment benefits are based on contractual agreements with employee groups. These contractual agreements do not include any specific contribution or funding requirements. 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.

B. 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. For members of all employee groups, the retiree must pay the full premium to continue coverage for medical and dental insurance. Per state statutes, the City is also required to contribute towards the cost of continued health insurance coverage for officers and firefighters disabled or killed in the line of duty.

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.

C. 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 $104,839.

D. Membership

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

Retirees and beneficiaries receiving benefits	7
Active plan members	58
Total members	65

E. Total OPEB Liability of the City

The City's total OPEB liability of $1,597,364 as of year-end was measured as of December 31, 2023, and was determined by an actuarial valuation as of that date.

F. Actuarial Methods and Assumptions

The total OPEB liability was determined by an actuarial valuation as of December 31, 2023, using the entry-age method. The valuation utilized the alternative measurement method allowed for employers with fewer than 100 plan participants. The following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Discount rate	3.77%
20-year municipal bond yield	3.77%
Inflation rate	2.50%
Medical trend rate	6.90%, grading to 3.90% over 51 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 were based on the Pub-2010 Public Safety Mortality Tables with projected mortality improvements based on Scale MP-2021, and other adjustments for the police and fire employees. Mortality rates for the general employees were based on Pub-2010 General Mortality Tables with projected mortality improvements based on Scale MP-2021, and other adjustments.

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

G. Changes in the Total OPEB Liability

	Total OPEB Liability
Beginning balance	$ 869,318
Changes for the year	
Service cost	12,324
Interest	33,486
Differences between expected and actual experience	701,304
Changes of assumptions	90,604
Benefit payments	(109,672)
Total net changes	728,046
Ending balance	$ 1,597,364

Assumption changes since the prior measurement date include the following:

- The discount rate was changed from 4.05 percent to 3.77 percent.
- The healthcare trend rates, mortality tables, and payroll growth rates were updated for changes in recent studies and inflationary adjustments.

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

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

	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
OPEB discount rate	2.77%	3.77%	4.77%
Total OPEB liability	$ 1,790,926	$ 1,597,364	$ 1,435,321

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:

	1% Decrease in Healthcare Cost Trend Rate	Current Healthcare Cost Trend Rate	1% Increase in Healthcare Cost Trend Rate
OPEB healthcare cost trend rate	5.90% grading to 2.90% over 51 years	6.90% grading to 3.90% over 51 years	7.90% grading to 4.90% over 51 years
Total OPEB liability	$ 1,436,997	$ 1,597,364	$ 1,786,144

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

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

For the current year ended, the City recognized OPEB expense of $837,718. As of year-end, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
City's contributions subsequent to the measurement date	$ 104,839	$ –

A total of $104,839 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 ending December 31, 2025.

NOTE 11 – STEWARDSHIP AND ACCOUNTABILITY

A. Deficit Fund Balance/Net Position

The following funds have a deficit fund balance/net position at December 31, 2024:

	Amount
Governmental	
Special revenue fund	
TIF 4-10 Anchor Block North – Housing Tax Increment	$ 2,633,518
Nonmajor funds	
Special revenue funds	
TIF 4-9 Margaret Street Tax Increment	$ 50,132
TIF 4-10 Anchor Block North – Soils Tax Increment	$ 1,021,367
Capital projects fund	
Municipal State Aid	$ 336,741
Proprietary	
Enterprise fund	
Fiber Optic	$ 482,374

The deficit in the TIF 4-10 Anchor Block North – Housing Tax Increment Special Revenue Fund will be reduced and eliminated as tax increment funds are received as a result of development.

The deficit in the TIF 4-9 Margaret Street Tax Increment Special Revenue Fund will be reduced and eliminated as tax increment funds are received as a result of development.

The deficit in the TIF 4-10 Anchor Block North – Soils Tax Increment Special Revenue Fund will be reduced and eliminated as tax increment funds are received as a result of development.

The deficit in the Municipal State Aid Capital Projects Fund will be reduced and eliminated as the City recognizes its annual allocation of funding each year.

The deficit in the Fiber Optic Fund will be reduced and eliminated as operations become established and continue to progress.

NOTE 12 – NET POSITION/FUND BALANCES

A. Net Investment in Capital Assets

The government-wide statement of net position at December 31, 2024 includes the City's net investment in capital assets calculated as follows:

	Governmental Activities	Business-Type Activities	Total
Net investment in capital assets			
Capital assets			
Nondepreciable	$ 4,374,864	$ 331,728	$ 4,706,592
Depreciable, net of accumulated depreciation/amortization	37,028,068	21,835,613	58,863,681
Less capital related long-term debt outstanding	(11,348,695)	(13,541,519)	(24,890,214)
Less capital related accounts/contracts payable	(259,455)	(44,365)	(303,820)
Plus unspent bond proceeds	–	816,925	816,925
Total net investment in capital assets	$ 29,794,782	$ 9,398,382	$ 39,193,164

B. Governmental Fund Balance Classifications

At December 31, 2024, the City had the following governmental fund balances:

	General	TIF 4-10 Anchor Block North – Housing Tax Increment	Street Improvement Revolving	Nonmajor	Total
Nonspendable					
Prepaid items	$ 20,178	$ –	$ –	$ –	$ 20,178
Advance to other funds	50,132	–	–	–	50,132
Total nonspendable	70,310	–	–	–	70,310
Restricted					
HRA	–	–	–	1,505,183	1,505,183
Tax increment	–	–	–	968,702	968,702
Police forfeiture	–	–	–	12,452	12,452
Cable PEG fees	–	–	–	67,885	67,885
Debt service	–	–	–	2,686,811	2,686,811
Total restricted	–	–	–	5,241,033	5,241,033
Committed					
Asset preservation	–	–	–	1,774,888	1,774,888
Street maintenance	–	–	–	3,435,737	3,435,737
Total committed	–	–	–	5,210,625	5,210,625
Assigned					
Fire relief	32,771	–	–	–	32,771
Community events	59,147	–	–	–	59,147
Community center	–	–	–	89,735	89,735
Street improvements	–	–	1,146,567	–	1,146,567
Permanent improvement revolving	–	–	–	442,862	442,862
Opioid response	–	–	–	3,626	3,626
Pandemic response	–	–	–	113,503	113,503
Park improvements	–	–	–	1,157,950	1,157,950
Total assigned	91,918	–	1,146,567	1,807,676	3,046,161
Unassigned	5,886,178	(2,633,518)	–	(1,408,240)	1,844,420
Total	$ 6,048,406	$ (2,633,518)	$ 1,146,567	$ 10,851,094	$ 15,412,549

NOTE 12 – NET POSITION/FUND BALANCES (CONTINUED)

C. Minimum Fund Balance Policy

The City Council has formally adopted a fund balance policy that limits the amount of unassigned fund balance for the General Fund. The policy establishes the City will strive to maintain a minimum unassigned General Fund balance of 50 percent of the subsequent year's budgeted expenditures for working capital. At December 31, 2024, the unassigned fund balance for the General Fund was 57 percent of the subsequent year's budgeted expenditures.

NOTE 13 – JOINTLY GOVERNED ORGANIZATION

The City, in conjunction with seven other municipalities that provide distribution of electric services, created the Minnesota Municipal Power Agency (MMPA). The MMPA began operations on July 1, 1995. The MMPA purchases power that is purchased and distributed by the eight municipalities that operate electric distribution systems. The MMPA's Board of Directors is comprised of one member from each participating entity. Except for minimum purchase requirements, no participant has any obligation, entitlement, or residual interest. The City's purchases of power from the MMPA for the year ended December 31, 2024 were $6,577,610. This agreement became effective on July 1, 1995 and shall remain in effect through October 31, 2040, and if it is not then terminated by at least five years' prior written notice given by either party to the other, it shall continue in full force and effect until so terminated.

NOTE 14 – TAX ABATEMENT AGREEMENTS

The City, in order to spur economic development and redevelopment, will enter into private development and 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 City currently has three agreements that would be considered a tax abatement under GASB Statement No. 77.

In 2013, the City entered into a development agreement with Helen Street Senior Housing, LLC to assist the developer with the financing of certain costs of a project constructed within the development district. For this agreement, the City 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 City will abate 90 percent of the incremental taxes received through execution of a tax increment revenue note to be retired in 2032. The outstanding principal balance as of December 31, 2024 for this agreement was $1,242,558 and the City rebated $223,667 in the current year.

In 2019, the City entered into a development agreement with M/I Homes Minneapolis/St. Paul, LLC to assist the developer with the financing of certain costs of a project constructed within the development district. For this agreement, the City 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 City will abate 90 percent of the incremental taxes received through execution of a tax increment revenue note to be retired in 2042. The outstanding principal balance as of December 31, 2024 for this agreement was $2,773,494 and the City rebated $367,924 in the current year.

In 2020, the City entered into a development agreement with Anchor View, LLC to assist the developer with the financing of certain costs of a project constructed within the development district. For this agreement, the City 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 City will abate 47.5 percent of the incremental taxes received through execution of a tax increment revenue note to be retired in 2048. The outstanding principal balance as of December 31, 2024 for this agreement was $2,400,000 and the City rebated $188,202 in the current year.

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

- The proposed development or 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 development after subtracting the present value of the projected tax increments for the maximum duration of the district permitted by the plan. The requirements of this item do not apply if the district is a housing district;

- The tax increment financing plan conforms to the general plan for the development or 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 development or redevelopment of the project by private enterprise.

NOTE 15 – COMMITMENTS AND CONTINGENCIES

A. Federal and State Funding

Amounts recorded or receivable from federal and state agencies are subject to agency audit and adjustment. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of claims which may be disallowed by the grantor agencies cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

NOTE 15 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

B. Legal Claims

The City has the usual and customary type of miscellaneous legal claims pending at year-end. Although the outcome of these lawsuits is not presently determinable, the City's management believes that the City will not incur any material monetary loss resulting from these claims. No loss has been recorded on the City's financial statements relating to these claims.

C. Tax Increment Districts

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

D. Construction Contracts

The City has several outstanding contracts at year-end. A liability for work completed has been recorded as contracts payable. The City's commitment for uncompleted work on these contracts at December 31, 2024 is $115,942.

NOTE 16 – SUBSEQUENT EVENTS

In April 2025, the City issued $6,530,000 of General Obligation Street Reconstruction and Utility Bonds, Series 2025A with interest rates ranging from 4.00–5.00 percent. The bonds mature in 2046.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NORTH ST. PAUL

North St. Paul Fire Department Relief Association
Schedule of Changes in the City's
Net Pension Liability and Related Ratios
December 31, 2024

	Fiscal Year									
City financial statement year ended December 31,	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Measurement period – December 31,	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total pension liability										
Service cost	$ 44,596	$ 49,217	$ 59,100	$ 53,518	$ 53,145	$ 52,189	$ 55,318	$ 65,287	$ 66,756	$ 65,136
Interest	57,027	61,325	68,098	76,514	87,458	82,452	72,689	50,599	47,766	47,496
Differences between expected and actual experience	–	–	37,947	–	(89,257)	–	(89,832)	–	(167,477)	–
Changes of assumptions	–	(9,781)	(11,354)	(11,126)	11,318	10,830	53,863	–	(29,231)	–
Changes of benefit terms	55,211	89,727	30,905	–	–	–	35,255	–	–	–
Benefit payments, including refunds of member contributions	(97,000)	(82,672)	(183,083)	–	–	(177,800)	(330,328)	(342,650)	–	–
Net change in total pension liability	59,834	107,816	1,613	118,906	62,664	(32,329)	(203,035)	(226,764)	(82,186)	112,632
Total pension liability – beginning of year	954,365	1,014,199	1,122,015	1,123,628	1,242,534	1,305,198	1,272,869	1,069,834	843,070	760,884
Total pension liability – end of year	1,014,199	1,122,015	1,123,628	1,242,534	1,305,198	1,272,869	1,069,834	843,070	760,884	873,516
Plan fiduciary net position										
Contributions – employer	39,982	21,000	22,000	34,504	40,481	22,000	4,950	–	14,113	5,578
Contributions – nonemployer (state)	55,788	59,922	60,125	59,121	60,649	63,515	71,317	73,275	76,887	85,422
Projected investment earnings	77,887	28,294	21,230	27,270	25,162	30,826	20,689	19,564	15,663	23,566
Asset gain/(loss)	(2,543)	(66,762)	52,391	152,792	(165,023)	276,812	139,078	188,378	(273,836)	215,697
Benefit payments, including refunds of member contributions	(97,000)	(82,672)	(183,083)	–	–	(177,800)	(330,328)	(342,650)	–	–
Administrative expenses	(8,700)	(8,950)	(9,350)	(9,500)	(9,700)	(9,950)	(10,150)	(10,500)	–	(12,300)
Other	–	2,800	1,848	2,259	2,110	2,462	2,979	5,461	2,838	2,159
Net change in plan fiduciary net position	65,414	(46,368)	(34,839)	266,446	(46,321)	207,865	(101,465)	(66,472)	(164,335)	320,122
Plan fiduciary net position – beginning of year	1,303,096	1,368,510	1,322,142	1,287,303	1,553,749	1,507,428	1,715,293	1,613,828	1,547,356	1,383,021
Plan fiduciary net position – end of year	1,368,510	1,322,142	1,287,303	1,553,749	1,507,428	1,715,293	1,613,828	1,547,356	1,383,021	1,703,143
Net pension liability (asset)	$(354,311)	$(200,127)	$(163,675)	$(311,215)	$(202,230)	$(442,424)	$(543,994)	$(704,286)	$(622,137)	$(829,627)
Fiduciary net position as a percentage of the total pension liability	134.94%	117.84%	114.57%	125.05%	115.49%	134.76%	150.85%	183.54%	181.77%	194.98%

North St. Paul Fire Department Relief Association
Schedule of City Contributions and Nonemployer Contributing Entities
December 31, 2024

	City Contributions			Nonemployer Contribution
Year Ended December 31,	Statutorily Determined Contribution	Actual Contribution	Contribution Excess	State 2% Fire Aid
2015	$ –	$ 21,000	$ 21,000	$ 59,922
2016	–	22,000	22,000	60,125
2017	–	34,504	34,504	59,121
2018	–	40,481	40,481	60,649
2019	–	22,000	22,000	63,515
2020	–	4,950	4,950	71,317
2021	–	–	–	73,275
2022	–	14,113	14,113	76,887
2023	–	5,578	5,578	85,422
2024	–	5,578	5,578	98,256

PERA – General Employees Retirement Fund
Schedule of City's and Nonemployer Proportionate Share of Net Pension Liability
Year Ended December 31, 2024

City Fiscal Year-End Date	PERA Fiscal Year-End Date (Measurement Date)	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability	City's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the City's Share of the State of Minnesota's Share of the Net Pension Liability	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/2015	06/30/2015	0.0453%	$ 2,347,682	$ –	$ 2,347,682	$ 2,663,600	88.14%	78.2%
12/31/2016	06/30/2016	0.0464%	$ 3,767,450	$ 49,198	$ 3,816,648	$ 2,879,758	130.83%	68.9%
12/31/2017	06/30/2017	0.0449%	$ 2,866,385	$ 36,082	$ 2,902,467	$ 2,889,113	99.21%	75.9%
12/31/2018	06/30/2018	0.0431%	$ 2,391,010	$ 78,405	$ 2,469,415	$ 2,901,027	82.42%	79.5%
12/31/2019	06/30/2019	0.0407%	$ 2,250,212	$ 69,997	$ 2,320,209	$ 2,887,303	77.93%	80.2%
12/31/2020	06/30/2020	0.0424%	$ 2,542,074	$ 78,375	$ 2,620,449	$ 2,979,851	85.31%	79.1%
12/31/2021	06/30/2021	0.0410%	$ 1,750,884	$ 53,402	$ 1,804,286	$ 2,923,369	59.89%	87.0%
12/31/2022	06/30/2022	0.0401%	$ 3,175,934	$ 92,938	$ 3,268,872	$ 3,000,929	105.83%	76.7%
12/31/2023	06/30/2023	0.0432%	$ 2,415,696	$ 66,456	$ 2,482,152	$ 3,431,456	70.40%	83.1%
12/31/2024	06/30/2024	0.0418%	$ 1,545,378	$ 39,960	$ 1,585,338	$ 3,537,254	43.69%	89.1%

PERA – General Employees Retirement Fund
Schedule of City Contributions
Year Ended December 31, 2024

City Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/2015	$ 209,393	$ 209,393	$ –	$ 2,791,911	7.50%
12/31/2016	$ 217,300	$ 217,300	$ –	$ 2,890,723	7.52%
12/31/2017	$ 215,196	$ 215,196	$ –	$ 2,869,280	7.50%
12/31/2018	$ 218,577	$ 218,577	$ –	$ 2,928,097	7.46%
12/31/2019	$ 216,451	$ 216,451	$ –	$ 2,886,215	7.50%
12/31/2020	$ 227,088	$ 227,088	$ –	$ 3,027,832	7.50%
12/31/2021	$ 220,066	$ 220,066	$ –	$ 2,934,208	7.50%
12/31/2022	$ 239,407	$ 239,407	$ –	$ 3,192,087	7.50%
12/31/2023	$ 261,507	$ 261,507	$ –	$ 3,486,761	7.50%
12/31/2024	$ 271,547	$ 271,547	$ –	$ 3,619,974	7.50%

PERA – Public Employees Police and Fire Fund
Schedule of City's and Nonemployer Proportionate Share of Net Pension Liability
Year Ended December 31, 2024

City Fiscal Year-End Date	PERA Fiscal Year-End Date (Measurement Date)	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability	City's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the City's Share of the State of Minnesota's Share of the Net Pension Liability	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/2015	06/30/2015	0.1610%	$ 1,829,337	$ –	$ 1,829,337	$ 1,464,630	124.90%	86.6%
12/31/2016	06/30/2016	0.1620%	$ 6,501,343	$ –	$ 6,501,343	$ 1,560,254	416.68%	63.9%
12/31/2017	06/30/2017	0.1580%	$ 2,133,189	$ –	$ 2,133,189	$ 1,620,507	131.64%	85.4%
12/31/2018	06/30/2018	0.1559%	$ 1,661,734	$ –	$ 1,661,734	$ 1,643,072	101.14%	88.8%
12/31/2019	06/30/2019	0.1612%	$ 1,716,138	$ –	$ 1,716,138	$ 1,700,395	100.93%	89.3%
12/31/2020	06/30/2020	0.1528%	$ 2,014,069	$ 47,448	$ 2,061,517	$ 1,722,778	116.91%	87.2%
12/31/2021	06/30/2021	0.1458%	$ 1,125,423	$ 50,578	$ 1,176,001	$ 1,722,082	65.35%	93.7%
12/31/2022	06/30/2022	0.1549%	$ 6,740,635	$ 294,529	$ 7,035,164	$ 1,846,321	365.08%	70.5%
12/31/2023	06/30/2023	0.1637%	$ 2,826,885	$ 113,873	$ 2,940,758	$ 2,149,564	131.51%	86.5%
12/31/2024	06/30/2024	0.1650%	$ 2,171,137	$ 82,763	$ 2,253,900	$ 2,285,361	95.00%	90.2%

PERA – Public Employees Police and Fire Fund
Schedule of City Contributions
Year Ended December 31, 2024

City Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/2015	$ 236,884	$ 236,884	$ –	$ 1,462,066	16.20%
12/31/2016	$ 263,721	$ 263,721	$ –	$ 1,627,910	16.20%
12/31/2017	$ 263,983	$ 263,983	$ –	$ 1,629,522	16.20%
12/31/2018	$ 268,898	$ 268,898	$ –	$ 1,660,140	16.20%
12/31/2019	$ 289,482	$ 289,482	$ –	$ 1,707,735	16.95%
12/31/2020	$ 309,731	$ 309,731	$ –	$ 1,748,712	17.71%
12/31/2021	$ 317,544	$ 317,544	$ –	$ 1,793,418	17.71%
12/31/2022	$ 351,119	$ 351,119	$ –	$ 1,983,723	17.70%
12/31/2023	$ 386,766	$ 386,766	$ –	$ 2,185,119	17.70%
12/31/2024	$ 416,267	$ 416,267	$ –	$ 2,351,927	17.70%

CITY OF NORTH ST. PAUL

Other Post-Employment Benefits Plan
Schedule of Changes in the City's Total
OPEB Liability and Related Ratios
Year Ended December 31, 2024

	Fiscal Year						
City financial statement year ended December 31,	2018	2019	2020	2021	2022	2023	2024
Measurement period – December 31,	2017	2018	2019	2020	2021	2022	2023
Total OPEB liability							
Service cost	$ 19,631	$ 22,435	$ 22,226	$ 12,810	$ 14,998	$ 17,106	$ 12,324
Interest	20,889	18,864	20,614	7,306	5,361	19,379	33,486
Differences between expected and actual experience	–	–	(338,228)	4,065	781,846	(4,735)	701,304
Changes of assumptions	16,149	(12,602)	54,180	11,066	40,426	(158,592)	90,604
Benefit payments	(37,784)	(37,868)	(47,650)	(31,014)	(39,148)	(79,935)	(109,672)
Net change in total OPEB liability	18,885	(9,171)	(288,858)	4,233	803,483	(206,777)	728,046
Total OPEB liability – beginning of year	547,523	566,408	557,237	268,379	272,612	1,076,095	869,318
Total OPEB liability – end of year	$ 566,408	$ 557,237	$ 268,379	$ 272,612	$1,076,095	$ 869,318	$1,597,364
Covered-employee payroll	$4,088,418	$4,215,283	$4,543,426	$4,690,819	$4,501,970	$5,099,478	$5,380,293
Total OPEB liability as a percentage of covered-employee payroll	13.9%	13.2%	5.9%	5.8%	23.9%	17.0%	29.7%

Note 1: The City has not established a trust fund to finance GASB Statement No. 75 related benefits.

Note 2: The City implemented GASB Statement No. 75 in fiscal 2018. This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

NORTH ST. PAUL FIRE DEPARTMENT RELIEF ASSOCIATION

2023 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate increased from 5.25 percent to 5.75 percent.
- The inflation rate increased from 2.25 percent to 2.50 percent.
- The disability, mortality, and withdrawal assumptions were updated from the rates used in the July 1, 2020 Minnesota PERA Police and Fire Plan actuarial valuation to the rates used in the July 1, 2022 Minnesota PERA Police and Fire Plan actuarial valuation.

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate decreased from 6.25 percent to 5.25 percent.
- The inflation rate decreased from 2.50 percent to 2.25 percent.
- The mortality and withdrawal assumptions were updated from the rates used in the July 1, 2018 Minnesota PERA Police and Fire Plan actuarial valuation to the rates used in the July 1, 2020 Minnesota PERA Police and Fire Plan actuarial valuation.

2021 CHANGES IN PLAN PROVISIONS

- The lump sum pension increased from $5,200 per year of service to $5,400 per year of service.

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate decreased from 6.50 percent to 6.25 percent.

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate decreased from 6.75 percent to 6.50 percent.
- The inflation rate decreased from 2.75 percent to 2.50 percent.
- The mortality and withdrawal assumptions were updated from the rates used in the July 1, 2016 Minnesota PERA Police and Fire Plan actuarial valuation to the rates used in the July 1, 2018 Minnesota PERA Police and Fire Plan actuarial valuation.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate increased from 6.50 percent to 6.75 percent.

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate increased from 6.25 percent to 6.50 percent.

2017 CHANGES IN PLAN PROVISIONS

- The lump sum pension increased from $5,000 per year of service to $5,200 per year of service.

NORTH ST. PAUL FIRE DEPARTMENT RELIEF ASSOCIATION (CONTINUED)

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate increased from 6.00 percent to 6.25 percent.

2016 CHANGES IN PLAN PROVISIONS

- The lump sum pension increased from $4,300 per year of service to $5,000 per year of service.

2015 CHANGES IN PLAN PROVISIONS

- The lump sum pension increased from $4,000 per year of service to $4,300 per year of service.

PERA – GENERAL EMPLOYEES RETIREMENT FUND

2024 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.

2024 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.

2023 CHANGES IN ACTUARIAL ASSUMPTIONS

- The investment return assumption and single discount rate were changed from 6.50 percent to 7.00 percent.

2023 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, noncompounding benefit increase of 2.50 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

2022 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2021 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 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 two through five, 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 MP-2018 to 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 100.00 percent joint and survivor option changed from 35.00 percent to 45.00 percent. The assumed number of married female new retirees electing the 100.00 percent joint and survivor option changed from 15.00 percent to 30.00 percent. The corresponding number of married new retirees electing the life annuity option was adjusted accordingly.

2020 CHANGES IN PLAN PROVISIONS

- Augmentation for current privatized members was reduced to 2.00 percent for the period July 1, 2020 through December 31, 2023, and zero percent thereafter. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2019 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 IN ACTUARIAL ASSUMPTIONS

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

2018 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 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to zero percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Post-retirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90.00 percent funding ratio to 50.00 percent of the Social Security Cost of Living Adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

- The Combined Service Annuity (CSA) loads were changed from 0.80 percent for active members and 60.00 percent for vested and nonvested deferred members. The revised CSA loads are now zero percent for active member liability, 15.00 percent for vested deferred member liability, and 3.00 percent for nonvested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year for all years, to 1.00 percent per year through 2044, and 2.50 percent per year thereafter.

2017 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.

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

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

PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

2015 CHANGES IN ACTUARIAL ASSUMPTIONS

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2030, and 2.50 percent per year thereafter, to 1.00 percent per year through 2035, and 2.50 percent per year thereafter.

2015 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 $892.0 million. Upon consolidation, state and employer contributions were revised; the state's contribution of $6.0 million, which meets the special funding situation definition, was due September 2015.

PERA – PUBLIC EMPLOYEES POLICE AND FIRE FUND

2024 CHANGES IN PLAN PROVISIONS

- The state contribution of $9.0 million per year will continue until the earlier of 1) both the Police and Fire Plan and the State Patrol Retirement Fund attain 90.00 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 90.00 percent funded status for one year.
- The additional $9.0 million contribution will continue until the Police and Fire Plan is fully funded for a minimum of three consecutive years on an actuarial value of assets basis, or July 1, 2048, whichever is earlier. 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 IN ACTUARIAL ASSUMPTIONS

- The investment return assumption was changed from 6.50 percent to 7.00 percent.
- The single discount rate changed from 5.40 percent to 7.00 percent.

2023 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 50.00 percent vesting after five years, increasing incrementally to 100.00 percent after 10 years.
- A one-time, noncompounding benefit increase of 3.00 percent will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- Psychological treatment is required effective July 1, 2023, prior to approval for a duty disability benefit for a psychological condition relating to the member's occupation.
- The total and permanent duty disability benefit was increased, effective July 1, 2023.

2022 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2021 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 60.00 percent to 70.00 percent. Minor changes to form of payment assumptions were applied.

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2018 CHANGES IN PLAN PROVISIONS

- Post-retirement benefit increases were changed to 1.00 percent for all years, with no trigger.
- An end date of July 1, 2048 was added to the existing $9.0 million state contribution.
- New annual state aid will equal $4.5 million in fiscal years 2019 and 2020, and $9.0 million thereafter, until the plan reaches 100.00 percent funding, or July 1, 2048, if earlier.
- Member contributions were changed from 10.80 percent to 11.30 percent of pay, effective January 1, 2019, and 11.80 percent of pay, effective January 1, 2020.
- Employer contributions were changed from 16.20 percent to 16.95 percent of pay, effective January 1, 2019, and 17.70 percent of pay, effective January 1, 2020.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to zero percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

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

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2015 CHANGES IN ACTUARIAL ASSUMPTIONS

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2030, and 2.50 percent per year thereafter, to 1.00 percent per year through 2037, and 2.50 percent per year thereafter.

2015 CHANGES IN PLAN PROVISIONS

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

OTHER POST-EMPLOYMENT BENEFITS PLAN

2024 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 4.05 percent to 3.77 percent.
- The healthcare trend rates, mortality tables, and payroll growth rates were updated for changes in recent studies and inflationary adjustments.

2023 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 1.84 percent to 4.05 percent.

2022 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 2.00 percent to 1.84 percent.
- The inflation assumption was changed from 2.25 percent to 2.50 percent.
- The healthcare trend rates, mortality tables, and payroll growth rates were updated for changes in recent studies and inflationary adjustments.

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 2.75 percent to 2.00 percent.

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 3.71 percent to 2.75 percent.
- Assumed retirement age for nonpolice employees was changed from 64 to 62.
- The inflation assumption was changed from 2.75 percent to 2.25 percent.

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 3.31 percent to 3.71 percent.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 3.50 percent to 3.31 percent.

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SUPPLEMENTARY INFORMATION

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NONMAJOR GOVERNMENTAL FUNDS

The statements that follow are to provide further detail and support additional analysis for the City's nonmajor special revenue, debt service, and capital projects funds.

CITY OF NORTH ST. PAUL

Statement 11

Nonmajor Governmental Funds
Combining Balance Sheet
as of December 31, 2024

	Special Revenue	Debt Service	Capital Projects	Total
Assets				
Cash and investments	$ 2,479,887	$ 2,670,182	$ 6,925,245	$ 12,075,314
Receivables				
Interest	17,202	8,697	34,438	60,337
Accounts	10,747	–	1,840	12,587
Loan	38,108	–	–	38,108
Taxes	63,957	5,274	–	69,231
Special assessments	–	521,877	3,746	525,623
Assets held for resale	652,626	–	–	652,626
Total assets	$ 3,262,527	$ 3,206,030	$ 6,965,269	$ 13,433,826
Liabilities				
Accounts and contracts payable	$ 327,931	$ –	$ 112,470	$ 440,401
Accrued salaries and employee benefits payable	894	–	–	894
Due to other governments	7,305	–	–	7,305
Unearned revenue	68,987	–	–	68,987
Advance from other funds	1,071,499	–	–	1,071,499
Total liabilities	1,476,616	–	112,470	1,589,086
Deferred inflows of resources				
Unavailable revenue – loan receivable	38,108	–	–	38,108
Unavailable revenue – property taxes	58,216	934	–	59,150
Unavailable revenue – special assessments	–	518,285	3,576	521,861
State aid received for subsequent years	–	–	374,527	374,527
Total deferred inflows of resources	96,324	519,219	378,103	993,646
Fund balances (deficits)				
Restricted	2,554,222	2,686,811	–	5,241,033
Committed	–	–	5,210,625	5,210,625
Assigned	206,864	–	1,600,812	1,807,676
Unassigned	(1,071,499)	–	(336,741)	(1,408,240)
Total fund balances	1,689,587	2,686,811	6,474,696	10,851,094
Total liabilities, deferred inflows of resources, and fund balances	$ 3,262,527	$ 3,206,030	$ 6,965,269	$ 13,433,826

CITY OF NORTH ST. PAUL

Statement 12

Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2024

	Special Revenue	Debt Service	Capital Projects	Total
Revenue				
Taxes	$ 1,115,067	$ 1,904,969	$ 227,007	$ 3,247,043
Special assessments	–	111,351	3,284	114,635
Intergovernmental	1,753,634	–	955,354	2,708,988
Investment earnings	117,732	68,185	260,031	445,948
Other	6,372	–	276,520	282,892
Total revenue	2,992,805	2,084,505	1,722,196	6,799,506
Expenditures				
Current				
General government	35,256	–	–	35,256
Public safety	1,369,024	–	–	1,369,024
Parks and recreation	81,773	–	–	81,773
Economic development	1,867,861	–	–	1,867,861
Capital outlay	–	–	1,914,281	1,914,281
Debt service				
Principal	–	1,520,038	–	1,520,038
Interest and fiscal charges	47,326	532,063	–	579,389
Total expenditures	3,401,240	2,052,101	1,914,281	7,367,622
Excess (deficiency) of revenues over expenditures	(408,435)	32,404	(192,085)	(568,116)
Other financing sources (uses)				
Transfers in	–	115,285	2,466,684	2,581,969
Transfers out	(70,285)	(152,585)	(65,000)	(287,870)
Total other financing sources (uses)	(70,285)	(37,300)	2,401,684	2,294,099
Net change in fund balances	(478,720)	(4,896)	2,209,599	1,725,983
Fund balances				
Beginning of year	2,168,307	2,691,707	4,265,097	9,125,111
End of year	$ 1,689,587	$ 2,686,811	$ 6,474,696	$ 10,851,094

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NONMAJOR SPECIAL REVENUE FUNDS

Nonmajor special revenue funds are used to account for specific revenue sources that are restricted or committed to expenditures for specified purposes.

Nonmajor special revenue funds presently established are as follows:

- **Housing Redevelopment Authority Fund** – Administers the resources for the rehabilitation of various blighted properties within the City.
- **Community Center Fund** – Administers the resources received and expended for the Community Center.
- **Police Forfeiture Fund** – Administers the resources received through court ordered forfeitures.
- **TIF 4-4 Charles Street Tax Increment Fund** – Administers the resources for the development of this tax increment district.
- **TIF 4-6 Helen Street Tax Increment Fund** – Administers the resources for the development of this tax increment district.
- **TIF 4-7 Anchor Block South Tax Increment Fund** – Administers the resources for the development of this tax increment district.
- **TIF 4-8 7th and Margaret Street Tax Increment Fund** – Administers the resources for the development of this tax increment district.
- **TIF 4-9 Margaret Street Tax Increment Fund** – Administers the resources for the development of this tax increment district.
- **TIF 4-10 Anchor Block North – Soils Tax Increment Fund** – Administers the resources for the development of this tax increment district.
- **TIF Pool** – Administers the resources received from other tax increment districts to be spent for tax increment financing eligible expenditures.
- **TIF 4-12 Lillie Redevelopment Tax Increment Fund** – Administers the resources for the development of this tax increment district.
- **Cable PEG Fees Fund** – Administers the resources received and expended for PEG access facilities and equipment.
- **Opioid Response Fund** – Administers the resources received from a class action lawsuit.
- **Pandemic Response Fund** – Administers the resources received and expended for the COVID-19 pandemic.

Nonmajor Special Revenue Funds
Combining Balance Sheet
as of December 31, 2024

	101 Housing Redevelopment Authority	002 Community Center	026 Police Forfeiture	046 TIF 4-4 Charles Street Tax Increment	032 TIF 4-6 Helen Street Tax Increment	207 TIF 4-7 Anchor Block South – Tax Increment	208 TIF 4-8 7th and Margaret Street Tax Increment
Assets							
Cash and investments	$ 863,302	$ 105,113	$ 12,383	$ 192,503	$ 87,691	$ 290,646	$ 34,691
Receivables							
Interest	2,670	793	69	766	375	726	–
Accounts	477	–	–	–	–	–	–
Loan	38,108	–	–	–	–	–	–
Taxes	3,020	–	–	20,314	–	40,623	–
Assets held for resale	652,626	–	–	–	–	–	–
Total assets	$ 1,560,203	$ 105,906	$ 12,452	$ 213,583	$ 88,066	$ 331,995	$ 34,691
Liabilities							
Accounts and contracts payable	$ 13,544	$ 9,120	$ –	$ –	$ –	$ –	$ –
Accrued salaries and employee benefits payable	894	–	–	–	–	–	–
Due to other governments	254	7,051	–	–	–	–	–
Unearned revenue	–	–	–	–	–	–	–
Advance from other funds	–	–	–	–	–	–	–
Total liabilities	14,692	16,171	–	–	–	–	–
Deferred inflows of resources							
Unavailable revenue – loan receivable	38,108	–	–	–	–	–	–
Unavailable revenue – property taxes	2,220	–	–	17,481	–	38,515	–
Total deferred inflows of resources	40,328	–	–	17,481	–	38,515	–
Fund balances (deficits)							
Restricted for Housing Redevelopment Authority	1,505,183	–	–	–	–	–	–
Restricted for tax increment	–	–	–	196,102	88,066	293,480	34,691
Restricted for police forfeiture	–	–	12,452	–	–	–	–
Restricted for cable PEG fees	–	–	–	–	–	–	–
Assigned for community center	–	89,735	–	–	–	–	–
Assigned for opioid response	–	–	–	–	–	–	–
Assigned for pandemic response	–	–	–	–	–	–	–
Unassigned	–	–	–	–	–	–	–
Total fund balances (deficits)	1,505,183	89,735	12,452	196,102	88,066	293,480	34,691
Total liabilities, deferred inflows of resources, and fund balances	$ 1,560,203	$ 105,906	$ 12,452	$ 213,583	$ 88,066	$ 331,995	$ 34,691

209 TIF 4-9 Margaret Street Tax Increment	**211** TIF 4-10 Anchor Block North – Soils Tax Increment	**212** TIF Pool	**213** TIF 4-12 Lillie Redevelopment Tax Increment	**235** Cable PEG Fees	**298** Opioid Response	**299** Pandemic Response	Total
$ –	$ –	$ 353,415	$ 302,380	$ 60,178	$ 72,322	$ 105,263	$ 2,479,887
–	–	2,948	–	324	291	8,240	17,202
–	–	–	–	10,270	–	–	10,747
–	–	–	–	–	–	–	38,108
–	–	–	–	–	–	–	63,957
–	–	–	–	–	–	–	652,626
$ –	$ –	$ 356,363	$ 302,380	$ 70,772	$ 72,613	$ 113,503	$ 3,262,527
$ –	$ –	$ –	$ 302,380	$ 2,887	$ –	$ –	$ 327,931
–	–	–	–	–	–	–	894
–	–	–	–	–	–	–	7,305
–	–	–	–	–	68,987	–	68,987
50,132	1,021,367	–	–	–	–	–	1,071,499
50,132	1,021,367	–	302,380	2,887	68,987	–	1,476,616
–	–	–	–	–	–	–	38,108
–	–	–	–	–	–	–	58,216
–	–	–	–	–	–	–	96,324
–	–	–	–	–	–	–	1,505,183
–	–	356,363	–	–	–	–	968,702
–	–	–	–	–	–	–	12,452
–	–	–	–	67,885	–	–	67,885
–	–	–	–	–	–	–	89,735
–	–	–	–	–	3,626	–	3,626
–	–	–	–	–	–	113,503	113,503
(50,132)	(1,021,367)	–	–	–	–	–	(1,071,499)
(50,132)	(1,021,367)	356,363	–	67,885	3,626	113,503	1,689,587
$ –	$ –	$ 356,363	$ 302,380	$ 70,772	$ 72,613	$ 113,503	$ 3,262,527

CITY OF NORTH ST. PAUL

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

	101 Housing Redevelopment Authority	**002** Community Center	**026** Police Forfeiture	**046** TIF 4-4 Charles Street Tax Increment	**032** TIF 4-6 Helen Street Tax Increment	**207** TIF 4-7 Anchor Block South – Tax Increment	**208** TIF 4-8 7th and Margaret Street Tax Increment
Revenues							
Taxes	$ 10,659	$ –	$ –	$ 149,864	$ 277,599	$ 409,607	$ –
Intergovernmental	84,570	–	–	–	–	–	–
Investment earnings	18,741	5,564	499	5,993	2,128	4,776	3,298
Other	6,372	–	–	–	–	–	–
Total revenues	120,342	5,564	499	155,857	279,727	414,383	3,298
Expenditures							
Current							
General government	–	–	–	–	–	–	–
Public safety	–	–	–	–	–	–	–
Parks and recreation	–	81,773	–	–	–	–	–
Economic development	99,979	–	–	595	224,262	368,517	78,089
Debt service							
Interest and fiscal charges	–	–	–	–	–	–	–
Total expenditures	99,979	81,773	–	595	224,262	368,517	78,089
Excess (deficiency) of revenues over expenditures	20,363	(76,209)	499	155,262	55,465	45,866	(74,791)
Other financing sources (uses)							
Transfers out	(20,000)	–	–	(50,285)	–	–	–
Net change in fund balances	363	(76,209)	499	104,977	55,465	45,866	(74,791)
Fund balances (deficits)							
Beginning of year	1,504,820	165,944	11,953	91,125	32,601	247,614	109,482
End of year	$ 1,505,183	$ 89,735	$ 12,452	$ 196,102	$ 88,066	$ 293,480	$ 34,691

209	**211**	**212**	**213**	**235**	**298**	**299**	
TIF 4-9 Margaret Street Tax Increment	TIF 4-10 Anchor Block North – Soils Tax Increment	TIF Pool	TIF 4-12 Lillie Redevelopment Tax Increment	Cable PEG Fees	Opioid Response	Pandemic Response	Total
$ –	$ 225,145	$ –	$ –	$ 42,193	$ –	$ –	$ 1,115,067
–	–	–	302,380	–	–	1,366,684	1,753,634
–	–	17,777	–	2,378	2,372	54,206	117,732
–	–	–	–	–	–	–	6,372
–	225,145	17,777	302,380	44,571	2,372	1,420,890	2,992,805
–	–	–	–	35,256	–	–	35,256
–	–	–	–	–	–	1,369,024	1,369,024
–	–	–	–	–	–	–	81,773
–	744	793,295	302,380	–	–	–	1,867,861
1,929	45,397	–	–	–	–	–	47,326
1,929	46,141	793,295	302,380	35,256	–	1,369,024	3,401,240
(1,929)	179,004	(775,518)	–	9,315	2,372	51,866	(408,435)
–	–	–	–	–	–	–	(70,285)
(1,929)	179,004	(775,518)	–	9,315	2,372	51,866	(478,720)
(48,203)	(1,200,371)	1,131,881	–	58,570	1,254	61,637	2,168,307
$ (50,132)	$ (1,021,367)	$ 356,363	$ –	$ 67,885	$ 3,626	$ 113,503	$ 1,689,587

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NONMAJOR DEBT SERVICE FUNDS

Nonmajor debt service funds are used to account for the accumulation of resources for and the payment of principal, interest, and related costs on long-term general obligation debt of governmental funds. The individual nonmajor debt service funds are presented to distinguish between the various bond issues.

Nonmajor Debt Service Funds
Combining Balance Sheet
as of December 31, 2024

	076	183	184	045	078	071
	G.O. Tax Abatement Bonds of 2004A	G.O. Building Refunding Bonds of 2012A	G.O. Bonds of 2014A	Penn Place TIF G.O. Refunding Bonds of 2015A	Charles Street TIF G.O. Refunding Bonds of 2015A	G.O. Bonds of 2016A
Assets						
Cash and investments	$ –	$ –	$ 68,827	$ 170,330	$ –	$ 295,210
Receivables						
Interest	–	–	265	365	–	1,041
Taxes	–	–	–	5,274	–	–
Special assessments	–	–	101,957	–	–	166,134
Total assets	$ –	$ –	$ 171,049	$ 175,969	$ –	$ 462,385
Deferred inflows of resources						
Unavailable revenue – property taxes	$ –	$ –	$ –	$ 934	$ –	$ –
Unavailable revenue – special assessments	–	–	101,702	–	–	165,302
Total deferred inflows of resources	–	–	101,702	934	–	165,302
Fund balances						
Restricted for debt service	–	–	69,347	175,035	–	297,083
Total deferred inflows of resources and fund balances	$ –	$ –	$ 171,049	$ 175,969	$ –	$ 462,385

075 G.O. Abatement Bonds of 2016A	084 G.O. Capital Improvement Plan Refunding Bonds of 2016B	074 G.O. Bonds of 2017A	309 G.O. Bonds of 2018A	308 G.O. TIF Bonds Uptown Commons of 2020A	321 G.O. Refunding Bonds of 2021A	322 G.O. Bonds of 2022A	Total
$ 17,476	$ 929,218	$ 244,263	$ 361,240	$ 154,422	$ 119,050	$ 310,146	$ 2,670,182
70	3,585	1,112	1,203	–	304	752	8,697
–	–	–	–	–	–	–	5,274
–	–	89,542	164,244	–	–	–	521,877
$ 17,546	$ 932,803	$ 334,917	$ 526,687	$ 154,422	$ 119,354	$ 310,898	$ 3,206,030
$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ 934
–	–	87,884	163,397	–	–	–	518,285
–	–	87,884	163,397	–	–	–	519,219
17,546	932,803	247,033	363,290	154,422	119,354	310,898	2,686,811
$ 17,546	$ 932,803	$ 334,917	$ 526,687	$ 154,422	$ 119,354	$ 310,898	$ 3,206,030

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

	076	183	184	045	078	071
	G.O. Tax Abatement Bonds of 2004A	G.O. Building Refunding Bonds of 2012A	G.O. Bonds of 2014A	Penn Place TIF G.O. Refunding Bonds of 2015A	Charles Street TIF G.O. Refunding Bonds of 2015A	G.O. Bonds of 2016A
Revenues						
Taxes	$ –	$ –	$ –	$ 168,450	$ –	$ 158,059
Special assessments	–	–	31,196	–	–	30,349
Investment earnings	191	421	2,046	3,238	–	8,005
Total revenues	191	421	33,242	171,688	–	196,413
Expenditures						
Debt service						
Principal retirement	–	–	–	75,000	40,000	175,000
Interest and fiscal charges	–	–	–	9,612	10,285	31,301
Total expenditures	–	–	–	84,612	50,285	206,301
Excess (deficiency) of revenues over expenditures	191	421	33,242	87,076	(50,285)	(9,888)
Other financing sources (uses)						
Transfers in	–	–	–	–	50,285	–
Transfers out	(47,638)	(104,947)	–	–	–	–
Total other financing sources (uses)	(47,638)	(104,947)	–	–	50,285	–
Net change in fund balances	(47,447)	(104,526)	33,242	87,076	–	(9,888)
Fund balances						
Beginning of year	47,447	104,526	36,105	87,959	–	306,971
End of year	$ –	$ –	$ 69,347	$ 175,035	$ –	$ 297,083

075 G.O. Abatement Bonds of 2016A	084 G.O. Capital Improvement Plan Refunding Bonds of 2016B	074 G.O. Bonds of 2017A	309 G.O. Bonds of 2018A	308 G.O. TIF Bonds Uptown Commons of 2020A	321 G.O. Refunding Bonds of 2021A	322 G.O. Bonds of 2022A	Total
$ –	$ 455,175	$ 61,815	$ 244,269	$ 372,135	$ 111,913	$ 333,153	$ 1,904,969
–	–	21,627	28,179	–	–	–	111,351
745	27,116	8,231	9,370	–	2,460	6,362	68,185
745	482,291	91,673	281,818	372,135	114,373	339,515	2,084,505
60,000	420,000	70,038	215,000	180,000	120,000	165,000	1,520,038
19,791	13,200	20,942	95,552	164,492	16,300	150,588	532,063
79,791	433,200	90,980	310,552	344,492	136,300	315,588	2,052,101
(79,046)	49,091	693	(28,734)	27,643	(21,927)	23,927	32,404
65,000	–	–	–	–	–	–	115,285
–	–	–	–	–	–	–	(152,585)
65,000	–	–	–	–	–	–	(37,300)
(14,046)	49,091	693	(28,734)	27,643	(21,927)	23,927	(4,896)
31,592	883,712	246,340	392,024	126,779	141,281	286,971	2,691,707
$ 17,546	$ 932,803	$ 247,033	$ 363,290	$ 154,422	$ 119,354	$ 310,898	$ 2,686,811

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NONMAJOR CAPITAL PROJECTS FUNDS

Nonmajor capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

Nonmajor capital projects funds presently established are as follows:

- **Park Fund** – Administers the resources for the improvement of the parks.
- **Park Dedication Fund** – Administers the resources for park dedication fees collected.
- **Permanent Improvement Revolving Fund** – Administers the resources for city street projects that do not involve bonded financing.
- **Asset Preservation Fund** – Administers resources for one-time projects and/or capital expenditures that reinvest in the community.
- **Street Maintenance Fund** – Administers local government aid resources to be used for street maintenance projects associated with street upgrades and preservation.
- **Municipal State Aid Fund** – Administers the resources for street improvement projects funded by municipal state aid.

CITY OF NORTH ST. PAUL

Nonmajor Capital Projects Funds
Combining Balance Sheet
as of December 31, 2024

	063 Park	034 Park Dedication	061 Permanent Improvement Revolving	010 Asset Preservation
Assets				
Cash and investments	$ 728,845	$ 451,383	$ 440,245	$ 1,765,027
Receivables				
Interest	3,787	2,032	2,447	9,861
Accounts	1,840	–	–	–
Special assessments	–	–	3,746	–
Total assets	$ 734,472	$ 453,415	$ 446,438	$ 1,774,888
Liabilities				
Accounts and contracts payable	$ 29,937	$ –	$ –	$ –
Deferred inflows of resources				
Unavailable revenue – special assessments	–	–	3,576	–
State aid received for subsequent years	–	–	–	–
Total deferred inflows of resources	–	–	3,576	–
Fund balances				
Committed for asset preservation	–	–	–	1,774,888
Committed for street maintenance	–	–	–	–
Assigned for permanent improvement revolving	–	–	442,862	–
Assigned for park improvements	704,535	453,415	–	–
Unassigned	–	–	–	–
Total fund balances	704,535	453,415	442,862	1,774,888
Total liabilities, deferred inflows of resources, and fund balances	$ 734,472	$ 453,415	$ 446,438	$ 1,774,888

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	011	450	
	Street Maintenance	Municipal State Aid	Total
	$ 3,502,173	$ 37,572	$ 6,925,245
	16,097	214	34,438
	–	–	1,840
	–	–	3,746
	$ 3,518,270	$ 37,786	$ 6,965,269
	$ 82,533	$ –	$ 112,470
	–	–	3,576
	–	374,527	374,527
	–	374,527	378,103
	–	–	1,774,888
	3,435,737	–	3,435,737
	–	–	442,862
	–	–	1,157,950
	–	(336,741)	(336,741)
	3,435,737	(336,741)	6,474,696
	$ 3,518,270	$ 37,786	$ 6,965,269

CITY OF NORTH ST. PAUL

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

	063 Park	**034** Park Dedication	**061** Permanent Improvement Revolving	**010** Asset Preservation
Revenues				
Taxes	$ 36,042	$ –	$ –	$ –
Special assessment	–	–	3,284	–
Intergovernmental	257,343	–	–	–
Investment earnings	26,815	15,431	17,675	71,172
Other				
Donations	12,375	–	–	–
Miscellaneous	95,152	168,993	–	–
Total revenues	427,727	184,424	20,959	71,172
Expenditures				
Capital outlay	374,470	–	–	–
Excess (deficiency) of revenues over expenditures	53,257	184,424	20,959	71,172
Other financing sources (uses)				
Transfers in	–	–	–	–
Transfers out	(65,000)	–	–	–
Total other financing sources (uses)	(65,000)	–	–	–
Net change in fund balances	(11,743)	184,424	20,959	71,172
Fund balances (deficits)				
Beginning of year	716,278	268,991	421,903	1,703,716
End of year	$ 704,535	$ 453,415	$ 442,862	$ 1,774,888

011	450	
Street Maintenance	Municipal State Aid	Total
$ 190,965	$ –	$ 227,007
–	–	3,284
219,063	478,948	955,354
128,577	361	260,031
–	–	12,375
–	–	264,145
538,605	479,309	1,722,196
1,539,811	–	1,914,281
(1,001,206)	479,309	(192,085)
2,466,684	–	2,466,684
–	–	(65,000)
2,466,684	–	2,401,684
1,465,478	479,309	2,209,599
1,970,259	(816,050)	4,265,097
$ 3,435,737	$ (336,741)	$ 6,474,696

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GENERAL FUND

The General Fund accounts for revenue and expenditures used to carryout basic governmental activities of the City, such as general government, public safety, public works, and parks and recreation. Revenues are recorded by source (i.e., taxes, licenses and permits, fines and forfeits, service charges, etc.). General Fund expenditures are primarily for current day-to-day operations and operating equipment, and are recorded by major functional classifications and by operating departments. This fund accounts for all financial transactions not properly accounted for in another fund.

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General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
Year Ended December 31, 2024
(With Comparative Actual Amounts for the Year Ended December 31, 2023)

	2024			2023
	Final Budget	Actual	Over (Under) Budget	Actual
Revenues				
Taxes				
Property taxes				
Current	$ 5,473,005	$ 5,449,954	$ (23,051)	$ 5,183,529
Delinquent	(25,000)	24,190	49,190	693
Electric franchise	288,000	286,622	(1,378)	286,388
Gas franchise	168,000	110,962	(57,038)	138,678
Cable franchise	112,000	93,762	(18,238)	106,173
Total taxes	6,016,005	5,965,490	(50,515)	5,715,461
Special assessments	–	1,456	1,456	153
Licenses and permits				
Liquor and beer licenses	42,000	52,675	10,675	56,573
Cigarette licenses	2,400	3,050	650	2,100
Contractor licenses	10,000	10,760	760	11,425
Garbage haulers licenses	3,500	2,640	(860)	3,080
Miscellaneous licenses	23,500	6,750	(16,750)	14,185
Building permits	496,440	263,262	(233,178)	453,191
Electrical inspections	27,500	22,885	(4,615)	46,040
Heating and air conditioning permits	49,500	37,548	(11,952)	72,626
Plumbing permits	27,500	25,241	(2,259)	28,488
Rental inspection	30,000	44,218	14,218	33,859
Miscellaneous permits	10,500	22,982	12,482	55,307
Total licenses and permits	722,840	492,011	(230,829)	776,874
Intergovernmental				
Local government aid	1,466,430	1,466,430	–	1,292,516
State aid police	163,602	218,605	55,003	185,120
State aid fire	76,900	98,256	21,356	85,422
Liaison officer	110,036	123,716	13,680	112,350
Other grants	344,904	415,736	70,832	91,207
Total intergovernmental	2,161,872	2,322,743	160,871	1,766,615

(continued)

Statement 19
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General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual (continued)
Year Ended December 31, 2024
(With Comparative Actual Amounts for the Year Ended December 31, 2023)

	2024			2023
	Final Budget	Actual	Over (Under) Budget	Actual
Revenues (continued)				
Charges for services				
Administration charges	35,000	24,116	(10,884)	34,384
Searches	5,000	2,905	(2,095)	2,760
Recreation	7,500	59,191	51,691	22,197
Total charges for services	47,500	86,212	38,712	59,341
Fines and forfeits	30,000	16,990	(13,010)	22,036
Investment earnings	29,971	206,180	176,209	168,390
Other				
Antenna income	161,000	152,618	(8,382)	146,665
Donations	–	500	500	600
Miscellaneous	20,627	102,556	81,929	27,964
Total other	181,627	255,674	74,047	175,229
Total revenues	9,189,815	9,346,756	156,941	8,684,099
Expenditures				
Current				
General government				
City Council				
Personal services	34,343	32,400	(1,943)	32,400
Materials and supplies	350	127	(223)	453
Contractual services	89,186	79,418	(9,768)	57,651
Other	1,000	–	(1,000)	–
Total City Council	124,879	111,945	(12,934)	90,504
Administration				
Personal services	276,399	272,127	(4,272)	228,660
Materials and supplies	1,250	726	(524)	2,929
Contractual services	280,925	176,577	(104,348)	311,393
Capital outlay	–	662	662	2,073
Total administration	558,574	450,092	(108,482)	545,055

(continued)

Statement 19
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General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual (continued)
Year Ended December 31, 2024
(With Comparative Actual Amounts for the Year Ended December 31, 2023)

	2024			2023
	Final Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
General government (continued)				
Finance				
Personal services	390,443	316,518	(73,925)	364,386
Materials and supplies	2,000	1,491	(509)	1,279
Contractual services	61,668	59,604	(2,064)	62,396
Capital outlay	–	4,689	4,689	–
Total finance	454,111	382,302	(71,809)	428,061
Elections				
Contractual services	45,000	36,587	(8,413)	35,402
Community events				
Contractual services	–	57,020	57,020	6,582
Community services				
Personal services	230,675	212,267	(18,408)	211,120
Materials and supplies	4,000	1,700	(2,300)	1,563
Contractual services	81,209	75,585	(5,624)	82,027
Capital outlay	–	2,682	2,682	–
Total community services	315,884	292,234	(23,650)	294,710
Total general government	1,498,448	1,330,180	(168,268)	1,400,314
Public safety				
Police protection				
Personal services	3,406,647	1,794,436	(1,612,211)	3,015,264
Materials and supplies	127,000	134,211	7,211	127,285
Contractual services	659,062	670,184	11,122	644,784
Capital outlay	13,000	1,818	(11,182)	1,012
Total police protection	4,205,709	2,600,649	(1,605,060)	3,788,345

(continued)

Statement 19
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General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual (continued)
Year Ended December 31, 2024
(With Comparative Actual Amounts for the Year Ended December 31, 2023)

	2024			2023
	Final Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
Public safety (continued)				
Fire				
Personal services	922,556	926,049	3,493	807,467
Materials and supplies	64,600	64,477	(123)	71,706
Contractual services	422,003	406,865	(15,138)	319,540
Total fire	1,409,159	1,397,391	(11,768)	1,198,713
Inspections				
Contractual services	645,553	413,420	(232,133)	486,586
Total public safety	6,260,421	4,411,460	(1,848,961)	5,473,644
Public works				
Street maintenance				
Personal services	609,566	576,449	(33,117)	538,203
Materials and supplies	194,160	141,026	(53,134)	165,012
Contractual services	403,275	385,443	(17,832)	410,908
Capital outlay	–	1,483	1,483	–
Total street maintenance	1,207,001	1,104,401	(102,600)	1,114,123
Urban forestry				
Personal services	125,769	118,838	(6,931)	115,376
Materials and supplies	19,720	16,892	(2,828)	16,479
Contractual services	45,268	32,297	(12,971)	44,037
Capital outlay	295,469	308,021	12,552	60,269
Total urban forestry	486,226	476,048	(10,178)	236,161
Total public works	1,693,227	1,580,449	(112,778)	1,350,284

(continued)

Statement 19
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General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual (continued)
Year Ended December 31, 2024
(With Comparative Actual Amounts for the Year Ended December 31, 2023)

	2024			2023
	Final Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
Parks and recreation				
Parks maintenance				
Personal services	274,344	241,028	(33,316)	230,274
Materials and supplies	82,450	61,175	(21,275)	66,234
Contractual services	126,049	123,598	(2,451)	135,327
Capital outlay	15,000	12,900	(2,100)	43,830
Total parks maintenance	497,843	438,701	(59,142)	475,665
Recreation				
Personal services	8,395	7,723	(672)	7,749
Materials and supplies	5,198	890	(4,308)	9,683
Contractual services	27,371	11,968	(15,403)	97
Total recreation	40,964	20,581	(20,383)	17,529
Total parks and recreation	538,807	459,282	(79,525)	493,194
Total expenditures	9,990,903	7,781,371	(2,209,532)	8,717,436
Excess (deficiency) of revenues over expenditures	(801,088)	1,565,385	2,366,473	(33,337)
Other financing sources (uses)				
Transfers in	955,553	962,585	7,032	810,000
Transfers out	(154,465)	(1,521,149)	(1,366,684)	(59,903)
Total other financing sources (uses)	801,088	(558,564)	(1,359,652)	750,097
Net change in fund balances	$ –	1,006,821	$ 1,006,821	716,760
Fund balance				
Beginning of year		5,041,585		4,324,825
End of year		$ 6,048,406		$ 5,041,585

CITY OF NORTH ST. PAUL

Statement 20

General Fund
Balance Sheet by Account
as of December 31, 2024

	General Revenue	Community Event	Fire Relief	Total
Assets				
Cash and investments	$ 6,191,395	$ 59,401	$ 32,337	$ 6,283,133
Receivables				
Interest	25,726	379	434	26,539
Accounts	451,917	–	–	451,917
Taxes	84,830	–	–	84,830
Special assessments	3,142	–	–	3,142
Lease	2,112,796	–	–	2,112,796
Prepaid items	20,178	–	–	20,178
Advance to other funds	50,132	–	–	50,132
Total assets	$ 8,940,116	$ 59,780	$ 32,771	$ 9,032,667
Liabilities				
Accounts and contracts payable	$ 193,916	$ 633	$ –	$ 194,549
Accrued salaries and employee benefits payable	186,488	–	–	186,488
Due to other governments	49,368	–	–	49,368
Customer deposits	262,456	–	–	262,456
Unearned revenue	105,009	–	–	105,009
Total liabilities	797,237	633	–	797,870
Deferred inflows of resources				
Lease revenue for subsequent years	2,112,796	–	–	2,112,796
Unavailable revenue – property taxes	70,526	–	–	70,526
Unavailable revenue – special assessments	3,069	–	–	3,069
Total deferred inflows of resources	2,186,391	–	–	2,186,391
Fund balances				
Nonspendable	70,310	–	–	70,310
Assigned	–	59,147	32,771	91,918
Unassigned	5,886,178	–	–	5,886,178
Total fund balances	5,956,488	59,147	32,771	6,048,406
Total liabilities, deferred inflows of resources, and fund balances	$ 8,940,116	$ 59,780	$ 32,771	$ 9,032,667

CITY OF NORTH ST. PAUL

Statement 21

General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances by Account
Year Ended December 31, 2024

	General Revenue	Community Event	Fire Relief	Total
Revenue				
Taxes	$ 5,965,490	$ –	$ –	$ 5,965,490
Special assessments	1,456	–	–	1,456
Licenses and permits	492,011	–	–	492,011
Intergovernmental	2,322,743	–	–	2,322,743
Charges for services	47,407	38,805	–	86,212
Fines and forfeits	16,990	–	–	16,990
Investment earnings	199,920	2,494	3,766	206,180
Other	255,524	150	–	255,674
Total revenue	9,301,541	41,449	3,766	9,346,756
Expenditures				
Current				
General government	1,273,160	57,020	–	1,330,180
Public safety	4,307,625	–	103,835	4,411,460
Public works	1,580,449	–	–	1,580,449
Parks and recreation	459,282	–	–	459,282
Total expenditures	7,620,516	57,020	103,835	7,781,371
Excess (deficiency) of revenues over expenditures	1,681,025	(15,571)	(100,069)	1,565,385
Other financing sources (uses)				
Transfers in	871,585	–	91,000	962,585
Transfers out	(1,521,149)	–	–	(1,521,149)
Total other financing sources (uses)	(649,564)	–	91,000	(558,564)
Net change in fund balances	1,031,461	(15,571)	(9,069)	1,006,821
Fund balances				
Beginning of year	4,925,027	74,718	41,840	5,041,585
End of year	$ 5,956,488	$ 59,147	$ 32,771	$ 6,048,406

CITY OF NORTH ST. PAUL

Statement 22

Housing Redevelopment Authority Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
Year Ended December 31, 2024
(With Comparative Actual Amounts for the Year Ended December 31, 2023)

	2024			2023
	Final Budget	Actual	Over (Under) Budget	Actual
Revenues				
Taxes	$ 11,000	$ 10,659	$ (341)	$ 3,588
Intergovernmental	–	84,570	84,570	–
Investment earnings	2,500	18,741	16,241	8,569
Other	848,731	6,372	(842,359)	6,468
Total revenues	862,231	120,342	(741,889)	18,625
Expenditures				
Current				
Economic development	450,909	99,979	(350,930)	78,354
Excess (deficiency) of revenues over expenditures	411,322	20,363	(390,959)	(59,729)
Other financing sources (uses)				
Transfers out	(20,000)	(20,000)	–	(20,000)
Net change in fund balances	$ 391,322	363	$ (390,959)	(79,729)
Fund balance				
Beginning of year		1,504,820		1,584,549
End of year		$ 1,505,183		$ 1,504,820

Statement 23

Community Center Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
Year Ended December 31, 2024
(With Comparative Actual Amounts for the Year Ended December 31, 2023)

	2024			2023
	Final Budget	Actual	Over (Under) Budget	Actual
Revenues				
Charges for services	$ –	$ –	$ –	$ 99,000
Investment earnings	–	5,564	5,564	5,612
Total revenues	–	5,564	5,564	104,612
Expenditures				
Current				
Parks and recreation	87,250	81,773	(5,477)	84,064
Net change in fund balances	$ (87,250)	(76,209)	$ 11,041	20,548
Fund balances				
Beginning of year		165,944		145,396
End of year		$ 89,735		$ 165,944

CITY OF NORTH ST. PAUL

Statement 24

Park Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
Year Ended December 31, 2024
(With Comparative Actual Amounts for the Year Ended December 31, 2023)

	2024			2023
	Final Budget	Actual	Over (Under) Budget	Actual
Revenues				
Taxes	$ 36,042	$ 36,042	$ –	$ –
Intergovernmental	294,392	257,343	(37,049)	100,000
Investment earnings	–	26,815	26,815	23,542
Other	85,725	107,527	21,802	107,485
Total revenues	416,159	427,727	11,568	231,027
Expenditures				
Capital outlay				
Parks and recreation	434,458	374,470	(59,988)	4,698
Excess (deficiency) of revenues over expenditures	(18,299)	53,257	71,556	226,329
Other financing sources (uses)				
Transfers out	(65,000)	(65,000)	–	(65,000)
Net change in fund balances	$ (83,299)	(11,743)	$ 71,556	161,329
Fund balances				
Beginning of year		716,278		554,949
End of year		$ 704,535		$ 716,278

INTERNAL SERVICE FUNDS

Internal service funds 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. The City utilizes an Equipment Internal Service Fund, a City Mechanic Internal Service Fund, an Insurance Internal Service Fund, an Information Technology Internal Service Fund, and a Building Maintenance Internal Service Fund in managing city operations.

Statement 25

Internal Service Funds
Combining Statement of Net Position
as of December 31, 2024

	097 Equipment	**098** City Mechanic	**096** Insurance	**095** Information Technology	**099** Building Maintenance	Total
Assets						
Current assets						
Cash and investments	$ 3,664,526	$ 53,880	$ 203,588	$ 265,675	$ 225,925	$ 4,413,594
Receivables						
Interest	22,999	362	1,357	1,539	1,205	27,462
Prepaid items	–	–	–	13,615	3,065	16,680
Total current assets	3,687,525	54,242	204,945	280,829	230,195	4,457,736
Noncurrent assets						
Capital assets						
Construction in progress	289,745	–	–	–	–	289,745
Buildings and structures	–	–	–	–	40,920	40,920
Furniture and equipment	4,509,180	–	–	22,381	–	4,531,561
Subscriptions	–	–	–	214,417	–	214,417
Less accumulated depreciation/amortization	(2,590,112)	–	–	(174,032)	(3,069)	(2,767,213)
Total capital assets	2,208,813	–	–	62,766	37,851	2,309,430
Total assets	$ 5,896,338	$ 54,242	$ 204,945	$ 343,595	$ 268,046	$ 6,767,166
Current liabilities						
Accounts and contracts payable	$ –	$ 1,656	$ 322	$ –	$ 22,085	$ 24,063
Accrued salaries and employee benefits payable	–	–	6,105	–	–	6,105
Due to other governments	–	–	–	–	20	20
Subscription liability – current	–	–	–	42,982	–	42,982
Total liabilities	–	1,656	6,427	42,982	22,105	73,170
Net position						
Net investment in capital assets	2,208,813	–	–	19,784	37,851	2,266,448
Restricted for public safety	252,751	–	–	–	–	252,751
Unrestricted	3,434,774	52,586	198,518	280,829	208,090	4,174,797
Total net position	5,896,338	52,586	198,518	300,613	245,941	6,693,996
Total liabilities and net position	$ 5,896,338	$ 54,242	$ 204,945	$ 343,595	$ 268,046	$ 6,767,166

CITY OF NORTH ST. PAUL

Statement 26

Internal Service Funds
Combining Statement of Revenues,
Expenses, and Change in Net Position
Year Ended December 31, 2024

	097 Equipment	098 City Mechanic	096 Insurance	095 Information Technology	099 Building Maintenance	Total
Operating revenues						
Charges for services	$ 507,463	$ 42,632	$ 545,453	$ 495,714	$ 272,194	$ 1,863,456
Operating expenses						
Professional services	–	1,216	11,055	378,509	332,673	723,453
Materials and supplies	59,951	40,773	–	–	103,053	203,777
Insurance	–	–	652,069	–	–	652,069
Total operating expenses	59,951	41,989	663,124	378,509	435,726	1,579,299
Operating income (loss) before depreciation	447,512	643	(117,671)	117,205	(163,532)	284,157
Depreciation/amortization	387,353	–	–	88,322	2,046	477,721
Operating income (loss)	60,159	643	(117,671)	28,883	(165,578)	(193,564)
Nonoperating revenues						
Investment earnings	170,637	2,563	8,877	10,156	7,418	199,651
Electric franchise tax	–	–	–	–	191,098	191,098
Gain on disposal of capital assets	23,822	–	–	–	–	23,822
Other	–	–	16,357	–	–	16,357
Interest expense	–	–	–	(4,178)	–	(4,178)
Total nonoperating revenues	194,459	2,563	25,234	5,978	198,516	426,750
Income (loss) before transfers	254,618	3,206	(92,437)	34,861	32,938	233,186
Transfers in	–	–	124,976	–	29,489	154,465
Change in net position	254,618	3,206	32,539	34,861	62,427	387,651
Net position						
Beginning of year	5,641,720	49,380	165,979	265,752	183,514	6,306,345
End of year	$ 5,896,338	$ 52,586	$ 198,518	$ 300,613	$ 245,941	$ 6,693,996

Statement 27

Internal Service Funds
Combining Statement of Cash Flows
Year Ended December 31, 2024

	097 Equipment	098 City Mechanic	096 Insurance	095 Information Technology	099 Building Maintenance	Total
Cash flows from operating activities						
Cash receipts on interfund services provided	$ 507,463	$ 42,632	$ 567,751	$ 495,714	$ 272,194	$ 1,885,754
Cash paid to suppliers	(65,750)	(56,114)	(680,194)	(380,595)	(515,123)	(1,697,776)
Net cash flows from operating activities	441,713	(13,482)	(112,443)	115,119	(242,929)	187,978
Cash flows from noncapital financing activities						
Electric franchise tax received	–	–	–	–	191,098	191,098
Transfers in	–	–	124,976	–	29,489	154,465
Net cash flows from noncapital financing activities	–	–	124,976	–	220,587	345,563
Cash flows from capital and related financing activities						
Acquisition and construction of capital assets	(833,332)	–	–	(22,381)	–	(855,713)
Proceeds from the disposal of capital assets	23,822	–	–	–	–	23,822
Payment on subscription liability	–	–	–	(83,628)	–	(83,628)
Interest paid	–	–	–	(4,178)	–	(4,178)
Net cash flows from capital and related financing activities	(809,510)	–	–	(110,187)	–	(919,697)
Cash flows from investing activities						
Interest received on investments	166,374	2,555	8,721	10,074	7,630	195,354
Net change in cash and cash equivalents	(201,423)	(10,927)	21,254	15,006	(14,712)	(190,802)
Cash and cash equivalents						
Beginning of year	3,865,949	64,807	182,334	250,669	240,637	4,604,396
End of year	$ 3,664,526	$ 53,880	$ 203,588	$ 265,675	$ 225,925	$ 4,413,594
Reconciliation of operating income (loss) to net cash flows from operating activities						
Operating income (loss)	$ 60,159	$ 643	$ (117,671)	$ 28,883	$ (165,578)	$ (193,564)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities						
Depreciation/amortization	387,353	–	–	88,322	2,046	477,721
Other revenue	–	–	16,357	–	–	16,357
Change in assets and liabilities						
Prepaid items	–	225	51,463	4,398	2,531	58,617
Accounts and contracts payable	(5,799)	(14,350)	(68,533)	(6,484)	(81,719)	(176,885)
Accrued salaries and employee benefits payable	–	–	5,941	–	–	5,941
Due to other governments	–	–	–	–	(209)	(209)
Total adjustments	381,554	(14,125)	5,228	86,236	(77,351)	381,542
Net cash flows from operating activities	$ 441,713	$ (13,482)	$ (112,443)	$ 115,119	$ (242,929)	$ 187,978

DISCRETELY PRESENTED COMPONENT UNIT – EDA

The following financial statements present the fund-based financial information for the North St. Paul Economic Development Authority (EDA). The EDA utilizes one General Fund to administer the resources for the EDA within the City.

Statement 28

Economic Development Authority
(Discretely Presented Component Unit)
Balance Sheet
as of December 31, 2024

Assets		
Cash and investments	$	558,924
Receivables		
Interest		2,746
Assets held for resale		49,248
Total assets	$	610,918
Liabilities		
Accrued salaries and employee benefits payable	$	1,180
Fund balances		
Restricted for Economic Development Authority		609,738
Total liabilities and fund balances	$	610,918

CITY OF NORTH ST. PAUL

Statement 29

Economic Development Authority
(Discretely Presented Component Unit)
Statement of Revenues, Expenditures, and
Change in Fund Balances – Budget and Actual
Year Ended December 31, 2024

	Final Budget	Actual	Over (Under) Budget
Revenues			
Taxes	$ 200,907	$ 200,907	$ –
Investment earnings	2,000	20,246	18,246
Miscellaneous	–	36	36
Total revenues	202,907	221,189	18,282
Expenditures			
Current			
Economic development	199,784	140,182	(59,602)
Net change in fund balances	$ 3,123	81,007	$ 77,884
Fund balances			
Beginning of year		528,731	
End of year		$ 609,738	

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STATISTICAL SECTION

(UNAUDITED)

STATISTICAL SECTION

(UNAUDITED)

This part of the City of North St. Paul's (the City) Annual Comprehensive Financial Report (ACFR) presents detailed information as a context for understanding this year's financial statements, note disclosures, and supplementary information. This information has not been audited by the independent auditor.

The contents of the statistical section include:

Financial Trends – These tables contain trend information that may assist the reader in assessing the City's current financial performance by placing it in a historical perspective.

Revenue Capacity – These schedules contain information to assist the reader in assessing the City's most significant local revenue source—property taxes.

Debt Capacity – These tables present information that may assist the reader in analyzing the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information – These tables offer economic and demographic indicators that are commonly used for financial analysis and that can assist the reader in understanding the City's present and ongoing financial status.

Operating Information – These tables contain service and infrastructure indicators that can assist the reader in understanding how the information in the City's ACFR relates to the services the City provides and the activities it performs.

Source – Unless otherwise noted, the information in these tables is derived from the ACFR for the relevant year.

CITY OF NORTH ST. PAUL

Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year			
	2015	2016	2017	2018
Governmental activities				
Net investment in capital assets	$ 18,732,114	$ 18,613,487	$ 19,304,556	$ 18,936,454
Restricted	3,734,922	4,343,924	5,086,728	5,905,069
Unrestricted	1,113,925	1,535,730	1,906,846	3,798,923
Total governmental activities net position	$ 23,580,961	$ 24,493,141	$ 26,298,130	$ 28,640,446
Business-type activities				
Net investment in capital assets	$ 5,230,857	$ 5,361,800	$ 5,125,174	$ 5,118,537
Unrestricted	3,946,517	4,870,810	7,364,722	9,430,795
Total business-type activities net position	$ 9,177,374	$ 10,232,610	$ 12,489,896	$ 14,549,332
Primary government				
Net investment in capital assets	$ 23,962,971	$ 23,975,287	$ 24,429,730	$ 24,054,991
Restricted	3,734,922	4,343,924	5,086,728	5,905,069
Unrestricted	5,060,442	6,406,540	9,271,568	13,229,718
Total primary government net position	$ 32,758,335	$ 34,725,751	$ 38,788,026	$ 43,189,778

Note 1: The City implemented GASB Statement No. 75 in fiscal 2018. The City reported a change in accounting principle as a result of implementing this standard that decreased net position by $418,070. Prior year information has not been restated.

Note 2: In fiscal 2024, the City reported a change in accounting principle for a change in reporting certain groups of similar capital assets acquired in prior years, that increased net position by $18,509. Prior year information has not been restated.

Table 1

2019	2020	2021	2022	2023	2024
$ 20,896,337	$ 23,925,494	$ 27,299,383	$ 27,356,833	$ 28,319,939	$ 29,794,782
6,313,242	6,750,568	6,291,329	6,605,820	7,519,972	6,728,122
1,913,208	(3,329,638)	(2,656,756)	(2,491,905)	(1,903,454)	1,641,754
$ 29,122,787	$ 27,346,424	$ 30,933,956	$ 31,470,748	$ 33,936,457	$ 38,164,658
$ 5,230,430	$ 6,715,226	$ 7,092,785	$ 6,330,294	$ 7,752,067	$ 9,398,382
12,047,528	14,631,165	17,209,712	19,764,508	22,004,741	22,362,392
$ 17,277,958	$ 21,346,391	$ 24,302,497	$ 26,094,802	$ 29,756,808	$ 31,760,774
$ 26,126,767	$ 30,640,720	$ 34,392,168	$ 33,687,127	$ 36,072,006	$ 39,193,164
6,313,242	6,750,568	6,291,329	6,605,820	7,519,972	6,728,122
13,960,736	11,301,527	14,552,956	17,272,603	20,101,287	24,004,146
$ 46,400,745	$ 48,692,815	$ 55,236,453	$ 57,565,550	$ 63,693,265	$ 69,925,432

CITY OF NORTH ST. PAUL

Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year			
	2015	2016	2017	2018
Expenses				
Governmental activities				
General government	$ 2,548,971	$ 2,635,566	$ 2,500,256	$ 1,852,924
Public safety	2,706,191	4,237,119	3,802,714	4,006,547
Public works	1,655,722	1,576,435	1,512,014	1,790,048
Parks and recreation	457,126	544,721	439,167	636,499
Economic development	109,130	184,357	472,262	508,783
Interest and fiscal charges	356,642	412,714	409,252	415,264
Total governmental activities expenses	7,833,782	9,590,912	9,135,665	9,210,065
Business-type activities				
Electric	8,447,378	8,443,299	8,329,029	8,960,653
Water	1,168,913	1,110,248	752,207	938,780
Surface water	401,214	428,295	538,861	642,322
Waste water	1,480,667	1,620,631	1,484,530	1,744,588
Fiber optic	130,473	167,886	154,236	181,099
Solid waste	1,186,419	835,013	987,790	991,685
Total business-type activities expenses	12,815,064	12,605,372	12,246,653	13,459,127
Total primary government expenses	$ 20,648,846	$ 22,196,284	$ 21,382,318	$ 22,669,192
Program revenues				
Governmental activities				
Charges for services				
General government	$ 287,497	$ 298,971	$ 371,906	$ 340,303
Public safety	127,217	107,199	119,264	124,392
Public works	143,158	182,465	257,790	298,035
Parks and recreation	199,228	193,670	228,307	169,999
Operating grants and contributions	407,347	445,180	490,623	615,246
Capital grants and contributions	128,637	701,665	720,308	1,292,586
Total governmental activities program revenues	1,293,084	1,929,150	2,188,198	2,840,561
Business-type activities				
Charges for services				
Electric	9,090,354	9,226,380	9,534,315	10,149,233
Water	1,601,572	1,676,387	1,787,727	1,823,416
Surface water	613,555	669,380	727,237	820,017
Waste water	1,832,948	2,060,406	2,105,749	2,198,476
Fiber optic	108,615	145,673	148,684	141,209
Solid waste	1,128,070	1,084,284	1,099,506	1,135,528
Operating grants and contributions	80,666	178,469	48,752	61,976
Capital grants and contributions	–	–	–	–
Total business-type activities program revenues	14,455,780	15,040,979	15,451,970	16,329,855
Total primary government program revenues	$ 15,748,864	$ 16,970,129	$ 17,640,168	$ 19,170,416

Table 2
Page 1 of 2

2019	2020	2021	2022	2023	2024
$ 1,559,014	$ 1,484,870	$ 1,328,371	$ 1,813,006	$ 1,822,939	$ 1,741,946
4,087,960	4,298,332	3,826,009	5,718,250	5,852,635	6,139,013
2,104,125	1,712,876	2,135,103	2,853,488	2,866,024	3,348,805
586,040	577,988	470,618	666,685	647,156	675,368
3,028,759	7,263,908	560,016	549,676	765,731	2,077,429
383,719	701,700	624,528	770,759	681,499	618,223
11,749,617	16,039,674	8,944,645	12,371,864	12,635,984	14,600,784
8,098,292	7,950,155	9,090,803	10,286,514	10,140,345	9,662,344
1,105,399	1,008,677	1,028,804	1,209,955	1,245,077	1,468,051
480,131	462,958	562,073	666,147	768,449	823,637
1,817,051	1,814,166	1,760,265	2,067,753	2,079,731	2,189,689
138,423	140,622	141,471	145,320	160,177	152,188
1,492,205	906,762	938,234	946,788	1,053,052	1,145,171
13,131,501	12,283,340	13,521,650	15,322,477	15,446,831	15,441,080
$ 24,881,118	$ 28,323,014	$ 22,466,295	$ 27,694,341	$ 28,082,815	$ 30,041,864
$ 498,603	$ 360,872	$ 400,827	$ 341,716	$ 298,132	$ 393,175
129,933	52,571	106,480	102,658	111,274	92,865
580,660	820,311	631,019	976,441	655,805	373,374
263,985	194,967	362,490	275,913	243,362	295,736
648,171	2,621,998	880,202	631,090	1,161,987	1,132,647
588,053	670,265	373,618	448,478	480,707	514,617
2,709,405	4,720,984	2,754,636	2,776,296	2,951,267	2,802,414
9,284,280	9,275,594	10,416,983	11,282,305	11,660,434	10,996,569
1,853,028	2,015,977	2,138,165	2,021,685	2,154,579	1,944,601
881,196	925,883	946,086	957,409	968,318	1,006,697
2,325,937	2,477,861	2,482,664	2,457,962	2,560,648	2,803,361
218,655	213,804	208,915	213,176	214,176	214,424
1,106,983	985,699	998,597	1,008,152	1,031,341	1,043,664
341,895	63,645	49,224	69,777	187,708	172,340
–	753,848	–	–	–	–
16,011,974	16,712,311	17,240,634	18,010,466	18,777,204	18,181,656
$ 18,721,379	$ 21,433,295	$ 19,995,270	$ 20,786,762	$ 21,728,471	$ 20,984,070

(continued)

CITY OF NORTH ST. PAUL

Changes in Net Position (continued)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year			
	2015	2016	2017	2018
Net (expense) revenue				
Governmental activities	$ (6,540,698)	$ (7,661,762)	$ (6,947,467)	$ (6,369,504)
Business-type activities	1,640,716	2,435,607	3,205,317	2,870,728
Total primary government net expense	$ (4,899,982)	$ (5,226,155)	$ (3,742,150)	$ (3,498,776)
General revenues and other changes in net position				
Governmental activities				
Property taxes	$ 3,885,640	$ 4,546,034	$ 5,111,242	$ 5,496,782
Franchise taxes	563,829	544,367	531,178	431,469
Unrestricted grants and contributions	1,828,503	1,919,280	1,812,458	1,838,514
Other general revenues	4,606	38,802	126,853	212,024
Investment earnings (charges)	88,086	76,459	123,925	174,935
Transfers	1,205,589	1,449,000	1,046,800	841,130
Total governmental activities	7,576,253	8,573,942	8,752,456	8,994,854
Business-type activities				
Investment earnings (charges)	96,825	68,629	98,769	164,874
Transfers	(1,205,589)	(1,449,000)	(1,046,800)	(841,130)
Total business-type activities	(1,108,764)	(1,380,371)	(948,031)	(676,256)
Total primary government	$ 6,467,489	$ 7,193,571	$ 7,804,425	$ 8,318,598
Change in net position				
Governmental activities	$ 1,035,555	$ 912,180	$ 1,804,989	$ 2,625,350
Business-type activities	531,952	1,055,236	2,257,286	2,194,472
Total primary government	$ 1,567,507	$ 1,967,416	$ 4,062,275	$ 4,819,822

2019	2020	2021	2022	2023	2024
$ (9,040,212)	$(11,318,690)	$ (6,190,009)	$ (9,595,568)	$ (9,684,717)	$(11,798,370)
2,880,473	4,428,971	3,718,984	2,687,989	3,330,373	2,740,576
$ (6,159,739)	$ (6,889,719)	$ (2,471,025)	$ (6,907,579)	$ (6,354,344)	$ (9,057,794)
$ 5,809,709	$ 6,348,187	$ 6,481,133	$ 7,147,994	$ 8,296,412	$ 9,185,108
421,413	437,835	490,483	563,490	531,239	491,346
1,843,392	1,800,995	1,685,861	1,661,614	1,570,639	3,490,093
124,510	81,834	203,525	199,242	148,378	61,416
460,597	186,263	(4,873)	(229,980)	813,758	908,608
862,932	687,213	921,412	790,000	790,000	1,890,000
9,522,553	9,542,327	9,777,541	10,132,360	12,150,426	16,026,571
597,528	326,675	158,534	(105,684)	1,121,633	1,134,881
(862,932)	(687,213)	(921,412)	(790,000)	(790,000)	(1,890,000)
(265,404)	(360,538)	(762,878)	(895,684)	331,633	(755,119)
$ 9,257,149	$ 9,181,789	$ 9,014,663	$ 9,236,676	$ 12,482,059	$ 15,271,452
$ 482,341	$ (1,776,363)	$ 3,587,532	$ 536,792	$ 2,465,709	$ 4,228,201
2,615,069	4,068,433	2,956,106	1,792,305	3,662,006	1,985,457
$ 3,097,410	$ 2,292,070	$ 6,543,638	$ 2,329,097	$ 6,127,715	$ 6,213,658

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CITY OF NORTH ST. PAUL

Table 3

Governmental Activities Tax Revenues by Source
Last Ten Fiscal Years
(Accrual Basis of Accounting)

Fiscal Year	Property Tax	Franchise Tax	Total
2015	$ 3,885,640	$ 563,829	$ 4,449,469
2016	4,546,034	544,367	5,090,401
2017	5,111,242	531,178	5,642,420
2018	5,496,782	431,469	5,928,251
2019	5,809,709	421,413	6,231,122
2020	6,348,187	437,835	6,786,022
2021	6,481,133	490,483	6,971,616
2022	7,147,994	563,490	7,711,484
2023	8,296,412	531,239	8,827,651
2024	9,185,108	491,346	9,676,454

CITY OF NORTH ST. PAUL

Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year 2015	2016	2017	2018
General Fund				
Nonspendable	$ 1,800	$ 23,492	$ 26,016	$ 24,135
Assigned	31,455	25,230	23,261	19,985
Unassigned	1,725,949	1,713,152	1,708,472	1,788,706
Total General Fund	$ 1,759,204	$ 1,761,874	$ 1,757,749	$ 1,832,826
All other governmental funds				
Nonspendable	$ –	$ –	$ –	$ –
Restricted	3,089,182	6,554,769	7,114,605	9,661,240
Committed	2,042,917	2,369,282	3,196,670	3,774,915
Assigned	607,146	1,166,478	996,304	1,931,788
Unassigned, reported in				
Other governmental funds	(103,906)	(113,371)	(6,954)	(48,623)
Total all other governmental funds	$ 5,635,339	$ 9,977,158	$ 11,300,625	$ 15,319,320
Total all governmental funds				
Nonspendable	$ 1,800	$ 23,492	$ 26,016	$ 24,135
Restricted	3,089,182	6,554,769	7,114,605	9,661,240
Committed	2,042,917	2,369,282	3,196,670	3,774,915
Assigned	638,601	1,191,708	1,019,565	1,951,773
Unassigned, reported in				
General Fund	1,725,949	1,713,152	1,708,472	1,788,706
Other governmental funds	(103,906)	(113,371)	(6,954)	(48,623)
Total all governmental funds	$ 7,394,543	$ 11,739,032	$ 13,058,374	$ 17,152,146

Table 4

2019	2020	2021	2022	2023	2024
$ 154,851	$ 53,828	$ 81,527	$ 53,389	$ 79,009	$ 70,310
17,740	88,565	109,197	100,857	116,558	91,918
2,182,986	2,701,149	3,497,620	4,170,579	4,846,018	5,886,178
$ 2,355,577	$ 2,843,542	$ 3,688,344	$ 4,324,825	$ 5,041,585	$ 6,048,406
$ –	$ 683	$ 102	$ –	$ –	$ –
5,816,806	5,912,546	6,232,816	7,962,023	6,018,933	5,241,033
4,217,917	4,026,933	4,188,953	3,777,432	3,673,975	5,210,625
1,758,664	1,943,532	2,049,562	2,391,518	2,850,562	2,954,243
(1,571,775)	(5,093,538)	(6,034,466)	(5,606,568)	(4,893,360)	(4,041,758)
$ 10,221,612	$ 6,790,156	$ 6,436,967	$ 8,524,405	$ 7,650,110	$ 9,364,143
$ 154,851	$ 54,511	$ 81,629	$ 53,389	$ 79,009	$ 70,310
5,816,806	5,912,546	6,232,816	7,962,023	6,018,933	5,241,033
4,217,917	4,026,933	4,188,953	3,777,432	3,673,975	5,210,625
1,776,404	2,032,097	2,158,759	2,492,375	2,967,120	3,046,161
2,182,986	2,701,149	3,497,620	4,170,579	4,846,018	5,886,178
(1,571,775)	(5,093,538)	(6,034,466)	(5,606,568)	(4,893,360)	(4,041,758)
$ 12,577,189	$ 9,633,698	$ 10,125,311	$ 12,849,230	$ 12,691,695	$ 15,412,549

CITY OF NORTH ST. PAUL

Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2015	2016	2017	2018
Revenues				
Taxes	$ 4,453,106	$ 5,083,188	$ 5,643,488	$ 5,923,559
Special assessments	125,435	303,753	313,972	557,833
Licenses and permits	241,532	275,704	302,716	355,448
Intergovernmental	2,219,522	2,358,025	2,646,164	2,673,823
Charges for services	214,366	188,516	207,009	156,811
Fines and forfeits	50,850	34,824	37,032	38,536
Investment earnings (charges)	63,514	65,760	100,440	148,593
Other	257,538	329,038	415,313	497,783
Total revenues	7,625,863	8,638,808	9,666,134	10,352,386
Expenditures				
Current				
General government	2,093,492	2,107,655	2,142,817	1,435,772
Public safety	3,136,479	3,453,098	3,582,576	3,939,849
Public works	792,389	902,417	884,974	1,021,445
Parks and recreation	568,318	351,891	374,020	522,972
Other	–	–	–	18,006
Economic development	81,715	172,600	442,989	450,164
Capital outlay	1,036,298	3,677,596	1,507,700	1,654,658
Debt service				
Principal	775,000	1,010,000	1,020,000	1,265,000
Interest	386,549	366,628	434,638	434,329
Total expenditures	8,870,240	12,041,885	10,389,714	10,742,195
Excess of revenues over (under) expenditures	(1,244,377)	(3,403,077)	(723,580)	(389,809)
Other financing sources (uses)				
Bonds issued	–	3,880,000	1,051,380	3,475,000
Refunding bonds issued	1,595,000	2,430,000	–	–
Contract for deed issued	–	–	–	–
Premium (discount) on bonds issued	36,316	208,277	40,155	226,760
Payments to refunded bond escrow agent	(1,575,000)	–	–	–
Transfers in	1,681,475	2,143,316	1,387,155	1,157,039
Transfers out	(278,764)	(914,027)	(435,768)	(375,218)
Total other financing sources (uses)	1,459,027	7,747,566	2,042,922	4,483,581
Net change in fund balances	$ 214,650	$ 4,344,489	$ 1,319,342	$ 4,093,772
Debt service as a percentage of noncapital expenditures	15.1%	16.0%	16.1%	18.3%

Table 5

2019	2020	2021	2022	2023	2024
$ 6,243,978	$ 6,775,208	$ 6,973,458	$ 7,770,528	$ 8,861,084	$ 9,708,616
264,614	233,359	206,135	216,035	160,585	144,441
631,259	630,386	697,218	1,024,746	776,874	492,011
2,951,440	3,865,688	2,559,942	2,728,803	2,633,171	5,031,731
215,238	130,683	182,841	227,658	158,341	86,212
33,274	27,025	30,805	22,080	22,036	16,990
375,949	143,101	(3,722)	(169,313)	673,833	708,957
584,626	1,815,409	983,103	414,543	310,148	538,566
11,300,378	13,620,859	11,629,780	12,235,080	13,596,072	16,727,524
1,325,646	1,521,706	1,216,523	1,339,166	1,436,832	1,365,436
4,329,230	4,625,522	4,550,160	5,343,902	5,474,379	5,780,484
1,093,499	1,069,926	1,105,152	1,326,130	1,350,284	1,580,449
509,206	569,370	446,422	587,660	577,258	541,055
–	–	–	–	–	–
3,034,873	7,104,185	447,696	514,598	742,548	2,056,656
4,299,602	5,669,116	1,243,775	2,820,747	3,403,360	2,206,628
1,348,553	2,744,028	3,213,926	1,305,276	1,380,159	1,520,038
462,658	674,408	710,441	759,626	770,149	691,459
16,403,267	23,978,261	12,934,095	13,997,105	15,134,969	15,742,205
(5,102,889)	(10,357,402)	(1,304,315)	(1,762,025)	(1,538,897)	985,319
–	6,325,000	–	4,590,000	–	–
–	–	960,000	–	–	–
2,075,000	–	–	–	–	–
–	122,131	45,928	85,944	–	–
(2,410,000)	–	–	(980,000)	–	–
1,012,932	1,787,397	912,658	2,036,939	1,683,903	3,544,554
(150,000)	(820,617)	(122,658)	(1,246,939)	(302,541)	(1,809,019)
527,932	7,413,911	1,795,928	4,485,944	1,381,362	1,735,535
$ (4,574,957)	$ (2,943,491)	$ 491,613	$ 2,723,919	$ (157,535)	$ 2,720,854
14.5%	18.6%	32.9%	18.1%	18.2%	16.2%

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CITY OF NORTH ST. PAUL

Table 6

General Governmental Tax Revenues by Source
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

Fiscal Year	Property Tax	Electric Franchise	Gas Franchise	Cable Franchise	Total
2015	$ 3,889,277	$ 375,224	$ 109,676	$ 78,929	$ 4,453,106
2016	4,538,821	346,059	83,298	115,010	5,083,188
2017	5,112,310	368,484	90,270	72,424	5,643,488
2018	5,492,090	244,007	102,973	84,489	5,923,559
2019	5,822,565	227,068	100,065	94,280	6,243,978
2020	6,337,373	275,660	83,977	78,198	6,775,208
2021	6,482,975	277,684	100,598	112,201	6,973,458
2022	7,207,038	285,311	167,697	110,482	7,770,528
2023	8,329,845	286,388	138,678	106,173	8,861,084
2024	9,217,270	286,622	110,962	93,762	9,708,616

CITY OF NORTH ST. PAUL

Tax Capacity Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

	Tax Capacity (1)				
	Real Property				
Fiscal Year	Residential Property	Commercial Property	Personal Property	Less Tax Exempt Real Property	Fiscal Disparities Distribution
2015	$ 5,690,060	$ 1,591,017	$ 98,878	$ (751,660)	$ 2,267,716
2016	6,217,732	1,572,193	100,787	(924,565)	2,298,449
2017	6,718,235	1,582,800	111,924	(969,996)	2,419,838
2018	7,065,334	1,720,882	108,396	(1,028,487)	2,559,341
2019	7,678,389	1,782,523	98,904	(1,110,250)	2,681,211
2020	8,750,806	1,762,170	100,246	(1,181,531)	2,817,225
2021	9,687,274	1,801,666	116,468	(1,282,119)	2,738,340
2022	10,214,854	1,888,979	118,204	(1,570,784)	2,930,417
2023	12,332,890	2,151,824	120,600	(2,218,318)	2,858,933
2024	13,355,303	2,424,591	126,282	(2,447,127)	2,982,912

(1) Tax rates are expressed in terms of "net tax capacity." A property's tax capacity is determined by multiplying its taxable market value by a state determined class rate. Class rates vary by property type and change periodically based on state legislation.

Source: Ramsey County

Table 7

Total Tax Capacity Value	Total Direct Tax Rate	Total Estimated Market Value	Tax Capacity Value as a Percentage of Market Value
$ 8,896,011	35.169 %	$ 730,216,600	1.2 %
9,264,596	38.707	777,362,600	1.2
9,862,801	41.919	821,838,000	1.2
10,425,466	42.515	861,724,000	1.2
11,130,777	43.834	919,851,300	1.2
12,248,916	40.732	1,018,683,500	1.2
13,061,629	38.219	1,108,145,800	1.2
13,581,670	44.140	1,164,673,600	1.2
15,245,929	42.711	1,371,264,600	1.1
16,441,961	43.362	1,478,492,200	1.1

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CITY OF NORTH ST. PAUL

Table 8

Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years

	Direct Rates (1)			Overlapping			Total Direct and
Fiscal Year	General Levy	Debt Levy	City Total	County	School District	Special District	Overlapping Rates
2015	27.012 %	8.157 %	35.169 %	58.922 %	36.008 %	12.718 %	142.817 %
2016	27.095	11.612	38.707	58.885	35.706	12.638	145.936
2017	31.215	10.704	41.919	55.850	33.798	12.029	143.596
2018	31.980	10.535	42.515	53.962	30.284	12.270	139.031
2019	33.095	10.739	43.834	52.880	29.226	13.446	139.386
2020	32.045	8.687	40.732	52.302	32.689	12.591	138.314
2021	29.997	8.222	38.219	47.760	32.007	12.611	130.597
2022	35.918	8.222	44.140	47.226	32.329	12.756	136.451
2023	33.732	8.979	42.711	44.900	29.975	11.256	128.842
2024	34.499	8.863	43.362	45.455	29.698	8.426	126.941

(1) Tax rates per $100 of tax capacity.

Source: Ramsey County

CITY OF NORTH ST. PAUL

Table 9

Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2024 Total Tax Capacity Value	2024 Rank	2024 Percentage of Total Tax Capacity Value	2015 Estimated Market Value	2015 Rank	2015 Percentage of Total Estimated Market Value
Anchor View, LLC	$ 404,276	1	2.46 %	$ –	–	– %
Berwald Investment Company	256,292	2	1.56	7,758,400	3	1.06
North St. Paul Land Dev. Co., LLC	252,428	3	1.54	–	–	–
Target Stores, Inc.	235,562	4	1.43	10,887,700	2	1.49
Helen Street Senior Housing Realty	225,831	5	1.37	–	–	–
TKG III Acquisition, LLC	165,250	6	1.01	–	–	–
Cedarview Commons	156,829	7	0.95	11,140,700	1	1.53
LHB Properties	150,136	8	0.91	5,964,600	5	0.82
Cottages of North St. Paul	140,625	9	0.86	5,844,600	6	0.80
Kwik Trip, Inc.	134,848	10	0.82	–	–	–
Gervais Court Properties, LLC	–	–	–	3,848,300	10	0.53
Bigos Regency Park, LLC	–	–	–	4,899,800	7	0.67
Franklin Apartments	–	–	–	7,598,300	4	1.04
Silas Pointe Apartments – Baypointe Investment Partnership, LLC	–	–	–	4,478,700	8	0.61
Arcadia Individual Apartments – Burke, LLC	–	–	–	3,957,800	9	0.54
Total	$ 2,122,077		12.91 %	$ 66,378,900		9.09 %

Source: Ramsey County Department of Property Taxation

CITY OF NORTH ST. PAUL

Table 10

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended December 31,	Total Tax Levy for Fiscal Year (1)	Collected Within the Fiscal Year of the Levy (2)		Collections (Abatements) in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2015	$ 3,876,496	$ 3,842,585	99.1 %	$ 33,911	$ 3,876,496	100.0 %
2016	4,186,996	4,148,345	99.1	38,651	4,186,996	100.0
2017	4,768,855	4,728,652	99.2	40,203	4,768,855	100.0
2018	5,144,397	5,093,568	99.0	50,406	5,143,974	100.0
2019	5,545,599	5,504,917	99.3	39,202	5,544,119	100.0
2020	5,828,387	5,783,121	99.2	44,213	5,827,334	100.0
2021	5,864,589	5,823,146	99.3	37,215	5,860,361	99.9
2022	6,226,210	6,224,303	100.0	(3,866)	6,220,437	99.9
2023	6,753,978	6,711,157	99.4	21,065	6,732,222	99.7
2024	7,321,989	7,283,956	99.5	–	7,283,956	99.5

(1) Includes fiscal disparity revenues.

(2) Includes fiscal disparity revenues and is net of county/state adjustments.

CITY OF NORTH ST. PAUL

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

	Governmental Activities								
Fiscal Year	General Obligation Bonds	Special Assessment Bonds	Tax Increment Bonds	Tax Abatement Bonds	Capital Improvement Bonds	Contract for Deed	Subscription	Premiums	Total
2015	$ 3,055,000	$ 2,360,000	$ 1,595,000	$ 335,000	$ 3,680,000	$ –	$ –	$ 96,281	$11,121,281
2016	2,695,000	4,815,000	1,490,000	1,510,000	5,815,000	–	–	297,645	16,622,645
2017	2,325,000	5,686,380	1,395,000	1,445,000	5,505,000	–	–	312,858	16,669,238
2018	1,950,000	8,811,380	1,295,000	1,330,000	5,180,000	–	–	512,167	19,078,547
2019	1,575,000	8,397,827	1,195,000	1,210,000	2,430,000	2,075,000	–	470,543	17,353,370
2020	1,195,000	7,852,299	7,410,000	1,085,000	2,050,000	871,500	–	546,688	21,010,487
2021	960,000	7,254,873	7,310,000	1,030,000	1,655,000	–	–	541,527	18,751,400
2022	5,550,000	5,524,597	7,210,000	975,000	1,255,000	–	–	572,085	21,086,682
2023	5,225,000	5,079,438	7,065,000	920,000	845,000	–	126,610	516,699	19,777,747
2024	4,940,000	4,619,400	6,770,000	860,000	425,000	–	42,982	461,313	18,118,695

(1) See the Schedule of Demographic and Economic Statistics for personal income and population data.

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

Table 11

Business-Type Activities							
Revenue Bonds	Capital Loans	Subscription	Premiums	Total	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
$11,435,000	$ 123,136	$ –	$ 117,264	$11,675,400	$22,796,681	4.67 %	$ 1,899
14,360,000	–	–	205,469	14,565,469	31,188,114	9.24	2,577
11,663,620	–	–	206,372	11,869,992	28,539,230	7.93	2,365
14,198,620	–	–	409,430	14,608,050	33,686,597	8.79	2,784
13,137,173	–	–	374,677	13,511,850	30,865,220	8.07	2,538
13,767,701	–	–	451,017	14,218,718	35,229,205	8.83	2,897
13,800,127	–	–	473,127	14,273,254	33,024,654	8.44	2,671
16,445,403	–	–	522,223	16,967,626	38,054,308	9.70	3,070
14,890,562	–	177,192	470,261	15,538,015	35,315,762	8.37	2,833
13,335,600	–	167,847	418,298	13,921,745	32,040,440	7.26	2,548

CITY OF NORTH ST. PAUL

Table 12

Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Premiums/ (Discounts)	Less Amounts Available in Debt Service Funds (3)	Total	Percentage of Estimated Market Value of Property (1)	Per Capita (2)
2015	$ 6,735,000	$ –	$ 1,312,400	$ 5,422,600	0.74 %	$ 452
2016	8,510,000	110,519	3,875,411	4,745,108	0.61	392
2017	7,830,000	98,239	3,902,113	4,026,126	0.49	334
2018	7,130,000	85,960	3,935,715	3,280,245	0.38	271
2019	4,005,000	73,680	1,615,940	2,462,740	0.27	203
2020	3,245,000	61,400	1,685,808	1,620,592	0.16	133
2021	2,615,000	89,945	1,797,021	907,924	0.08	73
2022	6,805,000	154,209	1,266,010	5,693,199	0.49	459
2023	6,070,000	132,528	1,311,964	4,890,564	0.36	392
2024	5,365,000	110,848	1,363,055	4,112,793	0.28	327

(1) See the Schedule of Tax Capacity Value and Estimated Actual Value of Taxable Property for property value data.

(2) Population data can be found in the Schedule of Demographic and Economic Statistics.

(3) The City is using governmental net position restricted for debt service. We believe this to be the best amount available to present a consistent net amount when refunding bonds are held for payment, which are not restricted on government-wide financial statements, due to conversion for full accrual accounting.

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

Table 13

Direct and Overlapping Governmental Activities Debt
as of December 31, 2024

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Direct debt			
City of North St. Paul	$ 18,118,695	100.0 %	$ 18,118,695
Overlapping debt			
Independent School District No. 622	167,920,089	11.3	18,931,049
Ramsey County	214,887,000	1.9	4,080,416
Ramsey County Library	16,335,000	3.7	605,880
Metropolitan Council	1,558,153,207	0.3	3,963,097
Total overlapping debt			27,580,442
Total direct and overlapping debt			$ 45,699,137

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the entity's taxable assessed value that is within the City's boundaries and dividing it by the entity's total taxable assessed value.

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 debt 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.

Source: Ramsey County

Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year			
	2015	2016	2017	2018
Debt limit	$ 21,906,498	$ 23,320,878	$ 24,655,140	$ 25,851,720
Total net debt applicable to the limit	5,422,600	4,634,589	3,927,887	3,194,285
Legal debt margin	$ 16,483,898	$ 18,686,289	$ 20,727,253	$ 22,657,435
Total net debt applicable to the limit as a percentage of debt limit	24.75%	19.87%	15.93%	12.36%

Note: Under Minnesota state law, the City's net debt cannot exceed 3 percent of the estimated market value.

Table 14

2019	2020	2021	2022	2023	2024
$ 27,595,539	$ 30,560,505	$ 33,244,374	$ 34,940,208	$ 41,137,938	$ 44,354,766
2,389,060	1,559,192	817,979	5,538,990	4,758,036	4,001,945
$ 25,206,479	$ 29,001,313	$ 32,426,395	$ 29,401,218	$ 36,379,902	$ 40,352,821
8.66%	5.10%	2.46%	15.85%	11.57%	9.02%

Legal Debt Margin Calculation for Fiscal Year 2024

Market value	$ 1,478,492,200
Debt limit (3 percent of market value)	44,354,766
Debt applicable to the limit	
General obligation bonds	5,365,000
Less amount set aside for repayment of general obligation debt	(1,363,055)
Total net debt applicable to the limit	4,001,945
Legal debt margin	$ 40,352,821

Table 15

Pledged Revenue Coverage
Last Ten Fiscal Years

	Revenue Bonds					
	Operating	Less Operating	Net Available	Debt Service		
Fiscal Year	Revenues	Expenses	Revenue	Principal	Interest	Coverage
2015	$ 14,260,639	$ 11,932,652	$ 2,327,987	$ 505,000	$ 369,682	2.66
2016	14,706,437	11,604,993	3,101,444	680,000	425,394	2.81
2017	15,254,109	11,398,378	3,855,731	680,000	295,905	3.95
2018	16,121,710	12,341,182	3,780,528	930,000	352,495	2.95
2019	15,449,750	12,111,198	3,338,552	1,061,447	358,074	2.35
2020	15,666,843	11,487,636	4,179,207	1,199,472	389,812	2.63
2021	16,979,565	12,448,171	4,531,394	1,402,574	413,225	2.50
2022	17,727,513	13,963,542	3,763,971	1,124,724	491,090	2.33
2023	18,375,320	13,886,801	4,488,519	1,554,841	508,206	2.18
2024	17,794,892	13,892,849	3,902,043	1,554,962	439,980	1.96

Note 1: Includes Electric, Water, Surface Water, Waste Water, and Solid Waste Funds. Operating expenses do not include interest or depreciation.

Note 2: The 2015, 2017, and 2022 principal payments do not include the refunded portion of bonds paid.

CITY OF NORTH ST. PAUL

Table 16

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income (2)	Per Capita Personal Income (2)	Median Age (2)	School Enrollment (3)	Unemployment Rate (4)
2015	12,006	$ 488,211,984	$ 40,664	38.5	10,715	3.1 %
2016	12,104	337,520,040	27,885	38.5	10,669	3.5
2017	12,069	359,994,132	29,828	38.2	10,480	2.8
2018	12,099	383,223,726	31,674	38.2	10,633	2.7
2019	12,159	382,412,709	31,451	37.9	10,636	2.9
2020	12,161	398,990,249	32,809	34.9	10,563	4.7
2021	12,364	391,370,056	31,654	*	10,305	2.6
2022	12,395	392,351,330	31,654	32.1	10,263	2.8
2023	12,465	421,901,467	33,847	32.1	10,244	2.3
2024	12,574	441,058,198	35,077	33.6	10,754	2.6

* Information not available for the fiscal year 2021.

Data sources:
(1) Census Reporter
(2) U.S. Census Bureau; Information prior to 2016 from Minnesota Department of Economic Security
(3) Independent School District No. 622 Annual Comprehensive Financial Report
(4) Minnesota Department of Economic Security – Ramsey County – December 2024

Table 17

Principal Employers
Current Year and Nine Years Ago

	2024		2015	
Employer	Employees	Rank	Employees	Rank
Independent School District No. 622	1,829	1	1,256	1
Berwald Roofing	177	2	174	3
Target Stores, Inc.	172	3	182	2
REM Ramsey, Inc.	95	4	85	5
City of North St. Paul	93	5	69	6
T.A. Schifsky & Sons, Inc.	70	6	60	7
Rust-Oleum	65	7	–	–
Rock Solid	50	8	38	10
Ideal Credit Union	47	9	48	8
Andersen Cabinet, Inc.	21	10	–	–
Metropolitan Area Agency on Aging	–	–	86	4
McPhillips Bros. Roofing Co.	–	–	42	9
Total	2,619		2,040	

Note: The percentage of total city employment is unavailable.

Source: Baker Tilly Bond Consultants – September 2021

CITY OF NORTH ST. PAUL

Table 18

Full-Time Equivalent City Government Employees by Function
Last Ten Fiscal Years

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Function										
General government	13	13	14	15	15	11	11	12	14	14
Public safety										
Police										
Officers	18	17	18	17	17	18	19	19	19	21
Civilians	3	4	4	4	2	2	2	2	2	2
Fire										
Firefighters and officers	4	4	4	4	4	4	4	4	4	4
Highways and streets										
Maintenance	4	4	4	4	4	4	4	4	4	4
Parks and recreation	4	4	4	4	4	4	4	4	4	4
Water	3	3	3	3	3	3	3	3	4	4
Electric	12	12	13	12	10	11	11	11	11	10
Total	61	61	64	63	59	57	58	59	62	63

Source: Various government departments

Operating Indicators by Function
Last Ten Fiscal Years

	Fiscal Year			
	2015	2016	2017	2018
Function				
Police				
Parking violations	838	740	1,054	937
Traffic violations	902	596	690	560
Fire				
Number of calls answered	1,071	1,243	1,319	1,318
Rental Property Licenses	169	243	382	297
Code compliance cases	612	700	447	468
Fire Certificate of Compliance	1	21	145	31
Zoning inspections	N/A	N/A	N/A	N/A
Highways and streets				
Street resurfacing (miles)	0.5	1.6	1.9	0.3
Tons of asphalt used	468.0	579.7	616.0	729.8
Water				
New connections	12	21	9	4
Water main breaks	4	8	6	12
Average daily consumption (thousands of gallons)	900	972	973	1,104

N/A – Not Available

Source: Various government departments

Table 19

2019	2020	2021	2022	2023	2024
753	590	283	237	201	184
592	512	263	239	86	85
1,355	1,478	1,566	1,605	1,694	1,771
274	173	164	218	233	285
295	257	172	218	243	349
35	27	51	32	76	42
N/A	N/A	N/A	66	142	106
2.6	1.0	2.0	2.0	1.1	2.0
925.0	460.0	625.0	500.0	465.0	242.0
46	37	60	128	11	10
6	10	9	7	2	5
840	900	1,074	1,020	1,057	946

CITY OF NORTH ST. PAUL

Capital Asset Statistics by Function
Last Ten Fiscal Years

				Fiscal Year
	2015	2016	2017	2018
Function				
Public safety				
Police				
Stations	1	1	1	1
Patrol units	10	10	10	10
Fire stations	1	1	1	1
Highways and streets				
Streets (miles)	45	45	45	45
Streetlights/security lights	630	630	630	630
Traffic signals	1	1	1	1
Parks and recreation				
Parks acreage	140	140	140	140
Parks	13	13	13	13
Swimming beach	1	1	1	1
Tennis courts	9	9	9	9
Water				
Water mains (miles)	44	44	44	44
Fire hydrants	609	609	609	609
Gallons sold per year				
(thousands of gallons)	328,624	273,021	362,558	403,082
Sewer				
Sanitary sewers (miles)	43	43	43	43
Storm sewers (miles)	21	21	21	21
Electric				
Number of distribution stations	1	1	1	1
Miles of service lines	70	70	70	71

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

Source: Various government departments

Table 20

2019	2020	2021	2022	2023	2024
1	1	1	1	1	1
10	9	10	12	14	14
1	1	1	1	1	1
45	45	45	45	45	45
639	647	652	652	652	652
1	1	1	1	1	1
140	140	140	140	140	140
13	13	13	13	13	13
1	1	1	1	1	1
9	9	9	2	2	2
62	63	64	64	64	64
622	645	650	650	650	650
306,547	328,529	392,354	372,418	386,019	345,389
46	47	47	47	47	47
44	45	45	45	45	45
1	1	1	1	1	1
72	73	73	74	74	74

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Management Report

for

City of North St. Paul, Minnesota

December 31, 2024

LB CARLSON

Certified Public Accountants Business Consultants

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LB | CARLSON

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

We have prepared this management report in conjunction with our audit of the City of North 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,

LB Carlson, LLP

LB CARLSON, LLP
Minneapolis, Minnesota

May 14, 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 AND *GOVERNMENT AUDITING STANDARDS*

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, 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 and *Government Auditing Standards*, 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 one finding based on our testing of the City's compliance with Minnesota laws and regulations. We noted that 2 of 40 disbursements tested were not paid within the 35-day period as required by Minnesota Statutes § 471.425, Subd. 2.

FOLLOW-UP ON PRIOR YEAR FINDINGS AND RECOMMENDATIONS

As a part of our audit of the City's financial statements for the year ended December 31, 2024, we performed procedures to follow-up on the findings and recommendations that resulted from our prior year audit. We reported the following finding that was corrected by the City in the current year:

- Minnesota Statutes require cities that provide group insurance for 25 or more employees shall request proposals from, and enter into, contracts with entities that in the judgement of the city are best qualified to provide coverage. The request for proposals shall be in writing and at a minimum shall include: coverage to be provided, criteria for evaluation of proposals, and the aggregate claims records for the appropriate period. Public notice of the request for proposals must be provided in the newspaper or trade journal at least 21 days before the final date for submitting proposals. The City did not comply with this statute for one group insurance contract entered into during fiscal year 2023. We are pleased to report this is not a finding in the current year.

OTHER OBSERVATIONS AND RECOMMENDATIONS

- **Individual Fund Deficits** – As reported in the City's Annual Comprehensive Financial Report as of December 31, 2024, the City has three special revenue funds that have a deficit fund equity totaling $3,705,017, one capital projects fund deficit totaling $336,741, and one enterprise fund deficit totaling $482,374. There are several reasons that may cause individual funds to end a given period in a deficit position. For instance, the timing of related funding resources (future levy authority) may lag behind related expenditures made. While we understand that the City approves all disbursements and reviews the cash and equity positions of all funds, we recommend that the City match the timing of related resources with related expenditures as much as possible to limit the deficit balances at any given moment.

  The deficit in the three special revenue funds is in tax increment districts, which all have interfund borrowing outstanding at year-end. We comment on this subject to emphasize the importance of adequate planning, projecting, and monitoring of these funds, due to the significance of the deficit balances.

- **Fiber Optic Fund** – The Fiber Optic Fund has generated a significant deficit unrestricted net position balance, due to cash borrowings from the Surface Water and Waste Water Funds, used to finance required debt payments and capital asset purchases. As of December 31, 2024, the Fiber Optic Fund's unrestricted component of net position has a deficit of $1,989,613. It is important that the City review potential revenue streams for future years to ensure that this fund will be self-sustaining and not put any additional burden on other funds of the City.

- **Deposit and Escrow Reconciliation** – Internal controls, processes, and procedures are never perfected and need to be continually reviewed. During our inquiries and testing, we noted that customer deposit and escrow accounts were not reconciled as of year-end. Control procedures, such as periodic and year-end account and subledger reconciliations, must be performed regularly, accurately, and in a timely manner. We recommend the City review its policies and procedures over customer deposit and escrow accounts to verify proper reconciliations are completed.

- **Payroll Withholdings and Documentation** – Internal controls, processes, and procedures are never perfected and need to be continually reviewed. During our inquiries and testing, we identified an Internal Revenue Service Form W-4 the City received from an employee that was not entered into the payroll system correctly. This resulted in an incorrect amount of federal and state withholdings being withheld from the employee's paycheck. We also noted the City did not retain documentation on file for certain payroll deductions. We recommend that the City review its policies and procedures regarding the processing of payroll information to verify all information is being updated properly and retained on file.

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 the 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 $18,509.

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 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:

- **Total Other Post-Employment Benefit (OPEB) and Net Pension Liabilities** – The City has recorded liabilities and activity for other post-employment benefits (OPEB) and pension benefits. These obligations are calculated using actuarial methodologies described in GASB Statement Nos. 68 and 75. These actuarial calculations include significant assumptions, including projected changes, healthcare insurance costs, investment returns, retirement ages, proportionate share, and employee turnover.

- **Depreciation/Amortization** – Management's estimates of depreciation and amortization expense are based on the estimated useful lives of the assets.

- **Compensated Absences** – Management's estimate is based on current rates of pay, unused compensated absence balances, and the likelihood compensated balances will be paid out over the course of employment or at termination.

- **Value of Land Held for Resale** – Management's estimates of these assets are based on net realizable value (lower of cost or acquisition value).

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.

DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

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

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 statements taken as a whole.

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.

MANAGEMENT REPRESENTATIONS

We have requested certain representations from management that are included in the management representation letter dated May 14, 2025.

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) 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, which is 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 section and the statistical section, 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.

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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 projects 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

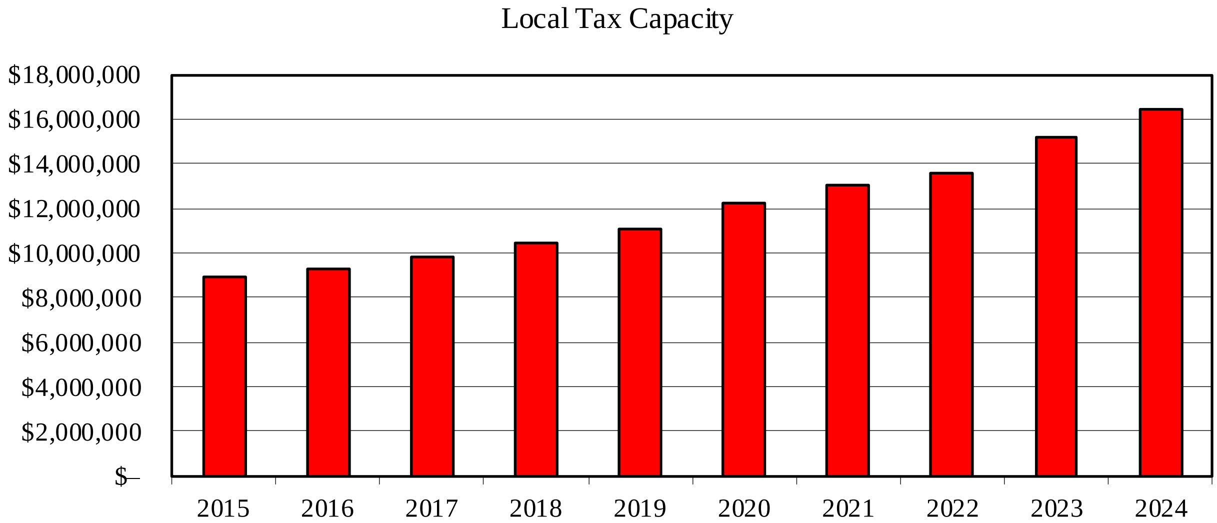
Minnesota cities rely heavily on local property tax levies to support their governmental fund activities. For the 2022 fiscal year (the most recent comparative state-wide data available), local ad valorem property tax levies provided 44.1 percent of the total governmental fund revenues for cities over 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 taxable market value increased 17.7 percent for taxes payable in 2023 and 7.8 percent for taxes payable in 2024. The following graph shows the City's changes in taxable 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 12.3 percent for 2023 and 7.8 percent for 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 North St. Paul		
	2022	2023	2024
Average tax rate			
City	44.1	42.7	43.4
County	47.2	44.9	45.4
School	32.3	30.0	29.7
Special taxing	12.8	11.2	8.4
Total	136.4	128.8	126.9

The average tax rate was less than the prior year with decreases in the school and special taxing authorities rates as presented in the above table. Increases in property valuations contributed to the change in the average tax rate.

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 major fund:

Governmental Funds Change in Fund Balance

	Fund Balance as of December 31, 2024	Fund Balance as of December 31, 2023	Change
Fund balances of governmental funds			
Total by classification			
Nonspendable	$ 70,310	$ 79,009	$ (8,699)
Restricted	5,241,033	6,018,933	(777,900)
Committed	5,210,625	3,673,975	1,536,650
Assigned	3,046,161	2,967,120	79,041
Unassigned	1,844,420	(47,342)	1,891,762
Total governmental funds	$ 15,412,549	$ 12,691,695	$ 2,720,854
Total by fund			
General	$ 6,048,406	$ 5,041,585	$ 1,006,821
TIF 4-10 Anchor Block North – Housing Tax Increment	(2,633,518)	(2,828,736)	195,218
Street Improvement Revolving	1,146,567	1,353,735	(207,168)
Nonmajor	10,851,094	9,125,111	1,725,983
Total governmental funds	$ 15,412,549	$ 12,691,695	$ 2,720,854

In total, the fund balances of the City's governmental funds increased by $2,720,854 during the year ended December 31, 2024. The increase is largely due to an increase in unassigned fund balance, due to the improved financial position in the General Fund and nonmajor Municipal State Aid Capital Projects Fund in the current year. Committed fund balance in the nonmajor Street Maintenance Capital Projects Fund also increased due to transfers from other funds in the current year.

GOVERNMENTAL FUND REVENUES

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 in 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

	State-Wide			City of North St. Paul		
Year	December 31, 2022			2022	2023	2024
Population	2,500–10,000	10,000–20,000	20,000–100,000	12,395	12,465	12,574
Property taxes	$ 586	$ 549	$ 584	$ 504	$ 554	$ 596
Tax increments	37	38	46	77	114	137
Franchise and other taxes	56	72	58	45	43	39
Special assessments	51	34	50	17	13	11
Licenses and permits	43	47	55	83	62	39
Intergovernmental revenues	400	381	223	220	211	400
Charges for services	154	116	137	18	13	7
Other	32	7	(21)	22	81	101
Total revenue	$ 1,359	$ 1,244	$ 1,132	$ 986	$ 1,091	$ 1,330

The City generated $16,727,524 of total revenue in its governmental funds in 2024, an increase of $3,131,452 (23.0 percent) from the prior year. The City's per capita governmental funds revenue for 2024 was $1,330, an increase of $239 from the prior year, including the effect of a change in estimated population. The largest changes occurred with increases in intergovernmental revenues and property taxes. Intergovernmental revenues increased due to the recognition of coronavirus state and local fiscal recovery funds in the current year. Property tax revenues increased with the increased property tax levy approved by the City Council.

GOVERNMENTAL FUND 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

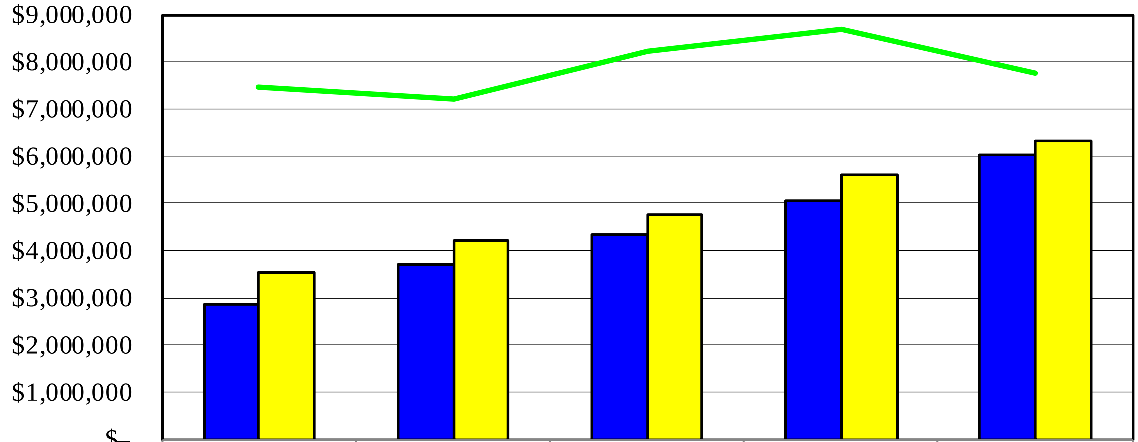
	State-Wide			City of North St. Paul		
Year	December 31, 2022			2022	2023	2024
Population	2,500–10,000	10,000–20,000	20,000–100,000	12,395	12,465	12,574
Current						
General government	$ 172	$ 145	$ 126	$ 108	$ 115	$ 109
Public safety	343	312	347	431	439	460
Streets and highways	163	167	120	107	108	126
Parks and recreation	121	137	117	47	46	43
All other	86	88	92	42	60	164
Total current	885	849	802	735	768	902
Capital outlay and construction	509	446	346	228	273	175
Debt service						
Principal	163	133	117	105	111	121
Interest and fiscal	43	40	32	61	62	55
Total debt service	206	173	149	166	173	176
Total expenditures	$ 1,600	$ 1,468	$ 1,297	$ 1,129	$ 1,214	$ 1,253

Total expenditures in the City's governmental funds for 2024 were $15,742,205 an increase of $607,236 (4.0 percent). The City's per capita governmental funds total expenditures increased $39, or 3.2 percent. This increase was mainly in all other current expenditures. All other expenditures increased $104 per capita, due to increased economic development payments in the current year. This increase was offset by the decrease in capital outlay and construction, with fewer street improvement projects in the current year.

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
Years Ended December 31,



	2020	2021	2022	2023	2024
Fund Balance	$2,843,542	$3,688,344	$4,324,825	$5,041,585	$6,048,406
Cash (Net)	$3,528,848	$4,220,273	$4,747,614	$5,605,698	$6,333,265
Expenditures	$7,453,828	$7,225,942	$8,217,733	$8,717,436	$7,781,371

The City's General Fund cash and investment balance (net of borrowing) at December 31, 2024 was $6,333,265, an increase of $727,567 from the previous year. Total fund balance at December 31, 2024 was $6,048,406, an increase of $1,006,821 from the prior year.

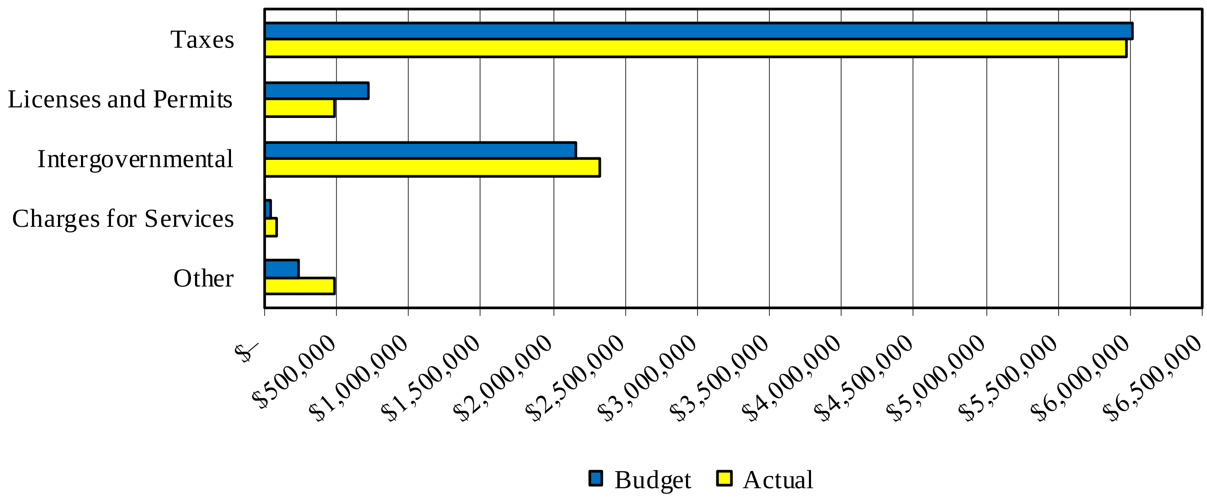
The level of General Fund balance is greatly attributed to the City's fund balance policies, as well as the general budgeting policies. These policies have allowed the City to provide funding for the General Fund operations, as well as equipment replacement and street improvement programs without disrupting the General Fund's financial position or having to issue debt for these types of projects.

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 a government, 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. Maintaining an adequate fund balance has become increasingly important given the fluctuations in state funding for cities in recent years.

The current fund balance policy establishes the City will strive to maintain a minimum unassigned General Fund balance of 50 percent of the subsequent year's budgeted expenditures for working capital. At December 31, 2024, the unassigned fund balance for the General Fund was 57 percent of the subsequent year's budgeted expenditures. The City should review the level of fund balance on an ongoing basis to determine the optimal level for efficient operations.

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

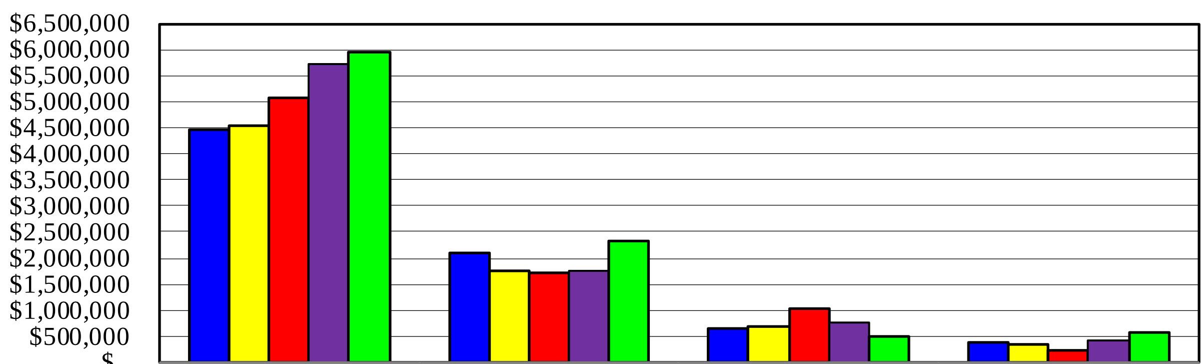
General Fund Revenue



Total General Fund revenues for 2024 were $9,346,756, an increase of $662,657 from the previous year, and were $156,941 (1.7 percent) over budget. The largest variances were in other and intergovernmental revenue, which were $238,702 and $160,871, respectively, above anticipated levels, due in part to conservative budgeting.

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

General Fund Revenue by Source
Years Ended December 31,

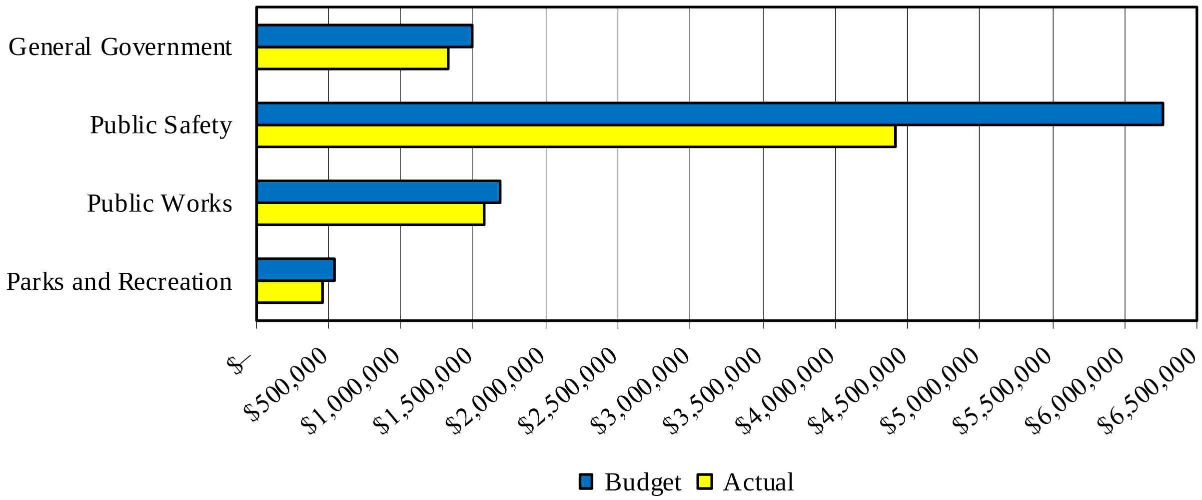


	Taxes	Intergovernmental	Licenses and Permits	All Other
2020	$4,444,352	$2,113,531	$630,386	$369,091
2021	$4,525,491	$1,753,906	$697,218	$334,129
2022	$5,064,246	$1,716,959	$1,024,746	$238,263
2023	$5,715,461	$1,766,615	$776,874	$425,149
2024	$5,965,490	$2,322,743	$492,011	$566,512

The General Fund is primarily financed by property and other taxes, along with local government aid, to operate activities in this fund. The largest change occurred in intergovernmental, licenses and permits, and taxes. Intergovernmental revenues increased $556,128, due to the recognition of coronavirus state and local fiscal recovery funds in the current year. Tax revenue increased $250,029, due to an increase in the property tax levy approved by the City Council for 2024. These increases were offset by a decrease in licenses and permits of $284,863, with less building activity in the current year.

The following graph reflects the City's General Fund expenditures compared to budget for 2024:

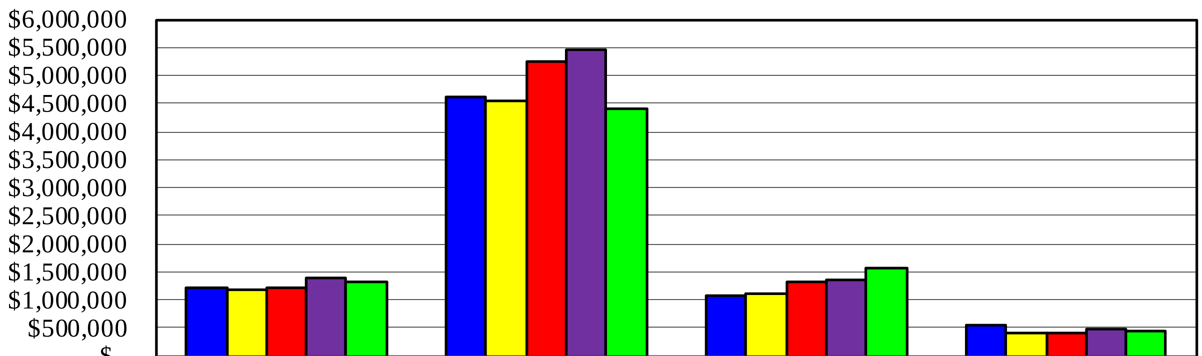
General Fund Expenditures



Total General Fund expenditures for 2024 were $7,781,371, a decrease of $936,065 (10.7 percent) from the previous year, and $2,209,532 (22.1 percent) under budget. Public safety expenditures were under budget, mainly due to the City recognizing public safety expenditures, which are funded by the coronavirus state and local fiscal recovery funds in the Pandemic Response Special Revenue Fund in the current year.

The following graph provides you with the components of the City's General Fund spending for the past five years:

General Fund Expenditures by Function
Years Ended December 31,



	General Government	Public Safety	Public Works	Parks and Recreation
2020	$1,224,966	$4,625,463	$1,069,926	$533,473
2021	$1,175,770	$4,550,160	$1,105,152	$394,860
2022	$1,221,240	$5,244,127	$1,326,130	$426,236
2023	$1,400,314	$5,473,644	$1,350,284	$493,194
2024	$1,330,180	$4,411,460	$1,580,449	$459,282

Typical to other cities we audit, public safety costs comprise the largest portion of General Fund spending. The largest change in the current year was in public safety, which decreased $1,062,184. Public safety expenditures decreased, mainly in personal service costs in the police protection department. This decrease is due to the City recognizing public safety expenditures, which are funded by the coronavirus state and local fiscal recovery funds in the Pandemic Response Special Revenue Fund in the current year that had previously been recognized in the General Fund.

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 Electric, Water, Surface Water, Waste Water, Fiber Optic, and Solid Waste Funds.

The utility funds comprise a considerable portion of the City's activities. These funds help to defray overhead and administrative costs and provide additional support to general government operations by way of annual transfers. We understand that the City is proactive in reviewing these activities on an ongoing basis and we want to reiterate the importance of continually monitoring these operations. Over the years, we have emphasized to our city clients the importance of these utility operations being self-sustaining, preventing additional burdens on general government funds. This would include the accumulation of net position for future capital improvements and to provide a cushion in the event of a negative trend in operations.

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

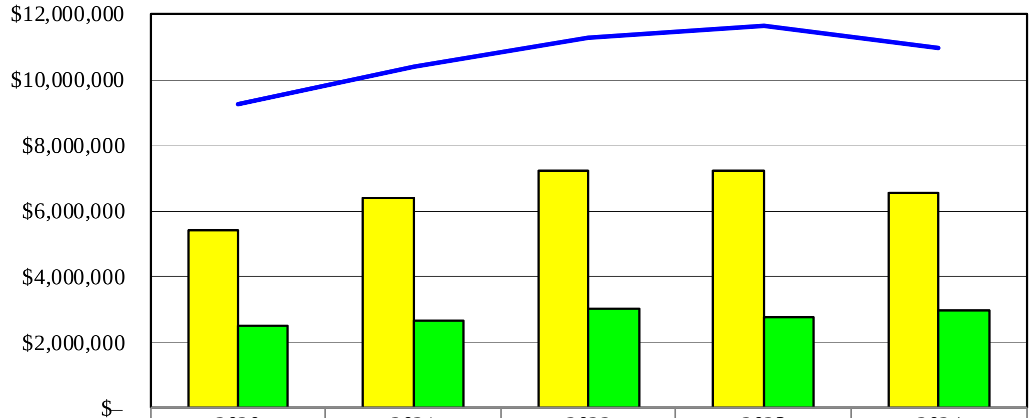
	Net Position as of December 31, 2024	Net Position as of December 31, 2023	Change
Net position of enterprise funds			
Total by classification			
Net investment in capital assets	$ 9,398,382	$ 7,752,067	$ 1,646,315
Unrestricted	21,620,201	21,260,497	359,704
Total enterprise funds	$ 31,018,583	$ 29,012,564	$ 2,006,019
Total by fund			
Electric	$ 12,078,829	$ 11,497,210	$ 581,619
Water	8,554,984	8,011,992	542,992
Surface Water	4,960,474	4,690,490	269,984
Waste Water	5,269,763	4,640,315	629,448
Fiber Optic	(482,374)	(544,610)	62,236
Solid Waste	636,907	717,167	(80,260)
Total enterprise funds	$ 31,018,583	$ 29,012,564	$ 2,006,019

In total, the net position of the City's enterprise funds increased by $2,006,019 during the year ended December 31, 2024. This increase is mainly in net investment in capital assets, due to continued investment in utility infrastructure.

ELECTRIC FUND

The following graph and table present comparative data for Electric Fund operations:

Electric Fund Operations
Years Ended December 31,



	2020	2021	2022	2023	2024
Purchased Utilities	$5,441,693	$6,404,278	$7,220,020	$7,229,954	$6,577,610
Other Operating Expenses	$2,527,008	$2,643,458	$3,022,096	$2,748,695	$2,991,895
Net Sales	$9,261,964	$10,415,639	$11,282,305	$11,660,434	$10,996,569

	2020	2021	2022	2023	2024
Total operating revenue	$ 9,261,964	$ 10,415,639	$ 11,282,305	$ 11,660,434	$ 10,996,569
Purchased utilities	5,441,693	6,404,278	7,220,020	7,229,954	6,577,610
Gross profit	3,820,271	4,011,361	4,062,285	4,430,480	4,418,959
Other operating expenses	(2,527,008)	(2,643,458)	(3,022,096)	(2,748,695)	(2,991,895)
Depreciation/amortization	(103,739)	(114,831)	(108,310)	(114,904)	(121,820)
Interest expense	(52,352)	(40,624)	(29,561)	(26,615)	(26,813)
Other income	235,481	170,848	68,273	532,368	703,188
Income before transfers	1,372,653	1,383,296	970,591	2,072,634	1,981,619
Net transfers in (out)	(300,000)	(431,412)	(300,000)	(300,000)	(1,400,000)
Change in net position	$ 1,072,653	$ 951,884	$ 670,591	$ 1,772,634	$ 581,619
Income before transfers as a percentage of net sales	14.8%	13.0%	8.6%	17.8%	18.0%

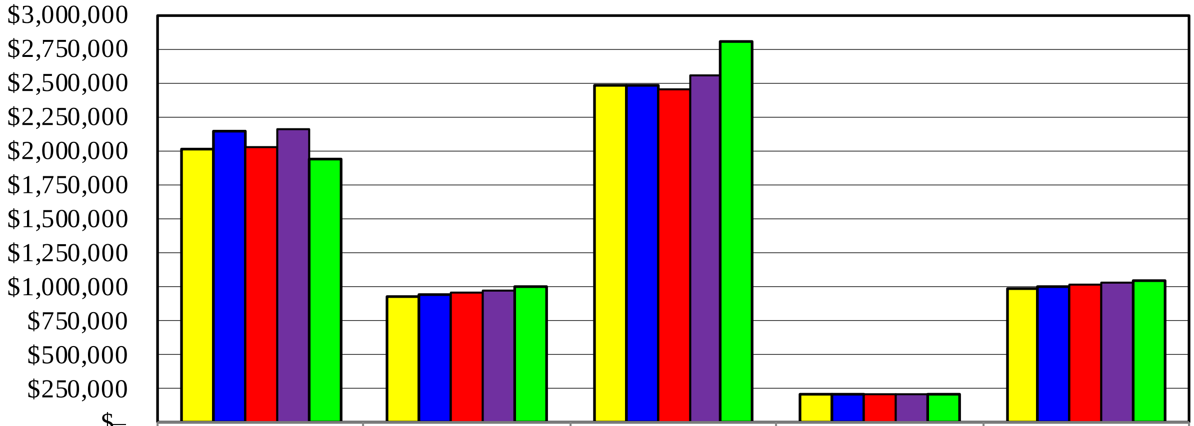
Gross profit results for the City’s Electric Fund decreased by $11,521 from the prior year. This decrease was mainly due to a decrease in consumption in the current year.

The Electric Fund ended fiscal 2024 with a total net position of $12,078,829 of which $10,318,211 was unrestricted, with the remaining balance being classified as net investment in capital assets. At December 31, 2024, unrestricted cash and investments totaled $6,515,206, and advances to other funds totaled $3,654,885.

OTHER ENTERPRISE UTILITY FUNDS

The graph below shows operating revenue of the other enterprise utility funds over the last five years:

Utility Operating Revenue
Years Ended December 31,



	Water	Surface Water	Waste Water	Fiber Optic	Solid Waste
2020	$2,015,436	$925,883	$2,477,861	$213,804	$985,699
2021	$2,138,165	$946,086	$2,482,664	$208,915	$997,011
2022	$2,021,685	$957,409	$2,457,962	$213,176	$1,008,152
2023	$2,154,579	$968,318	$2,560,648	$214,176	$1,031,341
2024	$1,944,601	$1,006,697	$2,803,361	$214,424	$1,043,664

As the graph displays, utility revenue will fluctuate from year-to-year, which is common, as a result of changes for rate adjustments as well as external factors, such as the weather, which may impact usage levels.

With the exception of the Fiber Optic Fund, these enterprise utility funds have typically experienced positive operating results. The positive operating results of these funds are important because the revenue is being used to pay debt service on the City's utility revenue bonds.

WATER FUND

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

	2020	2021	2022	2023	2024
Operating revenue	$ 2,015,436	$ 2,138,165	$ 2,021,685	$ 2,154,579	$ 1,944,601
Operating expenses	(746,874)	(695,935)	(765,685)	(764,317)	(944,027)
Depreciation/amortization	(205,280)	(250,078)	(266,541)	(325,540)	(389,261)
Operating income	1,063,282	1,192,152	989,459	1,064,722	611,313
Nonoperating revenue (expenses)	(57,105)	(107,633)	(233,648)	107,249	136,679
Income before contributions and transfers	1,006,177	1,084,519	755,811	1,171,971	747,992
Capital contributions	–	–	–	443,417	–
Net transfers in (out)	(205,000)	(205,000)	(205,000)	(648,417)	(205,000)
Change in net position	$ 801,177	$ 879,519	$ 550,811	$ 966,971	$ 542,992
Income before transfers as a percentage of operating revenue	49.9%	50.7%	37.4%	54.4%	38.5%

The Water Fund ended 2024 with a net position of $8,554,984, an increase of $542,992 from the prior year. Of this, $2,306,005 represents the net investment in capital assets, while $6,248,979 is considered unrestricted.

Operating revenue decreased $209,978 from the previous year, or about 9.7 percent. Decreased consumption resulted in this overall decrease in operating revenue. Operating expenses increased $179,710, or about 23.5 percent, from the prior year due to increased professional services and materials and supplies.

During the current year, this utility operation also made transfers to other funds totaling $205,000.

SURFACE WATER FUND

The following table presents five years of comparable operating results for the City's Surface Water Fund:

	2020	2021	2022	2023	2024
Operating revenue	$ 925,883	$ 946,086	$ 957,409	$ 968,318	$ 1,006,697
Operating expenses	(313,785)	(352,044)	(350,348)	(429,555)	(450,410)
Depreciation/amortization	(137,772)	(159,522)	(175,438)	(218,681)	(269,148)
Operating income	474,326	434,520	431,623	320,082	287,139
Nonoperating revenue (expense)	(45,904)	(72,717)	(168,657)	147,697	62,845
Income before contributions and transfers	428,422	361,803	262,966	467,779	349,984
Capital contributions	930,628	–		109,430	–
Net transfers in (out)	(256,780)	(80,000)	(80,000)	(189,430)	(80,000)
Change in net position	$ 1,102,270	$ 281,803	$ 182,966	$ 387,779	$ 269,984
Income before transfers as a percentage of operating revenue	46.3%	38.2%	27.5%	48.3%	34.8%

The Surface Water Fund ended 2024 with a net position of $4,960,474, an increase of $269,984 from the prior year. Of this, $1,472,458 represents the net investment in capital assets, while $3,488,016 is considered unrestricted.

Operating revenues increased $38,379 from the previous year, or about 4.0 percent, due to the increased number of customers and the approved rate increase. Operating expenses increased $20,855, or about 4.9 percent, from the previous year.

Nonoperating revenue (expense) decreased $84,852 from the previous year, due to a decrease in grants received in the current year.

During the current year, this utility operation also made transfers to other funds totaling $80,000.

WASTE WATER FUND

The following table presents five years of comparative operating results for the City's Waste Water Fund:

	2020	2021	2022	2023	2024
Operating revenue	$ 2,477,861	$ 2,482,664	$ 2,457,962	$ 2,560,648	$ 2,803,361
Operating expenses	(1,556,133)	(1,416,341)	(1,660,344)	(1,664,024)	(1,792,863)
Depreciation/amortization	(206,816)	(257,764)	(270,316)	(292,434)	(351,892)
Operating income	714,912	808,559	527,302	604,190	658,606
Nonoperating revenue (expenses)	(100,164)	(119,548)	(179,204)	74,250	115,842
Income before contributions and transfers	614,748	689,011	348,098	678,440	774,448
Capital contributions	–	–	–	38,515	–
Net transfers in (out)	(42,213)	(145,000)	(145,000)	(183,515)	(145,000)
Change in net position	$ 572,535	$ 544,011	$ 203,098	$ 533,440	$ 629,448
Income before transfers as a percentage of operating revenue	24.8%	27.8%	14.2%	26.5%	27.6%

The Waste Water Fund ended 2024 with a net position of $5,269,763, an increase of $629,448 from the prior year. Of this, $2,324,592 represents the net investment in capital assets, while the unrestricted portion has a balance of $2,945,171.

Operating revenue increased $242,713 from the previous year, or about 9.5 percent, mainly due to the rate increase. Operating expenses increased $128,839, or about 7.7 percent, from the prior year, mainly in materials and supplies.

Nonoperating revenue (expense) increased $41,592 from the previous year, due to the gain on disposal of capital assets in the current year.

During the current year, this utility operation also made transfers to other funds totaling $145,000.

FIBER OPTIC FUND

The following table presents five years of comparable operating results for the City's Fiber Optic Fund:

	2020	2021	2022	2023	2024
Operating revenue	$ 213,804	$ 208,915	$ 213,176	$ 214,176	$ 214,424
Operating expenses	(96,183)	(97,032)	(100,881)	(115,736)	(107,749)
Depreciation/amortization	(44,439)	(44,439)	(44,439)	(44,441)	(44,439)
Change in net position	73,182	67,444	67,856	53,999	62,236
Net position					
Beginning of year	(807,091)	(733,909)	(666,465)	(598,609)	(544,610)
End of year	$ (733,909)	$ (666,465)	$ (598,609)	$ (544,610)	$ (482,374)
Net position					
Net investment in capital assets	$ 1,684,997	$ 1,640,558	$ 1,596,119	$ 1,551,678	$ 1,507,239
Unrestricted	(2,418,906)	(2,307,023)	(2,194,728)	(2,096,288)	(1,989,613)
Total net position	$ (733,909)	$ (666,465)	$ (598,609)	$ (544,610)	$ (482,374)

The Fiber Optic Fund ended 2024 with a net position deficit of $482,374, an improvement of $62,236 from the prior year. Of this, $1,507,239 represents the net investment in capital assets, while the unrestricted portion has a deficit balance of $1,989,613.

As discussed earlier in this report, it is critical for the City to review the operations of this fund. This analysis would need to consider the City's plans to cover repair and replacement costs as the operating results include a charge for depreciation/amortization expense, which is a noncash expense. Cash flow management for this fund is also important for repayment on interfund borrowing.

SOLID WASTE FUND

The following table presents five years of comparable operating results for the City's Solid Waste Fund:

	2020	2021	2022	2023	2024
Operating revenue	$ 985,699	$ 997,011	$ 1,008,152	$ 1,031,341	$ 1,043,664
Operating expenses	(902,143)	(936,115)	(945,049)	(1,050,256)	(1,136,044)
Depreciation/amortization	–	–	–	–	(8,024)
Operating income (loss)	83,556	60,896	63,103	(18,915)	(100,404)
Nonoperating revenue	34,723	33,056	13,771	59,342	61,635
Income (loss) before transfers	118,279	93,952	76,874	40,427	(38,769)
Net transfers in (out)	(60,000)	(60,000)	(60,000)	(60,000)	(60,000)
Change in net position	$ 58,279	$ 33,952	$ 16,874	$ (19,573)	$ (98,769)
Income (loss) before transfers as a percentage of operating revenue	12.0%	9.4%	7.6%	3.9%	(3.7%)

The Solid Waste Fund ended 2024 with a net position of $636,907, a decrease of $80,260 from the prior year. The City recorded a change in accounting principle in the current year relating to the accounting for groups of similar capital assets, increasing net position by $18,509, while current year operations decreased net position by $98,769. Of the total net position, $27,470 represents the net investment in capital assets, while the unrestricted portion has a balance of $609,437.

Operating revenue increased $12,323 from the previous year, or about 1.2 percent, due to the increased number of customers. Operating expenses increased $85,788, or about 8.2 percent, from the previous year, primarily in professional services.

During the current year, this utility operation also made transfers to other funds totaling $60,000.

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, 2024 and 2023 for governmental activities, business-type activities (utility fund operations), and the Economic Development Authority (EDA) component unit:

	As of December 31,		
	2024	2023	Change
Net position			
Primary government			
Governmental activities			
Net investment in capital assets	$ 29,794,782	$ 28,319,939	$ 1,474,843
Restricted	6,728,122	7,519,972	(791,850)
Unrestricted	1,641,754	(1,903,454)	3,545,208
Total governmental activities	38,164,658	33,936,457	4,228,201
Business-type activities			
Net investment in capital assets	9,398,382	7,752,067	1,646,315
Unrestricted	22,362,392	22,004,741	357,651
Total business-type activities	31,760,774	29,756,808	2,003,966
Total primary government	69,925,432	63,693,265	6,232,167
Component unit			
Economic Development Authority			
Restricted	609,738	528,731	81,007
Total net position	$ 70,535,170	$ 64,221,996	$ 6,313,174

The City (including the EDA) ended 2024 with a combined total net position of $70,535,170, an increase of $6,313,174 from the prior year. The increase in governmental activities is mainly in unrestricted net position due to the improved financial position in the governmental funds. Net investment in capital assets increased with continued investment in infrastructure.

The business-type activities net position increased in the current year, consistent with the change in enterprise funds as previously discussed.

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/amortization of long-lived capital assets, and other accrual-based expenses.

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

	2024			2023
	Expenses	Program Revenues	Net Change	Net Change
Net (expense) revenue				
Primary government				
Governmental activities				
General government	$ 1,741,946	$ 393,175	$ (1,348,771)	$ (1,524,807)
Public safety	6,139,013	678,912	(5,460,101)	(4,764,025)
Public works	3,348,805	1,047,641	(2,301,164)	(1,582,139)
Parks and recreation	675,368	295,736	(379,632)	(403,794)
Economic development	2,077,429	386,950	(1,690,479)	(728,453)
Interest and fiscal charges	618,223	–	(618,223)	(681,499)
Business-type activities				
Electric	9,662,344	11,074,791	1,412,447	1,528,046
Water	1,468,051	1,968,645	500,594	922,138
Surface water	823,637	1,010,392	186,755	277,202
Waste water	2,189,689	2,832,913	643,224	534,636
Fiber optic	152,188	214,424	62,236	53,999
Solid waste	1,145,171	1,080,491	(64,680)	14,352
Total primary government	30,041,864	20,984,070	(9,057,794)	(6,354,344)
Component unit				
Economic Development Authority	140,182	–	(140,182)	(143,985)
Total net (expense) revenue	$ 30,182,046	$ 20,984,070	(9,197,976)	(6,498,329)
General revenues				
Property and franchise taxes			9,877,361	9,024,124
Grants and contributions not restricted to specific programs			3,490,093	1,570,639
Other general revenues			37,630	100,234
Investment earnings			2,063,735	1,950,415
Gain on sale of assets			23,822	53,000
Total general revenues			15,492,641	12,698,412
Change in net position			$ 6,294,665	$ 6,200,083

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 taxes and unrestricted grants. It also shows that 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.

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 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 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 the 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.

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REPORT ON COMPLIANCE FOR THE U.S. DEPARTMENT OF THE TREASURY CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS (CSLFRF) PROGRAM REQUIREMENTS FOR AN ALTERNATIVE CSLFRF COMPLIANCE EXAMINATION ENGAGEMENT

INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the City of North St. Paul, Minnesota's (the City) compliance with the compliance requirements "activities allowed or unallowed" and "allowable cost/cost principles" (the specified requirements) as described in Part IV "Requirements for an Alternative Compliance Examination Engagement for Recipients That Would Otherwise be Required to Undergo a Single Audit or Program-Specific Audit as a Result of Receiving Coronavirus State and Local Fiscal Recovery Funds" of the CSLFRF Section of the 2022 Office of Management and Budget *Compliance Supplement* (referred to herein as "Requirements for an Alternative CSLFRF Compliance Examination Engagement") during the year ended December 31, 2024. Management of the City is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in the "Requirements for an Alternative CSLFRF Compliance Examination Engagement." Those standards and requirements require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the City's compliance with the specified requirements.

In our opinion, the City complied, in all material respects, with the specified requirements referenced above during the year ended December 31, 2024.

(continued)

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we are required to report all deficiencies that are considered to be *significant deficiencies* or *material weaknesses in internal control*; fraud, and noncompliance with provisions of laws, regulations, contracts, or grant agreements that have a material effect on the City's compliance with the specified requirements; and any other instances that warrant the attention of those charged with governance. We are also required to obtain and report the views of responsible officials concerning the findings, conclusions, and recommendations, as well as any planned corrective actions. We performed our examination to express an opinion on the City's compliance with the specified requirements and not for the purpose of expressing an opinion on the internal control over the specified requirements or on compliance and other matters; accordingly, we express no such opinions. The results of our tests disclosed no matters that are required to be reported under *Government Auditing Standards.*

PURPOSE OF THIS REPORT

The purpose of this examination report is solely to express an opinion on whether the City complied, in all material respects, with the specified requirements referenced above and on the previous page during the year ended December 31, 2024. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

LB Carlson, LLP

LB CARLSON, LLP
Minneapolis, Minnesota

May 14, 2025

CITY OF NORTH ST. PAUL
RAMSEY COUNTY, MINNESOTA

Special Purpose Audit Reports

Year Ended
December 31, 2024

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Certified Public Accountants   Business Consultants

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CITY OF NORTH ST. PAUL
RAMSEY COUNTY, MINNESOTA

Special Purpose Audit Reports
Year Ended December 31, 2024

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL

OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS

BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED

IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the City Council and Management
City of North 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of North 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 May 14, 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 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)

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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,

LB Carlson, LLP

LB CARLSON, LLP
Minneapolis, Minnesota

May 14, 2025

LB | CARLSON

INDEPENDENT AUDITOR'S REPORT

ON MINNESOTA LEGAL COMPLIANCE

To the City Council and Management
City of North 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of North 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 May 14, 2025.

MINNESOTA LEGAL COMPLIANCE

In connection with our audit, we noted that the City failed to comply with provisions of the claims and disbursements section 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 as described in the Schedule of Findings and Responses as finding 2024-001. Also, 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, miscellaneous provisions, and tax increment financing sections of the *Minnesota Legal Compliance Audit Guide for Cities*, 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.

CITY'S RESPONSE TO FINDING

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

(continued)

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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,

LB Carlson, LLP

LB CARLSON, LLP
Minneapolis, Minnesota

May 14, 2025

FINDINGS – MINNESOTA LEGAL COMPLIANCE

2024-001 PAYMENT OF INVOICES

Criteria – Minnesota Statutes § 471.425, Subd. 2.

Condition – Minnesota Statutes require prompt payment of local government bills within a standard payment period of 35 days from the receipt of goods and services for governing boards that meet at least once a month. If such obligations are not paid within the appropriate time period, local governments must pay interest on the unpaid obligations at the rate of 1.5 percent per month or part of a month. Two of forty disbursements tested were not paid within the statutory time limit.

Questioned Costs – Not applicable.

Context – Two of forty disbursements tested were not in compliance.

Repeat Finding – This is a current year finding.

Cause – This was an oversight by city personnel.

Effect – Certain payments made to vendors were not paid within the timeframe as required by state statutes.

Recommendation – We recommend that the City review claims and disbursements payment procedures in place to ensure that all invoices are paid within statutory requirements.

Management Response – There is no disagreement with the audit finding. The City will review its procedures in place to ensure future compliance with Minnesota Statutes.

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NORTH ST.PAUL

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

A. REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING FINDINGS

None.

B. REPORT ON COMPLIANCE AND OTHER MATTERS FINDINGS

None.

C. MINNESOTA LEGAL COMPLIANCE FINDINGS

2024-001 PAYMENT OF INVOICES

Finding Summary

Minnesota Statutes § 471.425, Subd. 2 requires prompt payment of local government bills within a standard payment period of 35 days from the receipt of goods and services for governing boards that meet at least once a month. If such obligations are not paid within the appropriate time period, local governments must pay interest on the unpaid obligations at the rate of 1.5 percent per month or part of a month. Two of forty disbursements tested were not paid within the statutory time limit.

Corrective Action Plan

Actions Planned – The City will review the payment procedures and will make all efforts to properly pay all invoices within the 35-day time limit.

Official Responsible – Brian Frandle, City Manager, in coordination with other departments.

Planned Completion Date – Immediately.

Disagreement With or Explanation of Finding – The City is in agreement with this finding.

Plan to Monitor – Brian Frandle, City Manager, and Dan Winek, Finance Director, will review the City's procedures for paying invoices with city employees responsible for processing disbursements and approve special releases when necessary.

D. SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

A. REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING FINDINGS

None.

B. REPORT ON COMPLIANCE AND OTHER MATTERS FINDINGS

None.

C. MINNESOTA LEGAL COMPLIANCE FINDINGS

2023-001 GROUP INSURANCE REQUEST FOR PROPOSAL

Corrective action has been taken.