

City of Forest Lake

Forest Lake, Minnesota



ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended December 31, 2024

Prepared By: The Department of Finance

Jessica Hoard, Interim Finance Director



Forest Lake

AS GOOD AS IT SOUNDS

ANNUAL COMPREHENSIVE

FINANCIAL REPORT

OF THE

**CITY OF FOREST LAKE,
MINNESOTA**

For the Year Ended

December 31, 2024

Prepared by

**THE DEPARTMENT OF FINANCE
AND ADMINISTRATION**

*Mark Statz, City Administrator
Jessica Hoard, Finance Director*

**CITY OF FOREST LAKE
1408 South Lake Street
Forest Lake, Minnesota 55025**

**City of Forest Lake
Table of Contents**

	Page
Introductory Section	
Elected Officials and Administration	1
Organizational Chart	2
Letter of Transmittal	3
Certificate of Achievement for Excellence in Financial Reporting	9
 Financial Section	
Independent Auditor's Report	11
Management's Discussion and Analysis	15
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	27
Statement of Activities	28
Fund Financial Statements	
Balance Sheet - Governmental Funds	30
Reconciliation of the Balance Sheet to the Statement of Net Position - Governmental Funds	31
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	32
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities - Governmental Funds	33
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	34
Statement of Net Position - Proprietary Funds	35
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	36
Statement of Cash Flows - Proprietary Funds	37
Notes to Basic Financial Statements	39
Required Supplementary Information Other than Management's Discussion and Analysis	
Schedule of Changes in Total OPEB Liability and Related Ratios	82
Schedule of City's Proportionate Share of Net Pension Liability - General Employees Retirement Funds	84
Schedule of City's Proportionate Share of Net Pension Liability - Public Employees Police and Fire Retirement Fund	84
Schedule of City Contributions - General Employees and Retirement Fund	85
Schedule of City Contributions - Public Employees Police and Fire Retirement Fund	85
Schedule of Changes in Net Pension Liability, and Related Ratios - Forest Lake Fire Department Relief Association	86
Schedule of City Contributions - Forest Lake Fire Department Relief Association	88
Notes to Required Supplementary Information	90
Supplementary Information	
Combining Balance Sheet - Nonmajor Governmental Funds	104
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	108
Detailed Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	112

**City of Forest Lake
Table of Contents**

	Page
Financial Section (Continued)	
Supplementary Information (Continued)	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Capital Improvements Capital Projects Fund	114
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Capital Equipment Replacement Capital Project Fund	115
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - TIF No. 84 Cherrywood Pointe Special Revenue Fund	116
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - TIF No. 86 Centennial Office Park Special Revenue Fund	117
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - TIF Former City Hall Site Special Revenue Fund	118
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Park Dedication Special Revenue Fund	119
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Surface Water Management Special Revenue Fund	120
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Drug Forfeiture Special Revenue Fund	121
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Airport Special Revenue Fund	122
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - 2019A Refunding Bonds Debt Service Fund	123
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - YMCA Debt Service Fund	124
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Street Projects Bond Debt Service Fund	125
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - 2024 Equipment Certificate Debt Service Fund	126
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Building Maintenance Capital Project Fund	127
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Forest Lake Economic Development Authority Component Unit General Fund	128
	Table
	Page
Statistical Section	
Statistical Section - Contents	131
Net Position by Component	1 134
Changes in Net Position	2 136
Fund Balances of Governmental Funds	3 140
Changes in Fund Balances of Governmental Funds	4 142
General Governmental Activities Tax Revenue by Source	5 144
Governmental Activities Tax Revenue by Source	6 145
Net Tax Capacity and Estimated Market Value of Property	7 146
Property Tax Rates Direct and Overlapping Governments	8 148
Principal Property Taxpayers	9 150
Property Tax Levies and Collections	10 151

**City of Forest Lake
Table of Contents**

	Table	Page
Statistical Section (Continued)		
Ratios of Outstanding Debt by Type	11	152
Ratios of General Bonded Debt Outstanding	12	154
Computation of Direct and Overlapping Debt	13	155
Legal Debt Margin Information	14	156
Pledged Revenue Coverage	15	158
Demographic and Economic Statistics	16	160
Principal Employers	17	163
Full-Time City Government Employees by Function	18	164
Operating Indicators by Function	19	166
Capital Asset Statistics by Function	20	168

**City of Forest Lake
Elected Officials and Administration
As of December 31, 2024**

<u>Elected Officials</u>	<u>Position</u>	<u>Term Expires</u>
Mara Bain	Mayor	December 31, 2024
Sam Husnik	Council Member	December 31, 2024
Hanna Valento	Council Member	December 31, 2024
Leif Erickson	Council Member	December 31, 2026
Blake Roberts	Council Member	December 31, 2026
 <u>Administration</u>		
Jolleen Chaika	City Administrator/Clerk	
Kevin Knopik	Finance Director	
Alan Newman	Fire Chief	
Richard Peterson	Public Safety Director	
Dave Adams	Public Works Director	
Abbi Wittman	Community Development Director	

**City of Forest Lake
Organization Chart
December 31, 2024**



Forest Lake
AS GOOD AS IT SOUNDS



Forest Lake

AS GOOD AS IT SOUNDS

May 29, 2025

To the Honorable Mayor, Members of the City Council, and Citizens of the City of Forest Lake:

Minnesota statutes require all cities to issue an annual report on the financial position and related financial activity of the city. The report must be prepared in accordance with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. The organization, form and contents of this report were prepared in accordance with the standards prescribed by the Governmental Accounting Standards Board (GASB), the Government Finance Officers Association of the United States and Canada (GFOA), the American Institute of Certified Public Accountants (AICPA), the Office of the Minnesota State Auditor (OSA), and City policies. Pursuant to all legal requirements, we hereby issue the annual comprehensive financial report of the City of Forest Lake for the fiscal year ended December 31, 2024.

This report contains the representations of management concerning the finances of the City of Forest Lake. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. The internal control system in the City of Forest Lake is designed to protect the City'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 GAAP. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. We believe that the City's internal controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

BerganKDV, a firm of licensed certified public accountants has audited the financial statements of the City of Forest Lake, for the year ended December 31, 2024. An independent audit was performed to provide reasonable assurance that the financial statements of the City of Forest Lake 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 issued an unmodified ("clean") opinion on the City of Forest Lake's financial statements. The independent auditor's report is located at the front of the financial section of this report.

In accordance with GAAP, management has provided a narrative introduction, overview and analysis to accompany the basic financial statements in the form of the Management's Discussion & Analysis (MD&A). The MD&A is designed to complement this letter of transmittal and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

The City of Forest Lake is dedicated to providing friendly and efficient city services that enhance the quality of life for those who visit, work and live in the community.

Profile of the Government

The City of Forest Lake, incorporated in 1893, is located in the northwestern corner of Washington County, Minnesota, which is in the northeastern suburbs of the Twin Cities metropolitan area. The City of Forest Lake and the entire northern suburbs area have experienced growth over the past decade as population and housing development in the metropolitan area increased. The economic recession temporarily hindered development efforts and growth. The City of Forest Lake currently occupies a land area of 36 square miles and serves an estimated population of 21,502 people. The City of Forest Lake is empowered to levy a property tax on both real and personal property located within its boundaries. It is also empowered by Minnesota statutes to extend its corporate limits by annexation, which it has done from time to time. The City of Forest Lake and the Township of Forest Lake merged in September of 2001.

The City of Forest Lake is a statutory "Option A" city, operating under the council-administrator form of government. Policy-making and legislative authority are vested in a city council consisting of a mayor and four other members, all elected on a non-partisan basis. The city council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring staff. The city administrator is responsible for carrying out the policies and ordinances of the council and overseeing the day-to-day operations of the city government. Council members serve four-year staggered terms, while the mayor is elected every two years. All council members and the mayor are elected at large.

The City of Forest Lake provides a full range of services, including planning and zoning; election administration; building inspections; police and fire protection; emergency management; the construction and maintenance of highways, streets, and other infrastructure; surface water management; weed control; water and sewer services; some sanitation services; and recreational and cultural activities. The City also owns and operates a paved-strip airport, complete with an arrival/departure building. Certain housing services are provided through a Housing and Redevelopment Authority, operated by Washington County.

Economic development services are provided through the Forest Lake Economic Development Authority (EDA). The EDA provides business retention and expansion programs and establishes tax increment financing districts where feasible to attract new commercial and industrial businesses in the City. The EDA manages the City's industrial park activities.

The Forest Lake City Council is required to adopt a final budget by no later than the close of the preceding fiscal year. This annual budget serves as the foundation for the City's financial planning and control and is organized by fund, function, and department. All department heads and agencies of the City of Forest Lake submit requests for appropriation to the city administrator in July of each year. The city administrator presents a proposed budget to the council for review prior to the end of August of each year. The Council is required to hold public hearings on the proposed budget and adopt a final budget by no later than December 31, the end of the fiscal year. Budgetary control is maintained at the object of expenditure category level within each activity and any changes to the adopted budget require special approval from the City Council.

Local Economy

The largest employer within the boundaries of the City of Forest Lake is Independent School District #831, a K-12 educational facility employing over 1,300 people. Several discount retail stores located in the city also provide significant employment opportunities. Eight financial institutions have a presence in Forest Lake. Because of its location in a region with a varied economic base, unemployment is relatively stable. During the past ten years, the unemployment rate decreased from 3.2% in 2015 to about 2.1 % in 2024. As a result of a variety of revitalization efforts undertaken over the past decade, the central business district has expanded dramatically.

Despite market challenges, the economic base of Forest Lake is increasing, and the next few years will further demonstrate the strength of the local development community. In 2025 alone, the City is slated to add new, non-residential space to its tax base. This will include the new construction of approximately 50 mini storage units and 30,000 square feet light manufacturing/office flex space, and . These non-residential uses are in addition to the 25 new multiple-family units and 75 single-family homes anticipated to be constructed in the same year.

Long-term Financial Planning

The City has a capital improvement plan and long-term financial plan projects futures project and capital equipment needs over the next ten-years. Projected capital investment for the five-year period exceeds \$115 million and includes an average of \$13.1 million per year for proposed street improvements and reconstruction, \$6.1 million for a new water tower, \$5.7 million for stormwater management, and \$20 million for a new public works facility. The long-term financial plan contains assumptions and estimates related to the economy over the next ten years, along with property tax impact estimates resulting from the economic assumptions and the City's capital improvement plan. The City is currently working on updating this plan.

In April of 2020, the City Council adopted a revised comprehensive plan. The plan will guide the use of land and the actions of the City Council to provide a quality environment and way of life for existing and future residents through the year 2040. The elements of the plan consist of community background, natural resources, land use, housing, parks, trails and open spaces, transportation, economic development, sanitary sewer, water supply and distribution, surface water, community facilities, sustainability, and implementation. The guiding principles that shaped the development of goals and policies contained within the plan are: 1) to protect natural resources, 2) to provide for parks and recreation opportunities, 3) to guide land and manage growth, 4) to plan for an effective transportation system, and 5) to create and expand opportunities for employment growth. The City consults this plan when developing the annual budget and capital improvement plan.

Relevant Financial Policies

The City has a policy regarding General Fund reserve balances. Certain amounts in the General Fund have been committed by the City Council for specific purposes. The City plans for a balanced budget and an unassigned fund balance in the General Fund equivalent to 50% of the current year's budgeted expenditures. Since property tax payments are received by the City in installments in July and December, the City needs adequate cash reserves in order to avoid short-term borrowing to finance operations. Prepaid items are considered nonspendable fund balance. Certain legal obligations are restricted in fund balance. The City Council may also commit a portion of fund balance for special purposes, and management may assign fund balance for certain purposes. The City also has a policy for enterprise fund balances. The cash balance for working capital in the Water and Sewer Fund is maintained at 25% to maintain adequate cash flow for a quarterly billing cycle. Reserves are also maintained to fund major projects and capital outlays.

The primary financial goal of the City investment policy is to ensure the safety of the principal invested by the City. Cash temporarily idle during the year is invested in certificates of deposit, commercial paper, and obligations of the U.S. Treasury and government agencies. The City only invests in instruments that are authorized under Minnesota Statute § 118A. Cash balances from all City funds are pooled into an investment fund and investment income is distributed on a pro-rata basis at the end of each month. At December 31, 2024, the maturities of the investments ranged from one month to seventeen years with an average maturity of 2.55 years. Maturities are staggered in a way that avoids over concentration in a specific maturity sector. Extended maturities are utilized to take advantage of higher yields. However, maturities are not extended beyond the dates necessary to meet projected liquidity needs.

Capital financing for major municipal improvements is provided through improvement bonds, general obligation bonds, tax increment bonds, or revenue bonds. Depending upon the project, special assessments may be levied upon properties to share in the cost of the improvement project. The special assessments are collected over a period of time and are used to help satisfy the improvement bond debt. Internal financing of improvement projects is usually minimal and only for short periods of time. Occasionally, the City will finance projects internally through temporary loans or advances from other funds. The City Council sets the terms and conditions of the interfund loan or advance, including the rate of interest to be charged.

The City Council has also adopted financial management policies in order to allow for the planning of adequate funding of services desired by the public, to manage City finances wisely, and to carefully account for public funds. These policies are reviewed each year when the annual budget is adopted. The financial management policies include: operating budget policies; revenue policies; expenditure policies; accounting, auditing and financial reporting policies; investment policies; reserve policies; debt policies; capital equipment policies; capital improvement policies; interfund loan policies; and risk management policies. The City also has a separate capital and general expenditure policy to provide guidance relating to appropriate procedures for the procurement, management, and disposal of capital assets, and to promote fiscally responsible spending practices.

Relevant Financial Policies (Continued)

The City Council has adopted a comprehensive set of internal controls procedures. The City's accounting system was developed and is continually evaluated to assure the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable but not absolute assurance in the areas of: safeguarding assets against loss from unauthorized use or disposition, reliability of financial records, and convenience of access for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance adopted by the City Council recognizes that the evaluation of cost and benefits requires estimates and judgments by management, and the cost of a control should not exceed the benefits likely to be derived. All internal controls are evaluated against the above criteria. It is our belief that the City's internal accounting controls adequately safeguard the City's assets and also provide reasonable assurance of properly recording financial transactions.

Major Initiatives

In 2022, the City Council approved a new Downtown Plan. This plan guides both the private and public investment in downtown Forest Lake over the few decades. Highlights of the plan include options for alleviating the parking space deficits, additional parkland and greenspace development, and a pedestrian loop to encourage foot traffic in downtown Forest Lake. The City has continued its planning efforts, completing a downtown boat launch relocation and shoreline stabilization study. Additionally, the City continues to explore ways to partner with the private sector by increasing pedestrian connectivity through private land parcels and in the potential development of a downtown trailhead for greater connectivity of its downtown and the Hardwood Creek Trail.

The City has played an active role in the development of the Minnesota Technology Corridor. The Minnesota Technology Corridor is a partnership between Washington and Anoka County, 8 local communities as well as private companies that work to promote available developable land on a regional and national level. The City is marketing its Headwaters 123 site as a premier site in the Corridor. The Headwaters 123 site is 123 acres of city-owned land in the Headwaters development that is guided to be developed as a service and job center for the city. It is actively being marketed for development in both the industrial and technology sectors. When developed, this site will bring a number of new jobs to the City of Forest Lake.

MnDOT aeronautics provided 95 percent of the funding to update the airport's Airport Layout Plan. The airport layout plan guides the future development at the Forest Lake Airport. Projects identified in the plan include expanding the taxiways, adding additional hangar space, and expanding the overall length of the runway. Since completing the airport runway paving project in 2017, the airport has experienced robust growth in hangar development with all of the current hangar sites under lease. The new airport layout plan will allow for this robust growth to continue well into the future. This planning has spurred the interest of private development adjacent to the airport for additional aeronautical uses.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Forest Lake for its annual comprehensive financial report for the fiscal year ended December 31, 2023. This was the eighteenth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for a certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance and administration department. We wish to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit must also be given to the City Council for its support in maintaining the highest standards of professionalism in the management of the City of Forest Lake's finances.

Respectfully submitted,

A handwritten signature in black ink that reads "Jessica Hoard". The signature is written in a cursive, flowing style.

Jessica Hoard
Interim Finance Director

City of Forest Lake
Certificate of Achievement for Excellence
in Financial Reporting



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Forest Lake
Minnesota**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2023

Christopher P. Morill

Executive Director/CEO

(THIS PAGE LEFT BLANK INTENTIONALLY)



Independent Auditor's Report

Honorable Mayor and Members
of the City Council
City of Forest Lake
Forest Lake, Minnesota

Report on the Audit of the Financial Statements

Opinions

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 of Forest Lake, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City of Forest Lake's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Forest Lake 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Forest Lake 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.

Responsibilities of Management for the Financial Statements

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

Responsibilities of Management for the Financial Statements (Continued)

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Forest Lake'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 of Forest Lake's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, which follows this report letter, and Required Supplementary Information as listed in the Table of Contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Forest Lake's basic financial statements. The accompanying supplementary information identified in the Table of Contents is presented for purposes 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 accompanying 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 Comprehensive Financial 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 29, 2025, on our consideration of the City of Forest Lake's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Forest Lake's internal control over financial reporting and compliance.

Bergank DV, Ltd.

Minneapolis, Minnesota
May 29, 2025

City of Forest Lake Management's Discussion and Analysis

This section of the annual financial statements of the City of Forest Lake, Minnesota (the "City") presents a discussion and analysis of the City's financial performance during the year ending December 31, 2024. Please read it in conjunction with the financial statements which follow this section.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded the liabilities and deferred inflows of resources by \$93,584,923. Of this amount, \$13,694,890 may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies.
- The City's total net position increased by \$7,918,590 due primarily to increases in revenue related to governmental activities property taxes, capital grants and contributions, and unrestricted state aids. The City also had higher investment earnings due to market conditions.
- The City's governmental funds reported combined ending fund balances of \$16,195,084. Of this total amount, \$6,442,816 is unassigned and available for spending at the City's discretion.
- At the end of the current year, unassigned fund balance for the General Fund was \$7,222,523, or 60.5%, of total General Fund expenditures.
- The City's net bonded debt decreased by \$612,639 during the current year due to scheduled debt service payments.

OVERVIEW OF THE FINANCIAL STATEMENT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements are presented after the Statement of Activities. Fund financial statements report the City's operations in more detail than the government-wide statements by providing information about the City's funds. The Notes to the Financial Statements provide information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Statement of Net Position and Statement of Activities

Our analysis of the City begins with the Statement of Net Position and the Statement of Activities. One of the most important questions asked about the City's finances is, "Is the City as a whole better or worse off as a result of the year's activities?" The Statement of Net Position and Statement of Activities both report information about the City as a whole and about its activities in a way that helps answer this question. These Statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current years' revenues and expenses are taken into account regardless of when cash is received or paid.

The government-wide financial statements includes information for not only the City (known as the primary government), but also legally separate entities for which the City is financially accountable (discretely presented component units).

City of Forest Lake Management's Discussion and Analysis

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Statement of Net Position and Statement of Activities (Continued)

These two statements report the City's net position and changes in them. You can think of the City's net position, the difference between assets and deferred outflows or resources and liabilities and deferred inflows of resources, as one way to measure the City's financial health or financial position. Over time, increases or decreases in the City's net position are one indicator of whether the City's financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, to assess the overall health of the City.

Fund Financial Statements

Our analysis of the City's major funds begins with the fund financial statements and provides detailed information about the most significant funds, not the City as a whole. Some funds are required to be established by law and by bond covenants. However, the City Council establishes other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants or other money. The City's two kinds of funds, governmental and proprietary, use different approaches.

Governmental Funds - Most of the City's basic services are reported in governmental funds. Governmental funds focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps the reader of the statements determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliations after the financial statements.

The basic governmental fund financial statements can be found on pages 30-34 of this report.

Proprietary Funds - When the City charges customers for the services it provides - whether to outside customers or to other units of the City - these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows for proprietary funds.

The basic proprietary fund financial statements can be found on pages 35-37 of this report.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 39-80 of this report.

**City of Forest Lake
Management's Discussion and Analysis**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Comparative Data

Certain comparative information between the current (2024) and prior year (2023) is required to be presented in the Management Discussion and Analysis (MD&A). Comparative data can be found on pages 17-18 of this report. This section will discuss and analyze significant differences between the two years.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City's net position increased during 2024 by \$7,918,590. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the City's governmental and business-type activities.

**Table 1
Statement of Net Position**

	Primary Government					
	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Assets						
Current and other assets	\$ 25,849,758	\$ 21,967,870	\$ 14,761,050	\$ 13,866,736	\$ 40,610,808	\$ 35,834,606
Capital assets	59,818,088	57,118,242	44,546,484	44,592,594	104,364,572	101,710,836
Total assets	<u>85,667,846</u>	<u>79,086,112</u>	<u>59,307,534</u>	<u>58,459,330</u>	<u>144,975,380</u>	<u>137,545,442</u>
Deferred Outflows of Resources						
Related to loss on bond refunding	223,907	244,262	-	-	223,907	244,262
Related to pensions	5,406,959	7,102,473	105,258	202,234	5,512,217	7,304,707
Related to OPEB	186,952	227,699	19,747	30,024	206,699	257,723
Total assets and deferred outflows of resources	<u>\$ 91,485,664</u>	<u>\$ 86,660,546</u>	<u>\$ 59,432,539</u>	<u>\$ 58,691,588</u>	<u>\$ 150,918,203</u>	<u>\$ 145,352,134</u>
Liabilities						
Noncurrent liabilities outstanding	\$ 30,457,098	\$ 31,376,709	\$ 13,218,436	\$ 14,700,760	\$ 43,675,534	\$ 46,077,469
Other liabilities	3,613,335	3,225,473	931,455	1,602,863	4,544,790	4,828,336
Total liabilities	<u>34,070,433</u>	<u>34,602,182</u>	<u>14,149,891</u>	<u>16,303,623</u>	<u>48,220,324</u>	<u>50,905,805</u>
Deferred Inflows of Resources						
Related to pensions	6,427,289	6,440,957	299,198	184,708	6,726,487	6,625,665
Related to OPEB	1,008,924	1,193,939	141,343	157,430	1,150,267	1,351,369
Related to leases	1,236,202	802,962	-	-	1,236,202	802,962
Net Position						
Net investment in capital assets	41,651,995	39,796,337	31,502,592	29,598,005	73,154,587	69,394,342
Restricted	6,735,446	6,460,825	-	-	6,735,446	6,460,825
Unrestricted	355,375	(2,636,656)	13,339,515	12,447,822	13,694,890	9,811,166
Total net position	<u>48,742,816</u>	<u>43,620,506</u>	<u>44,842,107</u>	<u>42,045,827</u>	<u>93,584,923</u>	<u>85,666,333</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 91,485,664</u>	<u>\$ 86,660,546</u>	<u>\$ 59,432,539</u>	<u>\$ 58,691,588</u>	<u>\$ 150,918,203</u>	<u>\$ 145,352,134</u>

**City of Forest Lake
Management's Discussion and Analysis**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Governmental Activities

Net position of the City's governmental activities increased by \$5,122,310. The increase was due to program revenues and transfers exceeding expenses. Revenues increased primarily due to an increase in the property tax levy and increased capital grants and contributions. Expenses remained consistent with the prior year. While there were cost of living/step increases and capital purchases that would have increased expenses, the increases were offset by a significant decrease in pension expense due to the accounting for the net pension liability and changes in assumptions. Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, legislation or other legal requirement, was \$355,375 as of December 31, 2024.

The following table indicates the changes in net position for the City's governmental and business-type activities:

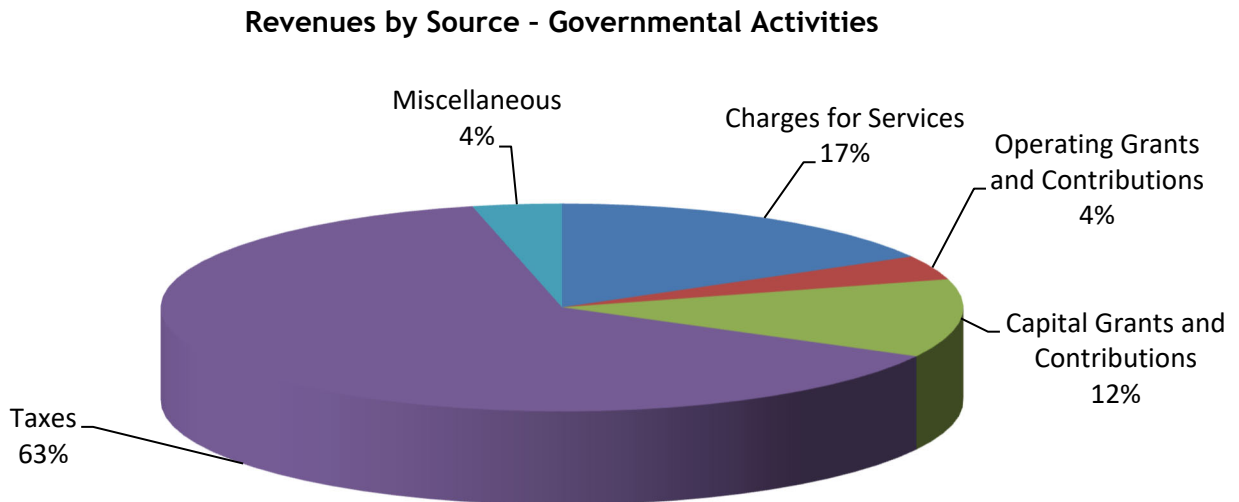
	Primary Government					
	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues						
Program revenues						
Charges for services	\$ 4,039,950	\$ 3,624,078	\$ 6,974,068	\$ 6,911,063	\$ 11,014,018	\$ 10,535,141
Operating grants and contributions	905,794	1,549,686	44,267	19,623	950,061	1,569,309
Capital grants and contributions	2,915,797	1,896,983	1,392,925	2,609,725	4,308,722	4,506,708
General revenues						
Property taxes and tax increments	15,235,652	13,363,981	-	-	15,235,652	13,363,981
Unrestricted state aids	184,959	8,592	-	-	184,959	8,592
Unrestricted investment earnings	506,361	593,770	329,162	396,811	835,523	990,581
Other General Revenue	2,112	-	-	-	2,112	-
Gain on sale of assets	169,561	244,896	-	178,480	169,561	423,376
Total revenues	<u>23,960,186</u>	<u>21,281,986</u>	<u>8,740,422</u>	<u>10,115,702</u>	<u>32,700,608</u>	<u>31,397,688</u>
Expenses						
General government	2,941,286	2,704,144	-	-	2,941,286	2,704,144
Public safety	7,200,626	7,535,018	-	-	7,200,626	7,535,018
Public works	5,512,060	5,317,966	-	-	5,512,060	5,317,966
Culture and recreation	1,251,640	1,518,313	-	-	1,251,640	1,518,313
Economic development	854,119	803,221	-	-	854,119	803,221
Airport	427,727	334,736	-	-	427,727	334,736
Interest on long-term debt	700,418	664,723	-	-	700,418	664,723
Water	-	-	2,426,804	2,375,866	2,426,804	2,375,866
Sewer	-	-	3,467,338	3,236,440	3,467,338	3,236,440
Total expenses	<u>18,887,876</u>	<u>18,878,121</u>	<u>5,894,142</u>	<u>5,612,306</u>	<u>24,782,018</u>	<u>24,490,427</u>
Excess of revenues over expenses	5,072,310	2,403,865	2,846,280	4,503,396	7,918,590	6,907,261
Transfers	50,000	-	(50,000)	-	-	-
Change in net position	5,122,310	2,403,865	2,796,280	4,503,396	7,918,590	6,907,261
Net position - beginning	43,620,506	41,216,641	42,045,827	37,542,431	85,666,333	78,759,072
Net position - ending	<u>\$ 48,742,816</u>	<u>\$ 43,620,506</u>	<u>\$ 44,842,107</u>	<u>\$ 42,045,827</u>	<u>\$ 93,584,923</u>	<u>\$ 85,666,333</u>

**City of Forest Lake
Management's Discussion and Analysis**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Governmental Activities (Continued)

Revenues - The following chart visually illustrates the City's revenue by source for its governmental activities.



Revenues for the City's governmental activities increased by \$2,678,200. The major components of this increase are explained as follows:

- Property Taxes and Tax Increments increased by \$1,871,671 or 14.01%, due to an increase in levy.
- Charges in Services increased by \$415,872 (11.48%). A large portion of this was due to increased fees received from the City of Columbus. The City provides fire services to Columbus, and fees in 2024 increased to reflect Columbus' portion of the purchase of two fire trucks. Additionally, surface water trunk fees increased based on the current year's development activity.
- Unrestricted state aids increased by \$176,367. 2024 was the first year that metropolitan local governments in Minnesota began receiving local affordable housing aid from the State.

Expenses for the City's governmental activities increased by \$9,755. The major components of this increase are explained as follows:

- Public Safety expenses decreased by \$334,392 or 4.44% due to the accounting for the net pension liability and changes in assumptions.
- Culture and recreation expense decreased by \$266,673 or 17.56%. In 2023, there were significantly higher engineering costs related to Beltz Park.
- Decreases in public safety and culture and recreation were offset by increases in General Government (\$237,142) due to increases in professional services including personnel search and computer support services and Public Works (\$194,094) due to a large pond cleaning project in 2024.

**City of Forest Lake
Management's Discussion and Analysis**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Business-Type Activities

The net position of the City's business-type activities increased by \$2,796,280.

Revenues for the City's business-type activities decreased by \$1,375,280 from the prior year. This decrease was primarily due to a decrease in capital grants and contributions (\$1,216,800) related to development and grants received for projects. There were also decreases in unrestricted investment earnings (\$67,649) due to market conditions and gain on sale of assets (\$178,480).

Expenses for the City's business-type activities increased by \$281,836 from the prior year. The increase was primarily due to expected and planned operational increases.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds

The focus of the City of Forest Lake's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, 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.

At the end of the current fiscal year, the City of Forest Lake's governmental funds reported combined ending fund balances of \$16,195,084. Approximately 39.8% of this total, \$6,442,816 constitutes the unassigned fund balance. The remainder of fund balance (\$9,752,268) is not available for new spending because it is either 1) nonspendable (\$483,607), 2) restricted (\$5,018,728), and 3) committed (\$4,249,933).

Activity in the City's major funds is discussed below:

General Fund - The General Fund is the chief operating fund of the City. The fund balance for the General fund increased \$1,065,895 from the prior year. Total revenues increased from 2023 by \$1,162,313. This was mainly due to an increase in property tax revenue. Total revenues were higher than expectations in 2024 by \$506,347 while total expenditures were \$541,609 less than anticipated due to position vacancies and a mild winter that resulted in fewer snow plowing events, thus decreasing related overtime, fuel, and salt costs. As a measure of the General Fund's liquidity, it may be useful to compare fund balance to total fund expenditures. Unassigned fund balance represents 60.5% of total 2024 expenditures.

Capital Improvement Fund - Fund balance increased \$98,495 during 2024. This is due to normal operations of the fund and planned future projects and funding for planned improvements.

Capital Equipment Replacement Fund - Fund balance increased by \$1,228,977 in 2024. This is mainly due to the issuance of bonds to purchase two fire trucks and increased charges for services. The City provides fire services to the City of Columbus, and fees in 2024 increased to reflect Columbus' portion of the purchase of two fire trucks.

**City of Forest Lake
Management's Discussion and Analysis**

FINANCIAL ANALYSIS OF THE CITY'S FUNDS (CONTINUED)

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. At the end of the year, unrestricted net position of the enterprise funds amount to \$13,339,515. Activity is discussed below:

Water Fund - The Water Fund net position increased \$1,419,743. The increase is mainly due to capital contributions of \$802,100 related to water infrastructure. Operating revenues decreased \$157,028 due to a decrease in usage as a result of water restrictions. Operating expenses experienced a slight increase of \$87,434 from the prior year due to wage increases and increased depreciation expense.

Sewer Fund - The increase in net position of \$1,376,537 is primarily due to capital contributions of \$590,825 related to sewer infrastructure. Operating revenue also increased \$219,237 due to increases in rates and usage from the prior year. Expenses increased \$236,647 due to expected operations.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City did not amend the General Fund budget in 2024. Overall, actual revenues, expenditures, and other financing sources (uses) resulted in an increase in fund balance of \$1,065,895.

General Fund Budget Report				
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues	\$ 12,484,930	\$ 12,484,930	\$ 12,991,277	\$ 506,347
Expenditures	(12,484,930)	(12,484,930)	(11,943,321)	541,609
Other financing sources (uses)	-	-	17,939	17,939
Net change	\$ -	\$ -	1,065,895	\$ 1,065,895
Fund balance				
January 1, 2024			6,639,422	
December 31, 2024			\$ 7,705,317	

Significant variances from budget to actual in the year 2024 are described below and on the following page.

Revenues

Overall, actual revenue was \$506,347 over budget. Other miscellaneous revenue, including fines and forfeitures, was \$204,079 over budget due to a conservative budget for investment income. Intergovernmental revenue was \$199,507 over budget due to conservative budgeting for the police training reimbursement grant and fire relief pension aid.

**City of Forest Lake
Management's Discussion and Analysis**

GENERAL FUND BUDGETARY HIGHLIGHTS (CONTINUED)

Expenditures

In total, actual expenditures were under the budgeted amount by \$541,609. The largest variance was public works expenditures, which were \$240,149 under budget primarily due to less snowfall than anticipated resulting in fewer snow removal costs than budgeted. Economic development expenditures were \$168,635 under budget due to wages, legal fees, and other professional service fees being less than anticipated. General government expenditures were \$127,655 under budget due to the staffing changes throughout the year resulting in lower salary costs than budgeted. Public safety expenditures were \$120,957 over budget related to building inspection consulting services.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2024, the City had \$104,364,572 invested in a broad range of capital assets, net of accumulated depreciation. Refer to Note 5, Capital Assets, of the basic financial statements for a schedule showing the City's capital asset activity. This amount represents a net increase (including additions and deductions) of approximately \$2,653,739.

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

- Construction related to street improvements and water improvements to maintain proper infrastructure requirements including water treatment plant #4, lift station improvements, and street and utility reconstruction totaling \$16,878,620.
- Maintaining adequate levels of vehicles and equipment to support City operations totaling \$671,171.

**City of Forest Lake's Capital Assets
(Net of Depreciation)**

	Governmental Activities	Business-Type Activities	Total
Land	\$ 9,849,419	\$ 114,573	\$ 9,963,992
Construction in progress	2,976,830	460,268	3,437,098
Infrastructure	28,400,266	34,727,773	63,128,039
Buildings and improvements	12,856,182	3,531	12,859,713
Machinery and equipment	5,735,391	9,240,339	14,975,730
Total	\$ 59,818,088	\$ 44,546,484	\$ 104,364,572

**City of Forest Lake
Management's Discussion and Analysis**

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Long-Term Debt

At year-end the City had \$37,106,387 in bond obligations outstanding including premiums.

During 2024, \$2,369,574 in debt was issued and \$2,982,213 in debt was retired. Refer to Note 7 of the basic financial statements for a schedule showing the City's long-term debt activity.

The City maintains a G.O. bond rating of "Aa2" from Moody's Investor's Service and an "AA+" rating from Standard and Poor's (S&P), which are considered to be excellent ratings in the market.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City's elected officials considered many factors when adopting the 2025 budget and when setting the 2025 rates and fees that will be charged for the business-type activities. The major factors accounted for when adopting the General Fund budget were:

- A 3.0% contractual cost-of-living (COLA) increase was planned for all employees.
- The 2025 budget includes a property tax levy of \$16,427,970, which is 9.87% greater than the 2024 levy.
- The final city tax rate for taxes payable in 2025 is 41.13%.
- Washington County has an unemployment rate as of December 2024 of 2.1%. This compares with unemployment rates of 2.6% for the State of Minnesota and 3.8% for the United States.

CONTACT INFORMATION

This annual report is designed to provide a general overview of the City of Forest Lake, Minnesota finances for citizens, customers and others. Questions concerning any of the information contained in this report and requests for additional information should be addressed to Jessica Hoard, Interim Finance Director, City of Forest Lake, 1408 Lake Street South, Forest Lake, Minnesota 55025, or by phone at (651) 209-9725.

(THIS PAGE LEFT BLANK INTENTIONALLY)

BASIC FINANCIAL STATEMENTS

(THIS PAGE LEFT BLANK INENTIONALLY)

**City of Forest Lake
Statement of Net Position
December 31, 2024**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Economic Development Authority
Assets				
Cash and investments (including cash equivalents)	\$ 17,344,697	\$ 11,664,037	\$ 29,008,734	\$ 318,661
Receivables				
Taxes receivable	251,461	-	251,461	-
Accounts receivable	392,139	1,880,722	2,272,861	-
Interest receivable	97,656	105,977	203,633	1,048
Special assessments receivable				
Deferred and delinquent	69,427	410,308	479,735	-
Due from other governments	2,964,844	1,080	2,965,924	-
Advances to other funds (internal balances)	(455,452)	455,452	-	-
Note receivable	859,161	-	859,161	-
Leases receivable	1,311,026	-	1,311,026	-
Inventory	35,817	20,857	56,674	-
Prepaid items	447,790	222,617	670,407	-
Net pension asset - fire relief association	2,531,192	-	2,531,192	-
Capital assets not being depreciated				
Land	9,849,419	114,573	9,963,992	-
Construction in progress	2,976,830	460,268	3,437,098	-
Capital assets being depreciated				
Infrastructure	140,218,664	51,612,454	191,831,118	-
Buildings and improvements	18,238,399	14,465	18,252,864	-
Machinery and equipment	17,804,458	14,780,727	32,585,185	-
Less accumulated depreciation	(129,269,682)	(22,436,003)	(151,705,685)	-
Total assets	<u>85,667,846</u>	<u>59,307,534</u>	<u>144,975,380</u>	<u>319,709</u>
Deferred Outflows of Resources				
Deferred loss on bond refunding	223,907	-	223,907	-
Deferred outflows of resources related to pensions	5,406,959	105,258	5,512,217	-
Deferred outflows of resources related to OPEB	186,952	19,747	206,699	-
Total deferred outflows of resources	<u>5,817,818</u>	<u>125,005</u>	<u>5,942,823</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 91,485,664</u>	<u>\$ 59,432,539</u>	<u>\$ 150,918,203</u>	<u>\$ 319,709</u>
Liabilities				
Accounts payable	\$ 615,922	\$ 203,059	\$ 818,981	\$ 10,351
Contracts payable	29,224	38,892	68,116	-
Escrow payable	1,381,449	-	1,381,449	-
Due to other governments	100,045	42,348	142,393	-
Salaries and benefits payable	244,217	25,162	269,379	2,324
Unearned revenue	3,350	-	3,350	-
Interest payable	473,717	183,487	657,204	-
Bond principal payable, net of premiums				
Payable within one year	1,555,000	940,000	2,495,000	-
Payable after one year	22,704,664	11,906,723	34,611,387	-
Compensated absences payable				
Payable within one year	322,634	45,970	368,604	-
Payable after one year	442,777	89,400	532,177	-
Total OPEB liability				
Payable within one year	47,000	20,000	67,000	-
Payable after one year	2,116,832	283,137	2,399,969	-
Net pension liability				
Payable after one year	4,033,602	371,713	4,405,315	-
Total liabilities	<u>34,070,433</u>	<u>14,149,891</u>	<u>48,220,324</u>	<u>12,675</u>
Deferred Inflows of Resources				
Deferred inflows of resources related to pensions	6,427,289	299,198	6,726,487	-
Deferred inflows of resources related to OPEB	1,008,924	141,343	1,150,267	-
Deferred inflows of resources related to leases receivable	1,236,202	-	1,236,202	-
Total deferred inflows of resources	<u>8,672,415</u>	<u>440,541</u>	<u>9,112,956</u>	<u>-</u>
Net Position				
Net investment in capital assets	41,651,995	31,502,592	73,154,587	-
Restricted for				
Pensions	2,531,192	-	2,531,192	-
Debt service	2,234,230	-	2,234,230	-
Public safety	529,783	-	529,783	-
Affordable housing	122,162	-	122,162	-
Tax increment	60,654	-	60,654	-
Park land acquisition	1,225,961	-	1,225,961	-
Recycling	31,464	-	31,464	-
Unrestricted	355,375	13,339,515	13,694,890	307,034
Total net position	<u>48,742,816</u>	<u>44,842,107</u>	<u>93,584,923</u>	<u>307,034</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 91,485,664</u>	<u>\$ 59,432,539</u>	<u>\$ 150,918,203</u>	<u>\$ 319,709</u>

See notes to basic financial statements.

**City of Forest Lake
Statement of Activities
Year Ended December 31, 2024**

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government	\$ 2,941,286	\$ 256,783	\$ 4,881	\$ -
Public safety	7,200,626	1,693,449	825,564	-
Public works	5,512,060	1,948,039	24,858	1,901,464
Culture and recreation	1,251,640	43,474	31,965	345,000
Economic development	854,119	1,721	-	-
Airport	427,727	96,484	18,526	669,333
Interest on long-term debt	700,418	-	-	-
Total governmental activities	<u>18,887,876</u>	<u>4,039,950</u>	<u>905,794</u>	<u>2,915,797</u>
Business-type activities				
Water	2,426,804	2,910,098	33,426	802,100
Sewer	3,467,338	4,063,970	10,841	590,825
Total business-type activities	<u>5,894,142</u>	<u>6,974,068</u>	<u>44,267</u>	<u>1,392,925</u>
Total governmental and business-type activities	<u>\$ 24,782,018</u>	<u>\$ 11,014,018</u>	<u>\$ 950,061</u>	<u>\$ 4,308,722</u>
Component unit				
Economic Development Authority	<u>\$ 130,135</u>	<u>\$ -</u>	<u>\$ 6,982</u>	<u>\$ -</u>
General revenues				
Property taxes				
Tax increment				
Unrestricted state aids				
Unrestricted investment earnings				
Other general revenue				
Gain on sale of asset				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - beginning				
Net position - ending				

Net (Expense) Revenue
and Changes in Net Position

Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Economic Development Authority
\$ (2,679,622)	\$ -	\$ (2,679,622)	\$ -
(4,681,613)	-	(4,681,613)	-
(1,637,699)	-	(1,637,699)	-
(831,201)	-	(831,201)	-
(852,398)	-	(852,398)	-
356,616	-	356,616	-
(700,418)	-	(700,418)	-
<u>(11,026,335)</u>	<u>-</u>	<u>(11,026,335)</u>	<u>-</u>
-	1,318,820	1,318,820	-
-	1,198,298	1,198,298	-
<u>-</u>	<u>2,517,118</u>	<u>2,517,118</u>	<u>-</u>
<u>(11,026,335)</u>	<u>2,517,118</u>	<u>(8,509,217)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(123,153)</u>
14,768,708	-	14,768,708	157,460
466,944	-	466,944	-
184,959	-	184,959	-
506,361	329,162	835,523	8,925
2,112	-	2,112	-
169,561	-	169,561	-
50,000	(50,000)	-	-
<u>16,148,645</u>	<u>279,162</u>	<u>16,427,807</u>	<u>166,385</u>
5,122,310	2,796,280	7,918,590	43,232
<u>43,620,506</u>	<u>42,045,827</u>	<u>85,666,333</u>	<u>263,802</u>
<u>\$ 48,742,816</u>	<u>\$ 44,842,107</u>	<u>\$ 93,584,923</u>	<u>\$ 307,034</u>

City of Forest Lake
Balance Sheet - Governmental Funds
December 31, 2024

	Capital Projects				Total
	General Fund (101)	Capital Improvements (211)	Capital Equipment Replacement (401)	Nonmajor Governmental Funds	
Assets					
Cash and investments	\$ 7,995,679	\$ 1,270,640	\$ 1,618,383	\$ 6,459,995	\$ 17,344,697
Taxes receivable	251,461	-	-	-	251,461
Special assessments receivable					
Deferred and delinquent	-	26,362	-	43,065	69,427
Accounts receivable	20,721	238,543	460	132,415	392,139
Interest receivable	59,641	14,207	5,205	18,603	97,656
Due from other governments	79,783	2,655,561	108,157	121,343	2,964,844
Note receivable	859,161	-	-	-	859,161
Leases receivable	810,424	-	168,886	331,716	1,311,026
Inventory	-	-	-	35,817	35,817
Prepaid items	445,577	-	-	2,213	447,790
Advances to other funds	275,000	35,000	-	-	310,000
	<u>10,797,447</u>	<u>4,240,313</u>	<u>1,901,091</u>	<u>7,145,167</u>	<u>24,084,018</u>
Total assets	\$ 10,797,447	\$ 4,240,313	\$ 1,901,091	\$ 7,145,167	\$ 24,084,018
Liabilities					
Accounts payable	\$ 123,898	\$ 219,938	\$ 240	\$ 271,846	\$ 615,922
Contracts payable	-	-	-	29,224	29,224
Escrows payable	808,021	573,428	-	-	1,381,449
Interest payable	-	-	-	112,310	112,310
Due to other governments	98,733	-	416	896	100,045
Salaries and benefits payable	240,042	-	-	4,175	244,217
Unearned revenue	3,350	-	-	-	3,350
Advances from other funds	-	-	-	765,452	765,452
	<u>1,274,044</u>	<u>793,366</u>	<u>656</u>	<u>1,183,903</u>	<u>3,251,969</u>
Total liabilities	1,274,044	793,366	656	1,183,903	3,251,969
Deferred Inflows of Resources					
Unavailable revenue - state shared taxes	-	2,291,966	-	-	2,291,966
Unavailable revenue - taxes	180,547	-	-	-	180,547
Unavailable revenue - special assessments	-	26,362	-	42,727	69,089
Unavailable revenue - note receivable	859,161	-	-	-	859,161
Deferred inflows of resources related to leases receivable	778,378	-	154,949	302,875	1,236,202
	<u>1,818,086</u>	<u>2,318,328</u>	<u>154,949</u>	<u>345,602</u>	<u>4,636,965</u>
Total deferred inflows of resources	1,818,086	2,318,328	154,949	345,602	4,636,965
Fund Balances					
Nonspendable	445,577	-	-	38,030	483,607
Restricted	31,464	-	453,067	4,534,197	5,018,728
Committed	5,753	1,128,619	1,292,419	1,823,142	4,249,933
Unassigned	7,222,523	-	-	(779,707)	6,442,816
	<u>7,705,317</u>	<u>1,128,619</u>	<u>1,745,486</u>	<u>5,615,662</u>	<u>16,195,084</u>
Total fund balances	7,705,317	1,128,619	1,745,486	5,615,662	16,195,084
Total liabilities, deferred inflows of resources, and fund balances	\$ 10,797,447	\$ 4,240,313	\$ 1,901,091	\$ 7,145,167	\$ 24,084,018

City of Forest Lake
Reconciliation of the Balance Sheet to
the Statement of Net Position - Governmental Funds
December 31, 2024

Total fund balances - governmental funds	\$ 16,195,084
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds.	
Capital assets	189,087,770
Less accumulated depreciation	(129,269,682)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore are not reported as liabilities in the funds.	
Long-term liabilities at year-end consist of:	
Bond principal payable, net of premiums	(24,259,664)
Deferred loss on bond refunding	223,907
Compensated absences payable	(765,411)
Total OPEB liability	(2,163,832)
Net pension liability	(4,033,602)
Deferred outflows of resources and deferred inflows of resources are created as a result of differences between actual and expected contributions and earnings on plan investments as well as changes in proportion and are not recognized in the governmental funds.	
Deferred outflows of resources related to pensions	5,406,959
Deferred inflows of resources related to pensions	(6,427,289)
Deferred outflows of resources related to OPEB	186,952
Deferred inflows of resources related to OPEB	(1,008,924)
Net pension assets created through non-employer contributions to defined benefit pension plans are not recognized in the governmental funds.	
	2,531,192
Delinquent receivables will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.	
Property taxes	180,547
Special assessments	3,931
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	
Deferred special assessments	65,158
Note receivable	859,161
MSA	2,291,966
Governmental funds do not report a liability for accrued interest until due and payable.	
	(361,407)
Total net position - governmental activities	\$ 48,742,816

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

	Capital Projects				Total
	General Fund (101)	Capital Improvements (211)	Capital Equipment Replacement (401)	Nonmajor Governmental Funds	
Revenues					
Taxes	\$ 10,237,914	\$ 900,000	\$ 950,000	\$ 2,643,495	\$ 14,731,409
Tax increments	-	-	-	466,944	466,944
Franchise fees	-	815,479	-	-	815,479
Special assessments	-	22,498	-	-	22,498
Licenses and permits	645,524	-	-	-	645,524
Intergovernmental	725,262	1,717,768	-	806,438	3,249,468
Charges for services	924,368	6,025	331,568	1,268,610	2,530,571
Fines and forfeitures	88,750	-	-	147	88,897
Miscellaneous					
Investment income	233,542	27,722	49,309	170,764	481,337
Contributions and donations	29,369	-	-	19,670	49,039
Other	106,548	255,007	255	60,612	422,422
Total revenues	<u>12,991,277</u>	<u>3,744,499</u>	<u>1,331,132</u>	<u>5,436,680</u>	<u>23,503,588</u>
Expenditures					
Current					
General government	2,442,892	-	1,452	-	2,444,344
Public safety	6,943,835	-	-	58,632	7,002,467
Public works	1,134,792	626,027	-	469,293	2,230,112
Culture and recreation	1,007,575	-	-	18,224	1,025,799
Economic development	414,227	-	-	427,115	841,342
Airport	-	-	-	110,329	110,329
Debt service					
Principal	-	-	-	1,500,000	1,500,000
Interest and other charges	-	-	64,446	824,588	889,034
Capital outlay					
General government	-	-	14,758	-	14,758
Public safety	-	-	1,935,425	422,172	2,357,597
Public works	-	3,118,101	632,748	70,109	3,820,958
Culture and recreation	-	-	-	669,706	669,706
Airport	-	-	-	795,026	795,026
Total expenditures	<u>11,943,321</u>	<u>3,744,128</u>	<u>2,648,829</u>	<u>5,365,194</u>	<u>23,701,472</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,047,956</u>	<u>371</u>	<u>(1,317,697)</u>	<u>71,486</u>	<u>(197,884)</u>
Other Financing Sources					
Proceeds from sale of capital asset	-	-	168,475	10,000	178,475
Bond issuance	-	-	2,205,000	-	2,205,000
Bond premium	-	-	164,574	-	164,574
Insurance recoveries	17,939	-	8,625	-	26,564
Transfers in	-	98,124	-	-	98,124
Transfers out	-	-	-	(48,124)	(48,124)
Total other financing sources	<u>17,939</u>	<u>98,124</u>	<u>2,546,674</u>	<u>(38,124)</u>	<u>2,624,613</u>
Net change in fund balances	1,065,895	98,495	1,228,977	33,362	2,426,729
Fund Balances					
Beginning of year, as previously stated	6,639,422	1,030,124	-	6,098,809	13,768,355
Accounting change (see Note 15)	-	-	516,509	(516,509)	-
Beginning of year	<u>6,639,422</u>	<u>1,030,124</u>	<u>516,509</u>	<u>5,582,300</u>	<u>13,768,355</u>
End of year	<u>\$ 7,705,317</u>	<u>\$ 1,128,619</u>	<u>\$ 1,745,486</u>	<u>\$ 5,615,662</u>	<u>\$ 16,195,084</u>

See notes to basic financial statements.

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

Net change in fund balances - governmental funds	\$ 2,426,729
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 the estimated useful lives as depreciation expense.	
Capital outlays	7,576,923
Depreciation expense	(4,868,163)
Book value of disposals	(8,914)
Compensated absences are recognized as paid in the governmental funds, but recognized as the expense is incurred in the Statement of Activities.	
	(42,784)
OPEB costs are recognized as paid in the governmental funds but recognized as the expense is incurred in the Statement of Activities.	
	10,673
Principal payments on long-term debt are recognized as expenditures in the governmental funds, but as an increase in the net position in the Statement of Activities.	
	1,500,000
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 us of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	
	(12,457)
Bonds premiums are recognized when the debt is issued in the governmental funds but amortized over the life of the debt in the Statement of Activities.	
	221,428
Proceeds from long-term debt and bond premiums are recognized as other financing sources in the governmental funds, but as a decrease in net position in the Statement of Activities.	
Bonds payable	(2,205,000)
Premium on bonds payable	(164,574)
Refunding losses are recognized when paid in the governmental funds but amortized over the life of the debt in the Statement of Activities.	
	(20,355)
Governmental Funds recognize pension contributions as expenditures at the time of payment in the whereas the Statement of Activities factors in differences between actual and expected contributions and earnings on plan investments as well as changes in proportion.	
	545,942
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	
Special assessments deferred	(22,608)
Special assessments delinquent	1,382
Note receivable	25,024
MSA	121,765
Delinquent property taxes receivable will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.	
	37,299
Change in net position - governmental activities	\$ 5,122,310

**City of Forest Lake
Statement of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - General Fund
Year Ended December 31, 2024**

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Taxes	\$ 10,301,674	\$ 10,237,914	\$ (63,760)
Licenses and permits	556,000	645,524	89,524
Intergovernmental	525,755	725,262	199,507
Charges for services	847,371	924,368	76,997
Fines and forfeitures	71,500	88,750	17,250
Miscellaneous revenues			
Investment income	95,000	233,542	138,542
Contributions and donations	11,300	29,369	18,069
Other	76,330	106,548	30,218
Total revenues	<u>12,484,930</u>	<u>12,991,277</u>	<u>506,347</u>
Expenditures			
Current			
General government	2,570,547	2,442,892	(127,655)
Public safety	6,822,878	6,943,835	120,957
Public works	1,374,941	1,134,792	(240,149)
Culture and recreation	1,083,702	1,007,575	(76,127)
Economic development	582,862	414,227	(168,635)
Capital outlay			
Culture and recreation	50,000	-	(50,000)
Total expenditures	<u>12,484,930</u>	<u>11,943,321</u>	<u>(541,609)</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>1,047,956</u>	<u>1,047,956</u>
Other Financing Sources			
Insurance recoveries	-	17,939	17,939
Net change in fund balance	<u>\$ -</u>	<u>1,065,895</u>	<u>\$ 1,065,895</u>
Fund Balance			
Beginning of year		<u>6,639,422</u>	
End of year		<u>\$ 7,705,317</u>	

City of Forest Lake
Statement of Net Position - Proprietary Funds
December 31, 2024

	Water (631)	Sewer (632)	Total
Assets			
Current assets			
Cash and investments (including cash equivalents)	\$ 4,306,421	\$ 7,357,616	\$ 11,664,037
Special assessments receivable			
Deferred and delinquent	192,917	217,391	410,308
Accounts receivable	724,590	1,156,132	1,880,722
Interest receivable	48,640	57,337	105,977
Due from other governments	1,080	-	1,080
Inventory	20,857	-	20,857
Prepaid items	25,944	196,673	222,617
Total current assets	<u>5,320,449</u>	<u>8,985,149</u>	<u>14,305,598</u>
Noncurrent assets			
Advance to other funds	227,726	227,726	455,452
Capital assets			
Land	114,573	-	114,573
Construction in progress	432,649	27,619	460,268
Infrastructure	40,027,605	11,584,849	51,612,454
Buildings and improvements	14,465	-	14,465
Machinery and equipment	536,521	14,244,206	14,780,727
Total capital assets	41,125,813	25,856,674	66,982,487
Less accumulated depreciation	(12,317,019)	(10,118,984)	(22,436,003)
Net capital assets	28,808,794	15,737,690	44,546,484
Total noncurrent assets	29,036,520	15,965,416	45,001,936
Total assets	<u>34,356,969</u>	<u>24,950,565</u>	<u>59,307,534</u>
Deferred Outflows of Resources			
Deferred outflows of resources related to pensions	57,151	48,107	105,258
Deferred outflows of resources related to OPEB	10,790	8,957	19,747
Total deferred outflows of resources	<u>67,941</u>	<u>57,064</u>	<u>125,005</u>
Total assets and deferred outflows of resources	<u>\$ 34,424,910</u>	<u>\$ 25,007,629</u>	<u>\$ 59,432,539</u>
Liabilities			
Current liabilities			
Accounts payable	\$ 118,159	\$ 84,900	\$ 203,059
Contracts payable	38,892	-	38,892
Due to other governments	7,906	34,442	42,348
Salaries and benefits payable	13,326	11,836	25,162
Interest payable	158,979	24,508	183,487
Compensated absences due within one year	22,985	22,985	45,970
Bonds payable due within one year	655,000	285,000	940,000
Total OPEB liability due within one year	11,000	9,000	20,000
Total current liabilities	<u>1,026,247</u>	<u>472,671</u>	<u>1,498,918</u>
Noncurrent liabilities			
Compensated absences	67,685	67,685	135,370
Less compensated absences due within one year	(22,985)	(22,985)	(45,970)
Bonds payable, net of premiums	10,351,253	2,495,470	12,846,723
Less bonds payable due within one year	(655,000)	(285,000)	(940,000)
Total OPEB liability	165,635	137,502	303,137
Less total OPEB liability due within one year	(11,000)	(9,000)	(20,000)
Net pension liability	201,827	169,886	371,713
Total noncurrent liabilities	<u>10,097,415</u>	<u>2,553,558</u>	<u>12,650,973</u>
Total liabilities	<u>11,123,662</u>	<u>3,026,229</u>	<u>14,149,891</u>
Deferred Inflows of Resources			
Deferred inflows of resources related to pensions	162,454	136,744	299,198
Deferred inflows of resources related to OPEB	77,230	64,113	141,343
Total deferred inflows of resources	<u>239,684</u>	<u>200,857</u>	<u>440,541</u>
Net Position			
Net investment in capital assets	18,331,305	13,171,287	31,502,592
Unrestricted	4,730,259	8,609,256	13,339,515
Total net position	<u>23,061,564</u>	<u>21,780,543</u>	<u>44,842,107</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 34,424,910</u>	<u>\$ 25,007,629</u>	<u>\$ 59,432,539</u>

See notes to basic financial statements.

City of Forest Lake
Statement of Revenues, Expenses, and Changes
in Fund Net Position - Proprietary Funds
Year Ended December 31, 2024

	Water (631)	Sewer (632)	Total
Operating Revenues			
User charges	\$ 2,826,791	\$ 4,031,285	\$ 6,858,076
Other	83,307	35,592	118,899
Total operating revenues	<u>2,910,098</u>	<u>4,066,877</u>	<u>6,976,975</u>
Operating Expenses			
Wages and salaries	479,733	398,252	877,985
Employee benefits	173,331	137,864	311,195
Materials and supplies	313,420	47,986	361,406
Repairs and maintenance	116,834	167,349	284,183
Professional services	60,728	55,753	116,481
Insurance	36,750	58,051	94,801
Utilities	165,308	46,436	211,744
Depreciation	757,032	750,249	1,507,281
Equipment	4,755	-	4,755
Metro sewer service charges	-	1,723,071	1,723,071
Miscellaneous	61,143	26,204	87,347
Total operating expenses	<u>2,169,034</u>	<u>3,411,215</u>	<u>5,580,249</u>
Operating income	<u>741,064</u>	<u>655,662</u>	<u>1,396,726</u>
Nonoperating Revenues (Expenses)			
Investment income	125,923	203,239	329,162
Intergovernmental grants	17,146	7,934	25,080
Interest and other debt service expense	(257,770)	(56,123)	(313,893)
Other income	16,280	-	16,280
Total nonoperating revenues (expenses)	<u>(98,421)</u>	<u>155,050</u>	<u>56,629</u>
Income before capital contributions and transfers	642,643	810,712	1,453,355
Capital contributions	802,100	590,825	1,392,925
Transfers out	<u>(25,000)</u>	<u>(25,000)</u>	<u>(50,000)</u>
Change in net position	1,419,743	1,376,537	2,796,280
Net Position			
Beginning of year	<u>21,641,821</u>	<u>20,404,006</u>	<u>42,045,827</u>
End of year	<u>\$ 23,061,564</u>	<u>\$ 21,780,543</u>	<u>\$ 44,842,107</u>

City of Forest Lake
Statement of Cash Flows - Proprietary Funds
Year Ended December 31, 2024

	Water (631)	Sewer (632)	Total
Cash Flows - Operating Activities			
Receipts from customers and users	\$ 2,774,932	\$ 3,929,079	\$ 6,704,011
Payments to suppliers	(786,021)	(2,134,229)	(2,920,250)
Payments to employees	(617,178)	(512,381)	(1,129,559)
Miscellaneous income	16,280	-	16,280
Net cash flows - operating activities	<u>1,388,013</u>	<u>1,282,469</u>	<u>2,670,482</u>
Cash Flows - Noncapital			
Financing Activities			
Transfer to other funds	(25,000)	(25,000)	(50,000)
Intergovernmental grants	16,640	-	16,640
Net cash flows - noncapital financing activities	<u>(8,360)</u>	<u>(25,000)</u>	<u>(33,360)</u>
Cash Flows - Capital and Related			
Financing Activities			
Capital contributions	802,100	590,825	1,392,925
Principal paid on long-term debt	(850,000)	(280,000)	(1,130,000)
Interest and issuance costs paid on long-term debt	(400,163)	(62,096)	(462,259)
Acquisition of capital assets	(1,833,779)	(317,304)	(2,151,083)
Net cash flows - capital and related financing activities	<u>(2,281,842)</u>	<u>(68,575)</u>	<u>(2,350,417)</u>
Cash Flows - Investing Activities			
Interest received	123,154	194,024	317,178
Net change in cash and cash equivalents	(779,035)	1,382,918	603,883
Cash and Cash Equivalents			
January 1	5,085,456	5,974,698	11,060,154
December 31	<u>\$ 4,306,421</u>	<u>\$ 7,357,616</u>	<u>\$ 11,664,037</u>
Reconciliation of Operating Income to			
Net Cash Flows - Operating Activities			
Operating income	\$ 741,064	\$ 655,662	\$ 1,396,726
Adjustments to reconcile operating income to net cash flows - operating activities			
Miscellaneous income	16,280	-	16,280
Depreciation expense	757,032	750,249	1,507,281
Accounts receivable	(54,611)	(78,784)	(133,395)
Special assessments receivable	(80,555)	(59,014)	(139,569)
Prepaid items	3,286	(18,982)	(15,696)
Inventory	1,296	-	1,296
Accounts payable	(21,269)	(12,538)	(33,807)
Due to other governments	(10,396)	22,141	11,745
Salaries payable	4,512	4,087	8,599
Compensated absences payable	7,055	7,055	14,110
Net pension liability	4,001	(2,524)	1,477
Net OPEB obligation	20,318	15,117	35,435
Total adjustments	<u>646,949</u>	<u>626,807</u>	<u>1,273,756</u>
Net cash flows - operating activities	<u>\$ 1,388,013</u>	<u>\$ 1,282,469</u>	<u>\$ 2,670,482</u>

(THIS PAGE LEFT BLANK INENTIONALLY)

City of Forest Lake
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Forest Lake (the "City") is a statutory city governed by an elected mayor and four council members. The accompanying financial statements present the government entities for which the City is considered to be financially accountable.

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

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

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

Discretely Presented Component Unit - The relationship of the City with the entity is disclosed.

Joint Ventures - The relationships of the City with the entities are disclosed.

For each of the categories above, the specific entities are identified as follows:

1. Discretely Presented Component Unit

Component units are legally separate entities for which the City (primary government) is financially accountable, or for which the exclusion of the component unit would render the financial statements of the primary government misleading. The criteria used to determine if the primary government is financially accountable for a component unit include whether or not the primary government appoints the voting majority of the potential component unit's governing body, 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 dependent upon the potential component unit.

The Forest Lake Economic Development Authority (EDA) meets the criteria to be included as a discretely presented component unit. Although the City does not have the authority to approve or modify the Forest Lake EDA's budget, the tax levy established by the EDA must be approved by the City Council. In addition, cash is transferred between the City and the EDA at the Council's discretion, demonstrating financial benefit or burden to the City. Separate financial statements are not prepared for the Forest Lake EDA.

**City of Forest Lake
Notes to Basic Financial Statements**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

2. Joint Ventures

a. Fire Contracts

The cities of Forest Lake and Columbus have a joint powers agreement entered into January 1, 1992, whereby the City of Forest Lake fire departments shall furnish fire services to the City of Columbus. The City of Forest Lake is responsible for the administration and management of the fire department. The joint powers agreement continues until its members decide to withdraw from the agreement. Withdrawal will only be permitted after payment has been made in full for all equipment, including equipment being purchased by equipment certificates. Pursuant to these agreements, the City of Columbus contributes approximately 20% of the City of Forest Lake's yearly approved budget for fire protection. The City of Forest Lake accounts for the fire contract in the General Fund. Separate financial statements are not available for the joint venture.

b. I-35 WE Coalition

The I-35 WE Coalition (the "Coalition") includes cities and counties along I-35W and I-35E corridors in Anoka and Washington Counties. The goals of the Coalition are to:

- Develop a cohesive transportation system in the area
- Balance land use and the transportation system
- Identify, develop, and support regional transportation system improvements

To accomplish these goals, the counties and cities entered into a joint powers agreement under the authority provided by *Minnesota Statutes* 471.59. This agreement was signed by Washington County in 2004. The Coalition strives to coordinate programming of transportation systems through 2030 by an interactive process such that the transportation system is capable of supporting land use and development in the northeast metropolitan area.

The parties agree to hold regular meetings for the purpose of monitoring progress on the planning activities, providing guidance for such planning activities and coordinating between governing bodies, including the Minnesota Department of Transportation (MN/DOT) and the Metropolitan Council (MC).

Currently, there are no direct costs associated with the work performed. However, if the parties agree that costs are to be incurred, the parties will amend the existing joint powers agreement or prepare a new agreement for that purpose. Any party may withdraw from the agreement upon 30 days written notice to the other parties in the agreement. Separate financial statements are not available for the joint venture.

c. School Liaison Officer

The City and Independent School District No. 831 (the "District") have a joint powers agreement entered into September 1, 1994, whereby the members have agreed to create, fund, and implement the position of Police School Liaison Officers. The City will provide the services of two police officers and related support services to assist the District in establishing a Police School Liaison Officer Program. The City will bill the District for these services on a quarterly basis. The City accounts for this program in the General Fund. Separate financial statements are not available for the joint venture.

**City of Forest Lake
Notes to Basic Financial Statements**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

2. Joint Ventures (Continued)

d. Cable Commission

The City and the Forest Lake Cable Commission have a joint powers agreement whereby the members have established an organization to monitor the operations and activities of cable communications and related communications matters. The agreement coordinates the administration, enforcement, and renewal of the franchises of its members and protects the interests of its members and its citizens with respect to the delivery of cable communications and related communications matter. The Cable Commission operates on franchise fees and an appropriation from the City. Financial information for the Cable Commission is reported in the City of Columbus financial statements, available by contacting administration at 16319 Kettle River Boulevard, Columbus, MN 55025.

e. Washington County Drug Task Force

The City and the Washington County Drug Task Force have a joint powers agreement whereby the members have agreed to a coordinated and formal framework for targeted investigations, commitments, operations, resource, and equipment sharing, distribution of forfeiture funds and proceeds, and general management and liability issues. The City provides one full time officer to the Washington County Drug Task Force. Financial information for the Drug Task Force is reported in the Washington County financial statements, available by contacting administration at 14949 62nd Street, Stillwater, MN 55082.

f. Metro I-Net

The Metro I-Net is a joint powers agreement between several metro cities to share computing technology assistance. Subsequently, the City entered into an agreement with the City of Roseville to receive information technology and network related service and support. Currently, the City compensates the City of Roseville approximately \$286,770 annually for services rendered. Financial information for the Metro I-net is reported in the City of Roseville financial statements, available by contacting administration at 2660 Civic Center Drive, Roseville, MN 55113.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all activities of the City. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Interest on general long-term debt is considered an indirect expense and is reported separately in the Statement of Activities. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. Internally dedicated revenues are reported as general revenues rather than program revenues.

City of Forest Lake
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current period, except grant revenue is considered available if it is collected within 1 year of the end of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

Description of Funds:

Major Governmental Funds:

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

Capital Improvements Capital Projects Fund - This fund accounts for costs related to general City capital improvement projects. Examples of such projects include street improvements and bridge projects. Additionally, developer contributions are accounted for in this fund.

Capital Equipment Replacement Capital Projects Fund - This fund accounts for costs related to capital equipment purchases.

Major Proprietary Funds:

Water Enterprise Fund - This fund accounts for the operations of the City's water utility.

Sewer Enterprise Fund - This fund accounts for the operations of the City's sanitary sewer utility.

City of Forest Lake
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Description of Funds: (Continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are interfund services provided and used such as utility costs, which are not eliminated in the process of consolidation as elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

The Forest Lake EDA activities are governmental in nature and records are maintained on the modified accrual basis of accounting. There were no government-wide reconciling items for the year-ended December 31, 2024. The Forest Lake EDA's records are reported on the accrual basis of accounting for the Statement of Net Position and the Statement of Activities.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance

1. Cash and Investments

Cash and investments include balances from all funds that are combined and invested to the extent available in various securities as authorized by state law. Earnings from the pooled investments are allocated to the individual funds based on the average of month-end cash and investment balances.

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

Minnesota Statutes authorize the City and EDA to invest in obligations of the U.S. Treasury, agencies, and instrumentalities, shares of investment companies whose only investments are in the aforementioned securities, obligations of the State of Minnesota or its municipalities, bankers' acceptances, future contracts, repurchase and reverse repurchase agreements, and commercial paper of the highest quality with a maturity of no longer than 270 days and in the Minnesota Municipal Investment Pool.

**City of Forest Lake
Notes to Basic Financial Statements**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance (Continued)

1. Cash and Investments (Continued)

Certain investments for the City and EDA are reported at fair value as disclosed in Note 3. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. 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; Level 3 inputs are significant unobservable inputs.

In accordance with GASB Statement No. 79, the Minnesota Municipal Investment Pool securities are valued at amortized cost, which approximates fair value. There are no restrictions or limitations on withdrawals from the 4M Liquid Asset Fund.

2. Receivables and Payables

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

The City levies its property tax for the subsequent year during the month of December. December 28 is the last day the City can certify a tax levy to the County Auditor for collection the following year. Such taxes become a lien on January 1 and are recorded as receivables by the City at that date. The property tax is recorded as revenue when it becomes measurable and available. Washington County is the collecting agency for the levy and remits the collections to the City three times a year. The tax levy notice is mailed in March with the first half of the payment due on May 15 and the second half due on October 15. Taxes not collected as of December 31 each year are shown as delinquent taxes receivable.

The County Auditor prepares the tax list for all taxable property in the City, applying the applicable tax rate to the tax capacity of individual properties, to arrive at the actual tax for each property. The County Auditor also collects all special assessments, except for certain prepayments paid directly to the City.

The County Auditor submits the list of taxes and special assessments to be collected on each parcel of property to the County Treasurer in January of each year.

3. Inventory and 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 recorded as an expenditure at the time of consumption.

Inventory is valued at cost using the first in, first out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

**City of Forest Lake
Notes to Basic Financial Statements**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance (Continued)

4. Capital Assets

Capital assets, which include property, plant, equipment, intangible, and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the applicable governmental or the business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as infrastructure assets with initial, individual costs of more than \$50,000, land, building, and improvement assets in excess of \$50,000 and all other assets greater than \$10,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Infrastructure assets acquired prior to the implementation of GASB Statement No. 34 have been reported at actual or estimated historical cost.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

The City also capitalizes certain intangible assets, which are assets that lack physical substance, have a useful life in excess of one year, and are nonfinancial in nature.

Property, plant, and equipment of the City are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Infrastructure	25 - 50
Buildings and improvements other than buildings	5 - 40
Machinery and equipment	30 - 10

5. Lease Receivable

The City is a lessor for numerous noncancellable leases. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the City measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term in a systematic and rational manner.

Key estimates and judgments include how the City determines (1) the discount rate, (2) lease term, (3) lease receipts, and (4) amortization. The City determines the discount rate for leases based on its estimated borrowing rate. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

City of Forest Lake
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance (Continued)

6. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The City presents deferred outflows of resources on the Statement of Net Position related to the deferred loss on bond refunding, which will be amortized over the life of the bond. The City presents deferred outflows of resources on the Statements of Net Position for deferred outflows of resources related to pensions and OPEB for various estimate differences that will be amortized and recognized over future years.

In addition to liabilities, the statement of financial position, and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City presents deferred inflows of resources on the Governmental Funds Balance Sheet as unavailable revenue. The governmental funds report unavailable revenues from four sources: state shared taxes, taxes, special assessments, and note receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The government-wide Statement of Net Position reports a deferred inflow of resources for those inflows that have not met specified timing requirements. The City presents deferred inflows of resources on the Statements of Net Position for deferred inflows of resources related to pensions and OPEB for various estimate differences that will be amortized and recognized over future years as well as state aid received for subsequent years. Deferred inflows of resources related to leases receivable is reported in both the government-wide Statement of Net Position and the Governmental Funds Balance Sheet.

7. Compensated Absences

City employees earn vacation time based on years of City service with a maximum of 25 days of vacation time to be carried over from one year to the next. The City compensates employees, upon termination or retirement, for all unused vacation.

Sick leave accrues at one day per month up to a maximum of 90 days paid at full pay; thereafter, an additional 90 days may be accrued at one day per month and paid at 60%. Upon retirement, certain full-time employees will be paid severance pay as follows:

- After 10 years of service, 60% of unused sick leave up to a maximum of 45 days' pay
- After 15 years of service, 60% of unused sick leave up to a maximum of 55 days' pay
- After 20 years of service, 60% of unused sick leave up to a maximum of 90 days' pay

Vested or accumulated sick leave for governmental funds that is not expected to be liquidated with expendable available financial resources is recorded in the governmental activities in the Statement of Net Position. Vested or accumulated vacation and sick leave in the proprietary funds is recorded in the applicable fund.

**City of Forest Lake
Notes to Basic Financial Statements**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance (Continued)

8. Other Post-Employment Benefits

The City will provide insurance coverage in the City's group medical hospitalization insurance plan for those municipal employees who terminate employment with the City and have more than 30 years of service with the City. The employee's right to City provided insurance coverage will terminate after ten years of retirement.

9. Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and the relief association and additions to/deductions from PERA's and the relief association's fiduciary net position have been determined on the same basis as they are reported by PERA and the relief association except that PERA's fiscal year end is June 30. 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.

10. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method.

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

11. Fund Balance

a. Classification

In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in those funds can be spent.

- **Nonspendable Fund Balance** - These are amounts that cannot be spent because they are not in spendable form, such as inventories and prepaid items.
- **Restricted Fund Balance** - These are amounts that are restricted to specific purposes either by a) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through enabling legislation.

City of Forest Lake
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance (Continued)

11. Fund Balance (Continued)

a. Classification (Continued)

- Committed Fund Balance - These are amounts that can only be used for specific purposes pursuant to constraints imposed by resolution of the City Council (highest level of decision making authority) and that remain committed unless modified or removed by the City Council by subsequent resolution.
- Assigned Fund Balance - These are amounts that are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed and include remaining amounts (except for negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable, restricted or committed. Assignments are made by the City Administrator/Clerk and/or Finance Director/Treasurer based on the City Council's direction as authorized by the City's Fund Balance Policy.
- Unassigned Fund Balance - These are residual amounts in the General Fund not reported in any other classification. The General Fund is the only fund that can report a positive unassigned fund balance. Other funds would report a negative unassigned fund balance should the total of nonspendable, restricted, and committed fund balances exceed the total net resources of that fund.

When both restricted and unrestricted resources are available for use, it is the City's policy to first use restricted resources, and then use unrestricted resources as they are needed. When committed, assigned, and unassigned resources are available for use, it is the City's policy to use resources in the following order: committed, assigned, and unassigned.

b. Minimum Fund Balance

The City's adopted fund balance policy states the City is to maintain a General Fund unassigned fund balance of 50% of the subsequent year's total budgeted expenditures in the General Fund.

12. Net Position

Net position represents the difference between assets and deferred outflows of resources; and liabilities and deferred inflows in the government-wide financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted in the government-wide financial statements when there are limitations on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

**City of Forest Lake
Notes to Basic Financial Statements**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. 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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

F. Budgetary Information

1. In August of each year, City staff submits to the City Council, a proposed operating budget for the year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year. The EDA Board approves the EDA's budget.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is legally enacted through passage of a resolution after obtaining taxpayer comments.
4. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
5. Annual appropriated budgets are adopted during the year for the City's General Fund as well as seven Special Revenue Funds (excluding the TIF No. 83 Teamvantage, Local Affordable Housing Aid, and Headwaters Industrial Park), the four Debt Service Funds, and three Capital Project Funds (excluding the Public Safety Aid). A budget is also approved for the EDA's General Fund.
6. Budgeted amounts are as originally adopted or as amended by the City Council and EDA Board. Individual amendments were not material in relation to the original amounts budgeted. Budgeted expenditure appropriations lapse at year-end.

Encumbrances outstanding at year-end expire and outstanding purchase orders are canceled and not reported in the financial statements.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Deficit Fund Balances

The following nonmajor funds had deficit fund balances at December 31, 2024:

TIF No. 86 Centennial Office Park Special Revenue Fund	\$ (42,040)
TIF Former City Hall Site	(215,161)
Headwaters Industrial Park Special Revenue Fund	(522,506)

City of Forest Lake
Notes to Basic Financial Statements

NOTE 3 - DEPOSITS AND INVESTMENTS

A. Deposits

In accordance with applicable *Minnesota Statutes*, the City and EDA maintain deposits at depository banks authorized by the City Council and EDA Board.

Minnesota Statutes require all deposits with financial institutions be protected by federal depository insurance, corporate surety bonds, or collateral. The fair value of collateral pledged must equal at least 110% of deposits in excess of FDIC insurance or corporate surety bonds.

Custodial Credit Risk - Deposits: In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned. The City and EDA's investment policy states all deposits will be insured or collateralized at a level of 110% of the fair value of principal and accrued interest as required in *Minnesota Statutes* 118. As of December 31, 2024, the City and EDA's bank balance was not exposed to custodial credit risk because it was insured through FDIC insurance and fully collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.

As of December 31, 2024, the City and EDA had the following deposits:

Checking - pooled	\$ 2,075,790
-------------------	--------------

B. Investments

As of December 31, 2024, the City and EDA had the following investments:

Type of Investments	Rating	Fair Value	Less than 1 Year	1-5 Years	5+ Years
Pooled Investments					
Money market	NR	\$ 149,293	\$ 149,293	\$ -	\$ -
US Treasury securities	AA+	6,524,871	250,063	6,274,808	-
Other gov't backed securities	AA+	10,690,953	519,200	9,454,016	717,737
4M	NR	8,526,580	8,526,580	-	-
Municipal Securities	A	1,359,408	246,099	1,113,309	-
Total Investments		\$ 27,251,105	\$ 9,691,235	\$ 16,842,133	\$ 717,737

Interest Rate Risk: This is the risk that fair values of securities in a portfolio would decrease due to changes in market interest rates. The City and EDA 's investment policy states the City and EDA will diversify their investments in a way that allows securities to mature in order to meet cash requirements for ongoing operations. It also includes specific limits on investment maturities as a means of managing its exposure to fair value arising from increasing interest rates. No more than 20% of the total investment portfolio should extend beyond five years and in no circumstance should any extend beyond ten years. The City and EDA 's investment maturities are noted in the table above. The City and EDA is in compliance with its policy.

Credit Risk: This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. *Minnesota Statutes* 118A.04 and 118A.05 limits investments to those that are in the top two ratings issued by nationally recognized statistical rating organizations. The City and EDA 's policy limits investments to some of those referenced in these *Statutes*. City and EDA investment ratings are noted in the previous table.

City of Forest Lake
Notes to Basic Financial Statements

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

Concentration of Credit Risk: This is the risk of loss attributed to the magnitude of an investment in a single issuer. Investments should be diversified to avoid incurring unreasonable risks inherent in over investing in specific instruments, individual financial institutions, or maturities. The City and EDA's investment policy states their investment portfolio will reflect diversity by class of maturity and issuer. The policy lists specific limits that are imposed for investments of a specific class, such as at any one time, no more than 90% of the total portfolio shall consist of certificates of deposit, no more than 30% of the total portfolio shall consist of local government securities, and maximum holding for any one issuer of collateralized certificates of deposit will be 5% of the total portfolio. As of December 31, 2024, the City's investments in the Federal Home Loan Mortgage Corporation (20%) and the Federal National Mortgage Association (9%) securities exceeded 5% of the total portfolio. The City and EDA are in compliance with its investment policy.

Custodial Credit Risk - Investments: This is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of their investments or collateral securities that are in the possession of an outside party. The City and EDA 's policy states that investments held in safekeeping by a broker/dealer must have asset protection of \$500,000 through the Securities Investor Protection Corporation (SIPC) and at least another \$2,000,000 supplemental insurance protection. Some City and EDA securities held by the City's broker-dealer are not registered to the City and EDA but are held in an insured account. The account is insured up to \$500,000 SIPC insurance and the broker-dealer provides an additional aggregate insurance policy for all of its customers as a group, not individually. It is unknown what portion of this policy is applicable to the City and EDA's portfolio.

The City and EDA had the following investments subject to recurring fair value measurements as of December 31, 2024:

<u>Type of Investments</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money market	\$ 149,293	\$ 149,293	\$ -	\$ -
Municipal Securities	1,359,408	-	1,359,408	-
US Treasury securities	6,524,871	-	6,524,871	-
Other gov't backed securities	10,690,953	-	10,690,953	-
	<u>\$ 18,724,525</u>	<u>\$ 149,293</u>	<u>\$ 18,575,232</u>	<u>\$ -</u>
Investments at amortized cost	<u>\$ 8,526,580</u>			
Total investments	<u><u>\$ 27,251,105</u></u>			

**City of Forest Lake
Notes to Basic Financial Statements**

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

C. Deposits and Investments Summary

The following is a summary of total deposits and investments:

Deposits (Note 3.A.)	\$ 2,075,790
Petty cash	500
Investments (Note 3.B.)	<u>27,251,105</u>
 Total deposits and investments	 <u><u>\$ 29,327,395</u></u>

Deposits and investments are presented on the Statement of Net Position as follows:

Primary Government	
Cash and investments	\$ 29,008,734
EDA Component Unit	
Cash and investments	<u>318,661</u>
 Total cash and investments	 <u><u>\$ 29,327,395</u></u>

NOTE 4 - NOTE AND LEASES RECEIVABLE

As of December 31, 2024, the City had a note receivable in the amount of \$859,161 including accrued interest due from Lighthouse Lofts, LLC related to the sale of the former City Hall site. This amount will be paid to the City through tax increment collections commencing August 1, 2034. The note bears interest until paid at 3.0% per annum. If, as of the termination date of the TIF District, the City has received tax increments totaling less than \$700,000 plus accrued interest, the City will forgive the remaining principal amount.

The City owns and operates the Forest Lake Airport and has leases receivable in the Airport Fund related to hanger space. These leases are generally leased to tenants for 25 years with payments due annually. In addition, the City leases airport land for agricultural purposes. The lease receivable totaled \$295,408 as of December 31, 2024, related to these leases. Total inflows related to these leases amounted to \$29,634 for the year ended December 31, 2024.

The City entered into leases for antenna space. These leases had an initial 5-year contract with periodic automatic extensions between 20-25 years. The lease receivable totaled \$810,424 as of December 31, 2024, related to these leases. Total inflows related to these leases amounted to \$93,989 for the year ended December 31, 2024.

The City entered into a lease agreement for the rental of boat slips through October 31, 2024. The lease receivable totaled \$36,308 as of December 31, 2024. Total inflows related to this lease amounted to \$8,129 for the year ended December 31, 2024.

City of Forest Lake
Notes to Basic Financial Statements

NOTE 4 - NOTE AND LEASES RECEIVABLE (CONTINUED)

The City entered into a lease agreement for the rental of its south building through September 30, 2028. The lease receivable totaled \$168,886 as of December 31, 2024. Total inflows related to this lease amounted to \$46,029 for the year ended December 31, 2024.

NOTE 5 - CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 9,850,619	\$ -	\$ 1,200	\$ 9,849,419
Construction in progress	528,122	4,133,000	1,684,292	2,976,830
Total capital assets not being depreciated	<u>10,378,741</u>	<u>4,133,000</u>	<u>1,685,492</u>	<u>12,826,249</u>
Capital assets being depreciated				
Infrastructure	138,149,042	2,069,622	-	140,218,664
Buildings and improvements	18,238,399	-	-	18,238,399
Machinery and equipment	15,003,690	3,058,593	257,825	17,804,458
Total capital assets being depreciated	<u>171,391,131</u>	<u>5,128,215</u>	<u>257,825</u>	<u>176,261,521</u>
Less accumulated depreciation for				
Infrastructure	(108,704,224)	(3,114,174)	-	(111,818,398)
Buildings and improvements	(4,933,233)	(448,984)	-	(5,382,217)
Machinery and equipment	(11,014,173)	(1,305,005)	(250,111)	(12,069,067)
Total accumulated depreciation	<u>(124,651,630)</u>	<u>(4,868,163)</u>	<u>(250,111)</u>	<u>(129,269,682)</u>
Total capital assets being depreciated, net	<u>46,739,501</u>	<u>260,052</u>	<u>7,714</u>	<u>46,991,839</u>
Governmental activities capital assets, net	<u>\$ 57,118,242</u>	<u>\$ 4,393,052</u>	<u>\$ 1,693,206</u>	<u>\$ 59,818,088</u>

City of Forest Lake
Notes to Basic Financial Statements

NOTE 5 - CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets not being depreciated				
Land	\$ 114,573	\$ -	\$ -	\$ 114,573
Construction in progress	14,438,125	1,192,579	15,170,436	460,268
Total capital assets not being depreciated	<u>14,552,698</u>	<u>1,192,579</u>	<u>15,170,436</u>	<u>574,841</u>
Capital assets being depreciated				
Infrastructure	40,879,920	10,732,534	-	51,612,454
Buildings and improvements	14,465	-	-	14,465
Machinery and equipment	10,074,230	4,706,497	-	14,780,727
Total capital assets being depreciated	<u>50,968,615</u>	<u>15,439,031</u>	<u>-</u>	<u>66,407,646</u>
Less accumulated depreciation for				
Infrastructure	(15,923,595)	(961,086)	-	(16,884,681)
Buildings and improvements	(10,492)	(442)	-	(10,934)
Machinery and equipment	(4,994,635)	(545,753)	-	(5,540,388)
Total accumulated depreciation	<u>(20,928,722)</u>	<u>(1,507,281)</u>	<u>-</u>	<u>(22,436,003)</u>
Total capital assets being depreciated, net	<u>30,039,893</u>	<u>13,931,750</u>	<u>-</u>	<u>43,971,643</u>
Business-type activities capital assets, net	<u>\$ 44,592,591</u>	<u>\$ 15,124,329</u>	<u>\$ 15,170,436</u>	<u>\$ 44,546,484</u>

**City of Forest Lake
Notes to Basic Financial Statements**

NOTE 5 - CAPITAL ASSETS (CONTINUED)

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

Governmental activities	
General government	\$ 515,911
Public safety	536,231
Public works	3,310,034
Airport	248,609
Culture and recreation	<u>257,378</u>
Total depreciation expense - governmental activities	<u>\$ 4,868,163</u>
Business-type activities	
Water	\$ 757,032
Sewer	<u>750,249</u>
Total depreciation expense - business-type activities	<u>\$ 1,507,281</u>

NOTE 6 - INTERFUND ACTIVITY

A. Advance to/from Other Funds

Fund	Advance to Other Funds	Advance from Other Funds
General Fund	\$ 275,000	\$ -
Capital Improvements	35,000	-
Water	227,726	-
Sewer	227,726	-
Nonmajor governmental funds	<u>-</u>	<u>765,452</u>
Total	<u>\$ 765,452</u>	<u>\$ 765,452</u>

The amounts advanced to nonmajor governmental funds from the Water and Sewer Funds represent interfund loans to temporarily fund projects. The amounts advanced from the Capital Improvements Fund and General Fund to the nonmajor governmental funds are to temporarily fund TIF District costs.

**City of Forest Lake
Notes to Basic Financial Statements**

NOTE 6 - INTERFUND ACTIVITY (CONTINUED)

B. Transfers

	Transfers In Capital Improvements
Transfers Out	
Nonmajor governmental funds	\$ 48,124
Water	25,000
Sewer	25,000
Total	\$ 98,124

Transfers were made to close the TIF No. 83 Teamvantage Fund and for budgeted capital improvement project contributions.

NOTE 7 - LONG-TERM DEBT

A. General Obligation Bonds

The City issues General Obligation (G.O.) bonds to provide funds for economic development and for the acquisition and construction of major capital facilities including infrastructure. G.O. bonds have been issued for both general government and proprietary activities. Bonds issued to provide funds for proprietary activities are reported in proprietary funds if they are expected to be repaid from proprietary revenues.

G.O. bonds are direct obligations and pledge the full faith and credit of the City.

In October 2024, the City issued \$2,205,000 General Obligation Equipment Certificate Bond, Series 2024A. The Maturity date for the 2024A bond is February 1, 2035.

City of Forest Lake
Notes to Basic Financial Statements

NOTE 7 - LONG-TERM DEBT (CONTINUED)

B. Components of Long-Term Liabilities

	Issued Date	Interest Rate	Original Issue	Final Maturity	Principal Outstanding
Long-term liabilities					
Governmental activities					
2014A G.O. Tax Abatement Bonds	10/30/14	2.1%-3.5%	\$ 8,895,000	02/01/35	\$ 5,525,000
2019A G.O. Bonds	12/12/19	3.0%-5.0%	19,225,000	02/01/35	14,280,000
2024A G.O. Bonds	08/15/24	4.0%-5.0%	2,205,000	02/01/35	2,205,000
Premium on bonds payable					2,249,664
Compensated absences					765,411
Total governmental activities					<u>25,025,075</u>
Business-type activities					
2016A G.O. Wastewater Revenue Bonds	12/21/16	2.00%-2.75%	4,315,000	02/01/32	2,470,000
2019A G.O. Bonds	12/12/19	3.00%-5.00%	11,485,000	02/01/35	9,160,000
Premium on bonds payable					1,216,723
Compensated absences					135,370
Total business-type activities					<u>12,982,093</u>
Total all long-term liabilities					<u>\$ 38,007,168</u>

Long-term bonded indebtedness listed above were issued to finance acquisition and construction of capital facilities or to refinance (refund) previous bond issues. The General Fund has historically been used to liquidate governmental activity compensated absences listed above. The remaining governmental outstanding bonds payable will be paid from various corresponding debt service funds. The Water Fund and Sewer Fund liquidate their respective business-type activity long-term debt.

C. Minimum Debt Payments

Annual debt service requirements to maturity for G.O. Bonds are as follows:

Year Ended December 31,	Governmental Activities			Business-Type Activities		
	G.O. Bonds			G.O. Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 1,555,000	\$ 840,474	\$ 2,395,474	\$ 940,000	\$ 421,145	\$ 1,361,145
2026	1,755,000	773,250	2,528,250	975,000	381,822	1,356,822
2027	1,885,000	692,988	2,577,988	1,020,000	340,500	1,360,500
2028	1,965,000	607,200	2,572,200	1,060,000	296,969	1,356,969
2029	2,050,000	516,962	2,566,962	1,105,000	250,912	1,355,912
2030-2034	11,640,000	1,229,444	12,869,444	5,525,000	585,244	6,110,244
2035	1,160,000	20,225	1,180,225	1,005,000	15,075	1,020,075
Total	<u>\$ 22,010,000</u>	<u>\$ 4,680,543</u>	<u>\$ 26,690,543</u>	<u>\$ 11,630,000</u>	<u>\$ 2,291,667</u>	<u>\$ 13,921,667</u>

**City of Forest Lake
Notes to Basic Financial Statements**

NOTE 7 - LONG-TERM DEBT (CONTINUED)

D. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2024, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
G.O. bonds payable	\$ 21,305,000	\$ 2,205,000	\$ 1,500,000	\$ 22,010,000	\$ 1,555,000
Premium on bonds payable	2,306,518	164,574	221,428	2,249,664	-
Total G.O bonds payable	<u>23,611,518</u>	<u>2,369,574</u>	<u>1,721,428</u>	<u>24,259,664</u>	<u>1,555,000</u>
Compensated absences activities	<u>722,627</u>	<u>42,784</u>	<u>-</u>	<u>765,411</u>	<u>322,634</u>
	<u>24,334,145</u>	<u>2,412,358</u>	<u>1,721,428</u>	<u>25,025,075</u>	<u>1,877,634</u>
Business-type activities					
G.O. bonds payable	12,760,000	-	1,130,000	11,630,000	940,000
Premium on bonds payable	1,347,508	-	130,785	1,216,723	-
Total bonds payable	<u>14,107,508</u>	<u>-</u>	<u>1,260,785</u>	<u>12,846,723</u>	<u>940,000</u>
Compensated absences	<u>121,260</u>	<u>14,110</u>	<u>-</u>	<u>135,370</u>	<u>45,970</u>
Total business-type activities	<u>14,228,768</u>	<u>14,110</u>	<u>1,260,785</u>	<u>12,982,093</u>	<u>985,970</u>
Total long-term liabilities	<u>\$ 38,562,913</u>	<u>\$ 2,426,468</u>	<u>\$ 2,982,213</u>	<u>\$ 38,007,168</u>	<u>\$ 2,863,604</u>

The General Fund typically liquidates the liability related to compensated absences.

NOTE 8 - CONDUIT DEBT OBLIGATIONS

Conduit debt obligations are certain limited-obligation revenue bonds or similar debt instruments issued for the express purpose of providing capital financing for a specific third party. The City has issued various revenue bonds to provide funding to private-sector entities for projects deemed to be in the public interest. Although these bonds bear the name of the City, the City has no obligation for such debt. Accordingly, the bonds are not reported as liabilities in the financial statements of the City.

City of Forest Lake
Notes to Basic Financial Statements

NOTE 8 - CONDUIT DEBT OBLIGATIONS (CONTINUED)

As of December 31, 2024, the City's conduit debt consisted of the following:

Forest Lake Athletic Association	
Recreational Facility Revenue Note, Series 2008A	\$ 2,784,165
Lakes International Language Academy Project	
Charter School Lease Revenue Bonds, Series 2014A	14,675,000
YMCA	
Recreational Facility Revenue Note, Series 2015	2,120,000
Lakes International Language Academy Project	
Charter School Lease Revenue Bonds, Series 2019A and 2019B	20,870,000
North Lakes Academy Project	
Charter School Lease Revenue and Refunding Bonds, Series 2021A and 2021B	<u>29,090,000</u>
Total conduit debt obligations	<u><u>\$ 69,539,165</u></u>

**City of Forest Lake
Notes to Basic Financial Statements**

NOTE 9 - FUND BALANCES/NET POSITION

A. Fund Balance Classifications

Fund balances are classified as shown below to reflect the limitations and restrictions of the respective funds.

	General Fund	Capital Improvements	Capital Equipment Replacement	Nonmajor Governmental Funds	Total
Nonspendable					
Inventory	\$ -	\$ -	\$ -	\$ 35,817	\$ 35,817
Prepaid items	445,577	-	-	2,213	447,790
Total nonspendable	445,577	-	-	38,030	483,607
Restricted					
Recycling	31,464	-	-	-	31,464
Equipment	-	-	453,067	-	453,067
Tax increment	-	-	-	60,654	60,654
Affordable housing aid	-	-	-	122,162	122,162
Park improvements	-	-	-	1,225,961	1,225,961
Public safety	-	-	-	529,783	529,783
Debt service	-	-	-	2,595,637	2,595,637
Total restricted	31,464	-	453,067	4,534,197	5,018,728
Committed					
Safety camp	5,753	-	-	-	5,753
Capital	-	1,128,619	1,292,419	-	2,421,038
Bixby Dog Park	-	-	-	695	695
Veterans Memorial	-	-	-	80,925	80,925
Lake improvements	-	-	-	71,302	71,302
Surface water management	-	-	-	1,527,037	1,527,037
Airport	-	-	-	91,672	91,672
Building maintenance	-	-	-	51,511	51,511
Total committed	5,753	1,128,619	1,292,419	1,823,142	4,249,933
Unassigned	7,222,523	-	-	(779,707)	6,442,816
Total fund balance	\$ 7,705,317	\$ 1,128,619	\$ 1,745,486	\$ 5,615,662	\$ 16,195,084

B. Net Position

Restricted net position is comprised of the total restricted fund balance in the governmental funds plus the effects of the conversion to the government-wide net position.

NOTE 10 - RISK MANAGEMENT

The City purchases commercial insurance coverage with other cities in the state through the League of Minnesota Cities Insurance Trust (LMCIT), which is a public entity risk pool currently operating as a common risk management and insurance program. The City pays an annual premium to LMCIT for its insurance coverage. LMCIT is self-sustaining through commercial companies for excess claims. The City is covered through the pool for any claims incurred but unreported, however, retains risk for the deductible portion of its insurance policies. The amount of these deductibles is considered immaterial to the financial statements.

City of Forest Lake
Notes to Basic Financial Statements

NOTE 10 - RISK MANAGEMENT (CONTINUED)

There were no significant reductions in insurance from the previous year or settlements in excess of insurance coverage for any of the past three years.

The City's workers' compensation insurance policy is retrospectively rated. With this type of policy, final premiums are determined after loss experience is known. The amount of premium adjustment for 2024 is estimated to be immaterial based on workers' compensation rates and salaries for the year.

At December 31, 2024, there were no other claims liabilities reported based on the requirements of GASB Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

NOTE 11 - PENSION PLANS

The City participates in various pension plans. Total pension expense for the year ended December 31, 2024, was \$391,641. The components of pension expense are noted in the following plan summaries for the General Employees Retirement Plan, the Public Employees Police and Fire Plan, the Defined Contribution Plan, and the Volunteer Firefighter's Relief Association Plan.

The General Fund and Water and Sewer Funds typically liquidate the liability related to the pensions.

Public Employees' Retirement Association

A. Plan Description

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

General Employees Retirement Plan

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

Public Employees Police and Fire Plan

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

City of Forest Lake
Notes to Basic Financial Statements

NOTE 11 - PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

B. Benefits Provided

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

General Employees Plan Benefits

General Employees Plan requires three years of service to vest. Benefits are based on a member's highest average salary for any 5 successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for General Plan members. Members hired prior to July 1, 1989, receive the higher of Step or Level formulas. Only the Level formula is used for members hired after June 30, 1989. Under the Step formula, General Plan members receive 1.2% of the highest average salary for each of the first 10 years of service and 1.7% for each additional year. Under the Level formula, General Plan members receive 1.7% of the highest average salary for all years of service. For members hired prior to July 1, 1989, a full retirement benefit is available when age plus years of service equal 90 and normal retirement age is 65. Members can receive a reduced requirement benefit as early as age 55 if they have three or more years of service. Early retirement benefits are reduced by .25% for each month under age 65. Members with 30 or more years of service can retire at any age with a reduction of .25% for each month the member is younger than age 62. The Level formula allows General Plan members to receive a full retirement benefit at age 65 if they were first hired before July 1, 1989 or a age 66 if they were hired on or after July 1, 1989. Early retirement begins at age 55 with an actuarial reduction applied to the benefit.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. The 2024 annual increase was 1.5%. 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 reduced prorated increase.

Police and Fire Plan Benefits

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

**City of Forest Lake
Notes to Basic Financial Statements**

NOTE 11 - PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

B. Benefits Provided (Continued)

Police and Fire Plan Benefits (Continued)

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

C. Contributions

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

General Employees Fund Contributions

General Plan members were required to contribute 6.5% of their annual covered salary in fiscal year 2024, and the City was required to contribute 7.5% for General Plan members. The City's contributions to the General Employees Fund for the year ended December 31, 2024, were \$225,633. The City's contributions were equal to the required contributions as set by state statute.

Police and Fire Fund Contributions

Police and Fire Plan members were required to contribute 11.8% of their annual covered salary in fiscal year 2024 and the City was required to contribute 17.7% for Police and Fire Plan members. The City's contributions to the Police and Fire Fund for the year ended December 31, 2024, were \$579,938. The City's contributions were equal to the required contributions as set by state statute.

D. Pension Costs

General Employees Fund Pension Costs

At December 31, 2024, the City reported a liability of \$1,406,943 for its proportionate share of the General Employees Fund's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the State's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$36,381.

City's proportionate share of the net pension liability	\$	1,406,943
State of Minnesota's proportionate share of the net pension liability associated with the City		36,381
Total	\$	1,443,324

**City of Forest Lake
Notes to Basic Financial Statements**

NOTE 11 - PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

General Employees Fund Pension Costs (Continued)

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2023, through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0381% at the end of the measurement period and 0.0418% at the beginning of the period.

For the year ended December 31, 2024, the City recognized pension expense of \$164,001 for its proportionate share of General Employees Plan's pension expense. Included in this amount, the City recognized \$975 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

During the plan year ended June 30, 2024, the State of Minnesota contributed \$170.1 million to the General Employees Fund. The State of Minnesota is not included as a non-employer contributing entity in the General Employees Plan pension allocation schedule 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 \$64,735 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 on-behalf contributions to the General Employees Fund.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual economic experience	\$ 135,889	\$ -
Changes in actuarial assumptions	6,967	570,749
Net difference between projected and actual investment earnings	-	404,753
Changes in proportion	142,734	156,975
Contributions paid to PERA subsequent to the measurement date	112,816	-
	<u> </u>	<u> </u>
Total	<u>\$ 398,406</u>	<u>\$ 1,132,477</u>

**City of Forest Lake
Notes to Basic Financial Statements**

NOTE 11 - PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

General Employees Fund Pension Costs (Continued)

The \$112,816 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Pension Expense Amount
2025	\$ (426,280)
2026	(83,527)
2027	(229,247)
2028	(107,833)
Total	\$ (846,887)

Police and Fire Fund Pension Costs

As of December 31, 2024, the City reported a liability of \$2,998,372 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2023 through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.2279% at the end of the measurement period and 0.2311% at the beginning of the period.

**City of Forest Lake
Notes to Basic Financial Statements**

NOTE 11 - PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

D. Pension Costs (CONTINUED)

Police and Fire Fund Pension Costs (Continued)

The State of Minnesota contributed \$37.4 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2024. The contribution consisted of \$9 million in direct state aid that meets the definition of a special funding situation, additional one-time direct state aid contribution of \$19.4 million, and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. Additionally, \$9 million supplemental state aid was paid on October 1, 2024. Thereafter, by October 1 of each year, the State will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90% funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90% funded, whichever occurs later. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$114,297.

City's proportionate share of the net pension liability	\$ 2,998,372
State of Minnesota's proportionate share of the net pension liability associated with the City	<u>114,297</u>
Total	<u><u>\$ 3,112,669</u></u>

For the year ended December 31, 2024, the City recognized pension expense of \$577,533 for its proportionate share of the Police and Fire Plan's pension expense. Included in this amount, the City recognized \$11,099 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$9 million to the Police and Fire Fund.

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$28.4 million in supplemental state aid because this contribution was not considered to meet the definition of a special funding situation. The City also recognized \$64,726 for the year ended December 31, 2024, as revenue and an offsetting reduction of the net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund.

**City of Forest Lake
Notes to Basic Financial Statements**

NOTE 11 - PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

Police and Fire Fund Pension Costs (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 1,172,490	\$ -
Changes in actuarial assumptions	3,263,823	4,476,933
Net difference between projected and actual investment earnings	-	925,114
Changes in proportion	90,017	99,206
Contributions paid to PERA subsequent to the measurement date	289,969	-
Total	\$ 4,816,299	\$ 5,501,253

The \$289,969 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Pension Expense Amount
2025	\$ (142,638)
2026	728,196
2027	(442,728)
2028	(1,177,656)
2029	59,903
Total	\$ (974,923)

**City of Forest Lake
Notes to Basic Financial Statements**

NOTE 11 - PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

E. Long-Term Expected Return on Investment

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

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

F. Actuarial Methods and Assumptions

The total pension liability in the June 30, 2024, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 7.0%. 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 return investment return rates considered reasonable by the actuary. An investment return of 7.0% is within that range.

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

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

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

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

**City of Forest Lake
Notes to Basic Financial Statements**

NOTE 11 - PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

F. Actuarial Methods and Assumptions (Continued)

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

General Employees Fund

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

Police and Fire Fund

Changes in Actuarial Assumptions

- 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% funded status for three consecutive years (on an actuarial value of assets basis) or 2) July 1, 2048. The contribution was previously due to expire after attaining a 90% funded status for one year.
- The additional \$9.0 million contribution will continue until the Police 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 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from Plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net positions of the General Employees and Police and Fire Plans were projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**City of Forest Lake
Notes to Basic Financial Statements**

NOTE 11 - PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

H. Pension Liability Sensitivity

The following presents the City's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease in Discount Rate <u>(6.0%)</u>	Current Discount Rate <u>(7.0%)</u>	1% Increase in Discount Rate <u>(8.0%)</u>
City's proportionate share of the General Employees Fund net pension liability	<u>\$ 3,072,992</u>	<u>\$ 1,406,943</u>	<u>\$ 36,467</u>
	1% Decrease in Discount Rate <u>(6.0%)</u>	Current Discount Rate <u>(7.0%)</u>	1% Increase in Discount Rate <u>(8.0%)</u>
City's proportionate share of the Police and Fire Fund net pension liability	<u>\$ 7,085,737</u>	<u>\$ 2,998,372</u>	<u>\$ (358,211)</u>

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.

Public Employees Defined Contribution Plan (Defined Contribution Plan)

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

**City of Forest Lake
Notes to Basic Financial Statements**

NOTE 11 - PENSION PLANS (CONTINUED)

Public Employees Defined Contribution Plan (Defined Contribution Plan) (Continued)

The defined contribution plan consists of individual accounts paying a lump-sum benefit. Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses; therefore, there is no future liability to the City. Minnesota Statutes Chapter 353D and 356 specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5% of salary which is matched by the elected official's employer. For ambulance service personnel, employer contributions are determined by the employer, and for salaried employees must be a fixed percentage of salary. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2% of employer contributions and twenty-five hundredths of 1% (.25%) of the assets in each member's account annually.

Pension expense for the year is equal to the contributions made by the City. Total contributions during fiscal year 2024 were \$550, which amounted to 5% of covered payroll as required.

Defined Benefit Pension Plan - Volunteer Firefighter's Relief Association

A. Plan Description

The City of Forest Lake's Fire Department Relief Association is the administrator of a single employer defined benefit pension plan established to provide benefits for members of the City of Forest Lake Fire Department.

The Association issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Forest Lake Fire Relief Association, 1408 Lake Street South, Forest Lake, MN 55025.

B. Benefits Provided

Volunteer firefighters of the City are members of the Forest Lake Fire Department Relief Association. Full retirement benefits are payable to members who have reached age 50 and have completed 20 years of service. The lump sum pension is based on completed months of service. The current lump sum pension measured in the actuarial study is based on \$6,100 (effective November 28, 2023) per year of service plus a supplemental benefit of 10% of the regular lump sum distribution, but not more than \$1,000. Partial benefits are payable to members who have reached 50 and have completed ten years of service (five years for those hired prior to January 1, 2007). Disability benefits and widow and children's survivor benefits are also payable to members, or their beneficiaries based upon requirements set forth in the bylaws. These benefit provisions and all other requirements are consistent with enabling state statutes.

**City of Forest Lake
Notes to Basic Financial Statements**

NOTE 11 - PENSION PLANS (CONTINUED)

Defined Benefit Pension Plan - Volunteer Firefighter's Relief Association (Continued)

C. Members Covered by Benefit Terms

As of the December 31, 2022, actuarial valuation date, the following members were covered by the benefit terms:

Inactive members entitled to but not yet receiving benefits	4
Active members	28
	28
 Total	 32

D. Contributions

Minnesota Statutes Chapter 424A.092 specifies minimum support rates required on an annual basis. The minimum support rates from the municipality and from State aid are determined as the amount required to meet the normal cost plus amortizing any existing prior service costs over a ten-year period. The City's obligation is the financial requirement for the year less State aids received. Any additional payments by the City shall be used to amortize the unfunded liability of the relief association. The Association is comprised of volunteers; therefore, there are no payroll expenditures (i.e., there are no covered payroll percentage calculations). During the year ended December 31, 2024, the City recognized as revenue and as an expenditure an on behalf payment of \$235,116 made by the State of Minnesota for the Relief Association. The City also contributed \$18,500 to the Relief Association during the year ended December 31, 2024.

E. Net Pension Liability

The City's net pension liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022.

The total pension liability in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 %
Investment rate of return	6.00 %, net of pensions plan investment expense: including inflation
Mortality	Various Pub-2010 Public Safety Employee mortality tables with projected mortality improvements based on scale MP-2021

**City of Forest Lake
Notes to Basic Financial Statements**

NOTE 11 - PENSION PLANS (CONTINUED)

Defined Benefit Pension Plan - Volunteer Firefighter's Relief Association (Continued)

E. Net Pension Liability (Continued)

The long-term return on assets has been set based on the plan's target investment allocation along with long-term return expectations by asset class. When there is sufficient historical evidence of market outperformance, historical average returns may be considered. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of the measurement date are summarized below.

Asset Class	Target Allocation	Long-Term Expected Nominal Rate of Return
Domestic equity	60 %	6.60 %
International equity	10	7.14
Fixed income	15	3.55
Real estate and alternatives	10	6.04
Cash and equivalents	5	2.05
	<hr/>	<hr/>
Total	<u>100 %</u>	6.49
Investment expense		<hr/> (0.50) <hr/>
Net assumed investment return		<hr/> <u>6.00 %</u> <hr/>

The discount rate used to measure the total pension liability was 6.0%. Assets were projected using expected benefit payments and expected asset returns. Expected benefit payments by year were discounted using the expected asset return assumption for years in which the assets were sufficient to pay all benefit payments. Any remaining benefit payments after the trust fund is exhausted are discounted at the municipal bond rate. The equivalent single rate is the discount rate.

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

Changes in Actuarial Assumptions

- No changes.

Changes in Plan Provisions

- The lump sum benefit amount increased from \$5,900 to \$6,100.

City of Forest Lake
Notes to Basic Financial Statements

NOTE 11 - PENSION PLANS (CONTINUED)

Defined Benefit Pension Plan - Volunteer Firefighter's Relief Association (Continued)

F. Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2022, measurement date	\$ 1,132,769	\$ 3,137,525	\$ (2,004,756)
Changes for the year			
Service cost	70,774	-	70,774
Interest cost	71,410	-	71,410
Difference between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Changes of benefit terms	37,745	-	37,745
State and municipal contributions	-	224,688	(224,688)
Member contributions	-	580	(580)
Net investment income	-	491,847	(491,847)
Benefit payments	(26,760)	(26,760)	-
Administrative expense	-	(10,750)	10,750
Net changes	153,169	679,605	(526,436)
Balances at December 31, 2023, measurement date	\$ 1,285,938	\$ 3,817,130	\$ (2,531,192)

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the City, calculated using the discount rate of 6.0%, as well as what the City's net pension 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 rate:

	1% Decrease in Discount Rate 5.0%	Current Discount Rate 6.0%	1% Increase in Discount Rate 7.0%
Net pension asset	\$ 2,488,688	\$ 2,531,192	\$ 2,572,092

**City of Forest Lake
Notes to Basic Financial Statements**

NOTE 11 - PENSION PLANS (CONTINUED)

Defined Benefit Pension Plan - Volunteer Firefighter's Relief Association (Continued)

F. Changes in the Net Pension Liability (Continued)

Detailed information about the pension plan's fiduciary net position is available in the separately issued relief association financial report.

G. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2024, the City recognized pension expense of \$205,766. As of 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 liability	\$ -	\$ 88,998
Differences between projected and actual investment earnings	19,617	-
Changes in assumptions	24,279	3,759
Contributions paid to Association subsequent to the measurement date	253,616	-
Total	\$ 297,512	\$ 92,757

The \$253,616 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Pension Expense Total
2025	\$ (26,156)
2026	5,877
2027	67,566
2028	(68,132)
2029	(5,862)
Thereafter	(22,154)
Total	\$ (48,861)

**City of Forest Lake
Notes to Basic Financial Statements**

NOTE 12 - POST EMPLOYMENT HEALTH CARE PLAN

A. Plan Description

The City's defined benefit OPEB plan provides a single-employer defined benefit health care plan to eligible retirees. The plan offers medical coverage. No assets are acclimated in a trust. A separate report is not issued for this plan.

B. Benefits Provided

Retirees and their spouses can participate in the health care plan at the same premium rate as City employees. Retirees and their spouses are responsible for 100% of these rates. This results in the retirees receiving an implicit rate subsidy.

C. Contributions

Retirees and their spouses contribute to the health care plan at the same rate as City employees. This results in the retirees receiving an implicit rate subsidy. Contribution requirements are established by the City, based on the contract terms with HealthPartners. The required contributions are based on projected pay-as-you-go financing requirements. For 2024, the City contributed \$45,996 to the plan.

D. Members

As of the December 31, 2023, valuation date, the following were covered by the benefit terms:

Active employees electing coverage	61
Active employees waiving coverage	-
Retirees electing coverage	4
Total	65

E. Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of December 31, 2023, using the following actuarial assumptions.

Key Methods and Assumptions Used in Valuation of Total OPEB Liability

Discount rate	3.77%
Inflation	2.50%
Healthcare cost trend increases	6.9% for 2024, gradually decreasing over several decades to an ultimate rate of 3.9% in 2075 and later years
Mortality assumption - general employees	Pub-2010 General mortality tables with projected mortality improvements based on scale MP-2021, and other adjustments
Mortality assumption - police and fire employees	Pub-2010 Public Safety mortality tables with projected mortality improvements based on scale MP-2021, and other adjustments

**City of Forest Lake
Notes to Basic Financial Statements**

NOTE 12 - POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

E. Actuarial Assumptions (Continued)

Changes in Actuarial Assumptions

- The discount rate was changed from 4.05% to 3.77% based on updated 20-year municipal bond rates.
- Healthcare trend rates were reset to reflect updated cost increase expectations.
- Medical per capita claims costs were updated to reflect recent experience.
- The percent of Non-Local No. 49 future retirees not eligible for an explicit subsidy assumed to elect coverage at retirement changed from 65% to 45% to reflect recent plan experience.
- The percent of future retirees not eligible for an explicit subsidy assumed to elect spouse coverage at retirement changed from 30% to 15% to reflect recent plan experience.
- The percent of future non-Medicare eligible retirees electing each medical plan changed to reflect recent plan experience and new planning offerings.

F. Total OPEB Liability

The City's total OPEB liability was measured as of December 31, 2023, and was determined by an actuarial valuation as of December 31, 2023.

Changes in the total OPEB liability are as follows:

	<u>Total OPEB Liability</u>
Balances at December 31, 2022, measurement date	<u>\$ 2,297,939</u>
Changes for the year	
Service cost	148,733
Interest	97,736
Differences between expected and actual economic experience	(16,981)
Changes of assumptions	6,394
Employer contributions	<u>(66,852)</u>
Net changes	<u>169,030</u>
Balances at December 31, 2023, measurement date	<u><u>\$ 2,466,969</u></u>

The General Fund and Water and Sewer funds typically liquidate the Liability related to OPEB.

**City of Forest Lake
Notes to Basic Financial Statements**

NOTE 12 - POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

G. OPEB Liability Sensitivity

The following presents the City's total OPEB liability calculated using the discount rate of 4.05% as well as the liability measured using 1% lower and 1% higher than the current discount rate.

Total OPEB Liability		
1% Decrease in Discount Rate (2.77%)	Current Discount Rate (3.77%)	1% Increase in Discount Rate (4.77%)
\$ 2,684,607	\$ 2,466,969	\$ 2,262,450

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% lower and 1% higher than the current healthcare cost trend rates.

Total OPEB Liability		
1% Decrease in Trend Rate (5.9% decreasing to 2.9%)	Current Trend Rate (6.9% decreasing to 3.9%)	1% Increase in Trend Rate (7.9% decreasing to 4.9%)
\$ 2,166,254	\$ 2,466,969	\$ 2,817,749

H. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2024, the City recognized OPEB expense of \$68,247. As of December 31, 2024, 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
Difference between expected and actual liability	\$ 6,646	\$ 575,745
Changes of assumptions	154,057	574,522
Contributions made subsequent to the measurement date	45,996	-
Total	\$ 206,699	\$ 1,150,267

**City of Forest Lake
Notes to Basic Financial Statements**

NOTE 12 - POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

**H. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to OPEB (Continued)**

The \$45,996 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended December 31, 2025. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31,	Total
2025	\$ (178,222)
2026	(178,222)
2027	(192,622)
2028	(167,726)
2029	(113,296)
Thereafter	(159,476)
Total	\$ (989,564)

NOTE 13 - CONTRACT COMMITMENTS

The City had \$325,321 in contract commitments as of December 31, 2024, related to the Beltz Park reconstruction, taxiway A3 and taxi line extension, and CSAH 33 projects.

NOTE 14 - TAX INCREMENT FINANCING

The City has entered into Tax Increment Financing agreements which meet the criteria for disclosure under Governmental Accounting Standards Board Statement No. 77 Tax Abatement Disclosures. The City's authority to enter into these agreements comes from *Minnesota Statute 469*. The City entered into these agreements for the purpose of economic development.

Under each agreement, the City and developer agree on an amount of development costs to be reimbursed to the developer by the City through tax revenues from the additional taxable value of the property generated by the development (tax increment). A "pay-as-you-go" note is established for this amount, on which the City makes payments for a fixed period of time with available tax increment revenue after deducting for certain administrative costs.

During the year ended December 31, 2024, the City generated \$466,944 in tax increment revenue and made \$421,676 in payments to developers.

**City of Forest Lake
Notes to Basic Financial Statements**

NOTE 15 - ACCOUNTING CHANGE

The Capital Equipment Replacement Fund was a nonmajor governmental fund for the year-ended December 31, 2023, but qualified as a major fund for the December 31, 2024 financial statements.

	Reporting Units Affected by Adjustments to and Restatements of Beginning Balances	
	Funds	
	Capital Equipment Replacement	Nonmajor Governmental
Fund balance - beginning of year	\$ -	\$ 6,098,809
Change from nonmajor to major	516,509	(516,509)
Fund balance - beginning of year, as restated	\$ 516,509	\$ 5,582,300

NOTE 16 - SUBSEQUENT EVENT

On May 12, 2025, the City Council awarded the sale of the \$4,145,000 G.O. Street Reconstruction Plan Bonds, Series 2025A to finance the reconstruction of a portion of the North Shore Trail. The planned closing date is June 5, 2025.

NOTE 17 - NEW STANDARDS ISSUED BUT NOT YET IMPLEMENTED

GASB Statement No. 102, *Certain Risk Disclosures*. The disclosures required by this Statement will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. This Statement will be effective for the year ending December 31, 2025.

GASB Statement No. 103, *Financial Reporting Model Improvements*. The changes required by this Statement provide clarity, enhance the relevance of information, provide more useful information for decision-making, and provide for greater comparability amongst government entities. This Statement will be effective for the year ending December 31, 2026.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*. The disclosures required by this Statement provide users of the financial statements with essential information about certain types of capital assets. This Statement will be effective for the year ending December 31, 2026.

**REQUIRED SUPPLEMENTARY INFORMATION
OTHER THAN MANAGEMENT'S DISCUSSION AND ANALYSIS**

City of Forest Lake
Schedule of Changes in Total OPEB Liability
and Related Ratios

	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021
Total OPEB Liability				
Service cost	\$ 162,214	\$ 188,348	\$ 177,471	\$ 158,477
Interest	113,068	107,988	115,602	73,032
Differenced between expected and actual experience	-	-	(485,114)	(3,529)
Changes of assumptions	152,990	(289,465)	(149,671)	198,052
Changes of benefit terms	-	-	-	-
Benefit payments	(154,471)	(164,676)	(120,364)	(78,730)
Net change in total OPEB liability	<u>273,801</u>	<u>(157,805)</u>	<u>(462,076)</u>	<u>347,302</u>
Beginning of year	<u>2,882,673</u>	<u>3,156,474</u>	<u>2,998,669</u>	<u>2,536,593</u>
End of Year	<u>\$ 3,156,474</u>	<u>\$ 2,998,669</u>	<u>\$ 2,536,593</u>	<u>\$ 2,883,895</u>
Covered-employee payroll	\$ 4,626,210	\$ 4,842,009	\$ 5,197,573	\$ 5,745,810
Total OPEB liability as a percentage of covered-employee payroll	68.23%	61.93%	48.80%	50.19%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

December 31, 2022	December 31, 2023	December 31, 2024
\$ 186,471	\$ 210,578	\$ 148,733
60,938	50,593	97,736
(495,708)	8,668	(16,981)
(57,146)	(479,353)	6,394
39,178	-	-
(46,966)	(63,209)	(66,852)
(313,233)	(272,723)	169,030
2,883,895	2,570,662	2,297,939
\$ 2,570,662	\$ 2,297,939	\$ 2,466,969
\$ 5,741,070	\$ 5,730,776	\$ 6,515,460
44.78%	40.10%	37.86%

City of Forest Lake
Schedule of City's Proportionate Share
of Net Pension Liability
General Employees Retirement Fund
Last Ten Years

Fiscal Year Ended June 30,	City's Proportionate Share (Percentage) of the Net Pension Liability (Asset)	City's Proportionate Share (Amount) of the Net Pension Liability (Asset)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with the City	City's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with the City	City's Covered- Employee Payroll	City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered- Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.0347%	\$ 1,798,334	\$ -	\$ 1,798,334	\$ 2,040,339	88.14%	78.19%
2016	0.0314%	2,549,524	33,287	2,582,811	1,949,960	130.75%	68.91%
2017	0.0293%	1,870,493	23,532	1,894,025	1,888,560	99.04%	75.90%
2018	0.0298%	1,653,182	54,267	1,707,449	2,001,640	82.59%	79.53%
2019	0.0296%	1,636,518	50,831	1,687,349	2,094,493	78.13%	80.23%
2020	0.0339%	2,032,460	62,592	2,095,052	2,414,027	84.19%	79.06%
2021	0.0371%	1,584,336	48,341	1,632,677	2,670,960	59.32%	87.00%
2022	0.0386%	3,057,133	89,555	3,146,688	2,890,560	105.76%	76.67%
2023	0.0418%	2,337,409	64,356	2,401,765	3,320,893	70.38%	83.10%
2024	0.0381%	1,406,943	36,381	1,443,324	3,220,973	43.68%	89.08%

Schedule of City's Proportionate Share
of Net Pension Liability
Public Employees Police and Fire Retirement Fund
Last Ten Years

Fiscal Year Ended June 30,	City's Proportionate Share (Percentage) of the Net Pension Liability (Asset)	City's Proportionate Share (Amount) of the Net Pension Liability (Asset)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with the City	City's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with the City	City's Covered- Employee Payroll	City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered- Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.2520%	\$ 2,863,310	\$ -	\$ 2,863,310	\$ 2,306,102	124.16%	86.61%
2016	0.2440%	9,770,185	-	9,770,185	2,354,062	415.04%	63.88%
2017	0.2230%	2,990,695	-	2,990,695	2,287,438	130.74%	85.43%
2018	0.2265%	2,393,872	-	2,393,872	2,387,352	100.27%	88.84%
2019	0.2295%	2,412,277	-	2,412,277	2,420,640	99.65%	89.26%
2020	0.2287%	2,993,928	71,020	3,064,948	2,581,258	115.99%	87.19%
2021	0.2169%	1,654,717	75,252	1,729,969	2,563,017	64.56%	93.66%
2022	0.2297%	9,995,637	436,602	10,432,239	2,789,938	358.27%	70.53%
2023	0.2311%	3,990,797	160,746	4,151,543	3,034,887	131.50%	86.47%
2024	0.2279%	2,998,372	114,297	3,112,669	3,155,927	95.01%	90.17%

**City of Forest Lake
Schedule of City Contributions
General Employees Retirement Fund
Last Ten Years**

Year Ending December 31,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	City's Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2015	\$ 151,554	\$ 151,554	\$ -	\$ 2,020,720	7.50%
2016	140,504	140,504	-	1,873,387	7.50%
2017	147,699	147,699	-	1,969,320	7.50%
2018	152,007	152,007	-	2,026,760	7.50%
2019	167,582	167,582	-	2,234,427	7.50%
2020	197,726	197,726	-	2,636,347	7.50%
2021	198,935	198,935	-	2,652,467	7.50%
2022	207,314	207,314	-	2,764,187	7.50%
2023	229,980	229,980	-	3,066,400	7.50%
2024	225,633	225,633	-	3,008,440	7.50%

**Schedule of City Contributions
Public Employees Police and Fire Retirement Fund
Last Ten Years**

Year Ending December 31,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	City's Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2015	\$ 380,747	\$ 380,747	\$ -	\$ 2,350,290	16.20%
2016	371,639	371,639	-	2,294,068	16.20%
2017	377,106	377,106	-	2,327,815	16.20%
2018	385,159	385,159	-	2,377,525	16.20%
2019	429,989	429,989	-	2,536,808	16.95%
2020	472,343	472,343	-	2,668,605	17.70%
2021	479,118	479,118	-	2,706,881	17.70%
2022	512,920	512,920	-	2,897,853	17.70%
2023	569,158	569,158	-	3,215,582	17.70%
2024	579,938	579,938	-	3,276,486	17.70%

City of Forest Lake
Schedule of Changes in Net Pension Liability
and Related Ratios - Forest Lake Fire Department Relief Association

	Measurement Date			
	2014	2015	2016	2017
Total Pension Liability (TPL)				
Service cost	\$ 58,473	\$ 60,081	\$ 72,882	\$ 58,606
Interest costs	85,447	87,680	106,581	91,659
Changes of assumptions	-	138,729	-	-
Changes of benefit terms	-	-	-	-
Differenced between expected and actual experience	-	-	(77,657)	-
Benefit payments	(142,192)	(82,696)	(68,652)	(532,758)
Net change in total pension liability	<u>1,728</u>	<u>203,794</u>	<u>33,154</u>	<u>(382,493)</u>
Beginning of year	<u>1,278,508</u>	<u>1,280,236</u>	<u>1,484,030</u>	<u>1,517,184</u>
End of Year	<u>\$ 1,280,236</u>	<u>\$ 1,484,030</u>	<u>\$ 1,517,184</u>	<u>\$ 1,134,691</u>
Plan Fiduciary Net Pension (FNP)				
State and municipal contributions	\$ 145,743	\$ 152,203	\$ 154,922	\$ 159,531
Donations and other income contributions	-	-	-	-
Member contributions	-	740	1,300	900
Net investment income	127,032	(30,658)	153,854	324,177
Benefit payments	(142,192)	(82,696)	(68,652)	(532,758)
Administrative expense	(8,058)	(9,162)	(9,531)	(9,036)
Net change in plan fiduciary net position	<u>122,525</u>	<u>30,427</u>	<u>231,893</u>	<u>(57,186)</u>
Beginning of year	<u>2,086,142</u>	<u>2,208,667</u>	<u>2,239,094</u>	<u>2,470,987</u>
End of year	<u>\$ 2,208,667</u>	<u>\$ 2,239,094</u>	<u>\$ 2,470,987</u>	<u>\$ 2,413,801</u>
Net Pension Liability (NPL)	<u>\$ (928,431)</u>	<u>\$ (755,064)</u>	<u>\$ (953,803)</u>	<u>\$ (1,279,110)</u>
FNP as a percentage of the TPL	172.52%	150.88%	162.87%	212.73%

		Measurement Date									
		2018	2019	2020	2021	2022	2023				
\$	60,218	\$	52,577	\$	59,436	\$	74,161	\$	78,560	\$	70,774
	76,387		69,253		79,472		70,547		68,132		71,410
	21,081		-		26,126		-		(4,667)		-
	-		98,861		40,684		45,956		33,218		37,745
	(52,520)		-		(5,423)		-		(75,364)		-
	(207,320)		(39,353)		(101,320)		(422,466)		(48,158)		(26,760)
	(102,154)		181,338		98,975		(231,802)		51,721		153,169
	1,134,691		1,032,537		1,213,875		1,312,850		1,081,048		1,132,769
\$	1,032,537	\$	1,213,875	\$	1,312,850	\$	1,081,048	\$	1,132,769	\$	1,285,938
\$	162,745	\$	167,070	\$	175,885	\$	184,035	\$	198,492	\$	224,688
	289		-		-		-		-		-
	680		650		900		590		640		580
	(143,161)		524,069		319,263		491,526		(475,835)		491,847
	(207,320)		(39,353)		(101,320)		(422,466)		(48,158)		(26,760)
	(8,764)		(15,534)		(8,697)		(17,935)		(14,567)		(10,750)
	(195,531)		636,902		386,031		235,750		(339,428)		679,605
	2,413,801		2,218,270		2,855,172		3,241,203		3,476,953		3,137,525
\$	2,218,270	\$	2,855,172	\$	3,241,203	\$	3,476,953	\$	3,137,525	\$	3,817,130
\$	(1,185,733)	\$	(1,641,297)	\$	(1,928,353)	\$	(2,395,905)	\$	(2,004,756)	\$	(2,531,192)
	214.84%		235.21%		246.88%		321.63%		276.98%		296.84%

**City of Forest Lake
Schedule of City Contributions -
Forest Lake Fire Department Relief Association**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
City				
Statutorily determined contribution (SDC)	\$ -	\$ -	\$ -	\$ -
Actual contribution	<u>18,500</u>	<u>18,500</u>	<u>18,500</u>	<u>18,500</u>
Contribution deficiency (excess)	<u>\$ (18,500)</u>	<u>\$ (18,500)</u>	<u>\$ (18,500)</u>	<u>\$ (18,500)</u>
State Pass Through				
2% Aid	<u>\$ 134,703</u>	<u>\$ 135,422</u>	<u>\$ 138,031</u>	<u>\$ 146,245</u>

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
\$ - <u>18,500</u>	\$ - <u>18,500</u>	\$ - <u>18,500</u>	\$ - <u>18,500</u>	\$ - <u>18,500</u>	\$ - <u>18,500</u>
<u>\$ (18,500)</u>	<u>\$ (18,500)</u>	<u>\$ (18,500)</u>	<u>\$ (18,500)</u>	<u>\$ (18,500)</u>	<u>\$ (18,500)</u>
<u>\$ 149,570</u>	<u>\$ 158,385</u>	<u>\$ 162,535</u>	<u>\$ 181,992</u>	<u>\$ 206,188</u>	<u>\$ 235,116</u>

**City of Forest Lake
Notes to Required Supplementary Information**

General Employees Fund

2024 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2023 Changes

Changes in Actuarial Assumptions

- The investment return assumption and single discount rate were changed from 6.5% to 7.0%.

Changes in Plan Provisions

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

2022 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2021 Changes

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.5% to 6.5% for financial reporting purposes.
- The mortality improvement scale was changed from scale MP-2019 to scale MP-2020.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2020 Changes

Changes in Actuarial Assumptions

- The price inflation assumption was decreased from 2.5% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.0%.

**City of Forest Lake
Notes to Required Supplementary Information**

General Employees Fund (Continued)

2020 Changes (Continued)

Changes in Actuarial Assumptions (Continued)

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

Changes in Plan Provisions

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

2019 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2018 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00% to 3.00%, beginning July 1, 2018.

City of Forest Lake
Notes to Required Supplementary Information

General Employees Fund (Continued)

2018 Changes (Continued)

Changes in Plan Provisions (Continued)

- Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Annual increases were changed from 1.00% per year with a provision to increase to 2.50% upon attainment of 90.00% funding ratio to 50.00% of the Social Security Cost of Living Adjustment, not less than 1.00% and not more than 1.50%, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age. This does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 Changes

Changes in Actuarial Assumptions

- The CSA loads were changed from 0.8% for active members and 60% for vested and non-vested deferred members. The revised CSA loads are now 0.0% for active member liability, 15% for vested deferred member liability and 3% for non-vested deferred member liability.
- The assumed annual increase rate was changed from 1.0% per year for all years to 1.0% per year through 2044 and 2.5% per year thereafter.

Changes in Plan Provisions

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

2016 Changes

Changes in Actuarial Assumptions

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2035 and 2.5% per year thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate was changed from 7.9% to 7.5%.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, the inflation was decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015 Changes

Changes in Actuarial Assumptions

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2030 and 2.5% per year thereafter to 1.0% per year through 2035 and 2.5% per year thereafter.

City of Forest Lake
Notes to Required Supplementary Information

General Employees Fund (Continued)

2015 Changes (Continued)

Changes in Plan Provisions

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised; the State's contribution of \$6.0 million, which meets the special funding situation definition, was due September 2015.

City of Forest Lake
Notes to Required Supplementary Information

Police and Fire Fund

2024 Changes

Changes in Plan Provisions

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

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2022 Changes

Changes in Actuarial Assumptions

- The mortality improvement scale was changed from scale MP-2020 to scale MP-2021.
- The single discount rate was changed from 6.5% to 5.4%.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2021 Changes

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.5% to 6.5% for financial reporting purposes.
- The inflation assumption was changed from 2.5% to 2.25%.
- The payroll growth assumption was changed from 3.25% to 3.0%.
- 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.

City of Forest Lake
Notes to Required Supplementary Information

Police and Fire Fund (Continued)

2021 Changes (Continued)

Changes in Actuarial Assumptions (Continued)

- 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 resulted 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 resulted in more assumed terminations.
- Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates resulted in more projected disabilities.
- Assumed percent married for active female members was changed from 60% to 70%. Minor changes to form of payment assumptions were applied.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2020 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2019 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2018 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- Annual increases were changed to 1.00% for all years, with no trigger.
- An end date of July 1, 2048, was added to the existing \$9.0 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% funding, or July 1, 2048, if earlier.
- Member contributions were changed from 10.80% to 11.30% of pay, effective January 1, 2019, and 11.80% of pay, effective January 1, 2020.
- Employer contributions were changed from 16.20% to 16.95% of pay, effective January 1, 2019, and 17.70% of pay, effective January 1, 2020.
- Interest credited on member contributions decreased from 4.00% to 3.00%, beginning July 1, 2018.

City of Forest Lake
Notes to Required Supplementary Information

Police and Fire Fund (Continued)

2018 Changes (Continued)

Changes in Plan Provisions (Continued)

- Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 Changes

Changes in Actuarial Assumptions

- Assumed salary increases were changed as recommended in the June 30, 2016, experience study. The net effect is proposed rates that average 0.34% lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The CSA load was 30% for vested and non-vested deferred members. The CSA has been changed to 33% for vested members and 2% for non-vested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3% for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65% to 60%.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing Joint and Survivor annuities was increased.
- The assumed annual increase rate was changed from 1% for all years to 1% per year through 2064 and 2.5% thereafter.
- The single discount rate was changed from 5.6% per annum to 7.5% per annum.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2016 Changes

Changes in Actuarial Assumptions

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2037 and 2.5% thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate changed from 7.9% to 5.6%.
- The single discount rate changed from 7.90% to 5.60%.
- The assumed future salary increases, payroll growth, and inflation was decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

City of Forest Lake
Notes to Required Supplementary Information

Police and Fire Fund (Continued)

2015 Changes

Changes in Actuarial Assumptions

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2030 and 2.5% per year thereafter to 1.0% per year through 2037 and 2.5% per year thereafter.

Changes in Plan Provisions

- The post-retirement benefit increase to be paid after attainment of the 90% funding threshold was changed, from inflation up to 2.5%, to a fixed rate of 2.5%.

City of Forest Lake
Notes to Required Supplementary Information

Fire Department Relief Association

2024 Changes

Changes in Actuarial Assumptions

- None

Changes in Plan Provisions

- The lump sum benefit amount increased from \$5,900 to \$6,100.

2023 Changes

Changes in Actuarial Assumptions

- 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.
- The inflation assumption increased from 2.25% to 2.5%.

Changes in Plan Provisions

- The lump sum benefit amount increased from \$5,700 to \$5,900.

2022 Changes

Changes in Actuarial Assumptions

- None

Changes in Plan Provisions

- The lump sum multiplier was changed from \$5,500 to \$5,700 as approved by the City on November 30, 2021.

2021 Changes

Changes in Actuarial Assumptions

- The expected investment return and discount rate decreased from 6.50% to 6.00% to reflect updated capital market assumptions.
- The mortality assumptions were updated from the rates used in the July 8, 2019, 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.
- The inflation assumption decreased from 2.50% to 2.25%.

2020 Changes

Changes in Actuarial Assumptions

- None

Changes in Plan Provisions

- The annual benefit rate increased from \$4,800 to \$5,300.

2019 Changes

Changes in Actuarial Assumptions

- The assumed investment return was changed from 7.0% to 6.5%. The discount rate was changed from 7.0% to 6.5%.
- The inflation assumption decreased from 2.75% to 2.5%.
- 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 Police and Fire Plan actuarial valuation.

**City of Forest Lake
Notes to Required Supplementary Information**

Fire Department Relief Association (Continued)

2018 Changes

None

2017 Changes

None

2016 Changes

Changes in Actuarial Assumptions

- The assumed investment return was changed from 6.75% to 7.0%. The discount rate was changed from 6.75% to 7.0%.

City of Forest Lake
Notes to Required Supplementary Information

Post Employment Health Care Plan

No assets have been accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the OPEB plan.

2024 Changes

Changes in Actuarial Assumptions

- The discount rate was changed from 4.05% to 3.77% based on updated 20-year municipal bond rates.
- Healthcare trend rates were reset to reflect updated cost increase expectations.
- Medical per capita claims costs were updated to reflect recent experience.
- The percent of Non-Local No. 49 future retirees not eligible for an explicit subsidy assumed to elect coverage at retirement changed from 65% to 45% to reflect recent plan experience.
- The percent of future retirees not eligible for an explicit subsidy assumed to elect spouse coverage at retirement changed from 30% to 15% to reflect recent plan experience.
- The percent of future non-Medicare eligible retirees electing each medical plan changed to reflect recent plan experience and new planning offerings.

2023 Changes

Changes in Actuarial Assumptions

- The discount rate was changed from 1.84% to 4.05% based on updated 20-year municipal bond rates.

2022 Changes

Changes in Actuarial Assumptions

- The discount rate was changed from 2.00% to 1.84% based on updated 20-year municipal bond rates.
- Healthcare trend rates were reset to reflect updated cost increase expectations.
- Medical per capital claims costs were updated to reflect recent experience and an adjustment to reflect age/gender based risk scores published by the Society of Actuaries.
- Withdrawal, retirement, mortality, disability, and salary increases were updated from the rates used in the July 1, 2022, PERA General Employees Plan and PERA Police and Fire Plan valuations from the rates used in the July 1, 2019, valuations.
- The percentage of future non-Medicare eligible, non-Local No. 49 retirees electing each medical plan changed to reflect recent plan experience and new plan offerings.

2021 Changes

Changes in Actuarial Assumptions

- The discount rate was changed from 2.75% to 2.00% based on updated 20-year municipal bond rates.

2020 Changes

Changes in Actuarial Assumptions

- The discount rate was changed from 3.71% to 2.75% based on updated 20-year municipal bond rates.
- Healthcare trend rates were reset to reflect updated cost increase expectations, including the repeal of the Affordable Care Act's Excise Tax on high-cost health insurance plans.
- Medical per capita claims costs were updated to reflect recent experience and new plan offerings.

**City of Forest Lake
Notes to Required Supplementary Information**

Post Employment Health Care Plan (Continued)

2020 Changes (Continued)

Changes in Actuarial Assumptions (Continued)

- Mortality and salary increase rates were updated.
- The percent of future non-Medicare eligible, non-Local No. 49 retirees electing each medical plan changed to reflect recent plan experience and new plan offerings.

2019 Changes

Changes in Actuarial Assumptions

- Changes of assumptions and other inputs reflect a change in the discount rate from 3.31% in 2017 to 3.71% in 2018.

2018 Changes

Changes in Actuarial Assumptions

- Changes of assumptions and other inputs reflect a change in the discount rate from 3.81% in 2016 to 3.31% in 2017.

(THIS PAGE LEFT BLANK INTENTIONALLY)

SUPPLEMENTARY INFORMATION

**City of Forest Lake
Combining Balance Sheet -
Nonmajor Governmental Funds
December 31, 2024**

	Special Revenue			
	TIF No. 84 Cherrywood Pointe (215)	TIF No. 86 Centennial Office Park (216)	TIF Former City Hall Site (217)	Park Dedication (203)
Assets				
Cash and investments	\$ 143,005	\$ 10,488	\$ 215,546	\$ 1,369,171
Special assessments receivable				
Deferred and delinquent	-	-	-	-
Accounts receivable	-	-	-	-
Interest receivable	-	-	-	4,482
Due from other governments	-	-	-	-
Leases receivable	-	-	-	36,308
Inventory	-	-	-	-
Prepaid items	-	-	-	-
	<u>\$ 143,005</u>	<u>\$ 10,488</u>	<u>\$ 215,546</u>	<u>\$ 1,409,961</u>
Liabilities				
Accounts payable	\$ 82,351	\$ 6,523	\$ 121,456	\$ 5,506
Contracts payable	-	-	-	-
Interest payable	-	11,005	34,251	-
Due to other governments	-	-	-	-
Advances from other funds	-	35,000	275,000	-
Salaries and benefits payable	-	-	-	-
Total liabilities	<u>82,351</u>	<u>52,528</u>	<u>430,707</u>	<u>5,506</u>
Deferred Inflows of Resources				
Unavailable revenue - special assessments	-	-	-	-
Deferred inflows of resources related to leases receivable	-	-	-	25,572
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,572</u>
Fund Balances				
Nonspendable	-	-	-	-
Restricted	60,654	-	-	1,225,961
Committed	-	-	-	152,922
Unassigned	-	(42,040)	(215,161)	-
Total fund balances	<u>60,654</u>	<u>(42,040)</u>	<u>(215,161)</u>	<u>1,378,883</u>
	<u>\$ 143,005</u>	<u>\$ 10,488</u>	<u>\$ 215,546</u>	<u>\$ 1,409,961</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 143,005</u>	<u>\$ 10,488</u>	<u>\$ 215,546</u>	<u>\$ 1,409,961</u>

Special Revenue				Debt Service	
Local Affordable Housing Aid (204)	Surface Water Management Fund (205)	Drug Forfeiture (207)	Airport (250)	Headwaters Industrial Park (251)	2019A Refunding Bonds (323)
\$ 121,770	\$ 1,396,305	\$ 52,482	\$ 35,119	\$ -	\$ 1,609,111
-	43,065	-	-	-	-
-	132,415	-	-	-	-
392	4,960	169	113	-	5,175
-	-	-	121,343	-	-
-	-	-	295,408	-	-
-	-	-	35,817	-	-
-	-	-	2,213	-	-
<u>\$ 122,162</u>	<u>\$ 1,576,745</u>	<u>\$ 52,651</u>	<u>\$ 490,013</u>	<u>\$ -</u>	<u>\$ 1,614,286</u>
\$ -	\$ 2,801	\$ -	\$ 52,893	\$ -	\$ 158
-	-	-	29,224	-	-
-	-	-	-	67,054	-
-	716	-	180	-	-
-	-	-	-	455,452	-
-	3,464	-	711	-	-
-	6,981	-	83,008	522,506	158
-	42,727	-	-	-	-
-	-	-	277,303	-	-
-	42,727	-	277,303	-	-
-	-	-	38,030	-	-
122,162	-	52,651	-	-	1,614,128
-	1,527,037	-	91,672	-	-
-	-	-	-	(522,506)	-
<u>122,162</u>	<u>1,527,037</u>	<u>52,651</u>	<u>129,702</u>	<u>(522,506)</u>	<u>1,614,128</u>
<u>\$ 122,162</u>	<u>\$ 1,576,745</u>	<u>\$ 52,651</u>	<u>\$ 490,013</u>	<u>\$ -</u>	<u>\$ 1,614,286</u>

**City of Forest Lake
Combining Balance Sheet -
Nonmajor Governmental Funds
December 31, 2024**

	Debt Service			Capital Projects
	YMCA Debt Service (325)	Street Projects Bond (326)	2024 Equipment Certificate (327)	Building Maintenance Fund (402)
Assets				
Cash and investments	\$ 583,635	\$ 287,059	\$ 107,826	\$ 51,346
Special assessments receivable				
Deferred and delinquent	-	-	-	-
Accounts receivable	-	-	-	-
Interest receivable	1,877	923	347	165
Due from other governments	-	-	-	-
Leases receivable	-	-	-	-
Inventory	-	-	-	-
Prepaid items	-	-	-	-
Total assets	\$ 585,512	\$ 287,982	\$ 108,173	\$ 51,511
Liabilities				
Accounts payable	\$ -	\$ 158	\$ -	\$ -
Contracts payable	-	-	-	-
Interest payable	-	-	-	-
Due to other governments	-	-	-	-
Advances from other funds	-	-	-	-
Salaries and benefits payable	-	-	-	-
Total liabilities	-	158	-	-
Deferred Inflows of Resources				
Unavailable revenue - special assessments	-	-	-	-
Deferred inflows of resources related to leases receivable	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund Balances				
Nonspendable	-	-	-	-
Restricted	585,512	287,824	108,173	-
Committed	-	-	-	51,511
Unassigned	-	-	-	-
Total fund balances	585,512	287,824	108,173	51,511
Total liabilities, deferred inflows of resources, and fund balances	\$ 585,512	\$ 287,982	\$ 108,173	\$ 51,511

<u>Capital Projects</u>	
<u>Public Safety Aid (403)</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 477,132	\$ 6,459,995
-	43,065
-	132,415
-	18,603
-	121,343
-	331,716
-	35,817
-	2,213
<u>\$ 477,132</u>	<u>\$ 7,145,167</u>
\$ -	\$ 271,846
-	29,224
-	112,310
-	896
-	765,452
-	4,175
-	1,183,903
-	42,727
-	302,875
-	345,602
-	38,030
477,132	4,534,197
-	1,823,142
-	(779,707)
<u>477,132</u>	<u>5,615,662</u>
<u>\$ 477,132</u>	<u>\$ 7,145,167</u>

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

	Special Revenue			
	TIF No. 83 Teamvantage (214)	TIF No. 84 Cherrywood Pointe (215)	TIF No. 86 Centennial Office Park (216)	TIF Former City Hall Site (217)
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Tax increments	-	183,002	14,040	269,902
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous				
Investment income	-	-	-	-
Contributions and donations	-	-	-	-
Other	-	-	-	-
Total revenues	<u>-</u>	<u>183,002</u>	<u>14,040</u>	<u>269,902</u>
Expenditures				
Current				
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Economic development	-	170,566	13,187	243,362
Airport	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and other charges	-	-	1,400	14,726
Capital outlay				
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Airport	-	-	-	-
Total expenditures	<u>-</u>	<u>170,566</u>	<u>14,587</u>	<u>258,088</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>12,436</u>	<u>(547)</u>	<u>11,814</u>
Other Financing Sources				
Proceeds from sale of capital asset	-	-	-	-
Transfers out	(23,124)	-	-	-
Total other financing sources (uses)	<u>(23,124)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(23,124)	12,436	(547)	11,814
Fund Balances				
Beginning of year, as previously stated	23,124	48,218	(41,493)	(226,975)
Accounting change (see Note 15)	-	-	-	-
Beginning of year	<u>23,124</u>	<u>48,218</u>	<u>(41,493)</u>	<u>(226,975)</u>
End of year	<u>\$ -</u>	<u>\$ 60,654</u>	<u>\$ (42,040)</u>	<u>\$ (215,161)</u>

Special Revenue

Park Dedication (203)	Local Affordable Housing Aid (204)	Surface Water Management Fund (205)	Drug Forfeiture (207)	Airport (250)	Headwaters Industrial Park (251)
\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	118,579	-	-	687,859	-
353,129	-	819,476	-	96,005	-
-	-	-	147	-	-
46,477	3,583	42,610	1,415	4,947	-
19,670	-	-	-	-	-
-	-	20,768	39,365	479	-
<u>519,276</u>	<u>122,162</u>	<u>882,854</u>	<u>40,927</u>	<u>789,290</u>	<u>-</u>
-	-	-	39,364	-	-
-	-	469,293	-	-	-
18,224	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	110,329	-
-	-	-	-	-	-
-	-	-	-	-	1,138
-	-	-	-	-	-
-	-	70,109	-	-	-
669,706	-	-	-	-	-
-	-	-	-	795,026	-
<u>687,930</u>	<u>-</u>	<u>539,402</u>	<u>39,364</u>	<u>905,355</u>	<u>1,138</u>
<u>(168,654)</u>	<u>122,162</u>	<u>343,452</u>	<u>1,563</u>	<u>(116,065)</u>	<u>(1,138)</u>
10,000	-	-	-	-	-
-	-	(25,000)	-	-	-
<u>10,000</u>	<u>-</u>	<u>(25,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
(158,654)	122,162	318,452	1,563	(116,065)	(1,138)
<u>1,537,537</u>	<u>-</u>	<u>1,208,585</u>	<u>51,088</u>	<u>245,767</u>	<u>(521,368)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>1,537,537</u>	<u>-</u>	<u>1,208,585</u>	<u>51,088</u>	<u>245,767</u>	<u>(521,368)</u>
<u>\$ 1,378,883</u>	<u>\$ 122,162</u>	<u>\$ 1,527,037</u>	<u>\$ 52,651</u>	<u>\$ 129,702</u>	<u>\$ (522,506)</u>

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

	Debt Service			
	2019A Refunding Bonds (323)	YMCA Debt Service (325)	Street Projects Bond (326)	2024 Equipment Certificate (327)
Revenues				
Taxes	\$ 1,415,100	\$ 628,530	\$ 344,865	\$ 105,000
Tax increments	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous				
Investment income	43,417	15,807	7,824	3,173
Contributions and donations	-	-	-	-
Other	-	-	-	-
Total revenues	<u>1,458,517</u>	<u>644,337</u>	<u>352,689</u>	<u>108,173</u>
Expenditures				
Current				
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Economic development	-	-	-	-
Airport	-	-	-	-
Debt service				
Principal	880,000	430,000	190,000	-
Interest and other charges	517,417	168,590	121,317	-
Capital outlay				
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Airport	-	-	-	-
Total expenditures	<u>1,397,417</u>	<u>598,590</u>	<u>311,317</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>61,100</u>	<u>45,747</u>	<u>41,372</u>	<u>108,173</u>
Other Financing Sources (Uses)				
Proceeds from sale of capital asset	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	61,100	45,747	41,372	108,173
Fund Balances				
Beginning of year, as previously stated	<u>1,553,028</u>	<u>539,765</u>	<u>246,452</u>	<u>-</u>
Accounting change (see Note 15)	-	-	-	-
Beginning of year	<u>1,553,028</u>	<u>539,765</u>	<u>246,452</u>	<u>-</u>
End of year	<u>\$ 1,614,128</u>	<u>\$ 585,512</u>	<u>\$ 287,824</u>	<u>\$ 108,173</u>

Capital Projects

Capital Equipment Replacement (401)	Building Maintenance Fund (402)	Public Safety Aid (403)	Total Nonmajor Governmental Funds
\$ -	\$ 50,000	\$ -	\$ 2,643,495
-	-	-	466,944
-	-	-	806,438
-	-	-	1,268,610
-	-	-	147
-	1,511	-	170,764
-	-	-	19,670
-	-	-	60,612
-	51,511	-	5,436,680
-	-	19,268	58,632
-	-	-	469,293
-	-	-	18,224
-	-	-	427,115
-	-	-	110,329
-	-	-	1,500,000
-	-	-	824,588
-	-	422,172	422,172
-	-	-	70,109
-	-	-	669,706
-	-	-	795,026
-	-	441,440	5,365,194
-	51,511	(441,440)	71,486
-	-	-	10,000
-	-	-	(48,124)
-	-	-	(38,124)
-	51,511	(441,440)	33,362
516,509	-	918,572	6,098,809
(516,509)	-	-	(516,509)
-	-	918,572	5,582,300
\$ -	\$ 51,511	\$ 477,132	\$ 5,615,662

City of Forest Lake
Detailed Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - General Fund
Year Ended December 31, 2024

	Budgeted Amounts		Variance with Final Budget - Over (Under)
	Original and Final	Actual Amounts	
Revenues			
Taxes	\$ 10,301,674	\$ 10,237,914	\$ (63,760)
Licenses and permits	556,000	645,524	89,524
Intergovernmental revenue			
Local government aid	57,755	57,755	-
Market value credit	8,000	8,625	625
Fire aid	195,000	247,327	52,327
Police aid	255,000	362,953	107,953
Federal grants	10,000	23,721	13,721
Other grants and aids	-	24,881	24,881
Total intergovernmental revenue	<u>525,755</u>	<u>725,262</u>	<u>199,507</u>
Charges for services			
General government	10,150	16,405	6,255
Public safety	653,352	750,162	96,810
Public works	110,787	93,989	(16,798)
Culture and recreation	47,100	34,495	(12,605)
Economic development	25,982	29,317	3,335
Total charges for services	<u>847,371</u>	<u>924,368</u>	<u>76,997</u>
Fines and forfeitures	71,500	88,750	17,250
Miscellaneous			
Investment income	95,000	233,542	138,542
Contributions and donations	11,300	29,369	18,069
Other	76,330	106,548	30,218
Total miscellaneous	<u>182,630</u>	<u>369,459</u>	<u>186,829</u>
Total revenues	<u>12,484,930</u>	<u>12,991,277</u>	<u>506,347</u>
Expenditures			
General government			
Mayor and council	62,379	45,551	(16,828)
Administrative and finance	1,467,599	1,319,014	(148,585)
Other general government	1,040,569	1,078,327	37,758
Total general government	<u>2,570,547</u>	<u>2,442,892</u>	<u>(127,655)</u>

City of Forest Lake
Detailed Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - General Fund
Year Ended December 31, 2024
(Continued)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original and Final			
Expenditures				
Public safety				
Police	\$ 5,209,619		\$ 5,196,487	\$ (13,132)
Fire	1,067,187		1,109,857	42,670
Other	546,072		637,491	91,419
Total public safety	6,822,878		6,943,835	120,957
Public works				
Streets and highways				
Street maintenance	1,166,676		966,623	(200,053)
Street engineering	30,000		30,000	-
Street lighting	162,500		116,970	(45,530)
Total streets and highways	1,359,176		1,113,593	(245,583)
Sanitation				
Garbage and other refuse				
Collection and disposal	15,765		21,199	5,434
Total public works	1,374,941		1,134,792	(240,149)
Culture and recreation				
Parks and recreation	1,083,702		1,007,575	(76,127)
Capital outlay	50,000		-	(50,000)
Total culture and recreation	1,133,702		1,007,575	(126,127)
Economic development	582,862		414,227	(168,635)
Total expenditures	12,484,930		11,943,321	(541,609)
Excess of revenues over (under) expenditures	-		1,047,956	1,047,956
Other Financing Sources				
Insurance recoveries	-		17,939	17,939
Net change in fund balance	\$ -		1,065,895	\$ 1,065,895
Fund Balance				
Beginning of year			6,639,422	
End of year			\$ 7,705,317	

City of Forest Lake
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - Capital Improvements Capital Projects Fund
Year Ended December 31, 2024

	Budgeted Amounts		Variance with Final Budget - Over (Under)
	Original and Final	Actual Amounts	
Revenues			
Taxes	\$ 900,000	\$ 900,000	\$ -
Franchise fees	770,000	815,479	45,479
Special assessments	18,518	22,498	3,980
Intergovernmental	5,340,000	1,717,768	(3,622,232)
Charges for services	-	6,025	6,025
Miscellaneous			
Investment income	26,854	27,722	868
Other	20,000	255,007	235,007
Total revenues	<u>7,075,372</u>	<u>3,744,499</u>	<u>(3,330,873)</u>
Expenditures			
Current			
Public works	-	626,027	626,027
Capital outlay			
Public works	8,020,000	3,118,101	(4,901,899)
Total expenditures	<u>8,020,000</u>	<u>3,744,128</u>	<u>(4,275,872)</u>
Excess of revenues over (under) expenditures	(944,628)	371	944,999
Other Financing Sources			
Transfers in	75,000	98,124	23,124
Net change in fund balance	<u>\$ (869,628)</u>	98,495	<u>\$ 968,123</u>
Fund Balance			
Beginning of year		<u>1,030,124</u>	
End of year		<u>\$ 1,128,619</u>	

City of Forest Lake
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual -
Capital Equipment Replacement Fund
Year Ended December 31, 2024

	Budgeted Amounts		Variance with Final Budget - Over (Under)
	Original and Final	Actual Amounts	
Revenues			
Taxes	\$ 950,000	\$ 950,000	\$ -
Charges for services	27,000	331,568	304,568
Miscellaneous			
Investment income	722	49,309	48,587
Other	217,284	255	(217,029)
Total revenues	<u>1,195,006</u>	<u>1,331,132</u>	<u>136,126</u>
Expenditures			
Current			
General government	-	1,452	1,452
Debt service			
Interest and other charges	-	64,446	64,446
Capital outlay			
General government	-	14,758	14,758
Public safety	1,503,685	1,935,425	431,740
Public works	473,418	632,748	159,330
Culture and recreation	17,000	-	(17,000)
Total expenditures	<u>1,994,103</u>	<u>2,648,829</u>	<u>654,726</u>
Excess of revenues under expenditures	(799,097)	(1,317,697)	(518,600)
Other Financing Sources			
Proceeds from sale of capital asset	193,250	168,475	(24,775)
Bond issuance	2,281,916	2,205,000	(76,916)
Bond premium	-	164,574	164,574
Insurance recoveries	-	8,625	8,625
Total other financing sources (uses)	<u>2,475,166</u>	<u>2,546,674</u>	<u>71,508</u>
Net change in fund balance	<u>\$ 1,676,069</u>	1,228,977	<u>\$ (447,092)</u>
Fund Balance			
Beginning of year		<u>516,509</u>	
End of year		<u>\$ 1,745,486</u>	

City of Forest Lake
Schedule of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual - TIF No. 84 Cherrywood Pointe Special Revenue Fund
Year Ended December 31, 2024

	Budgeted Amounts Original and Final	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Tax increments	\$ 160,316	\$ 183,002	\$ 22,686
Total revenues	160,316	183,002	22,686
Expenditures			
Current			
Economic development	147,284	170,566	23,282
Total expenditures	147,284	170,566	23,282
Net change in fund balance	\$ 13,032	12,436	\$ (596)
Fund Balance			
Beginning of year		48,218	
End of year		\$ 60,654	

City of Forest Lake
Schedule of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual - TIF No. 86 Centennial Office Park Special Revenue Fund
Year Ended December 31, 2024

	Budgeted Amounts <u>Original and Final</u>	<u>Actual Amounts</u>	Variance with Final Budget - Over (Under)
Revenues			
Tax increments	\$ 13,382	\$ 14,040	\$ 658
Total revenues	<u>13,382</u>	<u>14,040</u>	<u>658</u>
Expenditures			
Current			
Economic development	12,044	13,187	1,143
Debt service			
Interest and other charges	-	1,400	1,400
Total expenditures	<u>12,044</u>	<u>14,587</u>	<u>2,543</u>
Net change in fund balance	<u>\$ 1,338</u>	(547)	<u>\$ (1,885)</u>
Fund Balance			
Beginning of year		<u>(41,493)</u>	
End of year		<u>\$ (42,040)</u>	

City of Forest Lake
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual -
TIF Former City Hall Site Special Revenue Fund
Year Ended December 31, 2024

	Budgeted Amounts		Variance with Final Budget - Over
	Original and Final	Actual Amounts	
Revenues			
Tax increments	\$ 244,212	\$ 269,902	\$ 25,690
Total revenues	244,212	269,902	25,690
Expenditures			
Current			
Economic development	220,791	243,362	22,571
Debt service			
Interest and other charges	-	14,726	14,726
Total expenditures	220,791	258,088	37,297
Net change in fund balance	\$ 23,421	11,814	\$ (11,607)
Fund Balance			
Beginning of year		(226,975)	
End of year		\$ (215,161)	

City of Forest Lake
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - Park Dedication Special Revenue Fund
Year Ended December 31, 2024

	Budgeted Amounts		Variance with Final Budget - Over (Under)
	Original and Final	Actual Amounts	
Revenues			
Taxes	\$ 100,000	\$ 100,000	\$ -
Charges for services	33,000	353,129	320,129
Miscellaneous revenues			
Investment income	11,846	46,477	34,631
Contributions and donations	2,000	19,670	17,670
Total revenues	<u>146,846</u>	<u>519,276</u>	<u>372,430</u>
Expenditures			
Current			
Culture and recreation	-	18,224	18,224
Capital outlay			
Culture and recreation	900,000	669,706	(230,294)
Total expenditures	<u>900,000</u>	<u>687,930</u>	<u>(212,070)</u>
Excess (deficiency) of revenues over (under) expenditures	(753,154)	(168,654)	584,500
Other Financing Sources			
Proceeds from sale of capital asset	-	10,000	10,000
Net change in fund balance	<u>\$ (753,154)</u>	<u>(158,654)</u>	<u>\$ 594,500</u>
Fund Balance			
Beginning of year		<u>1,537,537</u>	
End of year		<u>\$ 1,378,883</u>	

City of Forest Lake
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - Surface Water Management Special Revenue Fund
Year Ended December 31, 2024

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Charges for services	\$ 582,915	\$ 819,476	\$ 236,561
Miscellaneous			
Investment income	6,954	42,610	35,656
Other	2,500	20,768	18,268
Total revenues	<u>592,369</u>	<u>882,854</u>	<u>290,485</u>
Expenditures			
Current			
Public works	606,029	469,293	(136,736)
Capital outlay			
Public works	52,500	70,109	17,609
Total expenditures	<u>658,529</u>	<u>539,402</u>	<u>(119,127)</u>
Excess of revenues over (under) expenditures	(66,160)	343,452	409,612
Other Financing Sources			
Proceeds from sale of capital asset	7,500	-	(7,500)
Transfers out	(25,000)	(25,000)	-
Total other financing sources (uses)	<u>(17,500)</u>	<u>(25,000)</u>	<u>(7,500)</u>
Net change in fund balance	<u>\$ (83,660)</u>	318,452	<u>\$ 402,112</u>
Fund Balance			
Beginning of year		<u>1,208,585</u>	
End of year		<u>\$ 1,527,037</u>	

City of Forest Lake
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - Drug Forfeiture Special Revenue Fund
Year Ended December 31, 2024

	Budgeted Amounts Original and Final	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Fines and forfeitures	\$ 20,000	\$ 147	\$ (19,853)
Miscellaneous			
Investment income	-	1,415	1,415
Other	-	39,365	39,365
Total revenues	<u>20,000</u>	<u>40,927</u>	<u>20,927</u>
Expenditures			
Current			
Public safety	25,000	39,364	14,364
Total expenditures	<u>25,000</u>	<u>39,364</u>	<u>14,364</u>
Net change in fund balance	<u>\$ (5,000)</u>	1,563	<u>\$ 6,563</u>
Fund Balance			
Beginning of year		<u>51,088</u>	
End of year		<u>\$ 52,651</u>	

City of Forest Lake
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - Airport Special Revenue Fund
Year Ended December 31, 2024

	Budgeted Amounts Original and Final	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Intergovernmental	\$ 18,526	\$ 687,859	\$ 669,333
Charges for services	120,546	96,005	(24,541)
Miscellaneous			
Investment income	-	4,947	4,947
Other	-	479	479
Total revenues	<u>139,072</u>	<u>789,290</u>	<u>650,218</u>
Expenditures			
Current			
Airport	117,295	110,329	(6,966)
Capital outlay			
Airport	6,000	795,026	789,026
Total expenditures	<u>123,295</u>	<u>905,355</u>	<u>782,060</u>
Net change in fund balance	<u>\$ 15,777</u>	(116,065)	<u>\$ (131,842)</u>
Fund Balance			
Beginning of year		<u>245,767</u>	
End of year		<u>\$ 129,702</u>	

City of Forest Lake
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - 2019A Refunding Bonds Debt Service Fund
Year Ended December 31, 2024

	Budgeted Amounts		Variance with Final Budget - Over (Under)
	Original and Final	Actual Amounts	
Revenues			
Taxes	\$ 1,415,100	\$ 1,415,100	\$ -
Miscellaneous			
Investment income	-	43,417	43,417
Total revenues	1,415,100	1,458,517	43,417
 Expenditures			
Debt service			
Principal	880,000	880,000	-
Interest and other charges	517,100	517,417	317
Total expenditures	1,397,100	1,397,417	317
Net change in fund balance	\$ 18,000	61,100	\$ 43,100
 Fund Balance			
Beginning of year		1,553,028	
End of year		\$ 1,614,128	

City of Forest Lake
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - YMCA Debt Service Fund
Year Ended December 31, 2024

	Budgeted Amounts		Variance with Final Budget - Over
	Original and Final	Actual Amounts	
Revenues			
Taxes	\$ 628,530	\$ 628,530	\$ -
Miscellaneous			
Investment income	-	15,807	15,807
Total revenues	<u>628,530</u>	<u>644,337</u>	<u>15,807</u>
Expenditures			
Debt service			
Principal	430,000	430,000	-
Interest and other charges	168,115	168,590	475
Total expenditures	<u>598,115</u>	<u>598,590</u>	<u>475</u>
Net change in fund balance	<u>\$ 30,415</u>	45,747	<u>\$ 15,332</u>
Fund Balance			
Beginning of year		<u>539,765</u>	
End of year		<u>\$ 585,512</u>	

City of Forest Lake
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - Street Projects Bond Debt Service Fund
Year Ended December 31, 2024

	Budgeted Amounts		Variance with Final Budget - Over (Under)
	Original and Final	Actual Amounts	
Revenues			
Taxes	\$ 344,865	\$ 344,865	\$ -
Miscellaneous			
Investment income	-	7,824	7,824
Total revenues	<u>344,865</u>	<u>352,689</u>	<u>7,824</u>
Expenditures			
Debt service			
Principal	190,000	190,000	-
Interest and other charges	121,000	121,317	317
Total expenditures	<u>311,000</u>	<u>311,317</u>	<u>317</u>
Net change in fund balance	<u>\$ 33,865</u>	41,372	<u>\$ 7,507</u>
Fund Balance			
Beginning of year		<u>246,452</u>	
End of year		<u>\$ 287,824</u>	

City of Forest Lake
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - 2024 Equipment Certificate Debt Service Fund
Year Ended December 31, 2024

	Budgeted Amounts		Variance with Final Budget - Over (Under)
	Original and Final	Actual Amounts	
Revenues			
Taxes	\$ 105,000	\$ 105,000	\$ -
Miscellaneous			
Investment income	-	3,173	3,173
Total revenues	105,000	108,173	3,173
Net change in fund balance	\$ 105,000	108,173	\$ 3,173
Fund Balance			
Beginning of year		-	
End of year		\$ 108,173	

City of Forest Lake
Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual
Building Maintenance Capital Project Fund
Year Ended December 31, 2024

	Budgeted Amounts <u>Original and Final</u>	<u>Actual Amounts</u>	Variance with Final Budget - Over (Under)
Revenues			
Taxes	\$ 50,000	\$ 50,000	\$ -
Miscellaneous			
Investment income	-	1,511	1,511
Total revenues	<u>50,000</u>	<u>51,511</u>	<u>1,511</u>
Expenditures			
Current			
General government	50,000	-	(50,000)
Total expenditures	<u>50,000</u>	<u>-</u>	<u>(50,000)</u>
Net change in fund balance	<u>\$ -</u>	51,511	<u>\$ 51,511</u>
Fund Balance			
Beginning of year		<u>-</u>	
End of year		<u>\$ 51,511</u>	

City of Forest Lake
Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual - Forest Lake
Economic Development Authority Component Unit General Fund
Year Ended December 31, 2024

	Budgeted Amounts <u>Original and Final</u>	Actual <u>Actual Amounts</u>	Variance with Final Budget - Over (Under)
Revenues			
Taxes	\$ 157,460	\$ 157,460	\$ -
Miscellaneous			
Investment income	-	8,925	8,925
Contributions and donations	-	6,982	6,982
Total revenues	<u>157,460</u>	<u>173,367</u>	<u>15,907</u>
Expenditures			
Current			
Economic development	164,147	130,135	(34,012)
Total expenditures	<u>164,147</u>	<u>130,135</u>	<u>(34,012)</u>
Net change in fund balance	<u>\$ (6,687)</u>	43,232	<u>\$ 49,919</u>
Fund Balance			
Beginning of year		<u>263,802</u>	
End of year		<u>\$ 307,034</u>	

STATISTICAL SECTION

(THIS PAGE LEFT BLANK INTENTIONALLY)

City of Forest Lake Statistical Section

This part of the City of Forest Lake's annual comprehensive financial report presents detailed information to assist the reader in understanding the preceding financial statements and reports in the context of the City's overall financial health. The statistical section is designed to complement the comprehensive annual financial report by providing an historical analysis of financial indicators.

CONTENTS

Financial Trend Data

These schedules contain trend information to illustrate how the City of Forest Lake's financial performance has changed over time. They include an analysis of revenues and expenses and changes in net position for governmental activities and business-type activities.

Table 1	Net Position by Component
Table 2	Changes in Net Position
Table 3	Fund Balances of Governmental Funds
Table 4	Changes in Fund Balances of Governmental Funds

Revenue Capacity Data

These schedules contain historical information about the City of Forest Lake's most significant local revenue source, property taxes. Information contained within these schedules includes an illustration of how the City's tax capacity and tax rates have changed over time. Also included is a more comprehensive look at how tax rates of overlapping governments have changed over time.

Table 5	General Governmental Activities Tax Revenue by Source
Table 6	Governmental Activities Tax Revenue by Source
Table 7	Net Tax Capacity and Estimated Market Value of Property
Table 8	Property Tax Rates Direct and Overlapping Governments
Table 9	Principal Property Taxpayers
Table 10	Property Tax Levies and Collections

Debt Capacity Data

These schedules present information designed to help the reader assess the affordability of the City of Forest Lake's current level of outstanding debt and the City's ability to issue additional debt in the future.

Table 11	Ratios of Outstanding Debt by Type
Table 12	Ratios of General Bonded Debt Outstanding
Table 13	Computation of Direct and Overlapping Debt
Table 14	Legal Debt Margin Information
Table 15	Pledged Revenue Coverage

(THIS PAGE LEFT BLANK INTENTIONALLY)

**City of Forest Lake
Statistical Section
(Continued)**

CONTENTS (CONTINUED)

Demographic and Economic Information

These schedules provide demographic and economic indicators to illustrate the overall environment in which the City of Forest Lake's financial activities take place.

- Table 16 Demographic and Economic Statistics
- Table 17 Principal Employers

Operating Indicators

These schedules contain information about City services and capital assets to assist the reader in understanding how the information contained within the City of Forest Lake's annual comprehensive financial report relates to the services the City provides and the activities it performs.

- Table 18 Full-Time City Government Employees by Function
- Table 19 Operating Indicators by Function
- Table 20 Capital Asset Statistics by Function

City of Forest Lake
Net Position by Component
Last Ten Fiscal Years
Unaudited

	Fiscal Year			
	2015	2016	2017	2018
Governmental Activities				
Net investment in capital assets	\$ 43,073,454	\$ 45,602,784	\$ 45,738,474	\$ 43,966,786
Restricted	701,800	493,300	475,062	487,664
Unrestricted	<u>(5,450,368)</u>	<u>(7,051,800)</u>	<u>(5,741,412)</u>	<u>(5,010,337)</u>
Total governmental activities net position	<u>\$ 38,324,886</u>	<u>\$ 39,044,284</u>	<u>\$ 40,472,124</u>	<u>\$ 39,444,113</u>
Business-Type Activities				
Net investment in capital assets	\$ 20,969,470	\$ 20,770,081	\$ 20,584,297	\$ 20,642,110
Unrestricted	<u>6,673,357</u>	<u>7,733,935</u>	<u>8,789,634</u>	<u>9,556,781</u>
Total business-type activities net position	<u>\$ 27,642,827</u>	<u>\$ 28,504,016</u>	<u>\$ 29,373,931</u>	<u>\$ 30,198,891</u>
Primary Government				
Net investment in capital assets	\$ 64,042,924	\$ 66,372,865	\$ 66,322,771	\$ 64,608,896
Restricted	701,800	493,300	475,062	487,664
Unrestricted	<u>1,222,989</u>	<u>682,135</u>	<u>3,048,222</u>	<u>4,546,444</u>
Total primary government net position	<u>\$ 65,967,713</u>	<u>\$ 67,548,300</u>	<u>\$ 69,846,055</u>	<u>\$ 69,643,004</u>

Table 1

Fiscal Year					
2019	2020	2021	2022	2023	2024
\$ 43,627,340	\$ 42,287,488	\$ 41,552,299	\$ 39,775,303	\$ 39,796,337	\$ 41,651,995
1,222,266	2,427,969	2,913,376	5,553,620	6,460,825	6,735,446
(4,319,011)	(5,652,766)	(3,331,343)	(4,112,282)	(2,636,656)	355,375
<u>\$ 40,530,595</u>	<u>\$ 39,062,691</u>	<u>\$ 41,134,332</u>	<u>\$ 41,216,641</u>	<u>\$ 43,620,506</u>	<u>\$ 48,742,816</u>
\$ 20,546,324	\$ 20,718,755	\$ 20,649,070	\$ 23,685,351	\$ 29,598,005	\$ 31,502,592
11,223,049	11,831,033	14,113,736	13,857,080	12,447,822	13,339,515
<u>\$ 31,769,373</u>	<u>\$ 32,549,788</u>	<u>\$ 34,762,806</u>	<u>\$ 37,542,431</u>	<u>\$ 42,045,827</u>	<u>\$ 44,842,107</u>
\$ 64,173,664	\$ 63,006,243	\$ 62,201,369	\$ 63,460,654	\$ 69,394,342	\$ 73,154,587
1,222,266	2,427,969	2,913,376	5,553,620	6,460,825	6,735,446
6,904,038	6,178,267	10,782,393	9,744,798	9,811,166	13,694,890
<u>\$ 72,299,968</u>	<u>\$ 71,612,479</u>	<u>\$ 75,897,138</u>	<u>\$ 78,759,072</u>	<u>\$ 85,666,333</u>	<u>\$ 93,584,923</u>

**City of Forest Lake
Changes in Net Position
Last Ten Fiscal Years
Unaudited**

	Fiscal Year			
	2015	2016	2017	2018
Expenses				
Governmental activities				
General government	\$ 1,983,033	\$ 2,147,880	\$ 2,156,638	\$ 2,022,683
Public safety	5,338,228	6,342,219	5,447,153	5,202,111
Public works	6,515,860	5,944,268	5,853,014	6,298,346
Culture and recreation	573,149	628,689	749,946	717,086
Economic development	293,358	375,090	697,093	487,600
Airport	213,916	208,854	362,317	416,756
Interest and fiscal charges	864,519	827,959	802,986	821,798
Total governmental activities expenses	<u>15,782,063</u>	<u>16,474,959</u>	<u>16,069,147</u>	<u>15,966,380</u>
Business-type activities				
Utility - water	1,576,842	1,541,777	1,664,095	1,658,608
Utility - sewer	2,192,685	2,286,959	2,504,095	2,541,934
Total business-type activities expenses	<u>3,769,527</u>	<u>3,828,736</u>	<u>4,168,190</u>	<u>4,200,542</u>
Total primary government expenses	<u>\$ 19,551,590</u>	<u>\$ 20,303,695</u>	<u>\$ 20,237,337</u>	<u>\$ 20,166,922</u>
Program Revenues				
Governmental activities				
Charges for services				
General government	\$ 213,130	\$ 137,684	\$ 187,406	\$ 198,155
Public safety	1,328,506	1,174,347	1,666,362	1,480,220
Public works	1,159,793	1,216,046	1,213,181	1,253,153
Culture and recreation	13,036	13,177	14,562	15,539
Economic development	74,082	-	204,871	20,000
Airport	124,772	111,821	228,659	530,976
Operating grants and contributions	829,748	847,448	850,446	901,842
Capital grants and contributions	1,977,996	4,451,116	3,426,619	1,216,085
Total government activities program revenues	<u>5,721,063</u>	<u>7,951,639</u>	<u>7,792,106</u>	<u>5,615,970</u>
Business-type activities				
Charges for services				
Utility - water	1,479,458	1,508,420	1,614,337	1,752,797
Utility - sewer	2,315,310	2,492,894	2,762,957	2,809,341
Operating grants and contributions	5,225	6,527	3,520	12,756
Capital grants and contributions	395,404	674,417	643,200	709,034
Total business-type activities program revenues	<u>4,195,397</u>	<u>4,682,258</u>	<u>5,024,014</u>	<u>5,283,928</u>
Total primary government program revenues	<u>\$ 9,916,460</u>	<u>\$ 12,633,897</u>	<u>\$ 12,816,120</u>	<u>\$ 10,899,898</u>

Table 2

Fiscal Year					
2019	2020	2021	2022	2023	2024
\$ 2,318,054	\$ 2,275,786	\$ 2,617,502	\$ 2,626,913	\$ 2,704,144	\$ 2,941,286
5,367,940	6,760,665	4,975,804	6,530,987	7,535,018	7,200,626
6,306,460	8,069,141	5,392,760	5,600,424	5,317,966	5,512,060
864,031	855,391	1,004,878	1,166,339	1,518,313	1,251,640
348,219	837,350	558,798	1,120,780	803,221	854,119
403,593	566,492	383,844	385,934	334,736	427,727
584,188	864,176	780,124	722,290	664,724	700,418
<u>16,192,485</u>	<u>20,229,001</u>	<u>15,713,710</u>	<u>18,153,667</u>	<u>18,878,122</u>	<u>18,887,876</u>
1,943,997	2,090,059	2,261,181	2,396,833	2,375,866	2,426,804
2,881,957	3,107,518	2,985,811	3,042,354	3,236,440	3,467,338
<u>4,825,954</u>	<u>5,197,577</u>	<u>5,246,992</u>	<u>5,439,187</u>	<u>5,612,306</u>	<u>5,894,142</u>
<u>\$ 21,018,439</u>	<u>\$ 25,426,578</u>	<u>\$ 20,960,702</u>	<u>\$ 23,592,854</u>	<u>\$ 24,490,428</u>	<u>\$ 24,782,018</u>
\$ 513,213	\$ 154,874	\$ 316,285	\$ 239,685	\$ 214,563	\$ 256,783
1,322,694	1,261,381	1,285,806	1,202,746	1,393,720	1,693,449
1,268,032	1,327,342	1,392,040	1,699,099	1,805,034	1,948,039
17,171	9,122	46,696	53,539	87,890	43,474
20,000	26,073	15,322	15,602	15,786	1,721
117,756	105,672	116,905	129,512	107,086	96,484
630,166	1,756,460	576,213	2,950,936	1,549,686	905,794
2,417,234	5,118,074	1,816,989	1,661,042	1,896,983	2,915,797
<u>6,306,266</u>	<u>9,758,998</u>	<u>5,566,256</u>	<u>7,952,161</u>	<u>7,070,748</u>	<u>7,861,541</u>
1,877,571	2,268,242	2,539,333	2,472,794	3,067,126	2,910,098
2,966,759	3,109,278	3,440,656	3,386,259	3,843,937	4,063,970
794	2,483	1,482	18,921	19,623	44,267
<u>1,345,488</u>	<u>405,122</u>	<u>1,573,041</u>	<u>399,600</u>	<u>2,609,725</u>	<u>1,392,925</u>
<u>6,190,612</u>	<u>5,785,125</u>	<u>7,554,512</u>	<u>6,277,574</u>	<u>9,540,411</u>	<u>8,411,260</u>
<u>\$ 12,496,878</u>	<u>\$ 15,544,123</u>	<u>\$ 13,120,768</u>	<u>\$ 14,229,735</u>	<u>\$ 16,611,159</u>	<u>\$ 16,272,801</u>

City of Forest Lake
Changes in Net Position
Last Ten Fiscal Years
Unaudited

	Fiscal Year			
	2015	2016	2017	2018
Program Revenues				
Net (expense)/revenue				
Governmental activities	\$ (10,061,000)	\$ (8,523,320)	\$ (8,277,041)	\$ (10,350,410)
Business-type activities	425,870	853,522	855,824	1,083,386
Total primary government net expense	<u>\$ (9,635,130)</u>	<u>\$ (7,669,798)</u>	<u>\$ (7,421,217)</u>	<u>\$ (9,267,024)</u>
General Revenues and Other				
Changes in Net Position				
Governmental activities				
General revenues				
Taxes	\$ 9,085,709	\$ 8,963,300	\$ 9,515,119	\$ 10,171,356
Unrestricted state aid	89,207	86,983	87,339	107,544
Unrestricted investment earnings	50,243	131,671	52,423	153,078
Other general revenues	-	-	-	-
Gain on sale of assets	236,517	10,764	-	26,189
Transfers	50,000	50,000	50,000	100,000
Total governmental activities	<u>9,511,676</u>	<u>9,242,718</u>	<u>9,704,881</u>	<u>10,558,167</u>
Business-type activities				
General revenues				
Unrestricted investment earnings	24,949	56,857	64,091	52,983
Gain on sale of assets	-	810	-	-
Transfers	(50,000)	(50,000)	(50,000)	(100,000)
Total business-type activities	<u>(25,051)</u>	<u>7,667</u>	<u>14,091</u>	<u>(47,017)</u>
Total primary government	<u>\$ 9,486,625</u>	<u>\$ 9,250,385</u>	<u>\$ 9,718,972</u>	<u>\$ 10,511,150</u>
Change in net position				
Governmental activities	\$ (549,324)	\$ 719,398	\$ 1,427,840	\$ 207,757
Business-type activities	400,819	861,189	869,915	1,036,369
Total primary government	<u>\$ (148,505)</u>	<u>\$ 1,580,587</u>	<u>\$ 2,297,755</u>	<u>\$ 1,244,126</u>

Table 2 (Continued)

Fiscal Year					
2019	2020	2021	2022	2023	2024
\$ (9,886,219)	\$ (10,470,003)	\$ (10,147,454)	\$ (10,201,506)	\$ (11,807,374)	\$ (11,026,335)
<u>1,364,658</u>	<u>587,548</u>	<u>2,307,520</u>	<u>838,387</u>	<u>3,928,105</u>	<u>2,517,118</u>
<u>\$ (8,521,561)</u>	<u>\$ (9,882,455)</u>	<u>\$ (7,839,934)</u>	<u>\$ (9,363,119)</u>	<u>\$ (7,879,269)</u>	<u>\$ (8,509,217)</u>
\$ 10,404,392	\$ 11,256,691	\$ 11,852,874	\$ 12,642,857	\$ 13,363,981	\$ 15,235,652
109,032	95,140	8,534	7,778	8,592	184,959
381,553	331,157	(4,164)	(169,303)	593,770	506,361
-	-	-	-	-	2,112
27,724	37,005	311,851	40,088	244,896	169,561
50,000	325,000	50,000	(2,237,605)	-	50,000
<u>10,972,701</u>	<u>12,044,993</u>	<u>12,219,095</u>	<u>10,283,815</u>	<u>14,211,239</u>	<u>16,148,645</u>
255,824	517,867	(44,502)	(296,367)	396,811	329,162
-	-	-	-	178,480	-
(50,000)	(325,000)	(50,000)	2,237,605	-	(50,000)
<u>205,824</u>	<u>192,867</u>	<u>(94,502)</u>	<u>1,941,238</u>	<u>575,291</u>	<u>279,162</u>
<u>\$ 11,178,525</u>	<u>\$ 12,237,860</u>	<u>\$ 12,124,593</u>	<u>\$ 12,225,053</u>	<u>\$ 14,786,530</u>	<u>\$ 16,427,807</u>
\$ 1,086,482	\$ 1,574,990	\$ 2,071,641	\$ 82,309	\$ 2,403,865	\$ 5,122,310
<u>1,570,482</u>	<u>780,415</u>	<u>2,213,018</u>	<u>2,779,625</u>	<u>4,503,396</u>	<u>2,796,280</u>
<u>\$ 2,656,964</u>	<u>\$ 2,355,405</u>	<u>\$ 4,284,659</u>	<u>\$ 2,861,934</u>	<u>\$ 6,907,261</u>	<u>\$ 7,918,590</u>

City of Forest Lake
Fund Balances of Governmental Funds
Last Ten Fiscal Years
Unaudited

	Fiscal Year			
	2015	2016	2017	2018
General Fund				
Nonspendable	\$ 244,463	\$ 228,514	\$ 225,283	\$ 284,179
Restricted	-	-	-	-
Committed	-	10,455	10,889	12,803
Assigned	46,290	-	-	-
Unassigned	5,321,846	5,374,313	5,441,822	5,312,485
Total general fund	<u>\$ 5,612,599</u>	<u>\$ 5,613,282</u>	<u>\$ 5,677,994</u>	<u>\$ 5,609,467</u>
All Other Governmental Funds				
Nonspendable	\$ 18,705	\$ 17,098	\$ 13,164	\$ 13,808
Restricted	3,475,526	2,701,539	2,625,422	2,628,312
Committed	3,401,315	4,116,894	5,042,712	4,441,434
Assigned	-	-	-	195,346
Unassigned, reported in				
Special revenue funds	(1,989,786)	(1,580,558)	(1,102,852)	(949,669)
Capital projects funds	-	(1,065,996)	(1,059,321)	(79,469)
Total all other governmental funds	<u>\$ 4,905,760</u>	<u>\$ 4,188,977</u>	<u>\$ 5,519,125</u>	<u>\$ 6,249,762</u>

Table 3

Fiscal Year					
2019	2020	2021	2022	2023	2024
\$ 332,654	\$ 318,198	\$ 302,734	\$ 345,559	\$ 418,960	\$ 445,577
-	-	-	15,964	11,464	31,464
12,803	12,803	14,628	14,777	8,733	5,753
-	-	-	-	23,012	-
5,774,245	6,082,653	6,237,790	5,944,931	6,177,253	7,222,523
<u>\$ 6,119,702</u>	<u>\$ 6,413,654</u>	<u>\$ 6,555,152</u>	<u>\$ 6,321,231</u>	<u>\$ 6,639,422</u>	<u>\$ 7,705,317</u>
\$ 83,594	\$ 59,143	\$ 11,970	\$ 10,240	\$ 390,183	\$ 38,030
6,223,302	5,460,895	4,402,768	3,733,201	4,793,555	4,987,264
4,213,273	1,912,104	2,259,029	2,939,541	2,735,031	4,244,180
-	-	-	-	-	-
(910,678)	(858,887)	(595,963)	(798,241)	(789,836)	(779,707)
-	-	-	-	-	-
<u>\$ 9,609,491</u>	<u>\$ 6,573,255</u>	<u>\$ 6,077,804</u>	<u>\$ 5,884,741</u>	<u>\$ 7,128,933</u>	<u>\$ 8,489,767</u>

City of Forest Lake
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
Unaudited

	Fiscal Year			
	2015	2016	2017	2018
Revenues				
Taxes	\$ 9,119,114	\$ 8,963,590	\$ 9,555,584	\$ 10,170,281
Franchise fees	728,663	738,326	749,047	762,319
Special assessments	183,723	226,761	173,250	177,501
Licenses and permits	661,452	525,723	916,531	741,201
Intergovernmental	3,147,640	5,541,593	5,361,886	3,428,605
Charges for services	1,469,408	1,816,968	1,627,647	1,473,475
Fines and forfeits	151,236	156,754	133,899	124,049
Interest income	50,243	131,671	52,423	127,236
Miscellaneous revenue	176,245	70,160	477,818	602,631
Total revenues	<u>15,687,724</u>	<u>18,171,546</u>	<u>19,048,085</u>	<u>17,607,298</u>
Expenditures				
General government	1,465,656	1,538,660	1,550,256	1,611,201
Public safety	5,199,213	4,818,732	4,941,709	5,323,082
Public works	2,727,579	2,544,844	2,500,057	2,853,630
Culture and recreation	361,661	432,999	523,807	542,724
Economic development	877,915	1,395,051	2,047,506	1,961,782
Airport	99,916	94,167	97,723	147,677
Capital outlay	3,047,538	5,667,773	3,711,740	2,193,021
Debt service				
Principal	839,464	1,634,464	1,570,811	1,676,385
Interest	804,281	851,503	827,003	844,914
Total expenditures	<u>15,423,223</u>	<u>18,978,193</u>	<u>17,770,612</u>	<u>17,154,416</u>
Excess (deficiency) of revenues over (under) expenditures	264,501	(806,647)	1,277,473	452,882
Other Financing Sources (Uses)				
Transfers in	325,000	1,540,151	1,131,152	1,616,761
Transfers out	(275,000)	(1,490,151)	(1,081,152)	(1,516,761)
Proceeds from sale of capital assets	236,517	10,764	27,242	26,189
Insurance recoveries	6,776	29,783	40,145	3,600
Lease proceeds	-	-	-	79,439
Note receivable forgiveness	-	-	-	-
Bond issuance and bond premium/discount	-	-	-	-
Total other financing sources (uses)	<u>293,293</u>	<u>90,547</u>	<u>117,387</u>	<u>209,228</u>
Net change in fund balances	<u>\$ 557,794</u>	<u>\$ (716,100)</u>	<u>\$ 1,394,860</u>	<u>\$ 662,110</u>
Debt service as a percentage of noncapital expenditures	13.2%	18.6%	16.8%	16.6%

Note: Significant increase in debt service as a percentage of noncapital expenditures is due to current refunding of 2013A bond in 2019.

Source: City of Forest Lake, audited financial statements.

Table 4

Fiscal Year					
2019	2020	2021	2022	2023	2024
\$ 10,442,615	\$ 11,236,273	\$ 11,865,658	\$ 12,660,371	\$ 13,323,936	\$ 15,198,353
775,374	784,670	790,260	792,351	808,835	815,479
49,641	47,699	34,036	70,290	20,505	22,498
608,952	531,168	564,223	566,469	609,080	645,524
4,102,690	6,842,838	1,621,262	3,388,770	2,376,309	3,249,468
2,091,078	1,420,239	2,046,109	1,583,516	1,735,508	2,530,571
123,599	85,245	86,009	72,892	98,767	88,897
360,553	308,752	(23,759)	(190,303)	569,475	481,337
162,747	138,746	167,218	386,650	493,544	471,461
<u>18,717,249</u>	<u>21,395,630</u>	<u>17,151,016</u>	<u>19,331,006</u>	<u>20,035,959</u>	<u>23,503,588</u>
1,645,356	1,595,822	2,108,925	2,026,941	2,188,514	2,444,344
5,524,766	6,736,018	5,611,427	6,112,395	6,624,100	7,002,467
2,803,445	4,346,110	2,200,117	1,974,643	1,719,094	2,230,112
581,570	653,027	789,445	916,124	1,170,928	1,025,799
1,852,259	837,539	570,940	1,091,739	718,119	841,342
105,053	82,987	114,859	127,046	90,579	110,329
3,280,936	6,803,818	4,218,454	3,093,837	3,977,801	7,658,045
20,213,053	1,385,000	1,280,000	1,370,000	1,430,000	1,500,000
1,140,961	747,611	997,352	942,834	886,435	889,034
<u>37,147,399</u>	<u>23,187,932</u>	<u>17,891,519</u>	<u>17,655,559</u>	<u>18,805,570</u>	<u>23,701,472</u>
(18,430,150)	(1,792,302)	(740,503)	1,675,447	1,230,389	(197,884)
19,289,714	886,904	251,472	75,000	-	98,124
(19,239,714)	(561,904)	(201,472)	(2,312,605)	-	(48,124)
27,724	37,005	335,120	48,304	302,693	178,475
31,333	44,934	1,430	86,870	29,301	26,564
-	-	-	-	-	-
-	-	-	-	-	-
22,191,057	-	-	-	-	2,369,574
<u>22,300,114</u>	<u>406,939</u>	<u>386,550</u>	<u>(2,102,431)</u>	<u>331,994</u>	<u>2,624,613</u>
<u>\$ 3,869,964</u>	<u>\$ (1,385,363)</u>	<u>\$ (353,953)</u>	<u>\$ (426,984)</u>	<u>\$ 1,562,383</u>	<u>\$ 2,426,729</u>
62.4%	12.2%	16.5%	15.4%	15.0%	14.8%

City of Forest Lake
General Governmental Tax Revenue by Source
(modified Accrual Basis of Accounting)
Last Ten Fiscal Years
Unaudited

Table 5

Fiscal Year	Property Tax	Tax Increment	Franchise Tax	Total
2015	\$ 8,376,912	\$ 742,202	\$ 728,663	\$ 9,847,777
2016	8,907,689	55,901	738,326	9,701,916
2017	9,393,964	161,620	749,047	10,304,631
2018	9,990,257	180,024	762,319	10,932,600
2019	10,224,054	218,561	775,374	11,217,989
2020	10,791,643	444,630	784,670	12,020,943
2021	11,400,768	464,890	790,260	12,655,918
2022	12,172,137	488,234	792,351	13,452,722
2023	12,908,582	415,354	808,835	14,132,771
2024	14,731,409	466,944	815,479	16,013,832

**City of Forest Lake
Governmental Activities Tax Revenue by Source
(Accrual Basis of Accounting)
Last Ten Fiscal Years
Unaudited**

Table 6

Fiscal Year	Property Tax	Tax Increment	Franchise Tax	Total
2015	\$ 8,343,507	\$ 742,202	\$ 728,663	\$ 9,814,372
2016	8,907,399	55,901	738,326	9,701,626
2017	9,355,629	159,490	749,047	10,264,166
2018	9,991,332	180,024	762,319	10,933,675
2019	10,185,831	218,561	775,374	11,179,766
2020	10,812,061	444,630	784,670	12,041,361
2021	11,387,984	464,890	790,260	12,643,134
2022	12,154,623	488,234	792,351	13,435,208
2023	12,948,627	415,354	808,835	14,172,816
2024	14,768,708	466,944	815,479	16,051,131

City of Forest Lake
Net Tax Capacity and Estimated Market Value of Property
Last Ten Fiscal Years
Unaudited

Fiscal Year	Real and Personal Property ⁽¹⁾				
	Total Tax Capacity	Tax Increment Tax Capacity	Net Area-Wide Allocation	Powerline Deduction	Taxable Value
2015	\$ 19,690,075	\$ (705,082)	\$ 414,628	\$ (1,894)	\$ 19,397,727
2016	20,200,023	(58,432)	543,683	(1,105)	20,684,169
2017	21,001,075	(154,646)	957,175	(132)	21,803,472
2018	22,852,723	174,490	1,100,790	(138)	24,127,865
2019	24,794,718	216,019	1,178,008	(135)	25,756,382
2020	26,173,346	434,752	1,927,508	(128)	26,964,622
2021	27,246,999	460,794	1,945,126	(131)	28,193,557
2022	28,848,769	485,155	2,066,327	(156)	29,986,047
2023	35,759,208	468,321	2,234,082	(156)	33,056,649
2024	39,297,363	518,773	2,305,567	(143)	36,472,880

⁽¹⁾ Personal property values are minimal and are included in the total value.

Table 7

Real and Personal Property (1)		Ratio of Net Tax Capacity to Taxable Market Value
Total Direct Tax Rate	Taxable Market Value	
42.839%	\$ 1,728,267,700	1.14%
43.385%	1,778,773,900	1.14%
43.473%	1,854,093,700	1.13%
41.871%	2,021,431,100	1.13%
39.580%	2,296,633,200	1.08%
40.333%	2,330,489,500	1.12%
40.641%	2,418,267,600	1.13%
40.991%	2,550,416,600	1.13%
35.450%	3,199,026,500	1.12%
37.616%	3,468,370,000	1.13%

**City of Forest Lake
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years
Unaudited**

Fiscal Year	City of Forest Lake			Overlapping Rates ⁽²⁾ School District No. 831 ⁽¹⁾		
	Operating Rate	Debt Service Rate	Total Tax Capacity Rate	Operating Rate	Debt Service Rate	Total Tax Capacity Rate
2015	34.478%	8.362%	42.839%	11.748%	9.398%	21.146%
2016	34.098%	9.287%	43.385%	12.096%	12.806%	24.902%
2017	33.701%	9.772%	43.473%	13.784%	17.412%	31.196%
2018	32.030%	9.841%	41.871%	10.901%	15.329%	26.230%
2019	31.940%	7.640%	39.580%	11.220%	13.640%	24.860%
2020	31.855%	8.478%	40.333%	11.228%	13.756%	24.984%
2021	32.365%	8.276%	40.641%	11.205%	13.885%	25.089%
2022	33.210%	7.781%	40.991%	11.614%	12.812%	24.426%
2023	28.853%	6.596%	35.450%	10.891%	11.376%	22.267%
2024	31.343%	6.273%	37.616%	12.777%	10.438%	23.215%

⁽¹⁾ School levies do not include market value referendum levy amounts.

⁽²⁾ Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all City property owners (e.g., the rates for special districts apply only to the proportion of the government's property owners whose property is located within the geographic boundaries of the special district.)

⁽³⁾ Special Districts include the Rice Credit Watershed District, Washington County CDA, Metropolitan Council, Metropolitan Mosquito, Comfort Lake/Forest Lake Watershed District and Metropolitan Transit.

Table 8

Overlapping Rates ⁽²⁾				Total Direct and Overlapping Rates
Washington County			Special Districts ⁽³⁾	
Operating Rate	Debt Service Rate	Total Tax Capacity Rate		
25.999%	4.186%	30.186%	8.356%	102.527%
26.410%	4.153%	30.564%	8.727%	107.578%
26.251%	4.184%	30.435%	9.358%	114.462%
23.349%	6.634%	29.983%	9.241%	107.324%
25.560%	3.740%	29.300%	9.650%	103.390%
25.380%	3.460%	28.840%	8.340%	102.497%
24.023%	3.413%	27.435%	9.217%	102.382%
24.536%	2.996%	27.532%	9.808%	102.757%
20.918%	2.707%	23.625%	9.192%	90.535%
19.375%	2.616%	21.991%	9.326%	92.148%

**City of Forest Lake
Principal Property Taxpayers
Current Year and Nine Years Ago
Unaudited**

Table 9

Taxpayer	Taxes Payable 2024			Taxes Payable 2015		
	Net Tax Capacity	Rank	Percent of Total Net Tax Capacity ⁽¹⁾	Net Tax Capacity	Rank	Percent of Total Net Tax Capacity ⁽²⁾
Villages Apartments LLC	\$ 414,435	1	1.05%			
WM Forest Lake Minnesota, LLC	318,256	2	0.81%			
Lighthouse Lofts, LLC	317,735	3	0.81%			
Inland Forest Lake Marketplace	266,906	4	0.68%	\$ 198,192	3	1.01%
Target	247,172	5	0.63%	169,658	5	0.86%
Xcel Energy	242,476	6	0.62%	202,477	2	1.03%
Menard, Inc. and Corporate Accounting	226,166	7	0.58%	189,146	4	0.96%
MN-Forest Westlake LLC	217,584	8	0.55%			
Vorandesoto, LLC	198,772	9	0.51%			
TMI LLC	198,378	10	0.50%			
MRLR Real Estate Partners				247,140	1	1.26%
IRET Properties				149,590	6	0.76%
Forest Lake Facilities, LLC				117,182	7	0.60%
Wilcox Properties Forest lake LLC				115,620	8	0.59%
Michael Roberts and Steven Sanders				98,538	9	0.50%
Desoto Associates				94,306	10	0.48%
Total	<u>\$ 2,647,880</u>		<u>6.74%</u>	<u>\$ 1,581,849</u>		<u>8.03%</u>

⁽¹⁾ Real and Personal Property Total Net Tax Capacity \$39,297,363

⁽²⁾ Real and Personal Property Total Net Tax Capacity \$ 19,690,075

Source: Washington County Property Tax Department, Auditor's Bond Certificate.

**City of Forest Lake
Property Tax Levies and Collections
Last Ten Fiscal Years
Unaudited**

Table 10

Fiscal Year Ended December 31,	Total Tax Levy for Fiscal Year ⁽¹⁾	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2015	\$ 8,350,000	\$ 8,255,116	98.9%	\$ 88,568	\$ 8,343,684	99.9%
2016	8,961,015	8,853,903	98.8%	89,266	8,943,170	99.8%
2017	9,476,225	9,362,131	98.8%	38,273	9,400,404	99.2%
2018	10,002,450	9,891,074	98.9%	61,551	9,952,625	99.5%
2019	10,255,333	10,152,485	99.0%	57,293	10,209,778	99.6%
2020	10,851,961	10,773,416	99.3%	55,814	10,829,231	99.8%
2021	11,447,799	11,353,289	99.2%	61,415	11,414,704	99.7%
2022	12,278,700	12,217,145	99.5%	38,396	12,255,541	99.8%
2023	13,126,354	12,995,782	99.0%	60,145	13,055,927	99.5%
2024	14,952,629	14,805,716	99.0%	N/A	14,805,716	99.0%

⁽¹⁾ Levy amounts are shown after the reduction of homestead/agricultural credits and other miscellaneous credits.

**City of Forest Lake
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
Unaudited**

Fiscal Year	Governmental Activities					
	G.O. Bonds	Special Assessment Bonds	Tax Abatement Bonds	Tax Increment Bonds	Lease Revenue Bonds	Capital Leases
2015	\$ 680,000	\$ 395,000	\$ 9,152,629	\$ 465,000	\$ 22,105,000	\$ 20,275
2016	455,000	265,000	8,864,748	-	21,585,000	811
2017	230,000	135,000	8,505,510	-	20,715,000	-
2018	-	-	8,131,951	-	19,785,000	58,053
2019	22,191,056	-	7,748,391	-	-	-
2020	20,983,883	-	7,354,832	-	-	-
2021	19,891,710	-	6,951,273	-	-	-
2022	18,724,538	-	6,532,713	-	-	-
2023	17,507,364	-	6,104,154	-	-	-
2024	18,599,070	-	5,660,594	-	-	-

⁽¹⁾ Personal income (per capita) and population from Table 16.

*Source: City of Forest Lake, audited financial statements.
Metropolitan Council, population estimates.
Bureau of Economic Analysis, local area personal income reports.
City of Forest Lake, personal income estimate for fiscal year 2022.*

Table 11

Business-Type Activities		Total Primary Government	Percentage of Personal Income ⁽¹⁾	Per Capita ⁽¹⁾
Utility Revenue Bonds	Special Assessment Bonds			
\$ 5,333,603	\$ -	\$ 38,151,507	0.15%	\$ 1,883
8,959,448	-	40,130,007	0.15%	1,973
8,177,036	-	37,762,546	0.17%	1,823
7,134,664	-	35,109,668	0.19%	1,683
19,300,808	-	49,240,255	0.14%	2,368
18,084,983	-	46,423,698	0.16%	2,232
16,789,157	-	43,632,140	0.17%	2,117
15,443,333	-	40,700,584	0.12%	1,946
14,107,508	-	37,719,026	0.14%	1,808
12,846,723	-	37,106,387	0.15%	1,726

City of Forest Lake
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
Unaudited

Table 12

Fiscal Year	General Obligation Bonds	Accumulated Resources Restricted for Paying Principal	Total	Percentage of Total Estimated Taxable Market Value of Property	Per Capita
2015	\$ 680,000	\$ (393,455)	\$ 286,545	0.02%	\$ 14
2016	455,000	(479,068)	(24,068)	0.00%	(1)
2017	230,000	(457,575)	(227,575)	-0.01%	(11)
2018	-	-	-	0.00%	-
2019	22,191,056	(654,369)	21,536,687	0.94%	1,036
2020	20,983,883	(1,739,292)	19,244,591	0.83%	925
2021	19,891,710	(1,822,451)	18,069,259	0.75%	877
2022	18,724,538	(1,840,569)	16,883,969	0.66%	807
2023	17,507,364	(1,990,295)	15,517,069	0.49%	744
2024	18,599,070	(2,234,230)	16,364,840	0.47%	761

Source: City of Forest Lake, audited financial statements. Metropolitan Council, population estimates. Washington County Property Tax Department, Market Value and Net Tax Capacity Values of Taxable Property Report - tax capacity values.

**City of Forest Lake
Computation of Direct and Overlapping Debt
Unaudited**

Table 13

Governmental Unit	As of 12/31/24 Debt Outstanding ⁽¹⁾	City's Share	
		Percent ⁽²⁾	Amount
Direct			
City of Forest Lake	\$ 24,259,664	100.00%	\$ 24,259,664
Overlapping			
School District No. 831	166,915,000	40.058%	66,862,644
Washington County	80,210,000	7.744%	6,211,462
Metropolitan Council	<u>191,435,000</u>	0.633%	<u>1,211,209</u>
Total Overlapping Debt	<u>438,560,000</u>		<u>74,285,315</u>
Total Direct and Overlapping Debt	<u>\$ 462,819,664</u>		<u>\$ 98,544,979</u>

⁽¹⁾ Gross debt totals include bonds which are financed by ad valorem tax levy, G.O. tax increment, tax abatement and special assessments for governmental purposes.

⁽²⁾ The percentage of overlapping debt applicable is estimated using the total adjusted net tax capacity of property values. Applicable percentages were estimated by determining the portion of the county's taxable total adjusted net tax capacity that is within the government's boundaries and dividing it by the county's total adjusted net tax capacity property 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 government'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.

**City of Forest Lake
Legal Debt Margin Information
Last Ten Fiscal Years
Unaudited**

	Fiscal Year			
	2015	2016	2017	2018
Debt Limit	\$ 55,071,417	\$ 56,567,751	\$ 58,744,557	\$ 63,805,653
Total Net Debt Applicable to Limit	680,000	455,000	230,000	-
Legal Debt Margin	<u>\$ 54,391,417</u>	<u>\$ 56,112,751</u>	<u>\$ 58,514,557</u>	<u>\$ 63,805,653</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	1.23%	0.80%	0.39%	0.00%

Note: Under Minnesota state law, the City's G.O. debt should not exceed 3% of the total estimated market value of the city. By law, the G.O. debt subject to the limitation may be offset by amounts set aside for repaying G.O. bonds.

Table 14

Fiscal Year					
2019	2020	2021	2022	2023	2023
\$ 68,898,996 19,225,000	\$ 72,890,199 2,020	\$ 75,334,230 15,623,708	\$ 79,240,695 14,660,819	\$ 98,151,666 15,707,883	\$ 106,094,823 16,588,945
<u>\$ 49,673,996</u>	<u>\$ 72,888,179</u>	<u>\$ 59,710,522</u>	<u>\$ 64,579,876</u>	<u>\$ 82,443,783</u>	<u>\$ 89,505,878</u>
27.90%	0.00%	20.74%	18.50%	16.00%	15.64%

Legal debt margin calculation for fiscal year 2023

Estimated Market Value	\$ 3,536,494,100
Debt limit (3% of taxable market value)	106,094,823
Debt applicable to Llimit	
G.O. Bonds	18,599,070
Less amount set aside for payment of G.O. Debt	(2,010,125)
Total net debt applicable to limit	<u>16,588,945</u>
Legal Debt Margin	<u>\$ 89,505,878</u>

**City of Forest Lake
Pledged Revenue Coverage
Last Ten Fiscal Years
Unaudited**

Fiscal Year	Water and Sewer Revenue Bonds						Coverage (percentage)
	Utility Charges and Other	Less Operating Expenses	Net Available Revenue	Debt Service			
				Principal	Interest		
2015	\$ 3,824,942	\$ 2,696,706	\$ 1,128,236	\$ 700,000	\$ 122,314	1.37	
2016	4,065,508	2,684,972	1,380,536	730,000	109,178	1.65	
2017	4,444,905	3,014,548	1,430,357	765,000	152,866	1.56	
2018	4,627,877	3,068,160	1,559,717	1,025,000	171,215	1.30	
2019	5,100,948	3,386,538	1,714,410	1,060,000	148,400	1.42	
2020	5,910,356	3,544,756	2,365,600	1,085,000	440,414	1.55	
2021	5,936,969	3,579,934	2,357,035	1,165,000	585,753	1.35	
2022	5,581,607	3,770,657	1,810,950	1,215,000	546,971	1.03	
2023	7,505,977	3,902,222	3,603,755	1,205,000	504,604	2.11	
2024	7,347,497	4,072,969	3,274,528	1,130,000	461,467	2.06	

Note: Details regarding the government's outstanding debt can be found in the Notes to the Financial Statements. Utility charges and other includes investment earnings. Operating expenses do not include interest expense or depreciation. Special assessment collections and tax increment collections include investment earnings.

Table 15

Special Assessment Bonds				
Special Assessment Collections	Debt Service		Coverage (percentage)	
	Principal	Interest		
\$ 183,723	\$ 135,000	\$ 4,399	1.32	
226,762	130,000	3,440	1.70	
173,250	130,000	2,770	1.30	
177,501	135,000	810	1.31	
49,641	-	-	N/A	
47,699	-	-	N/A	
34,036	-	-	N/A	
70,290	-	-	N/A	
20,505	-	-	N/A	
22,498	-	-	N/A	

Tax Increment Bonds				
Fiscal Year	Tax Increment Collections	Debt Service		Coverage (percentage)
		Principal	Interest	
2015	\$ 742,202	\$ 460,000	\$ 13,900	1.57
2016	55,902	465,000	4,650	0.12
2017	161,620	-	-	N/A
2018	180,024	-	-	N/A
2019	218,561	-	-	N/A
2020	444,630	-	-	N/A
2021	464,890	-	-	N/A
2022	488,234	-	-	N/A
2023	415,354	-	-	N/A
2024	466,944	-	-	N/A

**City of Forest Lake
Demographic and Economic Statistics
Last Ten Fiscal Years
Unaudited**

Fiscal Year	Population ⁽¹⁾	Total Personal Income ⁽²⁾	Per Capita Personal Income ⁽³⁾	Median Age ⁽⁴⁾
2015	20,261	\$ 1,178,440,543	\$ 58,163	42
2016	20,344	1,215,533,656	59,749	42
2017	20,497	1,333,309,353	65,049	42
2018	20,598	1,383,588,258	67,171	42
2019	20,798	1,425,182,950	68,525	42
2020	20,798	1,500,721,286	72,157	42
2021	20,611	1,489,618,803	72,273	39.5
2022	20,911	1,049,878,577	50,207	39.5
2023	20,862	1,135,268,316	54,418	39.8
2024	21,502	121,808,300	56,650	40.8

Sources:

- (1) Metropolitan Council, except year 2018 estimated by City of Forest Lake.*
- (2) Calculated using population and per capita personal income.*
- (3) Bureau of Economic Analysis for Washington County, except year 2020 estimated by City of Forest Lake.*
- (4) U.S. Census 2020. Includes population with degrees awarded only.*
- (5) Minnesota Department of Education, Data Center.*
- (6) Minnesota Department of Employment and Economic Development, Washington County unemployment statistics.*

Table 16

Population Over Age 25 with Post Secondary Education ⁽⁴⁾	District No. 831 School Enrollment ⁽⁵⁾	Unemployment Rate ⁽⁶⁾
4,205	6,595	3.2%
4,205	6,378	3.3%
4,205	6,261	3.1%
4,205	6,124	2.6%
4,205	6,059	2.9%
4,205	5,905	4.3%
9,399	5,958	2.2%
9,849	5,958	2.8%
9,993	5,763	2.7%
10,514	5,763	2.1%

(THIS PAGE LEFT BLANK INTENTIONALLY)

**City of Forest Lake
Principal Employers
Current Year and Nine Years Ago
Unaudited**

Table 17

Employer	2024			2015		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
I.S.D. No. 831 (Forest Lake)	1,300	1	0.92%	1,095	1	0.79%
TeamVantage & Custom Mold	300	2	0.21%	205	4	0.15%
Birchwood Health Center	220	3	0.15%	220	3	0.16%
Menard's, Inc.	190	4	0.13%	204	5	0.15%
Target Store	160	5	0.11%	160	6	0.12%
Cub Foods	150	6	0.11%	150	7	0.11%
Morrie's Foresty Lake Chevrolet	150	7	0.11%			
Walmart Supercenter	143	8	0.10%	460	2	0.33%
Gaughan Properties	125	9	0.09%	125	8	0.09%
Home Depot	115	10	0.08%	115	9	0.08%
Lake International language Academy				105	10	0.08%
Total	2,853		2.01%	2,839		2.05%

Note: Data for total City employment is not available. Therefore, the percentage of total employment was calculated using total Washington County employment data. Total county employment for 2024 was 141,988 Total county employment for 2015 was 138,288.

Sources:

City of Forest Lake, Continuing Disclosure Document.
Minnesota Department of Employment and Economic Development, Community Profile for Forest Lake.
Minnesota Department of Employment and Economic Development, Washington County Unemployment Statistics.

City of Forest Lake
Full-Time City Government Employers by Function
Last Ten Fiscal Years
Unaudited

Function	2015	2016	2017	2018	2019	2020
General Government						
Administration	3	3	3	3	3	3
Finance	2	2	2	2	3	3
Community Development	1	1	1	1	1	1
Facilities Maintenance	2	2	2	2	2	2
Senior Center	1	1	1	1	1	1
Public Safety						
Police						
Police Chief	1	1	1	1	1	1
Police Captain	1	1	1	1	1	1
Sworn Officers	26	25	25	25	25	25
Civilians	3	2	2	2	3	3
Fire						
Fire Chief	1	1	1	1	1	1
Fire Inspection	0	0	0	0	0	0
Building Inspection	3	3	3	4	2	3
Public Works						
Highways and Streets	5	5	5	5	6	6
Maintenance	1	1	1	1	1	1
Surface Water Management	1	1	1	1	1	1
Culture and Recreation						
Parks Programs	1	1	1	1	1	1
Parks Maintenance	1	1	1	1	2	2
Proprietary						
Water	2	2	2	2	2	2
Sewer	2	2	2	2	2	2
Finance	1	1	1	1	1	1
Total	<u>58</u>	<u>56</u>	<u>56</u>	<u>57</u>	<u>59</u>	<u>60</u>

Includes employees working a minimum of 20 hours per week. Does not include temporary and seasonal workers or volunteer firefighters.

Table 18

2021	2022	2023	2024
3	3	3	2
3	4	4	4
1	2	2	3
2	2	2	2
1	1	1	1
1	1	1	1
1	1	1	1
25	25	25	25
3	3	3	3
1	1	1	1
0	0	0	0
3	4	4	2
6	7	7	5
1	1	1	1
1	1	1	1
1	1	1	1
3	3	3	3
3	3	3	3
2	2	2	2
1	1	1	1
62	66	66	62

City of Forest Lake
Operating Indicators by Function
Last Ten Fiscal Years
Unaudited

Function	Fiscal Year			
	2015	2016	2017	2018
Public Safety				
Police				
Number of Calls Answered	14,222	13,857	15,902	18,065
Number of Citations	1,725	1,359	1,133	1,276
Number of Sworn Officers	26	25	25	25
Fire				
Number of Calls Answered	356	430	472	487
Number of Volunteer Firefighters	31	29	31	29
Number of fire inspections ⁽¹⁾	24	-	-	-
Building Inspection				
Number of New Residential Permits	72	45	57	59
Number of New Commercial Permits	8	12	7	13
Number of Other Permits	1,457	1,182	2,709	1,730
Number of Inspections	2,975	2,635	3,165	3,267
Total Permit Valuation	\$ 34,573,624	\$ 68,065,656	\$ 101,999,277	\$ 79,479,396
Public Works				
Streets and Highways				
Miles of Streets Resurfaced	5	10	6	1
Water System				
Number of Service Connections	4,012	4,025	4,104	4,145
Number of Water Main Breaks	18	3	3	6
Average Daily Consumption	1,160,000	1,205,083	1,250,608	1,247,216
Sewage System				
Number of Service Connections	5,789	5,833	5,888	5,918
Number of Sewer Backups	4	1	1	2
Culture and Recreation				
Parks				
Number of Seasonal Workers	12	12	13	13

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

⁽¹⁾ The fire inspection program was first implemented in mid - 2006, suspended in mid - 2008, resumed in 2012, suspended in 2015.

Table 19

Fiscal Year					
2019	2020	2021	2022	2023	2024
19,061	16,768	16,638	14,909	16,297	19,566
1,138	667	637	654	917	714
25	25	25	25	25	25
536	495	482	495	508	518
31	31	27	28	32	32
-	-	-	-	-	-
52	43	34	32	22	54
6	-	12	5	2	6
1,389	1,666	1,516	1,125	1,224	1,415
3,672	4,049	3,178	2,580	2,603	3,433
\$ 75,337,753	\$ 50,561,535	\$ 71,486,414	\$ 54,561,535	\$ 61,743,660	\$ 65,376,407
3.5	4.7	5.4	2	2.6	4.0
4,213	4,243	4,260	4,296	4,325	4,350
7	15	8	4	3	3
1,176,000	1,233,000	1,215,814	1,133,680	1,309,704	1,132,233
5,969	6,014	6,058	6,092	6,166	6,190
1	2	2	3	2	3
14	16	14	15	15	16

**City of Forest Lake
Capital Asset Statistics by Function
Last Ten Fiscal Years
Unaudited**

Function	Fiscal Year			
	2015	2016	2017	2018
Public Safety				
Police				
Number of Stations	1	1	1	1
Number of Patrol Units	14	14	15	15
Fire				
Number of Stations	2	2	2	2
Number of Response Units	11	11	11	11
Public Works				
Streets and Highways				
Municipal Streets and Roads	127	136	137	138
Number of Street Lights	N/A	N/A	N/A	N/A
Water System				
Miles of Water Mains	71	73	73	74
Number of Fire Hydrants	714	708	708	791
Sewage System				
Miles of Sanitary Sewers	104	106	106	106
Culture and Recreation				
Parks				
Number of Parks	20	20	20	20
Park Acreage	282	282	282	282
Tennis Courts	1	1	2	2
Pickleball Courts	-	-	-	-
Basketball Courts	3	3	3	3
Softball Fields	10	10	10	10
Soccer Fields	3	3	3	3
Baseball Fields	1	1	1	1
Ice Rinks	3	3	3	3

Table 20

Fiscal Year					
2019	2020	2021	2022	2023	2024
1	1	1	1	1	1
15	16	17	18	18	19
2	2	2	2	2	2
11	11	11	11	12	12
139	139	139	139	140	140
N/A	N/A	132	132	132	149
75	75	75	75	76	76
796	798	800	800	805	807
107	107	107	107	108	108
20	20	20	20	20	20
282	282	282	282	282	282
2	2	2	2	2	2
-	-	-	7	7	7
3	3	3	3	3	3
10	10	10	8	8	8
3	3	3	3	3	3
1	1	1	5	5	5
3	3	3	3	3	3